PRELIMINARY OFFICIAL STATEMENT
Dated July 27, 2026

HTSContinuingDisclosureServices
A Division of Hilltop Securities.

NEW ISSUE – Book-Entry-Only

Ratings:
Moody's: Aa2
S&P: AAA
See "OTHER INFORMATION – Ratings" herein)

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

$32,020,000*
ALAMO COMMUNITY COLLEGE DISTRICT
REVENUE FINANCING SYSTEM SENIOR LIEN REVENUE REFUNDING BONDS, SERIES 2026

Dated: August 15, 2026 **Due: November 1, as shown on inside cover page**
Interest to Accrue from Date of Delivery (defined below)

PAYMENT TERMS. . . Interest on the $32,020,000* Alamo Community College District Revenue Financing System Senior Lien Revenue Refunding Bonds, Series 2026 (the "Bonds") will accrue from August 27, 2026 (the "Delivery Date"), will be payable on November 1 and May 1 of each year, commencing November 1, 2026, until stated maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas. See "THE BONDS - Paying Agent/Registrar".

AUTHORITY FOR ISSUANCE AND SECURITY . . . The Bonds are special obligations of the Alamo Community College District (the "District" or the "Issuer") and are issued pursuant to the Constitution and general laws of the State of Texas, including Section 130.123, Texas Education Code, as amended, Chapter 1207, Texas Government Code, as amended, ("Chapter 1207"), and Chapter 1371, as amended, Texas Government Code, ("Chapter 1371"), and the bond resolution (the "Resolution") passed by the Board of Trustees (the "Board") of the District on May 19, 2026. In the Resolution, the Board has, in accordance with Chapter 1371, delegated to certain District officials the authority to execute an approval certificate (the "Approval Certificate") evidencing the final terms of the sale of the Bonds. The Bonds are payable solely from and secured by a first and prior lien on and pledge of the Pledged Revenues, as provided in the Resolution. **The District has not covenanted or obligated itself to pay the Bonds from monies raised or to be raised from taxation.** See "THE BONDS - Authority for Issuance", "-Security for the Bonds", and "SECURITY FOR THE BONDS".

PURPOSE . . . The Bonds are being issued (i) to refund certain maturities of the District's currently outstanding indebtedness as disclosed in Schedule I hereto (the "Refunded Obligations") in order to achieve debt service savings, and (ii) to pay the costs of issuance of the Bonds.

MATURITY SCHEDULE, INTEREST RATES, INITIAL YIELDS, CUSIP NUMBERS, AND REDEMPTION PROVISIONS
See Schedule on Page 2

LEGALITY . . . The Bonds are offered for delivery when, as and if issued and received by the initial purchaser thereof named below (the "Underwriter") and are subject to the approving opinion of the Attorney General of Texas and the approval of certain legal matters by Norton Rose Fulbright US LLP, San Antonio, Texas ("Bond Counsel"). See APPENDIX C, "Form of Bond Counsel's Opinion". Certain legal matters will be passed upon for the Underwriter by its counsel, Cantu Harden Montoya LLP, San Antonio, Texas.

DELIVERY. . . It is expected that the Bonds will be available for delivery through DTC on or about August 27, 2026.

STIFEL

* Preliminary, subject to change.

MATURITY SCHEDULE*

CUSIP No. Prefix: 011420(1)

Maturity (November 1)	Principal Amount*	Interest Rate	Initial Yield(2)	CUSIP Suffix(1)	Maturity (November 1)	Principal Amount*	Interest Rate	Initial Yield(2)	CUSIP Suffix(1)
2027	$ 230,000				2037	$ 1,395,000			
2028	240,000				2038	1,465,000			
2029	1,680,000				2039	1,070,000			
2030	1,885,000				2040	1,085,000			
2031	1,990,000				2041	1,095,000			
2032	1,815,000				2042	1,775,000			
2033	1,910,000				2043	1,865,000			
2034	2,010,000				2044	1,960,000			
2035	2,110,000				2045	2,060,000			
2036	2,215,000				2046	2,165,000			

(Interest accrues from Date of Delivery)

* Preliminary, subject to change.

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

(2) The initial yields are established by, and are the sole responsibility of, the Underwriter and may subsequently be changed.

REDEMPTION. . . The District reserves the right, at its option, to redeem the Bonds having stated maturities on and after November 1, ____ in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on November 1, ___ , or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If two or more bonds of consecutive maturity are combined into one or more "term" bonds (the "Term Bonds") at the election of the Underwriter, such Term Bonds will be subject to mandatory sinking fund redemption at the times and in the amounts specified in the Resolution, which shall be disclosed in the Final Official Statement. See "THE BONDS – Redemption".

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USE OF INFORMATION IN THE OFFICIAL STATEMENT

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

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

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

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

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SEC AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THE BONDS HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

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

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

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

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in Rule 15c2-12.

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

OFFICIAL STATEMENT SUMMARY

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

THE DISTRICT The Alamo Community College District (the "District" or the "Issuer") is a multi-college system established through a public election in 1945. The corporate boundaries of the District are coterminous with those of Bexar County, Texas. The District includes five comprehensive two-year colleges: San Antonio College, St. Philip's College, Palo Alto College, Northwest Vista College and Northeast Lakeview College (collectively, the "Colleges"). Policy-making and supervisory functions are the responsibility of, and are vested in, a nine-member Board of Trustees (the "Board"). Members of the Board serve six-year staggered terms with elections held every two years. The Chancellor is the chief administrative officer for the District. Support services are provided by independent consultants and advisors. The total area of the District is approximately 1,257 square miles. In addition to its corporate boundaries, the service area from which the District draws students, as designated by the Texas Higher Education Coordinating Board, includes the areas within the seven additional counties of Atascosa, Bandera, Comal, Guadalupe, Kendall, Kerr and Wilson. In total, the District serves a service area population of 2,178,532, which is projected for 2026.

THE BONDS.................................. The Bonds are issued as $32,020,000* Revenue Financing System Senior Lien Revenue Refunding Bonds, Series 2026. The Bonds mature on November 1 in each of the years identified in the table on page 2 hereof, unless the Underwriter combines two or more of the maturities into Term Bonds. See "THE BONDS - Description of the Bonds".

PAYMENT OF INTEREST .... Interest on the Bonds accrues from date of initial delivery to the Underwriter (anticipated to occur on or about August 27, 2026) and is payable on November 1, 2026 and each May 1 and November 1 thereafter until stated maturity or prior redemption. See "THE BONDS - Description of the Bonds".

AUTHORITY FOR ISSUANCE .... The Bonds are being issued pursuant to the Constitution and the general laws of the State of Texas, including Section 130.123, Texas Education Code, as amended, Chapter 1207 and Chapter 1371, as amended, Texas Government Code ("Chapter 1371"), and the resolution (the "Resolution") passed by the Board on May 19, 2026. In the Resolution, the Board has, in accordance with Chapter 1371, delegated to certain District officials the authority to execute an Approval Certificate evidencing the final terms of the sale of the Bonds. See "THE BONDS - Authority for Issuance".

SECURITY FOR THE BONDS .... The Bonds are secured by a first and prior lien on and pledge of the "Pledged Revenues" that include (i) all Revenues, to the extent the same may be pledged as security for debt obligations of the District pursuant to applicable Texas law (including Chapters 54 and 130, as amended, Texas Education Code), as such applicable law may be amended from time to time, and (ii) any additional revenues, incoming receipts or other resources including without limitation, any grants, donations or income received or to be received from the United States Government or any other public or private source whether pursuant to an agreement or otherwise, which hereafter may be pledged to the payment of the Bonds. **The District has not covenanted or obligated itself to pay the Bonds from monies raised or to be raised from taxation. See "THE BONDS – Security for Bonds" and "SECURITY FOR THE BONDS".**

REDEMPTION .... The District reserves the right, at its option, to redeem the Bonds having stated maturities on and after November 1, ____, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on November 1, ____, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If two or more bonds of consecutive maturity are combined into one or more "term" bonds (the "Term Bonds") at the election of the Underwriter, such Term Bonds will be subject to mandatory sinking fund redemption at the times and in the amounts specified in the Resolution, which shall be disclosed in the Final Official Statement. See "THE BONDS – Redemption".

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

____

* Preliminary, subject to change.

USE OF PROCEEDS .... The Bonds are being issued (i) to refund certain maturities of the District's currently outstanding indebtedness as disclosed in Schedule I hereto (the "Refunded Obligations") in order to achieve debt service savings, and (ii) to pay the costs of issuance of the Bonds.

RATINGS .... The Bonds and the presently outstanding revenue financing system senior lien revenue debt of the District are rated "Aa2" by Moody's Investors Service, Inc. ("Moody's") and "AAA" by S&P Global Ratings ("S&P"), without regard to credit enhancement. See "RATINGS".

BOOK-ENTRY-ONLY SYSTEM .... The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC (defined herein) pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS - Book-Entry-Only System").

OTHER DEBT ISSUED IN CLOSE PROXIMITY TO THE BONDS........ Simultaneously with or in close proximity to the sale and delivery of the Bonds, the District expects to sell its $141,815,000* Alamo Community College District Limited Tax Bonds, Series 2026 (the "Limited Tax Bonds") under a separate offering document, which is expected to close on or about August 27, 2026. This Official Statement relates only to the sale of the Bonds and not the sale of the Limited Tax Bonds. Investors interested in purchasing any of the Limited Tax Bonds should review the offering document relating thereto.

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

SELECTED FINANCIAL AND ANALYTICAL INFORMATION

	Fiscal Year Ended August 31,				
Analytical Data	2021	2022	2023	2024	2025
Total Unduplicated Enrollment Headcount(1)	70,009	67,699	71,074	74,499	80,518
Unrestricted Current Funds	$395,348,889	$398,367,921	$444,671,812	$518,521,002	$539,196,106
Debt Service Coverage					
Total Available Pledged Revenues	$27,683,000	$28,086,000	$35,387,000	$43,839,000	$42,017,000
Annual Debt Service	9,402,463	9,378,560	9,394,228	9,410,765	6,336,979
Annual Debt Service Coverage	2.94 x	2.99 x	3.77 x	4.66 x	6.63 x

(1) Sum of individual colleges unduplicated headcount (full term students) by college of registration. Students enrolled at more than one college are counted at each college resulting in duplicated headcount.

For additional information regarding the District, please contact:

Ms. Lisa L. Mazure, MSA, CPA, CGFM		Ms. Michelle Aragon
Interim Vice Chancellor for Financial and Auxiliary Services	or	Managing Director
Alamo Community College District		Hilltop Securities Inc.
2222 N. Alamo Street		70 Northeast Loop 410, Suite 750
San Antonio, Texas 78215		San Antonio, Texas 78216
Telephone: (210) 485-0307		Telephone: (210) 308-2200
Fax: (210) 486-9851		Fax: (210) 349-7585
lmazure@alamo.edu		michelle.aragon@hilltopsecurities.com

* Preliminary, subject to change.

DISTRICT OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

Board of Trustees	District	Length of Service	Term Expires	Occupation
Mr. Joe Alderete, Jr. Chair	1	16 Years	May, 2028	Intergovernmental Affairs Consultant
Ms. Gloria Ray Vice Chair	2	6 Years	May, 2028	Retired
Ms. Anna U. Bustamante Secretary	3	18 Years	May, 2028	Educator
Dr. Gene Sprague Assistant Secretary	6	32 Years	May, 2030	Professor
Dr. Lorena "Lorraine" Pulido	4	5.5 Years	May, 2032	Communications Manager
Mr. Gerald Lopez	5	2 Years	May, 2030	Small Business Owner
Dr. Yvonne Katz	7	14 Years	May, 2030	Retired School District Superintendent
Dr. Clint Kingsbery	8	12 Years	May, 2032	Testing Center Coordinator
Mr. Robert Garcia, CPA	9	Newly Elected	May, 2032	Certified Public Accountant
Mr. David Bermejo Student Trustee(1)	N/A	Newly Appointed	April, 2027	Student
Ms. Rahmayah Contreras Student Trustee Alternate(1)	N/A	Newly Appointed	April, 2027	Student

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

APPOINTED OFFICIALS

Name	Position
Dr. Mike Flores	Chancellor
Dr. George Railey, Jr.	Vice Chancellor for Academic Success
Ms. Debi Gaitan	Vice Chancellor for Student Success
Dr. Sammi Morrill	Vice Chancellor for Economic Mobility and Workforce Development
Dr. Thomas S. Cleary	Vice Chancellor for Planning, Performance and Information Systems
Ms. Lisa L. Mazure, MSA, CPA, CGFM	Interim Vice Chancellor for Financial and Auxiliary Services
Dr. Sean Maika	Interim Vice Chancellor for Facilities and Facility Services
Mr. Ross Laughead, JD	General Counsel
Mr. Patrick F. Vrba, Jr., CPA	Interim Associate Vice Chancellor for Finance and Fiscal Services
Mr. Lacy Hampton	Associate Vice Chancellor, G.O. Bond Construction Improvement Program
Mr. Sean Mullen, CTP, CFP	Treasurer

CONSULTANTS AND ADVISORS

Bond Counsel .... Norton Rose Fulbright US LLP
San Antonio, Texas

Outside Counsel .... Langley & Banack, Inc.
San Antonio, Texas

Certified Public Accountants .... Clifton Larson Allen LLP
San Antonio, Texas

Paying Agent/Registrar .... BOKF, NA
Dallas, Texas

Financial Advisor .... Hilltop Securities Inc.
San Antonio, Texas

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PRELIMINARY OFFICIAL STATEMENT

RELATING TO

$32,020,000*
ALAMO COMMUNITY COLLEGE DISTRICT
REVENUE FINANCING SYSTEM SENIOR LIEN REVENUE
REFUNDING BONDS, SERIES 2026

INTRODUCTION

This Official Statement, which includes the cover page, Schedule I, and the Appendices hereto, provides certain information regarding the issuance by the Alamo Community College District (the "District" or the "Issuer") of its $32,020,000* Revenue Financing System Senior Lien Revenue Refunding Bonds, Series 2026 (the "Bonds"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Resolution (defined herein), except as otherwise indicated herein. Excerpts of the Resolution are attached hereto as APPENDIX B.

The District is a multi-college system located in, and coterminous with, the boundaries of Bexar County, Texas (the "County"), with the exception of the satellite campuses in Comal and Kerr Counties, and all other educational facilities owned by the District are located within the County. The District serves a service area designated by the Texas Higher Education Coordinating Board that includes the areas within seven additional counties of Atascosa, Bandera, Comal, Guadalupe, Kendall, Kerr and Wilson, and a service area population of 2,178,532, which is projected for 2026. The District is a political subdivision of the State of Texas and operates as a junior college district under the laws of the State of Texas, serving as an educational and cultural resource center to the residents of the District and of this additional seven county service area.

There follows in this Official Statement descriptions of the plan of financing, the Bonds, the Resolution (including security for the Bonds), and certain information about the District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the District or the District's Financial Advisor via electronic mail or upon payment of reasonable copying, handling, and delivery charges.

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

PLAN OF FINANCING

PURPOSE OF THE BONDS. . . Proceeds from the sale of the Bonds will be used to (i) to refund certain maturities of the District's currently outstanding indebtedness as disclosed in Schedule I hereto (the "Refunded Obligations") in order to achieve debt service savings, and (ii) to pay the costs of issuance of the Bonds.

REFUNDED OBLIGATIONS . . . The Refunded Obligations, and interest due thereon, are to be paid on their respective scheduled redemption date from cash and investments to be deposited with BOKF, NA, Dallas Texas (the "Escrow Agent") pursuant to an Escrow and Trust Agreement, dated as of May 19, 2026 (the "Escrow Agreement") between the District and the Escrow Agent.

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

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

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

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* Preliminary, subject to change.

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

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

THE BONDS

DESCRIPTION OF THE BONDS . . . The Bonds are dated August 15, 2026 and mature on November 1 in each of the years and in the amounts shown on page 2 hereof. Interest will accrue from the Delivery Date (anticipated to occur on or about August 27, 2026), will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on November 1, 2026 and on each May 1 and November 1 thereafter until stated maturity or prior redemption. The definitive Bonds will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS - Book-Entry-Only System" herein.

AUTHORITY FOR ISSUANCE . . . The Bonds are being issued pursuant to the Constitution and the general laws of the State of Texas, particularly Section 130.123, as amended, Texas Education Code, Chapter 1207, Texas Government Code, as amended, Chapter 1371, as amended, Texas Government Code (“Chapter 1371”), and a resolution (the “Resolution”) adopted by the District’s Board of Trustees (the “Board”) on May 19, 2026. In the Resolution, and as permitted by Chapter 1371, the Board has delegated to certain District officials the authority to execute an Approval Certificate evidencing the final sale terms of the Bonds.

SECURITY FOR THE BONDS . . . The Bonds are special obligations of the District which, together with the currently outstanding Senior Lien Obligations, and any Additional Senior Lien Obligations (each as defined in the Resolution), which were issued, are concurrently issued, and which may be issued in the future, are each secured by a first and prior lien on and, pledge of the Pledged Revenues (as hereinafter defined) (the currently outstanding Senior Lien Obligations, the Bonds, and any Additional Senior Lien Obligations, together, the “Senior Lien Obligations”), are payable, both as to principal and interest, solely from and equally and ratably secured by a first lien on and pledge of the Pledged Revenues that include all Revenues (as hereinafter defined).

The District has not covenanted or obligated itself to pay the Bonds from monies raised or to be raised from taxation. See “SECURITY FOR THE BONDS” herein.

REDEMPTION . . . The District reserves the right, at its option, to redeem Bonds having stated maturities on and after November 1, ____, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on November 1, ____, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

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

SELECTION OF BONDS FOR REDEMPTION . . . If less than all of the Bonds are to be redeemed, the District may select the maturities of Bonds to be redeemed. If less than all the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) will determine by lot the Bonds, or portions thereof, within such maturity to be redeemed. If a Bond (or any portion of the principal sum thereof) has been called for redemption and notice of such redemption given, such Bond (or the principal amount thereof to be redeemed) will become due and payable on such redemption date and interest thereon will cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to a redemption date for the Bonds, the District must cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Bonds to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE OF REDEMPTION SO MAILED WILL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN IRRESPECTIVE OF WHETHER RECEIVED BY THE BONDHOLDER, AND SUBJECT TO PROVISION FOR PAYMENT OF THE REDEMPTION PRICE HAVING BEEN MADE AND THE SATISFACTION OF ANY OTHER CONDITION SPECIFIED IN THE NOTICE,

INTEREST ON THE REDEEMED BONDS WILL CEASE TO ACCRUE FROM AND AFTER SUCH REDEMPTION DATE NOTWITHSTANDING THAT A BOND HAS NOT BEEN PRESENTED FOR PAYMENT.

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

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

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

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

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as defaults and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the register and request that copies of the notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar of each series, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar of each series, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Paying Agent/Registrar of each series, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the respective Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained certificates representing each Stated Maturity of the Bonds are required to be printed and delivered.

The District may decide to discontinue the use of the system of book-entry-only transfers through DTC (or a successor depository). In that event, physical certificates representing each Stated Maturity of the Bonds, as appropriate, will be printed and delivered to the holder of such Bonds and will be subject to transfer, exchange and registration provisions as set forth in the Resolution and summarized under "THE BONDS - Transfer, Exchange and Registration" below.

Use of Certain Terms in Other Sections of this Official Statement . . . In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Resolution will be given only to DTC.

Effect of Termination of Book-Entry-Only System . . . In the event that the Book-Entry-Only System of the Bonds is discontinued, printed Bonds will be issued to the DTC Participants or the owner, as the case may be, and such Bonds will be subject to transfer, exchange and registration provisions as set forth in the Resolution and summarized under "THE BONDS - Transfer, Exchange and Registration" below.

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

Paying Agent/Registrar. . . The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas. In the Resolution, the District retains the right to replace the Paying Agent/Registrar. The District covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid and any successor Paying Agent/Registrar must be a commercial bank or trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the District agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first class, postage prepaid, which notice will also give the address of the new Paying Agent/Registrar.

Successor Paying Agent/Registrar . . . The District reserves the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new Paying Agent/Registrar must accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar selected by the District must be a (i) a national or state banking institution, or (ii) an association or a corporation organized and doing business under the laws of the United States of America or of any state authorized under such laws to exercise trust power. Upon a change in the Paying Agent/Registrar for the Bonds, the District will promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first-class postage prepaid, which notice will give the address of the new Paying Agent/Registrar.

Transfer, Exchange and Registration . . . In the event the Book-Entry-Only System should be discontinued, the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange will be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Bonds may be assigned by the execution of an assignment form on the respective Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer will be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount as the Bonds surrendered for exchange or transfer. See "THE BONDS - Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds.

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

Record Date for Interest Payment . . . The record date ("Record Date") for determining to whom the interest on the Bonds is payable on any interest payment date means the close of business on the 15th day of the preceding month.

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

Amendments . . . The District may amend the Resolution without the consent of or notice to any registered owners in any manner not detrimental to the interests of the registered owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the District may, with the written consent of the owners of a majority in aggregate principal amount of the Bonds then outstanding affected thereby, amend, add to, or rescind any of the provisions of the Resolution; except that, without the consent of the registered owners of all of the Bonds then outstanding and affected thereby, no such amendment, addition, or rescission may (1) extend the time or times of payment of the principal of and interest on the Bonds, reduce the principal amount thereof, the rate of interest thereon, or the redemption price therefor, or in any way modify the terms of payment of the principal of or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) reduce the aggregate principal amount of Bonds required for consent to any amendment, addition, or rescission.

Defeasance . . . The Resolution provides for the defeasance of the Bonds when the payment of the principal of and premium, if any, on the Bonds, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agent, in trust (1) money sufficient to make such payment, and/or (2) Government Obligations (defined below), certified, in the case of a net defeasance, by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Bonds; provided, however, that no certification by an independent accounting firm of the sufficiency of deposits shall be required in connection with a gross defeasance of Bonds. The District has additionally reserved the right in the Resolution, subject to satisfying the requirements of (1) and (2) above, to substitute other Government Obligations for the Government Obligations originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the District money in excess of the amount required for such defeasance. The Resolution provides that "Government Obligations" means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District authorizes the defeasance, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that on the date the governing body of the District adopts or approves the proceedings authorizing the financial arrangements have been refunded and are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, or (d) any additional securities and obligations hereafter authorized by Texas law as eligible for use to accomplish the discharge of obligations such as the Bonds. The District may limit the securities as deemed necessary in connection with the sale of the Bonds, and such limitations, if any, will be reflected in the Final Official Statement. There is no assurance that the ratings for U.S. Treasury securities acquired to defease any Bonds, or those for any other Government Obligations, will be maintained at any particular rating category. Further, there is no assurance that current Texas law will not be amended in a manner that expands or contracts the list of permissible defeasance securities (such list consisting of those securities identified in clauses (a) through (c) above), or any rating requirement thereon, that may be purchased with defeasance proceeds relating to the Bonds ("Defeasance Proceeds"), though the District has reserved the right to utilize any additional securities for such purpose in the event the aforementioned list is expanded. Because the Resolution does not contractually limit such permissible defeasance securities and expressly recognizes the ability of the District to use lawfully available Defeasance Proceeds to defease all or any portion of the Bonds, registered owners of Bonds are deemed to have consented to the use of Defeasance Proceeds to purchase such other defeasance securities, notwithstanding the fact that such defeasance securities may not be of the same investment quality as those currently identified under Texas law as permissible defeasance securities.

Upon such deposit as described above, such Bonds will no longer be regarded to be outstanding obligations for purposes of applying any limitation on indebtedness or for purposes of taxation. After firm banking and financial arrangements for the discharge and final payment of the Bonds have been made as described above, all rights of the District to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that, the District's right to redeem Bonds defeased to stated maturity is not extinguished if the District has reserved the option, to be exercised at the time of the defeasance of the Bonds, to call for redemption, at an earlier date, those Bonds which have been defeased to their stated maturity date, if the District: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

Sources and Uses of Proceeds . . . The proceeds from the sale of the Bonds will be applied approximately as follows:

Sources:	
Principal Amount of the Bonds	
[Net] Reoffering Premium	
Total Sources of Funds	$ -
Uses:	
Deposit to Escrow Fund	
Underwriter's Discount	
Costs of Issuance and additional proceeds	
Total Uses of Funds	$ -

Payment Record . . . The District has never defaulted in payment of its bonded debt.

Bondholders' Remedies. . . If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Resolution, or defaults in the observation or performance of any other covenants, conditions, or obligations set for in the Resolution, the registered owners may seek a writ of mandamus to compel District officials to carry out their legally imposed duties with respect to the Bonds, if there is no other available remedy at law to compel performance of the Bonds or the Resolution and the District's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Resolution does not provide for the appointment of a trustee to represent the interest of the bondowners upon any failure of the District to perform in accordance with the terms of the Resolution, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. The Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197

S.W.3d 325 (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Chapter 1371, which pertains to the issuance of public securities by issuers such as the District, permits the District to waive sovereign immunity in the proceedings authorizing the issuance of the Bonds. Notwithstanding its reliance upon the provisions of Chapter 1371 in connection with the issuance of the Bonds (as further described under the caption "THE BONDS – Authority for Issuance"), the District has not waived the defense of sovereign immunity with respect thereto. Because it is unclear whether the Texas legislature has effectively waived the District's sovereign immunity from a suit for money damages outside of Chapter 1371, registered owners may not be able to bring such a suit against the District for breach of the Bond or Resolution covenants. Even if a judgment against the District could be obtained, it could not be enforced by direct levy and execution against the District's property. Further, the registered owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. Furthermore, the District is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or registered owners of an entity which has sought protection under Chapter 9. Therefore, should the District avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Resolution and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors and general principles of equity that permit the exercise of judicial discretion.

SECURITY FOR THE BONDS

SECURITY AND SOURCE OF PAYMENT . . . The Bonds, together with all other Senior Lien Obligations, are special obligations of the District payable, both as to principal and interest, solely from a first and prior lien on and pledge of the Pledged Revenues.

The Resolution defines "Pledged Revenues" to mean (i) all Revenues (as hereinafter defined), to the extent the same may be pledged as security for Debt obligations of the District (including the Senior Lien Obligations) pursuant to applicable Texas law (including Chapters 54 and 130, as amended, Texas Education Code), as such applicable law may be amended from time to time and (ii) any additional revenues, incoming receipts or other resources including without limitation, any grants, donations or income received or to be received from the United States Government or any other public or private source whether pursuant to an agreement or otherwise, which hereafter may be pledged to the payment of the Senior Lien Obligations.

The Resolution defines "Revenues" to mean all revenue of the District derived from the imposition and collection of (i) tuition to be fixed, charged and collected from all students enrolled at the Colleges as part of the regular general tuition at the Colleges and (ii) rentals, rates, charges, and/or fees, including fees from students and others for the occupancy, use, and/or availability of all or any of the District's property, buildings, structures, activities, operations, or facilities, of any nature (but excluding the Issuer's student services or similar fee whose use is specifically limited by State law), in such amounts and in such manner as may be determined from time to time by the Board pursuant to applicable law; provided, however, with respect to the imposition, charge, and collection of any of the foregoing, excepting any category of student now exempt from paying tuition by Chapter 54 of the Texas Education Code, as amended.

THE BONDS DO NOT CONSTITUTE OR CREATE A DEBT OR LIABILITY OF THE STATE OF TEXAS, AND NEITHER THE FAITH AND CREDIT OF THE STATE OF TEXAS NOR THE TAXING POWER OF THE STATE OF TEXAS, THE DISTRICT OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF TEXAS IS IN ANY MANNER PLEDGED, GIVEN, OR LOANED TO THE PAYMENT OF THE BONDS; AND THE REGISTERED OWNERS OF THE BONDS DO NOT HAVE THE RIGHT TO DEMAND PAYMENT OF THE BONDS OUT OF ANY FUNDS OR SOURCES WHATSOEVER OTHER THAN THE PLEDGED REVENUES.

PERFECTION OF SECURITY INTEREST . . . Chapter 1208, Texas Government Code, as amended, applies to the issuance of the Bonds and the pledge of the Pledged Revenues securing the Bonds, and such pledges are, therefore, valid, effective, and perfected. Should Texas law be amended at any time while the Bonds are outstanding and unpaid, the result of such amendment being that the pledge of the Pledged Revenues is to be subject to the filing requirements of Chapter 9, Texas Business and Commerce Code, in order to preserve to the registered owners of the Bonds a security interest in such pledge, the District agrees to take such measures as it determines are reasonable and necessary to enable a filing of a security interest in said pledge to occur.

REVENUE FUND . . . The Resolution provides that the Pledged Revenues shall be kept separate and apart from all other income and revenues of the District and deposited upon receipt into the Revenue Fund. The Resolution states that all Pledged Revenues deposited in the Revenue Fund shall be appropriated and expended in the order of priority as follows:

FIRST: to the Bond Fund created for the payment of debt service on the Senior Lien Obligations as the same becomes due and payable;

SECOND: to the Reserve Fund created and established to maintain the amounts required to be deposited in accordance with the provisions of the Resolution or the resolutions of the Board relating to the issuance of any Additional Senior Lien Obligations hereafter issued;

THIRD: to the payment of the amounts required to be deposited into the interest and sinking, reserve, or contingency fund to be created and established for the payment, security, and benefit of any Subordinate Lien Obligations issued from time to time by the District (or any Credit Agreements relating thereto) as the same become due and payable;

FOURTH: to the payment of the amounts required to be deposited into the interest and sinking, reserve, or contingency fund to be created and established for the payment, security, and benefit of any Inferior Lien Obligations issued from time to time by the District (or any Credit Agreements relating thereto) as the same become due and payable; and

FIFTH: for any lawful purpose.

RESERVE FUND . . . As additional security for the repayment of the Senior Lien Obligations, a Reserve Fund has been established under the Resolution. The Resolution specifies that the Reserve Fund be funded, in the manner permitted under the Resolution, in an amount equal to 1.25 times the Average Annual Debt Service Requirements of all outstanding Senior Lien Obligations (the "Required Reserve Amount").

The issuance of Additional Senior Lien Obligations, including the Bonds, requires a showing that the District has provided for the funding of the Required Reserve Amount, in a manner permitted under the Resolution, in an amount equal to 1.25 times the Average Annual Debt Service Requirements on all Senior Lien Obligations that will remain outstanding after the issuance of the then-contemplated series of Additional Senior Lien Obligations.

The District's obligation to fund the Reserve Fund in an amount equal to the Required Reserve Amount shall be suspended for so long as the Pledged Revenues for each Fiscal Year are equal to at least 1.35 times the Average Annual Debt Service Requirements of all outstanding Senior Lien Obligations. In the event that the Pledged Revenues for any Fiscal Year are less than 1.35 times the Average Annual Debt Service Requirements of all outstanding Senior Lien Obligations, the District will be required to commence making the deposits to the Reserve Fund, as provided above, and to continue making such deposits until the earlier of (i) such time as the Reserve Fund contains the Required Reserve Amount or (ii) the Pledged Revenues in each of two consecutive Fiscal Years have been equal to not less than 1.35 times the Average Annual Debt Service Requirements of all outstanding Senior Lien Obligations.

RATE COVENANT . . . The District has agreed, while any of the Senior Lien Obligations are outstanding, to establish, maintain, charge, impose, and collect tuition and other fees that are reasonably expected, on the basis of available information and experience and with due allowance for contingencies, to produce Revenues in each Fiscal Year sufficient:

A. to produce Pledged Revenues sufficient to pay (1) 1.25 times the Annual Debt Service Requirements for such Fiscal Year on the Senior Lien Obligations and (2) the amounts required to be deposited in any reserve or contingency fund created for the payment and security of the Senior Lien Obligations and any other obligations or evidences of indebtedness issued or incurred that are payable from and equally and ratably secured solely by a first and prior lien on and pledge of the Pledged Revenues;

B. to produce Pledged Revenues which are, together with any other lawfully available funds (including the proceeds of Debt which the District expects will be utilized to pay all or part of the principal of and/or interest on any obligations described in this subsection (1) or (2)), sufficient to pay (1) the principal of and interest on any Subordinate Lien Obligations hereafter issued by the District and the amounts required to be deposited in any reserve or contingency fund created for the payment and security of any Subordinate Lien Obligations hereafter issued by the District and any other obligations or evidences of indebtedness issued or incurred that are payable from and equally and ratably secured, in whole or in part, by a subordinate lien on and pledge of the Pledged Revenues; (2) the principal of and interest on any Inferior Lien Obligations hereafter issued by the District as the same become due and payable and to deposit the amounts required to be deposited in any special fund created and established for the payment and security of any Inferior Lien Obligations hereafter issued by the District;

C. to pay, to the extent not paid by other sources of revenues legally available to the District, all of the maintenance and operating expenses of the District by transfer and deposit into the General Fund; and

D. to pay any other Debt payable from the Revenues and/or secured by a lien on any property of the District.

Should the annual audit report required by the Resolution reflect that the Pledged Revenues for the Fiscal Year covered thereby were less than necessary to meet the requirements of described in Clause A or B above, the Resolution requires that the Board, within thirty (30) days after receipt of such annual audit report, review the District's operations and the fees and charges imposed and collected for services provided, and that the Board make the necessary adjustments or revisions, if any, in order that the Pledged Revenues for the next succeeding Fiscal Year will be sufficient to satisfy the foregoing coverage requirement described in such Clause A or B above.

OUTSTANDING AND ADDITIONAL REVENUE BONDS . . . The District currently has $40,705,000 outstanding Revenue Financing System Senior Lien Obligations, which includes the Refunded Obligations, that are secured and payable from the Pledged Revenues.

Additional Senior Lien Obligations. In addition to the right to issue Subordinate Lien Obligations and Inferior Lien Obligations, the District has reserved the right hereafter to issue Additional Senior Lien Obligations. The Additional Senior Lien Obligations when issued shall be secured by and payable from the Pledged Revenues to the same extent as are the Bonds, and the currently outstanding Senior Lien Obligations, the Bonds and the Additional Senior Lien Obligations shall be in all respects of equal dignity. The Additional Senior Lien Obligations may be issued in one or more installments; provided, however, that none shall be issued unless and until the following conditions have been met:

A. The Board is not in default as to any covenant, condition or obligation prescribed in a resolution authorizing the issuance of the Senior Lien Obligations then Outstanding or the issuance of the Additional Senior Lien Obligations cures any such default.

B. The Bond Fund and Reserve Fund contain the amount of money then required to be on deposit in each of said Funds.

C. The resolution authorizing the issuance of Additional Senior Lien Obligations makes provision for the amount to be on deposit in the Reserve Fund to be increased to an amount not less than the Average Annual Debt Service Requirements on all Senior Lien Obligations to be Outstanding after giving effect to the issuance of the proposed Additional Senior Lien Obligations and such amount is to be accumulated in not less than sixty (60) months from the date of such Additional Senior Lien Obligations (subject to the suspension of such obligation to fund the Reserve Fund as provided in the Resolution and described herein under "SECURITY FOR THE BONDS – Reserve Fund").

D. The Additional Senior Lien Obligations are made to mature May 1 or November 1 in each of the years in which they are scheduled to mature.

E. An authorized District official certifies in writing that the Pledged Revenues for the Fiscal Year immediately preceding the Fiscal Year in which the resolution authorizing the issuance of the Additional Senior Lien Obligations is adopted or for any 12 consecutive calendar month period out of the 18-month period ending not more than ninety (90) days preceding the month the resolution authorizing the issuance of the Additional Senior Lien Obligations is adopted are equal to at least 110% times the Average Annual Debt Service Requirements of the Senior Lien Obligations after giving effect to the issuance of the proposed Additional Senior Lien Obligations. In making such a determination of the Pledged Revenues, the District official may take into consideration a change in the fees and charges for services provided by and use of the facilities of the District that became effective not more than ninety (90) days prior to adoption of the resolution authorizing the issuance of the Additional Senior Lien Obligations and, for purposes of satisfying the Pledged Revenues coverage test, make a pro forma determination of the Pledged Revenues for the period of time covered by such representation based on such change in fees and charges being in effect for the entire period covered by the District official's representation.

Subordinate Lien Obligations and Inferior Lien Obligations. The District has reserved the right to issue, at any time, obligations including, but not limited to, Subordinate Lien Obligations and Inferior Lien Obligations payable from and equally and ratably secured, in whole or in part, by a lien on and pledge of the Pledged Revenues, junior and/or subordinate and inferior in rank and dignity to the lien on and pledge of such Pledged Revenues securing the payment of the currently outstanding Senior Lien Obligations, as may be authorized by the laws of the State.

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DEBT INFORMATION

TABLE 1 – PRO FORMA DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 8/31	Outstanding Debt Service[1] Principal	Interest	Total	The Bonds[2] Principal	Interest	Total	Total Tax Debt Service Requirements	% of Principal Retired
2026	$ 3,225,000	$ 1,903,969	$ 5,128,969	$ -	$ -	$ -	$ 5,128,969	
2027	2,110,000	186,875	2,296,875	-	1,085,122	1,085,122	3,381,997	
2028	1,340,000	127,025	1,467,025	230,000	1,595,250	1,825,250	3,292,275	
2029	1,380,000	85,363	1,465,363	240,000	1,583,500	1,823,500	3,288,863	
2030	-	63,800	63,800	1,680,000	1,535,500	3,215,500	3,279,300	24.49%
2031	-	63,800	63,800	1,885,000	1,446,375	3,331,375	3,395,175	
2032	-	63,800	63,800	1,990,000	1,349,500	3,339,500	3,403,300	
2033	-	63,800	63,800	1,815,000	1,254,375	3,069,375	3,133,175	
2034	-	63,800	63,800	1,910,000	1,161,250	3,071,250	3,135,050	
2035	-	63,800	63,800	2,010,000	1,063,250	3,073,250	3,137,050	47.55%
2036	-	63,800	63,800	2,110,000	960,250	3,070,250	3,134,050	
2037	-	63,800	63,800	2,215,000	852,125	3,067,125	3,130,925	
2038	-	63,800	63,800	1,395,000	761,875	2,156,875	2,220,675	
2039	-	63,800	63,800	1,465,000	690,375	2,155,375	2,219,175	
2040	470,000	54,400	524,400	1,070,000	627,000	1,697,000	2,221,400	68.49%
2041	530,000	34,400	564,400	1,085,000	573,125	1,658,125	2,222,525	
2042	595,000	11,900	606,900	1,095,000	518,625	1,613,625	2,220,525	
2043	-	-	-	1,775,000	446,875	2,221,875	2,221,875	
2044	-	-	-	1,865,000	355,875	2,220,875	2,220,875	
2045	-	-	-	1,960,000	260,250	2,220,250	2,220,250	89.86%
2046	-	-	-	2,060,000	159,750	2,219,750	2,219,750	
2047	-	-	-	2,165,000	54,125	2,219,125	2,219,125	100.00%
	$ 9,650,000	$ 3,041,932	$ 12,691,932	$ 32,020,000	$ 18,334,372	$ 50,354,372	$ 63,046,304	

(1) Excludes the Refunded Obligations. Preliminary, subject to change.
(2) For purposes of illustration, interest calculated at an assumed Rate. Preliminary, subject to change.

(Dollars in Thousands)	
2026 Projected Pro-Forma Pledged Revenues [1]	$ 48,371
Average Annual Debt Service Requirements (2026-2047)	$ 2,866 [1][2]
Coverage	16.86 Times [1][2]
2026 Projected Pro-Forma Pledged Revenues [1]	$ 48,371
Maximum Annual Debt Service Requirements (2026)	$ 5,129 [1][2]
Coverage	9.43 Times [1][2]

(1) See "Table 6 – Summary of Pledged Revenues".
(2) Includes the Bonds and excludes the Refunded Obligations. Preliminary, subject to change.

OTHER OBLIGATIONS OF THE DISTRICT

PENSION FUND AND OTHER POST-EMPLOYMENT BENEFITS . . . Pension funds for employees of Texas school districts, and any employee in public education in Texas, are administered by the Teacher Retirement System of Texas (the "System"). The individual employees contribute a fixed amount of their salary into the System, currently 8.25%, and the State of Texas contributes funds to the System based on statutory required minimum salary for verified personnel, except any District personnel paid by local funds and federally funded programs. Eligible faculty and administrative personnel may participate in an optional retirement plan in lieu of the Teacher Retirement System Plan. The District contributes to the plan; additional information can be found in Note 11 of the District's Comprehensive Annual Financial Report for the year ended August 31, 2025. Liability and actuarial information can be found on the System's website www.trs.state.tx.

The District offers post-employment retirement benefits through a cost-sharing, multi-employer, defined benefit postemployment health care plan administered by the Employee Retirement System of Texas (ERS). The State Retiree Health Plan (SRHP) provides medical benefits to retired employees of participating universities, community colleges and state agencies in accordance with Chapter 1551, Texas Insurance Code. Benefits and contribution provisions of the SRHP are authorized by the state law and may be amended by the Texas Legislature. Additional information may be found in Note 19 of the District's Comprehensive Annual Financial Report for the year ended August 31, 2025.

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

GENERAL INFORMATION REGARDING THE DISTRICT

INTRODUCTION . . . Located in the area of San Antonio, Bexar County and surrounding counties, Alamo Community College District is a multi-college system, consisting of five colleges. For fiscal year 2025, the total unduplicated headcount was 80,518[1] making the District one of the top five community colleges in Texas and the largest institution of higher education in South Texas with multiple locations (five colleges, ten satellite campuses / regional centers, five academies, and fifteen Early College High Schools (ECHS). The colleges comprising the District are geographically dispersed over the region, and represent its multicultural community: San Antonio College, St. Philip's College, Palo Alto College, Northwest Vista College and Northeast Lakeview College. The District's high quality and low costs provide exceptional value to students and alumni, who are major contributors to the economy and culture of San Antonio, Bexar County and the additional seven counties in the District's service area of Atascosa, Bandera, Comal, Guadalupe, Kendall, Kerr and Wilson counties.

The District provides academic, vocational and technical courses for certificates of completion, associate degrees, bachelor's degrees, continuing education and workforce training at its five colleges and seven education and training centers. The District has successfully increased student completion, awarding more than 14,086 degrees and certificates to students in FY 2025, a 32% increase over the 10,671 awarded in FY2024. For FY 2023, the last period measured, 88% of academic and 90% of technical students were employed and/or enrolled at a transfer institution within 6 months of graduation.

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

- San Antonio College: Nursing, including a new program for nurses to earn a Bachelor of Science degree, Mortuary Sciences, Radio, Television and Broadcasting, First Responders Academy (educates fire science students and offers continuing education certification for firefighters)

- St. Philip's College: Allied Health Programs – Radiology, Nursing, Physical Therapy, Respiratory Care, Sonography, Surgical Technology and others

- Palo Alto College: Training provider to Toyota and its suppliers, a Cosmetology program, providing salon services to the public, a new nursing program commenced Fall 2022.

- Northwest Vista College: Cutting-edge training programs in Digital Game Development and Educational Robotics, Digital Media, and Digital Video & Cinema Production, an Associate of Applied Science in Customer Service/Sales Operations, and Associate of Applied Science in Pharmacy Technology.

- Northeast Lakeview College: Accelerated Technology Training Center which offers certification in Cisco, Microsoft, Technology Specialist and Linux Red Hat.

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[1] Source: Alamo Colleges District Factbook and Texas Higher Education Coordinating Board (the "THECB") Accountability System.

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

- In 2025, the Alamo Colleges District earned the Great Place to Work® Certification for the second consecutive year, recognizing positive employee experience and workplace culture.

- In 2025, all five colleges in the Alamo Colleges District received the prestigious Gold-Level Veteran Education Excellence Award, the highest level of recognition for services and support provided to military-affiliated students.

- In 2025 Northwest Vista College, one of the five Alamo Colleges, was recognized as a finalist for the coveted Aspen Prize for Community College Excellence. The award honors institutions for high levels of academic success and equitable outcomes for students from lower-income backgrounds.

- In 2025, the District's Investment Policy was awarded the Certificate of Distinction from the Government Treasurers' Organization of Texas for the fifth consecutive period. The District is one of only five community colleges in Texas currently holding this designation.

- In 2024 the Alamo Colleges District received the Malcolm Baldrige National Quality Award for the second time, the only higher educational institution to earn the award twice. This award is the nation's highest honor for performance excellence. ACD first received the award in 2018 as the first community college system to achieve this level of recognition in the history of the program.

- In 2024, Alamo Colleges District was recognized by Achieving the Dream ("ATD") as a Leader College of Distinction and received ATD's 20th Anniversary Network Legend Award.

- Alamo Colleges District received one of the 2024 Global Best Awards from The Association of Talent Development for its excellence in fostering talent and professional development.

- For the sixteenth year in a row, the Alamo Community College District's Finance and Fiscal Services Department has been awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association for the Annual Comprehensive Financial Report (ACFR) prepared for the fiscal year ending August 31, 2024. According to the Government Finance Officers Association, the Certificate of Achievement is awarded to governments that go beyond the minimum requirements of generally accepted accounting principles to prepare a ACFR that evidences the spirit of transparency and full disclosure which allows readers to assess the financial health of the issuing government.

- Alamo Colleges District was awarded a 2023 National Bellwether Award for its off-campus work-study employment program.

- In October 2022, San Antonio College was named among six trendsetting colleges and universities to receive the Seal of Excelencia granted by Excelencia in Education, an organization dedicated to closing the education equity gap and increasing Hispanic degree holders. This seal is the first and only national certification that recognizes a college's or university's commitment and achievements in serving Hispanic students.

- In May 2022, the Alamo Colleges District was nationally recognized by the American Association of Community Colleges with the 2022 Award of Excellence in Student Success. This coveted award recognizes a community college that has shown a sustained commitment to and proactively advances the cause of student success.

- In April 2022, four of the Alamo Colleges were named the 2022 Most Promising Places to Work in Community Colleges, by the news magazine Diverse: Issues in Higher Education. Northwest Vista College, Northeast Lakeview College, St. Philip's College and San Antonio College were each chosen among 24 community colleges in the nation. The study focused on workplace diversity, staffing practices and work environment.

- In March 2022, Hispanic Outlook Magazine named San Antonio College, Northwest Vista College and Palo Alto College as being among the Top 25 Community Colleges in the nation for Hispanic/Latino students. The list recognizes community colleges across the country that serve the highest number of and grant the highest number of associate degrees to Hispanic/Latino students.

- In May 2021, San Antonio College was named the best community college in the nation, honored with the biennially awarded Aspen Prize for Community College Excellence. San Antonio College is the only community college in Texas to have been chosen for this honor since it was first awarded in 2011. In 2019 and 2021, one of the Alamo Colleges has placed first or second, and the majority of the District's colleges have been in the top 10 percent. Awarded every two years since 2011, the Aspen Prize recognizes institutions that achieve strong student outcomes across four key areas of teaching and learning, degree completion/successful transfer, success in the workforce, and equitable outcomes for diverse student groups.

- In 2022, the Alamo Colleges District's Purchasing and Contract Administration department was awarded the Achievement of Excellence in Procurement award for the 10th straight years by the National Procurement Institute. Criteria are designed to measure innovation, professionalism, productivity, e-procurement and leadership attributes of the procurement organization.

- In 2021, Intelligent.com named the Alamo Colleges District one of the Top 50 Community Colleges and was honored as the best community college network in the nation. Intelligent.com's evaluation was based on curriculum quality, graduation rate, reputation, and post-graduate employment.

- Alamo Colleges District was one of only two winners in North America of the National 2021 Technology Leadership Award as recognized by the Tambellini Group for the 6th Annual Tambellini Technology Leadership Award. The Tambellini Group, the leading independent technology research and advisory firm dedicated exclusively to higher education, received a record number of nominations for the award. The IT team led innovations including a "Park-n-Learn Strategy," which brought free and fast Wi-Fi to campus parking lots at each of the District's 13 sites, benefiting thousands of students weekly. Through a series of 10 targeted technology efforts for students and faculty, the Alamo Colleges IT team made significant strides in swiftly meeting the numerous needs of their diverse community of learners.

- Three of the colleges in the District were named to the list of the "2021 Most Promising Places to Work in Community Colleges" in the nation by Diverse: Issues in Higher Education magazine. Northeast Lakeview College, Northwest Vista College, and St. Philip's College were named to the list. In choosing institutions for the list, the magazine's research team focuses on workplace diversity, staffing practices and work environment, using a web-based survey approach to examine categories such as family friendliness, salary/benefits, and professional development opportunities.

- The District is one of two 2020 Leah Meyer Austin Award winners, which is the highest honor awarded to a college in the Achieving the Dream National Network. The award recognized institutional strength aligned policies and procedures, a student-focused culture, and notable increases in student outcomes and reduction of equity gaps.

- In August 2020, the District was named to the San Antonio Business Journal's inaugural list of honorees for the Resilience in Business Awards. This award was established during the COVID-19 pandemic to recognize those outstanding businesses, and more importantly, the teams behind them, that responded quickly and effectively to the crisis. The District was the only educational institution in the area to receive this recognition.

- In 2020, the District was nationally recognized and was the only Texas institution to receive the 2020 Ellucian Impact Award. This award recognizes higher education institutions that use technology to solve challenges, operate more efficiently and create better student experiences. Laura Ipsen, President and CEO of Ellucian, stated "the winners of our Impact Awards are excellent examples of how institutions are innovating from within to support their students, faculty, staff, and local communities."

- In July 2020, the District was honored with the Rising Star Award. The District is the only two-year institution to be recognized by Campus Labs with the Rising Star Award. The District was selected as a result of its successful implementation of the Engage tool (a student engagement product from Campus Labs) as part of AlamoEXPERIENCE, the District's online non-academic transcript platform.

- For the second year in a row, three of the colleges of the Alamo Colleges District were ranked in the top ten on the list of 2020 Best Online Community Colleges in Texas by Guide to Online Schools, published by Optimal, formerly the SR Education Group, a leading education research publisher. Each of the colleges (San Antonio College, Palo Alto College, St. Philip's College) received a score based on several important factors, including retention and graduation rates and percentage of online enrollment data from the Integrated Postsecondary Education Data System (IPEDS). The number of online associate degrees offered was considered in the ranking score as well.

- The Alamo Colleges District was selected in January 2020 as one of 10 exceptional organizations as finalists for the San Antonio Business Journal's 2019 Business of the Year. The District is one of the San Antonio-area businesses which have seen remarkable success over the past year. Highlights include the opening of the District Support Operations building, the launch of AlamoPROMISE, which aims to bridge the gap between financial aid and the cost of tuition and fees at the District's five colleges, and the District's recognition as the only community college district to ever win the Malcolm Baldrige National Quality Award (see above).

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

San Antonio College

President: Dr. Francisco Solis

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

St. Philip's College

President: Dr. Adena Williams Loston

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

Palo Alto College

President: Dr. Robert Garza

Palo Alto College began operations in 1985 to meet the need for higher education in San Antonio's southern sector. During the Fall semester of 2005, Palo Alto College moved to the college's 108-acre campus located at the south side of San Antonio. In 2020 the College was the recipient of an eight-figure gift from author and philanthropist Mackenzie Scott. This marks the largest one-time donation in the College's history. Ms. Scott, wrote that in light of the pandemic and its effect on the lives of Americans already struggling, she charged her team of advisors to help her accelerate her giving, "identifying organizations with strong leadership teams and results." Palo Alto College was recognized in 2021 for having two of the top 20 associate degree programs in cybersecurity by Best Value Schools, which ranks schools and their programs by the annual tuition and fees per year and the annual graduation rate. In April 2019, the Aspen Institute's College Excellence Program announced that Palo Alto College was a

"Rising Star" award winner of the 2019 the Aspen Prize for Community College Excellence, the nation's signature recognition of high achievement and performance among America's community colleges and marking the institution as one of the top five community colleges in the nation. Palo Alto College was recognized in July 2019 as one of the best online community colleges in the nation by BestColleges.com, an informative source on educational programs and higher education intended to help students find the right path to a college degree. The College is ranked third in Texas for community colleges on BestColleges.com.

Northwest Vista College

President: Dr. Amy Bosley

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

Northeast Lakeview College

President: Dr. Veronica R. Garcia

The newest campus in the District, Northeast Lakeview College opened in November 2008 and is located on 239 acres in northeast Bexar County in the communities of Live Oak and Universal City. Northeast Lakeview College was recognized in 2021 for having two of the top 20 associate degree programs in cybersecurity by Best Value Schools, which ranks schools and their programs by the annual tuition and fees per year and the annual graduation rate. Northeast Lakeview College was ranked 12 in March 2019 by Learn.Org as a Recognized School. Learn.Org selected the 50 best community colleges in the nation based on several factors including school data reported by the U.S. Department of Education, program offerings, and campus activities. In June 2019, Northeast Lakeview College completed the requirements for recognition at the Commitment Level by the Quality Texas Foundation ("QTF"). The College has also been recognized by the Live Oak Economic Development Corporation as the Best Educational Facility in the northeast San Antonio/Bexar County region.

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

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

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

STUDENT ENROLLMENT . . . For fiscal year 2025, the total unduplicated headcount was 80,518, making the District one of the five largest community colleges in Texas[(1)]. The unduplicated enrollment is for the District and students would only be counted once regardless of number of colleges attended within the District. The duplicated enrollment is 123,623 and is the sum of individual college unduplicated enrollment by college and registration. Students enrolled at more than one college are counted at each college. In addition, the District's continuing education programs serve more than 6,000 students each year. Comparisons of District enrollment to other colleges and universities in San Antonio indicate that the community colleges serve more students than all of the other post-secondary institutions combined.

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(1) THECB data as of FY 2025.

DISTRICT FINANCE/FISCAL YEAR 2026-2027 OPERATING BUDGET . . . The primary sources of revenue for the District are State appropriations, tuition and fees, local ad valorem property taxes, and federal funds. The strategic plan initially adopted by the Board includes the strategic priorities of 1) propelling our learners' success from connection through completion 2) nurturing a mission-driven workplace that enhances performance, collaboration and leadership among all our employees, 3) delivering efficient and effective instruction, services and operations 4) strengthening our community through collaboration and service. Specific revenue enhancements include higher tuition for high-cost programs, out-of-district, out-of-state and international students. All measures have produced substantial progress toward the strategic objectives.

The District's total proposed general fund expenditure budget for 2026-2027, including auxiliary enterprises, is $585,758,575, which reflects a proposed 1 ¼ cent increase to the maintenance and operations tax rate. Of the District's total $585,758,575 of expected revenues (projected FY 2027), 23% will come from Tuition and Fees, 21% from State Appropriations, 50% from ad valorem taxes, and 6% from all other sources (based on preliminary taxable values as of the date of this official statement). The budget addresses an estimated $27 million shortfall driven by several factors, including stagnant and declining taxable property values, expanded property tax exemptions, changes in state performance funding and rising costs associated with serving a growing student population.

THE TEXAS LEGISLATURE. . . The Texas Legislature (the "Legislature") meets in regular session in odd numbered years for 140 days. When the Legislature is not in session, the Governor of Texas (the "Governor") may call one or more special sessions, at the Governor's discretion, each lasting no more than 30 days, and for which the Governor sets the agenda.

Future legislatures may enact laws that materially change current law as it relates to the District's finances and operations. The District can make no representations or predictions regarding the scope of legislation that may be considered in any future legislative sessions or the potential impact of such legislation.

During the 88th Texas Legislature, the Legislature passed and the Governor signed House Bill 8 ("HB 8"), now codified, in part, as Chapter 130A, Texas Education Code. Among other provisions, HB 8 amended the Texas Education Code by requiring money appropriated from the state treasury to public junior colleges to be allocated on the basis of student performance. Prior to the passage of HB 8, public junior colleges were largely funded based on contact hours (the number of hours students spend in a classroom). HB 8 also created a state financing program for public junior colleges (the "financing program") that ensures each public junior college has access to adequate state appropriations and local resources. The financing program consists of two components: (1) a base tier of state and local funding (the "Base Tier Formula") and (2) a performance tier of state funding (the "Performance Tier Formula") which constitutes the majority of state funding to be distributed based on measurable outcomes aligned with (a) regional and state workforce needs and (b) state goals aligned to the state's long-range master plan for higher education. HB 8 authorizes the THECB to adopt rules, require reporting by public junior colleges and take other actions consistent with HB 8 to administer the financing program.

It should be noted that the Base Tier Funding is only available to small and mid-sized colleges who do not receive sufficient local funds to support basic operations. Large community colleges like the College District are not eligible to receive Base Tier funds per the Texas Education Code and current THECB rules.

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

Further, each outcome has certain fundable outcome weights depending on the student profile. Those fundable outcome weights include: Academically Disadvantaged Students (defined as postsecondary students who have not met the college-readiness standard in one or more Texas Success Initiative (TSI) assessments as defined by THECB); Economically Disadvantaged Students (defined as postsecondary students who received the federal Pell Grant); and Adult Learners (defined as a student aged 25 or older on September 1 of the fiscal year for which the applicable data are reported). For FY26, those fundable outcome weights were as follows: Academically Disadvantaged: .25; Economically Disadvantaged: .25; Adult Learners: .40.

The THECB determined that funding for the District by the Performance Tier Formula for fiscal year 2026 would be $91.9 million, which was fully funded for that year. However, THECB determined that the amount appropriated by the Legislature for Performance Tier Formula funding was insufficient to fully fund fiscal year 2027. Thus, it engaged in rulemaking and reduced the level of the fundable outcome weights within the Performance Tier Formula that included reducing each Fundable Outcome Category (NEW FUNDABLE OUTCOME WEIGHTS: Academically Disadvantaged: .20; Economically Disadvantaged: .20; Adult Learners: .40) . THECB also capped the number of fundable credentials of value per student over a five-year period. This had the effect of reducing the expected State appropriations to the College District for fiscal year 2027 to $88.1 million. Performance Tier Formula funding for subsequent fiscal years will depend upon the deliberations of the 90th Legislature which commences on January 12, 2027.

DEPENDENCE ON STATE APPROPRIATIONS . . . In recent years State-appropriated funds have provided approximately 12.9% of the District's revenues[(1)]. The revenues from the State are derived from legislative appropriations, determined at each Session of the State Legislature. The State Legislature meets biennially in odd numbered years.

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

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

TABLE 2 – UNRESTRICTED CURRENT FUNDS BUDGETED REVENUE FOR FISCAL YEAR 2026 WITH COMPARATIVE FIGURES FOR FISCAL YEARS 2022, 2023, 2024 AND 2025[(1)]

	Actual 2021-22[(2)]	Actual 2022-23[(2)]	Actual 2023-24[(2)]	Actual 2024-25[(2)]	Budget 2025-26[(3)]
State Appropriations	$ 88,540,569	$ 92,782,998	$ 120,637,845	$ 114,924,543	$ 125,339,890
Unrestricted Contract and Grants	11,412,589	901,382	908,711	915,342	-
Net Tuition and Fees	94,162,251	98,188,229	111,524,411	122,588,389	139,975,263
Ad valorem Taxes	198,786,795	229,619,121	254,814,109	265,456,673	268,937,450
Interest Income	(4,469,575)	10,130,938	17,705,616	12,797,875	9,300,000
Other Income	7,017,114	8,155,510	12,286,840	13,044,638	4,847,624
Auxiliary Enterprises	2,878,472	2,992,750	3,252,744	3,301,622	4,362,244
Total Revenues	$ 398,328,215	$ 442,770,928	$ 521,130,276	$ 533,029,082	$ 552,762,471

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(1) Revised to include all operating state appropriations and additional unrestricted revenues.
(2) Source: Comprehensive Annual Financial Reports (audited).
(3) Source: Annual Budget Fiscal Year 2025-2026.

ANTICIPATED ISSUANCE OF ADDITIONAL OBLIGATIONS . . . From time-to-time, the District will consider other capital leasing and financing opportunities, depending on its needs. If certain opportunities are deemed particularly beneficial or necessary to the District, additional District obligations (including Additional Senior Lien Obligations, Subordinate Lien Obligations, or Inferior Lien Obligations), may be issued, incurred, or entered into for the purpose of financing the capital costs associated therewith. These opportunities would be paid from cost savings or additional revenue generation. The District has not, as of the date hereof and except as otherwise described in this Official Statement, committed itself to any contractual agreement or evidence of indebtedness payable in whole or in part from District revenues, though it has retained full flexibility to do so under the Resolution.

The District does not anticipate the issuance of additional obligations payable from Revenues in the next 12 months.

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Table 3 - Historical Headcount Enrollment (1)

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

Fiscal Year Ended 8/31	San Antonio College	St. Philip's College	Palo Alto College	Northwest Vista College	Northeast Lakeview College	Duplicated Total	Unduplicated Total(2)
2016	35,079	21,492	17,297	26,157	7,046	107,071	77,331
2017	33,733	21,762	17,389	25,949	6,730	105,563	76,984
2018	33,097	22,390	17,534	26,543	7,156	106,720	78,270
2019	30,061	22,340	17,053	25,743	9,919	105,116	77,198
2020	29,971	22,726	17,935	26,496	10,345	107,473	77,369
2021	28,542	21,257	17,339	26,478	10,421	104,037	70,009
2022	27,645	21,376	16,568	25,361	10,461	101,411	67,699
2023	28,136	22,201	17,060	25,579	11,402	104,378	71,074
2024	29,275	24,464	17,951	27,195	12,716	111,601	74,499
2025	31,763	29,514	19,693	29,031	13,622	123,623	80,518

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

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

Table 4 - Historical Contact Hours(1)

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

Fiscal	Contact Hours			
Year	Academic	Technical	Continuing Ed	Total
2015-2016	16,441,240	3,322,624	387,855	20,151,719
2016-2017	16,287,624	3,278,480	386,313	19,952,417
2017-2018	16,560,800	3,408,176	377,511	20,346,487
2018-2019	16,183,408	3,511,728	341,698	20,036,834
2019-2020	16,673,976	3,464,704	309,282	20,447,962
2020-2021	14,686,392	3,301,655	192,137	18,180,184
2021-2022	13,586,840	3,323,578	248,544	17,158,962
2022-2023	14,427,408	3,742,339	148,573	18,318,320
2023-2024	15,594,736	4,221,016	136,841	19,952,593
2024-2025	17,164,080	5,170,582	167,501	22,502,163

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

Attendance Costs . . . The cost of attending the Colleges is competitive with other Texas colleges and universities, including other area colleges and universities, with rates ranging from $109 per semester hour for In District students to $327 per semester hour for Non-Resident and International Students for Fall 2026. These rates remain unchanged for the current and next fiscal years.

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

TABLE 5 – TUITION RATES

Tuition is based on residency determined by the District's Admissions Office. Tuition and fees are subject to change without notice by the Board of Trustees. On May 27, 2026, the Governor distributed a letter to the governing boards of institutions of higher education directing that no institution in the State should approve tuition increases for the 2025-26 and 2026-27 academic year. The Texas Attorney-General has recently joined with the federal Department of Justice to enjoin application of a state statute which allowed persons resident in the state without legal immigration status to pay tuition at resident rates.

Current Tuition Rates

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

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

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

(1) Effective Fall 2026.

Summer Momentum Plan (SMP)

The Expanded Summer Momentum Plan allows students who earned hours in Fall and Spring at any of the Alamo Colleges to receive free credit hours in the summer semester. To be eligible, students must have a cumulative Alamo Colleges District GPA of 2.0 or higher at the end of Fall semester.

3 SCH for Alamo Colleges students enrolled for the first time in Spring,
6 SCH for Alamo Colleges students enrolled in Fall who enroll part-time (11 or fewer credits) in the immediately following Spring,
9 SCH for Alamo Colleges students enrolled in Fall who enroll full-time (12+ credits) in the immediately following Spring.

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

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

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

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

27 Hour Rule – Special Tuition: Students taking more than 27 hours of Developmental Education courses will be charged an additional rate of $118 per semester credit hour for In-District and $176 per semester credit hour for Out-of-District (Service Area+).

Any student, currently enrolled as of the official census date, who subsequently enrolls in a Flexible Entry class, within the same semester, will be assessed tuition as though another class was being added to the student's current load.

"3-Peat": Students registering for a course for the third time will be charged the rate of $384 per semester credit hour.

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

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

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

The continued implementation of AlamoPROMISE is possible due to support from governmental partners totaling $15.8M secured to date. In addition, the ACD Foundation has been successful in raising over $25M in private funding across the program, scholarship, and endowment allocations. Because of the ongoing support of our moonshot to end poverty by partnering through education, ACD has served over 30,000 AlamoPROMISE Scholars to date since program enrollment began in the Fall of 2020.

Since the launch of AlamoPROMISE, Bexar County's college-going rate has increased to 64%, as measured by the percentage of high school graduates enrolling in higher education institutions (UP Partnership, National Student Clearinghouse, latest available data as of 2024). A record-breaking nearly 14,000 AlamoPROMISE Scholars, freshman and continuing, enrolled in Fall 2025. With a future focus in mind, there is continuous support for AlamoPROMISE across governmental entities, institutional support, individual donors, foundations and corporations, non-profit organizations, and school district partners.

TABLE 6 - SUMMARY OF PLEDGED REVENUES

Fiscal Year Ended 8/31	(Dollars in Thousands) Pledged Revenues	Other Income (2)	Total Pledged Revenues
2022	$ 21,278	$ 6,808	$ 28,086
2023	22,312	13,075	35,387
2024	22,838	21,001	43,839
2025	24,727	17,290	42,017
2026	32,096	16,275	48,371

	(Dollars in Thousands)
2026 Projected Pro-Forma Pledged Revenues (1)	$ 48,371
Average Annual Debt Service Requirements (2026-2047)	$ 2,866 (1)
Coverage	16.86 Times (1)
2026 Projected Pro-Forma Pledged Revenues (1)	$ 48,371
Maximum Annual Debt Service Requirements (2026)	$ 5,129 (1)
Coverage	9.43 Times (1)

Source: Comprehensive Annual Financial Report Statistical Supplement 11 for Fiscal Years 2022-2025 and Annual Budget for Fiscal Year 2026.

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

(2) Other income includes operating revenues other than for tuition and fees to include revenues from auxiliary services, facilities rental revenues, and other miscellaneous operating revenues.

FINANCIAL INFORMATION

TABLE 7 – CHANGE IN NET POSITION[1]

	Fiscal Years Ended August 31,				
	2021	2022	2023	2024	2025
Operating revenues					
Tuition and Fees, Net	$ 49,729,748	$ 48,439,185	$ 44,766,677	$ 53,042,745	$ 54,095,184
Federal Grants and Contracts	28,454,909	22,241,508	22,002,312	22,789,964	22,613,482
State Grants and Contracts	905,002	2,369,756	1,370,715	1,706,198	2,194,090
Local Grants and Contracts	5,504,441	9,478,470	11,956,914	13,229,734	16,562,933
Non-Governmental Grants and Contracts	1,054,201	1,424,254	3,359,090	2,196,015	2,272,116
Auxiliary Enterprises	2,112,045	2,757,370	2,842,482	2,963,396	2,954,816
Other Operating Revenues	5,510,381	6,069,838	5,715,196	6,668,533	6,108,619
	93,270,727	92,780,381	92,013,386	102,596,585	106,801,240
Operating expenses					
Instruction	139,556,329	132,658,723	172,536,419	192,686,519	214,809,975
Public Service	1,427,197	1,600,865	1,795,974	2,148,352	2,456,305
Academic Support	28,846,462	27,602,595	33,052,138	37,991,019	40,932,602
Student Services	58,279,636	59,706,913	72,383,991	85,023,717	95,696,048
Institutional Support	101,071,351	118,854,158	120,056,331	122,128,616	112,961,666
Operation and Maintenance of Plant	46,120,491	47,989,332	61,534,011	62,727,914	76,393,224
Scholarships and Fellowships	73,404,712	107,597,069	67,900,031	92,604,943	120,691,791
Auxiliary Enterprises	1,346,261	1,204,666	1,042,051	1,004,729	1,526,323
Depreciation and Amortization	34,414,020	36,222,502	44,177,312	52,125,744	51,610,690
	484,466,459	533,436,823	574,478,258	648,441,553	717,078,624
Operating Loss	(391,195,732)	(440,656,442)	(482,464,872)	(545,844,968)	(610,277,384)
Nonoperating revenues (expenses)					
State Appropriations	80,008,148	72,944,697	76,606,931	109,417,933	108,215,641
Ad Valorem Taxes:					
Taxes for Maintenance and Operations	188,598,432	198,786,795	229,619,121	254,814,109	265,456,673
Taxes for Maintenance Tax Notes	40,309,557	24,140,547	46,247,762	40,462,146	40,456,156
Taxes for General Obligation Bonds	32,293,103	52,405,149	42,173,257	57,620,011	61,078,913
Federal Grants, Non-Operating	133,437,673	189,360,434	181,190,755	139,968,174	167,632,819
State Grants, Non-Operating	3,866,594	4,778,583	5,068,138	13,362,148	9,423,350
Gifts	315,739	3,286,946	2,345,954	879,298	2,968,081
Investment Income	647,047	(4,248,039)	22,024,846	30,812,713	25,810,242
Other State Funding - FAST Funds	-	-	-	5,023,205	5,796,030
Interest on Capital Related Debt	(16,519,474)	(19,219,947)	(17,801,191)	(16,804,778)	(7,700,629)
Interest on Maintenance Tax Notes	(3,749,557)	(1,790,547)	(12,327,762)	(11,252,146)	(18,249,304)
Other Non-Operating Revenues/(Expenses)	756,033	27,832	(42,588)	(259,747)	(9,937,007)
	459,963,295	520,472,450	575,105,223	624,043,066	650,950,965
Income (loss) Before Other Revenues	68,767,563	79,816,008	92,640,351	78,198,098	40,673,581
Other Revenues, (Expenses), Gains, (Losses)					
State Appropriations for Capital Assets	4,058,400	3,855,480	3,855,480	3,855,480	3,855,480
Contributions for Capital Assets	2,123,956	381,900	125,000	600,000	-
Donated Capital Assets	3,941,480	-	-	-	-
	10,123,836 [1]	4,237,380	3,980,480	4,455,480	3,855,480
Increase (Decrease) in Net Position	78,891,399	84,053,388	96,620,831	82,653,578	44,529,061
Net Position - Beginning of the Year	214,158,407	305,501,676	390,723,000	486,200,722	569,997,409
Restated Net Position - Beginning of the Year	226,610,277 [2]	305,526,503 [3]	389,579,891	487,343,831 [4]	569,997,409
Net Position - End of the Year	$ 305,501,676	$ 389,579,891	$ 486,200,722	$ 569,997,409	$ 614,526,470

Source: The District's Audited Financial Statements.

(1) Other Revenues (Expenses), Gains (Losses) includes State appropriations for construction projects $4,058,400; loan forgiveness related to donated real estate (Port of San Antonio) $3,941,480; and donations for capital assets for $2,123,956.

(2) Due to the effects of reclassifying state appropriations for construction as nonexchange transactions, the fiscal year ended 2020 net position.

(3) In fiscal year 2022, The District implemented GASB Statement No. 87, "Leases". Net position as of the beginning of the year was restated by $24,827 for the cumulative effect of applying GASB Statement No. 87.

(4) During fiscal year 2023, the District implemented GASB Statement No. 96, Subscription-based Information Technology Arrangements. The August 31, 2023 net position balance was restated by $1.1 million due to the effects of the GASB Statement No. 96.

Other Factors Relating to Pledged Revenues . . . The District's collection of Pledged Revenues will be affected by any reduction of student enrollment at its facilities. The amount of Pledged Revenues available for payment of the Bonds will be affected by future events and conditions including, among others: demand for the use of the District's facilities; demand for higher educational institutions responsive to regional and national employment needs; the availability of and ability of the District to attract qualified instructors who have confidence in the District's facilities, the Board, administration and staff; economic developments in the area served by the District and, to some extent, nationally; competition from other universities and colleges or other institutions which might reflect changing attitudes toward traditional college education; tuition, fees and other costs of education and state and federal regulation, including possible legislation and court decisions affecting the District's fee structure; and the impact on the District of "distance learning" programs that are offered by the District and competing educational institutions to persons residing in the District's service area.

Maintenance and Debt Service Tax . . . District voters at an election held on September 30, 1952 authorized the District to levy and collect a maintenance tax within the boundaries of Bexar County, which combined with a tax to pay debt service on tax obligations cannot exceed $0.25 per $100 taxable assessed valuation. The District has levied a maintenance tax of $0.10776 and a debt service tax of $0.04139 for the 2025-2026 Fiscal Year. The District's 2025-2026 taxable assessed valuation is $268,969,085,789. **No proceeds of either the maintenance tax or the debt service tax have been, or may be, pledged to secure the District's revenue debt, including the Bonds.**

Coordinating Board . . . The District is subject to the supervisory powers of the THECB. The Coordinating Board is an agency of the State established to promote the efficient use of State resources by providing coordination and leadership for the State's higher education systems, institutions and governing boards. The Coordinating Board is the highest authority in the State in matters of public higher education and exercises general control of the public junior colleges of Texas. The Coordinating Board has the responsibility for adopting policies, enacting regulations, and establishing general rules necessary for carrying out the duties with respect to public junior colleges as prescribed by the State Legislature (see the second paragraph in "GENERAL INFORMATION REGARDING THE DISTRICT – Other Factors Relating to Pledged Revenues" herein). The Coordinating Board periodically reviews all degree and certificate programs offered by the State's junior colleges and annually reviews the academic courses offered by such institutions.

INVESTMENTS

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

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

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

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

INVESTMENT POLICIES . . . Under State law, the District is required to adopt and annually review written investment policies and must invest its funds in accordance with its policies. The policies must identify eligible investments and address investment diversification, yield, maturity, and the quality and capability of investment management. For investments whose eligibility is rating dependent, the policies must adopt procedures to monitor ratings and liquidate investments if and when required. The policies must require that all investment transactions settle on a delivery versus payment basis. The District is required to adopt a written investment strategy for each fund group to achieve investment objectives in the following order of priority: (1) suitability, (2) preservation and safety of principal, (3) liquidity, (4) marketability, (5) diversification, and (6) yield. State law requires the District's investments be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment considering the probable safety of capital and the probable income to be derived." The District is required to perform an annual audit of the management controls on investments and compliance with its investment policies and provide regular training for its investment officers.

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

TABLE 8 - CURRENT INVESTMENTS[(1)]

As of May 31, 2026, the District's investable funds were invested in the following categories:

Type of Security	Book Value	Market Value
U.S. Government	$ 288,769,057	$ 287,979,976
U.S. Government Agency	49,798,113	49,688,765
US Treasury Demand Deposit SLGS	30,230,703	30,230,703
Commerical Paper	14,911,278	14,904,210
Local Govt Investment Pools	178,648,302	178,648,302
Money Market Funds	47,187,729	47,187,729
Total	$ 609,545,182	$ 608,639,685

(1) Unaudited.

No funds of the District are invested in derivative securities; i.e., securities whose rate of return is determined by reference to some other instrument, index, or commodity.

As of such date, the market value of investments held (as determined by the District by reference to published quotations, dealer bids, and comparable information) was approximately 100% of book value.

LEGAL MATTERS

The District will furnish a complete transcript of proceedings to the Underwriter incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of Texas as to the Bonds to the effect that the Bonds are valid and legally binding special obligations of the District, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel with respect to the Bonds issued in compliance with the provisions of the Resolution to like effect and to the effect that, without respect to the Bonds, the interest on the Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Internal Revenue Code, subject to the matters described under "TAX MATTERS" herein. Form of Bond Counsel's opinion is attached to this Official Statement as Appendix C. Though it represents the Financial Advisor and the Underwriter from time to time in matters unrelated to the issuance of the Bonds, Bond Counsel has been engaged by and only represents the District in connection with the issuance of the Bonds. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Bonds which would affect the provision made for their payment or security, or in any manner questioning the validity of said Bonds will also be furnished. Bond Counsel has not undertaken independently to verify any of the information contained herein, except that, in its capacity as Bond Counsel, such firm has reviewed the information appearing under the captions and subcaptions "PLAN OF FINANCING - Refunded Obligations", "THE BONDS" (excluding the information under the subcaptions "Book Entry-Only System" and "Sources and Uses of Proceeds", as to which no opinion is expressed), "SECURITY FOR THE BONDS", "TAX MATTERS", "REGISTRATION AND QUALIFICATION OF BONDS FOR SALE", "LEGAL INVESTMENTS IN TEXAS", and "CONTINUING DISCLOSURE OF INFORMATION" (excluding the information under the subcaption "Compliance with Prior Undertakings", as to which no opinion is expressed), and such firm is of the opinion that the information relating to the Bonds and the legal issues contained under such captions and subcaptions is an accurate and fair description of the information purported to be described therein and, with respect to the Bonds, such information conforms to the Resolution. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. The legal opinion will accompany the Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the Underwriter by their counsel, Cantu Harden Montoya LLP, San Antonio, Texas, whose fee is contingent on the delivery of the Bonds.

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

LITIGATION

GENERAL

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

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

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any jurisdiction. The District assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

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

LEGAL INVESTMENTS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Bonds be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency. See "RATINGS" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with at capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the District has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

CONTINUING DISCLOSURE OF INFORMATION

In the Resolution, the District has made the following agreement for the benefit of the beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually and timely notice of specified events to the MSRB. The information provided to the MSRB will be available to the public free of charge via the EMMA system through an internet website accessible at www.emma.msrb.org. The District has engaged HTS Continuing Disclosure Services to assist in providing such information and they will be compensated annually for its services.

ANNUAL REPORTS . . . The District will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement under Tables 1 through 8. The District will update and provide this information within six months after the end of each fiscal year ending in or after 2026.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's EMMA internet website or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements, if the District commissions an audit and the audit is completed by the required time. If audited financial statements are not provided with annual information, the District will provide unaudited financial statements at by the required time and audited financial statements when and if the audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX A or such other accounting principles as the District may be required to employ from time to time pursuant to State law or regulation.

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

NOTICE OF CERTAIN EVENTS . . . The District will file with the MSRB notice of any of the following events with respect to the Bonds in a timely manner (and not more than 10 business days after occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the District, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional paying agent/registrar or the change of name of a paying agent/registrar, if material; (15) incurrence of a Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect Bond holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties. None of the Bonds or the Resolution makes any provision for debt service reserves, credit enhancement, liquidity enhancement, or redemption prior to stated maturity. In the Resolution, the District has adopted policies and procedures to ensure timely compliance of its continuing disclosure undertakings. In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports". The District will provide each notice described in this paragraph to the MSRB.

For these purposes, (a) any event described in clause (12) of the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District, and (b) the District intends the words used in the immediately preceding clauses (15) and (16) and in the definition of Financial Obligation above to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018.

AVAILABILITY OF INFORMATION . . . All information and documentation filing required to be made by the District in accordance with its undertaking made for the Bonds will be made with the MSRB in electronic format in accordance with MSRB guidelines. Access to such filings will be provided, without charge to the general public, by the MSRB.

LIMITATIONS AND AMENDMENTS . . . The District has agreed to update information and to provide notices of specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if (i) the continuing disclosure agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the registered owners of the Bonds. The District may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the District so amends the continuing disclosure agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under “Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

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

RATINGS

The Bonds and the presently outstanding revenue financing system senior lien revenue debt of the District are rated "Aa2" by Moody's Investors Service, Inc. ("Moody's") and "AAA" by S&P Global Ratings (“S&P”), without regard to credit enhancement. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the District makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either or both of such rating companies, if in the judgment of either or both companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the Bonds.

TAX MATTERS

TAX EXEMPTION . . . The delivery of the Bonds is subject to the opinion of Norton Rose Fulbright US LLP, Bond Counsel, to the effect that interest on the Bonds for federal income tax purposes (1) is excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), of the owners thereof pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals. The statute, regulations, rulings, and court decisions on which such opinion is based are subject to change. A form of Bond Counsel’s opinion appears in Appendix C hereto.

In rendering the foregoing opinions, Bond Counsel will rely upon the Verification Report of the Verification Agent (each hereinafter defined) and upon the representations and certifications of the District made in a certificate dated the date of delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance by the District with the provisions of the Order subsequent to the issuance of the Bonds. The Order contains covenants by the District with respect to, among other matters, the use of the proceeds of the Bonds and the facilities and equipment financed or refinanced therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be invested, if required, the calculation and payment to the United States Treasury of any arbitrage "profits" and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants would cause interest on the Bonds to be includable in the gross income of the owners thereof from date of the issuance of the Bonds.

Except as described above, Bond Counsel will express no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the District described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on municipal obligations. If an audit of the Bonds is commenced, under current procedures the IRS is likely to treat the District as the "taxpayer," and the owners of the Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the District may have different or conflicting interests from the owners of the Bonds. Public awareness of any future audit of the Bonds may adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

TAX CHANGES . . . Existing law may change to reduce or eliminate the benefit to registered owners of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

ANCILLARY TAX CONSEQUENCES . . . Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, property and casualty insurance companies, life insurance companies, corporations subject to the alternative minimum tax on adjusted financial statement income, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a FASIT, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

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

TAX ACCOUNTING TREATMENT OF DISCOUNT BONDS . . . The initial public offering price to be paid for certain Bonds may be less than the amount payable on such Bonds at maturity (the "Discount Bonds"). An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bonds. A portion of such original issue discount, allocable to the holding period of a Discount Bond by the initial purchaser, will be treated as interest for federal income tax purposes, excludable from gross income on the same terms and conditions as those for other interest on the Bonds. Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during his taxable year.

However, such accrued interest may be required to be taken into account in determining the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, property and casualty insurance companies, corporations subject to the alternative minimum tax on adjusted financial statement income, life insurance companies, S corporations with subchapter C earnings and profits, owners of an interest in a FASIT, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

In the event of the sale or other taxable disposition of a Discount Bond prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination for federal income tax purposes of accrued interest upon disposition of Discount Bonds and with respect to the state and local tax consequences of owning Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

TAX ACCOUNTING TREATMENT OF PREMIUM BONDS . . . The initial public offering price to be paid for certain Bonds may be greater than the stated redemption price on such Bonds at maturity (the "Premium Bonds"). An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and its stated redemption price at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium with respect to the Premium Bonds. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity.

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

UNDERWRITING

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

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

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

In the ordinary course of these business activities, Stifel and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the District (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the District.

Stifel and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the District.

FINANCIAL ADVISOR

Hilltop Securities Inc. is employed as Financial Advisor to the District in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. Hilltop Securities Inc., in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the District has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

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

FORWARD-LOOKING STATEMENTS

The statements contained in this Official Statement, and in any other information provided by the District, that are not purely historical, are forward-looking statements, including statements regarding the District's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the District on the date hereof, and the District assumes no obligation to update any such forward-looking statements. The District's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the District. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

AUTHORIZATION OF THE OFFICIAL STATEMENT

In the Resolution, this Official Statement is approved as to form and content and the use thereof in the offering of the Bonds, by the Underwriter is authorized. The Underwriter will be furnished, upon request, at the time of payment for and the initial delivery of the Bonds, a certified copy of such approval, duly executed by the proper officials of the District.

This Official Statement has been approved by the Board of the District for distribution in accordance with the provisions of the United States Securities and Exchange Commission Rule codified at 17 C.F.R. Section 240.15c2-12.

ALAMO COMMUNITY COLLEGE DISTRICT

/s/
CHAIR, BOARD OF TRUSTEES
Alamo Community College District

ATTEST:

/s/
SECRETARY, BOARD OF TRUSTEES
Alamo Community College District

SCHEDULE I

SCHEDULE OF REFUNDED OBLIGATIONS*

Revenue Financing Senior Lien Revenue and Refunding Bonds, Series 2012A

Original Dated Date	Maturity (November 1)	Interest Rate	Amount
March 1, 2012	2029	3.250%	$ 1,420,000
	2030	3.250%	975,000
	2031	3.375%	1,010,000
	2032	3.500%	775,000
	2036(1)	3.750%	3,400,000
			$ 7,580,000

These Refunded Obligations are to be called on October 1, 2026

(1) Term Bond.

Revenue Financing System Senior Lien Revenue Bonds, Series 2017

Original Dated Date	Maturity (November 1)	Interest Rate	Amount
January 15, 2017	2027	5.000%	$ 850,000
	2028	5.000%	895,000
	2029	5.000%	940,000
	2030	5.000%	985,000
	2031	5.000%	1,040,000
	2032	5.000%	1,090,000
	2033	5.000%	1,145,000
	2034	5.000%	1,205,000
	2035	5.000%	1,265,000
	2036	5.000%	1,330,000
	2037	5.000%	1,400,000
	2041(1)	4.000%	405,000
	2041(1)	5.000%	4,315,000
	2046(1)	5.000%	9,835,000
			$ 26,700,000

These Refunded Obligations are to be called on November 1, 2026

(1) Term Bond.

* Preliminary, subject to change.

APPENDIX A

EXCERPTS FROM THE
ALAMO COMMUNITY COLLEGE DISTRICT
ANNUAL FINANCIAL REPORT

For the Year Ended August 31, 2025

The information contained in this Appendix consists of excerpts from the Alamo Community College District Audited Financial Statements for the Year Ended August 31, 2025, and is not intended to be a complete statement of the District's financial condition. Reference is made to the complete Report for further information.

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Alamo Community College District
San Antonio, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Alamo Community College District, as of and for the years ended August 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Alamo Community College District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Alamo Community College District, as of August 31, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Alamo Community College District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Alamo Community College District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Alamo Community College District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Alamo Community College District's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the schedule of expenditures of state awards as required by the Texas Grant Management Standards, the schedule of operating revenues, schedule of operating expenses by object, schedule of nonoperating revenues and expenses, and schedule of net position by source and availability are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal and state awards, the schedule of operating revenues, schedule of operating expenses by object, schedule of nonoperating revenues and expenses, and schedule of net position by source and availability are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Board of Trustees
Alamo Community College District

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2025, on our consideration of the Alamo Community College District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Alamo Community College District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Alamo Community College District's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

San Antonio, Texas
December 26, 2025

ALAMO COLLEGES DISTRICT

Management's Discussion and Analysis
(Unaudited)

Management's Discussion and Analysis (MD&A) is included to provide a narrative introduction, overview and analysis of the financial position and changes in financial position of the Alamo Community College District (Alamo Colleges District, District or ACCD) for the fiscal year ended August 31, 2025. This discussion is prepared by management and should be read in conjunction with the accompanying financial statements and notes.

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

The District's financial report includes three basic financial statements: The Statements of Net Position provide a summary of assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position as of August 31, 2025; the Statements of Revenues, Expenses and Changes in Net Position provide a summary of operations for the fiscal year; and the Statements of Cash Flows provide categorized information about cash inflows and outflows for the fiscal year. Highlighted information from each basic financial statement is presented below.

Financial Highlights for 2025

- The District's net position at August 31, 2025 was $614.5 million, reflecting a $44.5 million increase from the prior year.
- Total revenues increased $38.7 million to $793.6 million.
- Total assets increased $227.6 million and total liabilities increased $186.2 million.
- The District's operating loss was $610.3 million.
- Cash and cash equivalents increased $116.2 million during the year ended August 31, 2025.
- The bond rating for the District's general obligations bonds is Aaa by Moody's Investors Service and AAA by S&P Global Ratings, the highest rating possible from both respective agencies.

Financial Highlights for 2024

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

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

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

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

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

Statements of Net Position

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

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

A Condensed Schedule of Net Position and analysis is presented on the following pages. In fiscal year 2025, total assets increased $227.6 million, or 12.6%, due to an increase in cash and cash equivalents of $116.2 million, an increase in net capital assets of $176.1 million, an increase in receivables of $6.1 million, partially offset by decreases in investments and other assets of $70.3 million. The increase in net capital assets was attributable to increases in construction in progress, building and building improvements and other real estate improvements of $142.5 million, $16.7 million and $11.2 million, respectively, due to the accelerated spending of the MTN 2023 maintenance tax notes issued in fiscal year 2023.

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

Total liabilities increased by $186.2 million or 15.1% in fiscal year 2025 with an increase in current liabilities of $47.1 million and an increase in noncurrent liabilities of $139.2 million. The $47.1 million increase to current liabilities was comprised of increases to accounts payable and accrued liabilities, unearned income and the current portion of noncurrent liabilities of $29.5 million, $6.8 million and $10.5 million, respectively. The $139.2 million increase to noncurrent liabilities comprised of the following: a net increase to bonds and tax notes payable including premiums of $136.1 million; increases to net OPEB liability, arbitrage liability and compensable absences of $16.3 million, $1.7 million and $1.0 million, respectively, partially offset by decreases to net pension liability, notes payable and SBITA liabilities of $4.1 million, $0.9 million and $0.4 million, respectively. The net increase to bonds and tax notes payable was largely due to a $296.3 million issuance of voter-approved general obligation bonds offset by scheduled debt service payments on previously existing bonds and tax notes. For more information, see Note 7.

For fiscal year 2024, total liabilities decreased by $77.3 million or 5.9% with a decrease in current liabilities of $7.5 million coupled with a decrease in noncurrent liabilities of $69.8 million. The $7.5 million decrease to current liabilities was primarily related to a $11.7 million decrease to accounts payable and accrued liabilities, offset by an increase of $4.1 million in unearned revenues mostly from tuition and fees. The $69.8 million decrease to noncurrent liabilities resulted mainly from a decrease to bonds and tax notes payable of $74.0 million resulting from scheduled and additional bond and note payments and refinancings, amortization of premiums of $8.3 million, an decrease in net OPEB liability of $9.4 million, an increase to the net pension liability of $16.1 million, an increase in compensated absences of $1.0 million, and an increase to arbitrage interest payable of $4.6 million. For more information, see Note 7.

In fiscal year 2025, deferred outflows of resources decreased $9.6 million primarily due to a decrease to deferred outflows of resources related to pensions of $11.3 million, offset by an increase in deferred outflows of resources related to OPEB of $2.3 million. The decrease in pension deferred outflows was due mainly to combined decreases in the net difference between projected and actual investment earnings and changes in actuarial assumptions categories of $19.4 million, partially offset by combined increases to the other pension deferred outflow categories of $8.1 million. The $2.3 million increase in deferred outflows related to OPEB was generated by combined increases in the changes in actuarial assumptions and subsequent contributions categories of $4.7 million, offset by combined decreases to the remaining deferred outflow categories related to OPEB of $2.4 million. Deferred inflows of resources decreased $12.7 million primarily related to decreases in both deferred inflows of resources related to OPEB and pensions of $16.1 million and $3.2 million, respectively, offset by an increase to deferred inflows related to bond refundings of $6.6 million. The decrease in deferred inflows related to OPEB of $16.1 million was related to a decrease in the changes in actuarial assumptions category of $14.8 million, coupled with a decrease in the differences between expected and actual economic conditions category of $1.3 million. Deferred inflows for pensions decreased $3.2 million due to decreases across all deferred inflow categories totaling the same amount. The increase in deferred inflows for bond refundings was the result of a bond refunding transaction whereby the reacquisition price to retire the old bonds was less than the carrying amount of the old bonds, resulting in an economic gain. All of the changes to deferred inflows and deferred outflows of resources related to pensions and OPEB were due to changes and factors outside of the control of the District and are based on the District's proportionate share of plan level activity driven by actuarial changes and assumptions and market activity at the plan level.

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

The District's net position at August 31, 2025 was $614.5 million compared to $570.0 million at August 31, 2024. Classifications of net position increased by a combined $44.5 million, with the largest increase of $68.5 million to net investment in capital assets, followed by a $4.6 million net increase to other restricted net position categories, partially offset by a decrease of $28.6 million to unrestricted net position. The fiscal year 2025 overall increase to net position was due primarily to tax revenues received for payment of debt that increased equity in capital assets.

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

Condensed Schedule of Net Position
(in millions)

	Fiscal Year			Change	
	2025	2024	2023	2024 to 2025	2023 to 2024
Assets					
Cash and cash equivalents	$ 539.8	$ 423.6	$ 434.1	$ 116.2	$ (10.5)
Accounts and notes receivable, net	48.9	42.7	37.4	6.1	5.3
Investments	146.3	216.5	222.9	(70.3)	(6.4)
Other	5.0	5.6	5.5	(0.6)	0.1
Capital assets	1,952.6	1,734.6	1,670.3	218.0	64.3
Accumulated depreciation and amortization	(661.2)	(619.3)	(570.7)	(41.9)	(48.6)
Total assets	2,031.2	1,803.6	1,799.5	227.6	4.1
Deferred Outflows of Resources					
Deferred outflows related to bond refundings	4.2	4.8	5.2	(0.6)	(0.4)
Deferred outflows related to OPEB	18.6	16.3	27.1	2.3	(10.7)
Deferred outflows related to pensions	29.1	40.4	36.4	(11.3)	4.0
Total deferred outflows of resources	51.9	61.5	68.7	(9.6)	(7.1)
Liabilities					
Current liabilities	213.0	165.9	173.4	47.1	(7.5)
Noncurrent liabilities	1,203.4	1,064.3	1,134.1	139.2	(69.8)
Total liabilities	1,416.4	1,230.2	1,307.5	186.2	(77.3)
Deferred Inflows of Resources					
Deferred inflows related to leases	3.3	3.4	3.9	(0.1)	(0.5)
Deferred inflows related to bond refundings	9.1	2.5	3.1	6.6	(0.6)
Deferred inflows related to OPEB	38.2	54.3	57.9	(16.1)	(3.6)
Deferred inflows related to pensions	1.6	4.8	8.5	(3.2)	(3.7)
Total deferred inflows of resources	52.2	65.0	73.4	(12.7)	(8.4)
Net Position					
Net investment in capital assets	639.9	571.4	502.4	68.5	69.0
Restricted (expendable)	73.0	68.4	59.8	4.6	8.6
Unrestricted	(98.4)	(69.8)	(74.9)	(28.6)	5.1
Total net position	$ 614.5	$ 570.0	$ 487.3	$ 44.5	$ 82.7

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

Statements of Revenues, Expenses and Changes in Net Position

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

A summarized comparison of the District's revenues, expenses and changes in net position for the years ended August 31, 2025, 2024 and 2023 is presented below in table and chart form.

Condensed Schedule of Revenues, Expenses and Changes in Net Position

(in millions)

	Fiscal Year			Change	
	2025	2024	2023	2024 to 2025	2023 to 2024
Operating revenues and expenses:					
Operating revenues (detail in following sections)	$ 106.8	$ 102.6	$ 92.0	$ 4.2	$ 10.6
Operating expenses (detail in following sections)	717.1	648.4	574.5	68.7	73.9
Operating loss	(610.3)	(545.8)	(482.5)	(64.5)	(63.3)
Non-operating revenues (expenses):					
State appropriations	108.2	109.4	76.6	(1.2)	32.8
Ad valorem taxes	367.0	352.9	318.0	14.1	34.9
Federal and State grants, non-operating	177.1	153.3	186.3	23.7	(32.9)
Investment income	25.8	30.8	22.0	(5.0)	8.8
Other state funding - FAST funds	5.8	5.0	-	0.8	5.0
Interest on capital related debt & maintenance tax notes	(25.9)	(28.1)	(30.1)	2.1	2.1
Other non-operating revenues (expense)	(7.0)	0.6	2.3	(7.6)	(1.7)
Total non-operating revenues, net	651.0	624.0	575.1	26.9	49.0
Capital contributions:					
State appropriations for capital assets	3.9	3.9	3.9	-	-
Contributions for capital assets	-	0.6	0.1	(0.6)	0.5
Total capital contributions	3.9	4.5	4.0	(0.6)	0.5
Increase in net position	44.5	82.7	96.6	(38.2)	(13.9)
Net position - beginning of year	570.0	487.3	390.7	82.7	96.6
Net position - end of year	$ 614.5	$ 570.0	$ 487.3	$ 44.5	$ 82.7

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

Operating Revenues
(in millions)

	2025		2024		2023		Change	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	2024 to 2025	2023 to 2024
Net tuition and fees	$ 54.1	52.7%	$ 53.0	51.7%	$ 44.8	48.7%	$ 1.1	$ 8.3
Grants and contracts	43.6	42.5%	39.9	38.9%	38.7	42.1%	3.7	1.2
Auxiliary enterprises	3.0	2.9%	3.0	2.9%	2.8	3.0%	-	0.2
Other operating revenues	6.1	5.8%	6.7	6.4%	5.7	6.2%	(0.6)	1.0
Total operating revenues	$ 106.8	104.1%	$ 102.6	100.0%	$ 92.0	100.1%	$ 4.2	$ 10.6

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

As shown in the operating revenue table above, operating revenue for fiscal year 2025 increased by $4.2 million. The majority of the increase to operating revenues resulted from increases to grants and contracts of $3.7 million, or 9.3%, with the majority of the increase reflected in a $3.3 million increase in local grants and contract revenue, primarily related to increased participation in the Ready to Work job training program partnership with the City of San Antionio. Net tuition and fees also contributed $1.1 million to the operating revenue increase as a result of an all-time high in student enrollment for the District. However, much of the enrolment increase was in the highly-discounted area of dual-credit enrollment. Auxiliary revenue remained flat and other operating revenues reflected a $0.6 million decrease from the prior year.

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

Fiscal year 2025 net non-operating revenues increased $26.9 million, with increases reflected in federal and state nonoperating grants, ad valorem taxes, and state FAST funding in the amounts of $23.7 million, $14.1 million, $0.8 million, respectively. The $23.7 million net increase to federal and state nonoperating grants is comprised of an increase to Federal non-operating grant revenue of $27.7 million primarily due to increased Pell and other Title IV financial aid awards resulting from enrollment growth, partially offset by a $3.9 million decrease to state nonoperating grant revenue primarily due to fewer Texas Educational Opportunity Grant (TEOG) awards in fiscal year 2025. The $14.1 million increase in ad valorem taxes was the result in property valuation increases in the District's taxing jurisdiction and the $0.8 million increase in FAST funding from the state is a result of increased dual credit enrollment. Expenses for interest on capital related debt and maintenance tax notes decreased by $2.1 million as the result of a reduction in debt prior to the issuance of new debt in the last month of the fiscal year. Offsets to the aforementioned increases to nonoperating revenues and expenses included a $1.2 million decrease to state appropriations, a $5.0 million decrease to investment income due to less favorable market conditions, and a $7.6 million increase in other nonoperating expenses. This $7.6 million increase was almost entirely attributable to a $7.5 million payment to the Alamo Colleges Foundation to fund future AlamoPROMISE scholarships.

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

For fiscal year 2025, capital contributions decreased $0.6 million due to a fire truck donated in the prior fiscal year, with no matching capital contribution in fiscal year 2025. For fiscal year 2024, capital contributions increased $0.5 million due to increased contributions for capital assets. In fiscal year 2023, capital contributions decreased $0.3 million. This category includes state appropriations, cash contributions and donated items for capital assets. The $0.3 million decrease is attributed to a decrease in cash contributions for capital assets.

Components of Net Tuition and Fees
(in millions)

	2025			2024			2023		
		Amount	**% of Total**		**Amount**	**% of Total**		**Amount**	**% of Total**
Tuition	$	163.3	95.2%	$	150.5	95.2%	$	127.3	92.7%
CE and contract training		4.6	2.7%		3.7	2.3%		4.1	3.0%
Fees		3.6	2.1%		3.9	2.5%		5.9	4.3%
Total tuition and fees	$	171.5	100.0%	$	158.1	100.0%	$	137.3	100.0%

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

		Amount	**% of Total Tuition & Fees**		**Amount**	**% of Total Tuition & Fees**		**Amount**	**% of Total Tuition & Fees**
Waivers and financial aid	$	117.4	68.5%	$	105.0	66.4%	$	92.5	67.4%

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

The primary component of operating revenue is net tuition and fees. A table showing the components of net tuition and fees is presented above. For financial statement presentation, total tuition and fees are presented net of waivers and financial aid applicable to tuition and fees, referred to as discounts, as well as bad debt expenses. The table identifies the sources of tuition and fees and provides the total waivers and financial aid discounts applied. In fiscal year 2025, tuition represents 95.2% of total tuition and fee revenue, with continuing education and contract training accounting for 2.7% and the remaining 2.1% coming from fees. For 2024, tuition represents 95.2% of the total tuition and fee revenue, with continuing education (CE) and contract training contributing 2.3% and the remaining 2.5% consisting of student services and CE fees. The increase in tuition in 2025 is the result of the District reaching an all-time enrollment milestone, tempered by an increase in the discount rate from 66.4% in 2024 to 68.5%, for an increase in tuition discounts of $12.4 million in 2025. The increase in tuition in 2024 reflects growth in enrollment, coupled with rate increases and the consolidation of the instructional materials fee into the tuition cost. This also correlates to the decrease in fee percentage, with fees down from the prior year from $5.9 million to $3.9 million. For 2023, tuition represents 92.7% of the total tuition and fee revenue, with fees related to continuing education and student services contributing 4.3% and the remaining 3.0% consisting of continuing education (CE) and contract training tuition. Tuition and fees increased 5.8%, or $7.5 million, reflecting a 4.9% increase in enrollment and the addition of a new fee for instructional materials that generated $2.3 million in 2023. These increases were offset by increases in waivers and discounts of 9.7%, or $8.2 million.

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

In fiscal year 2025, salaries and wages increased $32.5 million or 12.1%. This increase reflects the District's commitment to ensuring that compensation for faculty, staff and administrators continues to remain competitive among nationally recognized, high-performing community colleges. The SmartTALENT compensation market adjustments are intended to support the recruiting and retention of the excellent talent required to achieve the District's moonshot of partnering to end poverty through education and training. The SmartTALENT compensation rollout included a 3.5% market adjustment for all employees and student workers; a minimum adjustment of $2,000 per year or $0.96 per hour for staff & student workers; a 3.5% increase to high-wage, high-demand stipends in the fields of nursing, healthcare, advanced manufacturing, and IT and cybersecurity engineering programs; as well as additional compensation adjustments for a staff education equity plan and alignment of pay for chairs, deans and vice presidents. There were also approximately $700,000 in one-time faculty multi-year contract awards included in the package. In addition to the compensation adjustments, there were 111 more full-time equivalent employees across the District when comparted to fiscal year 2024.

In fiscal year 2024, salaries and wages increased $24.4 million or 10.0%. The increase in salary and wages was mainly due to strengthening core operations, implementing enhancements and innovations, and planning for student success in current market conditions. To successfully launch and manage these enhancements and innovations, maintaining and retaining qualified employees is crucial. One of the Board's Charges to the Chancellor is to lead an organizational push to develop a competitive employee compensation program, aiming to position Alamo Colleges among nationally recognized, high-performing community colleges. These compensation adjustments directly support the recruitment and retention of talent, which in turn helps fulfill our mission of student success. Alamo Colleges' continued commitment to faculty and staff compensation is evident in the FY24 talent strategies. The impact to employees by these changes include those receiving a 6.5% flat market adjustment, which affects 5,567 employees across the institution. Additionally, there are high wage/high demand faculty stipend adjustments, impacting 263 faculty members, as well as the completion of staff equity pay adjustments, which will benefit 841 employees in College Services, Academic Support, and other remaining job families. Full-time employees will receive a minimum market increase of $2,000 per year, while part-time employees will receive an increase of $0.96 per hour. The 6.5% market rate adjustment will affect every Alamo Colleges employee, including full-time, part-time, revenue-funded, and grant-funded employees. To keep pace with the market, the Board of Trustees approved increases in high-wage/high-demand stipends for faculty. The staff equity pay project, developed in collaboration with the Staff Senate, focuses on providing fair and equitable pay increases for staff that align with current economic trends. FY24 marks the third and final year of this project, supporting college services, academic support, and other job families. Additionally, the Executive Faculty Senate, in collaboration with TOSI (Talent, Organization, and Strategic Innovation), continues their efforts to achieve a 1:1 lab loading ratio, with FY24 increasing the effort from 0.75 to 0.8. Alamo Colleges ensures that all employees and student workers receive a pay increase of at least $0.96 per hour for part-time employees or $2,000 per year for full-time employees.

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

Benefits increased $0.9 million in fiscal year 2025. Benefit increases related to the compensation adjustments described previously were reduced by accounting entries for OPEB related to reporting requirements under GASB 75 amounting to $2.1 million. In addition, actuarially-calculated pensions expense including the recognition of pension expense for state support was $7.4 million less in fiscal year 2025 when compared to fiscal year 2024, as described in Note 11. Benefits increased $17.0 million or 27.4% in fiscal year 2024, primarily due to accounting entries for pension expenses related to reporting requirements under GASB 68. Actuarially-calculated pension expense increased $14.0 million in FY24 compared to FY23 including support provided by the State as disclosed in Note 11. In addition, the District recognized $2.8 million more in 2024 for FICA and compensable absences related to salary increases.

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

Scholarships and fellowships increased by $28.1 million in 2025, primarily due to federal grant increases driven by increased enrollment. Federal Pell awards amounted to $156.9 million in fiscal year 2025 compared to $115.6 million in fiscal year 2024, for an increase of $41.3 million as reflected on the Schedule of Expenditures of Federal Awards (SEFA) in fiscal year 2025 and 2024. This increase was offset by a decrease in Higher Education Emergency Relief Fund (HEERF) scholarship awards, as only two of the member colleges received extensions on their HEERF awards into fiscal year 2025.

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

Supplies and services expense consists of expenses other than for payroll and benefits and increased by $7.6 million in fiscal year 2025. Contributing to this increase was an increase in instructional supplies related to the AlamoBOOKS+ program of $2.7 million and an increase in contracted services of $3.8 million. AlamoBOOKS+ is a revolutionary way to dispense academic materials to students without students having to purchase expensive textbooks. Instead, students rent the materials from Alamo at a reduced price. Contracted services includes maintenance and housekeeping, as well as contracted personnel services and contracted childcare services. Advertising expenses, utilities and travel expenses all increased by a combined $1.2 million.

Supplies and services expense increased by $0.1 million in fiscal year 2024 and by $37.4 million in fiscal year 2023. This was primarily attributable to the winding down of expenses related to pandemic aid and other grants, utilities, travel, equipment and furniture, and supplies. Attributed to grant activity, the District received $17.8 million to support operating expenses, travel, and equipment. Instructional supplies in relation to AlamoBOOKS+ increased $9.5 million. Contracted services including maintenance and housekeeping increased $3.6 million. Software subscriptions and maintenance increased $1.5 million as security, data mining, and artificial intelligence began to increase in importance in the marketplace. Utilities, travel, equipment, and other expenses increased $5.2 million.

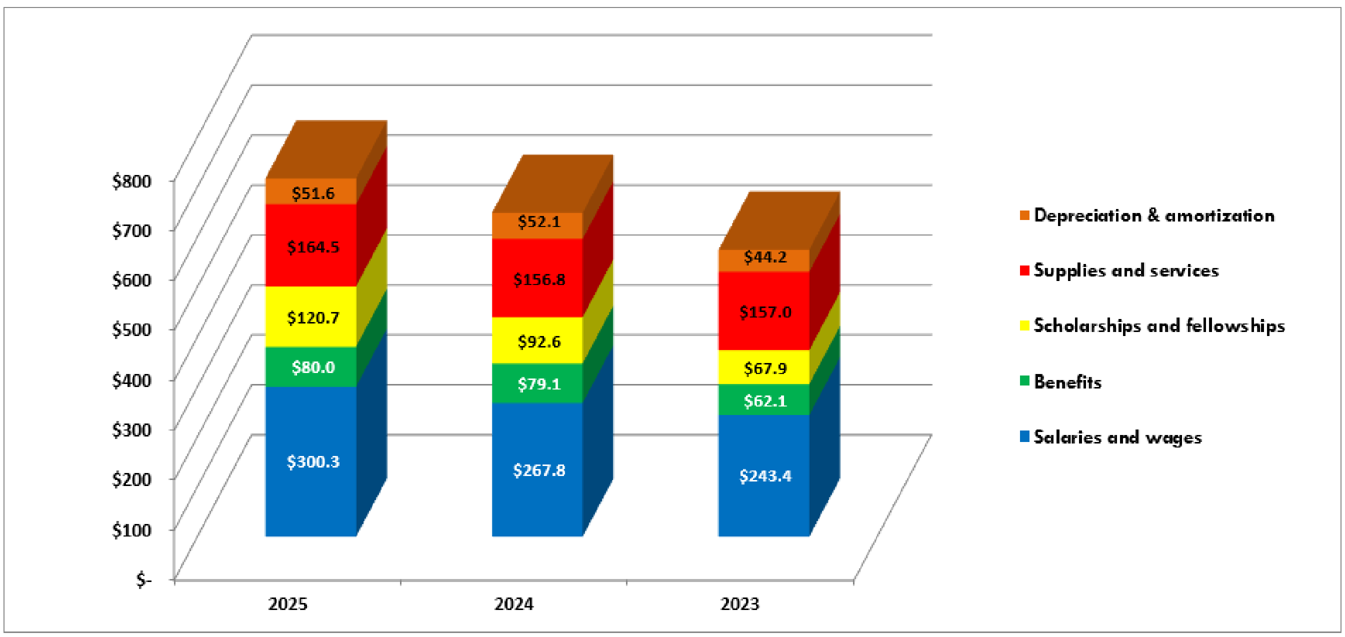
Depreciation and amortization remained flat, decreasing by only $0.5 million in fiscal year 2025. Depreciation and amortization expense increased $7.9 and $4.8 million in fiscal years 2024 and 2023, respectively, due to building and equipment additions. Total additions in 2024 amounted to $68.3 million, while $221.7 million was added in FY23. Implementation of GASB 96 related to subscription-based information technology arrangements added $3.0 million in amortization costs to 2023.

Operating Expenses in Natural Classification
(in millions)

	Fiscal Year			Change	
	2025	2024	2023	2024 to 2025	2023 to 2024
Salaries and wages	$ 300.3	$ 267.8	$ 243.4	32.5	24.4
Benefits	80.0	79.1	62.1	0.9	17.0
Scholarships and fellowships	120.7	92.6	67.9	28.1	24.7
Supplies and services	164.5	156.8	157.0	7.6	(0.2)
Depreciation & amortization	51.6	52.1	44.2	(0.5)	7.9
Total operating expenses	$ 717.1	$ 648.4	$ 574.6	$ 68.6	$ 73.8

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

Operating Expenses in Natural Classification
(in millions)



Operating Expenses in Functional Classification
(in millions)

	Fiscal Year 2025	Fiscal Year 2024	Fiscal Year 2023	Change 2024 to 2025	Change 2023 to 2024
Instruction	$ 214.8	$ 192.7	$ 172.5	$ 22.1	$ 20.2
Public service	2.5	2.1	1.8	0.3	0.4
Academic support	40.9	38.0	33.1	2.9	4.9
Student services	95.7	85.0	72.4	10.7	12.6
Institutional support	113.0	122.1	120.1	(9.2)	2.0
Operation and maintenance of plant	76.4	62.7	61.5	13.7	1.2
Depreciation and amortization	51.6	52.1	44.2	(0.5)	7.9
Scholarships and fellowships	120.7	92.6	67.9	28.1	24.7
Total educational and general expenses	715.6	647.3	573.5	68.1	73.8
Auxiliary enterprises	1.5	1.1	1.1	0.4	-
	$ 717.1	$ 648.4	$ 574.6	$ 68.7	$ 73.8

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

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

- Instruction includes expenses for all activities that are part of the District's instructional programs, such as faculty salaries and benefits. Instructional expenses increased by $22.1 million, or 11.5%, in fiscal year 2025 primarily related to a $15.4 million increase in salaries and wages due to more faculty related to all-time high enrollment coupled with a 3.5% across-the-board compensation adjustments, a 3.5% increase in high-wage, high-demand stipends to faculty teaching in those fields and other compensation adjustments designed to align pay for chairs, deans and vice presidents. Fringe benefits also increased by a net $1.0 million comprised of a $3.9 million increase related to the salary increases but offset by a $2.9 million reduction to fringe benefits related to pension and OPEB adjustments. Other operating instructional costs increased by $5.5 million, inclusive of a $2.7 million increase in instructional supplies related to the AlamoBOOKS+ program. Instructional expenses increase $20.2 million in fiscal year 2024 due to a $10.5 million increase in salaries and wages including $7.6 million in additional adjunct and summer costs. In 2024, costs were budgeted for the hiring of 84 additional positions. In addition, enrollment increased 10.0% and benefits increased $6.4 million, related to pension expense, FICA and compensable absences related to additional salary expenses. Instructional non-labor operating expenses also increased by $3.2 million. Instructional expenses increased by $31.1 million, or 22.0%, in fiscal year 2023 primarily related to a generally approved average salary increase of 4.5% plus related benefits, and a retirement incentive program allocated by functional category which contributed to an increase in instructional salaries of $13.5 million. Related benefits for those increases net of increases to actuarially-calculated pension and OPEB expense contributed to fringe benefits increasing $6.0 million. Other operating expenses increased $11.9 million primarily due to the expansion of the AlamoBOOKS+ program.

- Public service expenses include funds expended for activities that are established primarily to provide non-instructional services that benefit individuals and groups external to the District. In fiscal year 2025, public services increased $0.3 million due to the 3.5% general wage increase described previously. In fiscal year 2024, public services increased $0.4 million due to a general wage increase, along with FICA, compensable absences and TRS pension expense increases. In fiscal year 2023, public service expenses increased by $0.2 million. The 2023 increase resulted from approved salary increases and related benefits and the net increase from actuarially-calculated pension and OPEB expense entries.

- Academic support includes funds expended primarily to provide support services to the District's primary missions of instruction, research, and public service. In fiscal year 2025, academic support costs increased by $2.9 million or 7.7%. Salaries and wages, related benefits, and equipment and capital expenses increased by $1.9 million, $0.4 million and $0.2 million, respectively. In fiscal year 2024, academic support costs increased by $4.9 million or 14.9%, primarily as a result of the 6.5% general wage increase effective in fiscal year 2024, and related benefits. Salaries and wages increased $2.6 million and benefits increased $1.4 million. Academic support was scheduled to receive 11 new positions in 2024. Operating expenses for academic support increased $0.9 million to support additional enrollment. Academic support costs increased by $5.7 million in fiscal year 2023, primarily attributable to the general salary increase, and allocated costs for the retirement incentive program, resulting in a salary increase of $2.9 million and net increase of $1.0 million in related benefits; and a net increase in actuarially-calculated pension and OPEB expense entries. Other expenses increased $1.5 million related to grant activity.

- The student services category includes funds expended for activities that primarily contribute to students' emotional and physical well-being and to their intellectual, cultural and social development outside the context of the formal instruction program. In fiscal year 2025, overall student services expenses increased $10.7 million, reflective of additional expenses to support the record-high enrollment. Salaries and wages increased by $6.3 million due to compensation adjustments and additional student support staff and hours. Related benefits increased by a net $1.3 million after reductions for accounting entries related to pension and OPEB. Costs for the advocacy centers at the colleges rose $1.1 million and advising costs increased by $1.9 million, both related to the increased enrollment and the provision of wrap-around services for our students. Finally, costs related to the Ready to Work workforce program in partnership with the City of San Antonio added an additional $1.9 million in student services costs. In fiscal year 2024, overall student services expenses increased $12.6 million. Salaries increased by $6.8 million or 15.3% as a result of the general wage increase and market adjustments to student success personnel. This area was also scheduled to operate with 56 new positions in 2024. Benefits increased $3.6 million due to pension expense related to GASB 68 actuarial activity, FICA and compensable absences costs. Supplies, travel, and furniture and equipment also increased by $0.3 million. Student services expenses increased by $12.8 million in 2023 due to a general salary increase of 4.5%, the allocated retirement incentive program, grant funding for the Ready to Work 2025 programs and federal work study program, resulting in an overall salary increase of $6.2 million. Related benefits, net of actuarially-calculated pension and OPEB entries, resulted in an increase to benefits in the amount of $2.6 million. All other expenses increased $3.9 million, spurred by additional grant activity of $1.9 million, coupled by unrestricted increases of $2.0 million in support of student programs.

- The institutional support category is primarily comprised of salaries and other operating expenses for central executive-level management that engage in long-range planning for the entire institution as well as other centralized support operations including accounting and fiscal affairs, procurement and safety, legal, information technology and human resources, among others. Institutional support expenses decreased $9.2 million in fiscal year 2025, primarily related to an $11.4 million decrease in uncapitalized equipment and project expenses funded by HEERF grant funds in 2024 but not repeated in 2025. Other non-salary related operating expenses funded by HEERF in 2024 and not repeated in 2025 accounted for an additional $1.3 million decrease to institutional support expenses. This was offset by a $7.4 million increase in salaries and wages driven by the 3.5% general wage increase. Institutional support expenses increased $2.0 million in fiscal year 2024. Salaries and benefits increased $8.0 million, offset by reductions in operating expenses (supplies, travel, equipment, other) of $5.9 million. Institutional support was scheduled to receive 20 new positions for the fiscal year. In fiscal year 2023, institutional support costs increased $13.8 million. The $13.8 million increase primarily resulted from the following: $5.4 million in increased salaries, wages and associated fringe benefits for institutional support employees partially attributable to the general salary increase of 4.5% and allocated retirement incentive program; a net increase in actuarially-calculated pension and OPEB expenses, a $6.9 million increase in operating expenses related to increases in expenditures from the winding down of HEERF funding in support of the institution.

- The category of operation and maintenance of plant includes all expenses of current funds for the operation and maintenance of physical plant, net of amounts charged to auxiliary enterprises and other independent operations. In fiscal year 2025, operation and maintenance of plant increased by $13.7 million. The primary driver for the increase was the acceleration of spending of the Maintenance Tax Notes issued in 2023. While most of the MTN23 costs were capitalized, there was a $5.2 million increase in uncapitalized equipment purchases and another $7.7 million increase in other O&M operating expenses, inclusive of a $1.2 million increase in grounds maintenance costs and a $3.5 million increase in building maintenance costs. O&M salaries increased by $1.1 million due to compensation adjustments. In fiscal year 2024, operation and maintenance of plant increased by $1.2 million. Increases in salaries, benefits, and noncapitalized expenses of $0.5 million, $1.4 million and $3.7 million, respectively, were offset by reductions in utilities and operating expenses of $0.3 million and $3.9 million, respectively. Operation and maintenance of plant expenses increased by $13.8 million in 2023. The increase was primarily attributable to approximately $11.3 million in increased costs for non-capitalized equipment and renovation costs funded by bonds and grants. In addition, salaries and benefits increased $2.4 million due to the general salary increase and allocated retirement incentive expenses and the net impact of actuarially-calculated pension and OPEB expenses.

- Scholarships and fellowships include expenses for scholarships and fellowships from restricted and unrestricted funds and grants to students. In fiscal year 2025, scholarships and fellowships increased by $28.1 million primarily due to federal grant increases driven by increased enrollment. Federal Pell awards increased by $41.3 million over fiscal year 2024, partially offset by a decrease in HEERF scholarship awards, as only two member colleges received extensions of their HEERF awards into fiscal year 2025. In fiscal year 2024, scholarships and fellowships increased by $24.7 million almost exclusively related to additional aid awarded to students under Title IV and state funding. In fiscal year 2023, scholarships and fellowships decreased by $36.7 million attributed to phasing down of aid awarded to students under the various tranches of the HEERF grants.

Statements of Cash Flows

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

The Statements of Cash Flows reported an overall increase in cash and cash equivalents of $116.2 million for fiscal year 2025. Net cash flows used by operating activities increased from the prior year, totaling $531.8 million in 2025 compared to $472.6 million in 2024. This was primarily due to higher payments for salaries, scholarships, and federal loans to students. Non-capital financing activities, included within operating activities, provided cash inflows of $545.2 million, driven by increased ad valorem tax receipts and nonoperating federal and state revenues. Capital and related financing activities resulted in a net inflow of $5.2 million. Increases in this category included proceeds from the issuance of capital debt of $316.7 million, ad valorem taxes for debt service of $101.6 million and state appropriations for capital assets of $3.9 million. Decreases in this category were for capital related assets and construction of capital assets totaling $208.9 million, payments of principal and interest on debt of $198.3 million, and net outlays for real estate of $7.6 million. Lastly, investing activities produced a net inflow of $97.6 resulting from proceeds from sales and maturities of investments of $256.3 million, interest on investments of $27.3 million, partially offset by purchases of investments of $186.1 million. In fiscal year 2024, overall cash and cash equivalents decreased $10.5 million, while fiscal year 2023had an overall increase in cash and cash equivalents of $327.1 million. Cash flows from operating activities increased from the prior year, totaling $472.6 million in 2024. This was primarily due to higher payments for salaries, supplies, and scholarships, despite higher receipts from students and customers. Non-capital financing activities, included within operating activities, provided cash inflows of $503.1 million, driven by increased state appropriations and ad valorem tax receipts. Capital and related financing activities resulted in a net outflow of $83.0 million, mainly due to no new debt issuances and $111.2 million in debt service payments, and $76.9 in capital asset purchases, supported by $97.9 million in tax revenues for debt service. Lastly, investing activities produced a net inflow of $42.0 million, a decrease from 2023, primarily due to higher investment purchases. Overall, while cash flows from operations and capital activities showed a slight decline, the institution remains in a strong financial position, supported by stable and recurring revenue sources. The $327.1 million increase to cash and cash equivalents in fiscal year 2023 was primarily related to proceeds from issuance of debt for construction spending.

Capital Assets

Changes in net capital assets are the result of completed and in process construction projects, acquisitions, improvements, deletions, and changes in accumulated depreciation and amortization. The District had $1.3 billion invested in capital assets net of accumulated depreciation and amortization at August 31, 2025 and $1.1 billion in 2024 and 2023. Depreciation and amortization expense totaled $51.6 million, $52.1 million and $44.2 million in fiscal year 2025, 2024 and 2023, respectively (Note 6). A summary of net capital assets is presented below:

Net Capital Assets at Fiscal Year End
(in millions)

	Fiscal Year			Change	
	2025	2024	2023	2024 to 2025	2023 to 2024
Land	$ 72.7	$ 67.7	$ 55.6	$ 5.0	$ 12.1
Construction in progress and works of art	204.8	62.3	35.7	142.5	26.6
Buildings and building improvements	932.4	915.6	933.8	16.8	(18.2)
Other real estate improvements	52.4	41.2	46.2	11.2	(5.0)
Furniture, machinery and equipment	22.3	21.2	22.3	1.1	(1.1)
Software	0.5	0.2	0.1	0.3	0.1
Subscription-based IT arrangements	5.6	6.4	5.3	(0.8)	1.1
Library materials	0.7	0.7	0.5	-	0.2
Total capital assets, net of accumulated depreciation & amortization	$ 1,291.3	$ 1,115.3	$ 1,099.5	$ 176.1	$ 15.8

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

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

	Fiscal Year 2025			Fiscal Year 2024		
	Capitalized Amount	Accumulated Depreciation & Amortization	% Depreciated	Capitalized Amount	Accumulated Depreciation & Amortization	% Depreciated
Other real estate improvements	$ 157.6	$ 105.3	66.8%	$ 142.2	$ 101.0	71.0%
Buildings and bldg improvements	1,412.0	479.6	34.0%	1,359.6	444.0	32.7%
Furniture, machinery and equipment	72.6	50.4	69.4%	70.5	49.3	69.9%
Software	3.7	3.2	86.5%	3.4	3.2	94.1%
Subscription-based IT arrangements	13.8	8.2	59.4%	13.2	6.8	51.5%
Library materials	15.3	14.6	95.4%	15.6	15.0	96.2%
Total	$ 1,675.0	$ 661.3	39.5%	$ 1,604.5	$ 619.3	38.6%

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

The District added approximately $174.3 million to construction in progress balances in fiscal year 2025 for continuing projects that have not been completed, primarily funded by MTN23 tax notes. In addition to the costs added to construction in progress, major capital additions and renovations completed during fiscal years 2025 and 2024 include the following:

Fiscal Year 2025	Amount (in millions)
St. Philip's College Campus Center	$ 7.6
St. Philip's College Learning & Development Center	4.4
St. Philip's College Applied Science Building	11.8
St. Philip's College Watson Fine Arts Center	2.8
Palo Alto College Grounds (General Maintenance)	2.5
Palo Alto College Student Center	2.4
Northwest Vista College Huisache Hall	2.3
Northwest Vista College Manzanillo Hall	4.1
Northwest Vista College Mountain Laurel Hall	3.9
Northwest Vista College Texas Persimmon	2.1
Northeast Lakeview Sundance Property Purchase	15.5

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

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

The District has entered into several contracts for construction and various other renovation and projects financed by bond proceeds. At August 31, 2025 and 2024, the District was committed for approximately $184.8 million and $179.0 million, respectively. For additional information concerning the District's capital assets and commitments, see Note 6 and Note 23, respectively, to the financial statements.

Debt

At August 31, 2025, the Alamo Colleges District had outstanding bond and maintenance tax note debt totaling $888.1 million, compared to $755.8 million at August31, 2024, excluding premiums. Outstanding debt increased $132.3 million in fiscal year 2025 and decreased $73.3 million in fiscal year 2024. The following table summarizes these amounts by type of debt instrument. See also Notes 7, 8 and 9 to the basic financial statements for additional information.

Bonds and Tax Notes Payable
(in millions)

	Fiscal Year			Change	
	2025	**2024**	**2023**	**2024 to 2025**	**2023 to 2024**
General obligation bonds	$ 662.7	$ 495.3	$ 532.3	$ 167.4	$ (37.0)
Revenue bonds	43.9	48.3	55.4	(4.4)	(7.1)
Tax notes	181.5	212.2	241.4	(30.7)	(29.2)
Total outstanding debt	$ 888.1	$ 755.8	$ 829.1	$ 132.3	$ (73.3)

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

The increase in debt in 2025 is due to the issuance of general obligation bonds with proceeds of $296.3 million, offset by regular and scheduled debt principal payments and additional debt reduction transactions totaling $164.0 million.

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

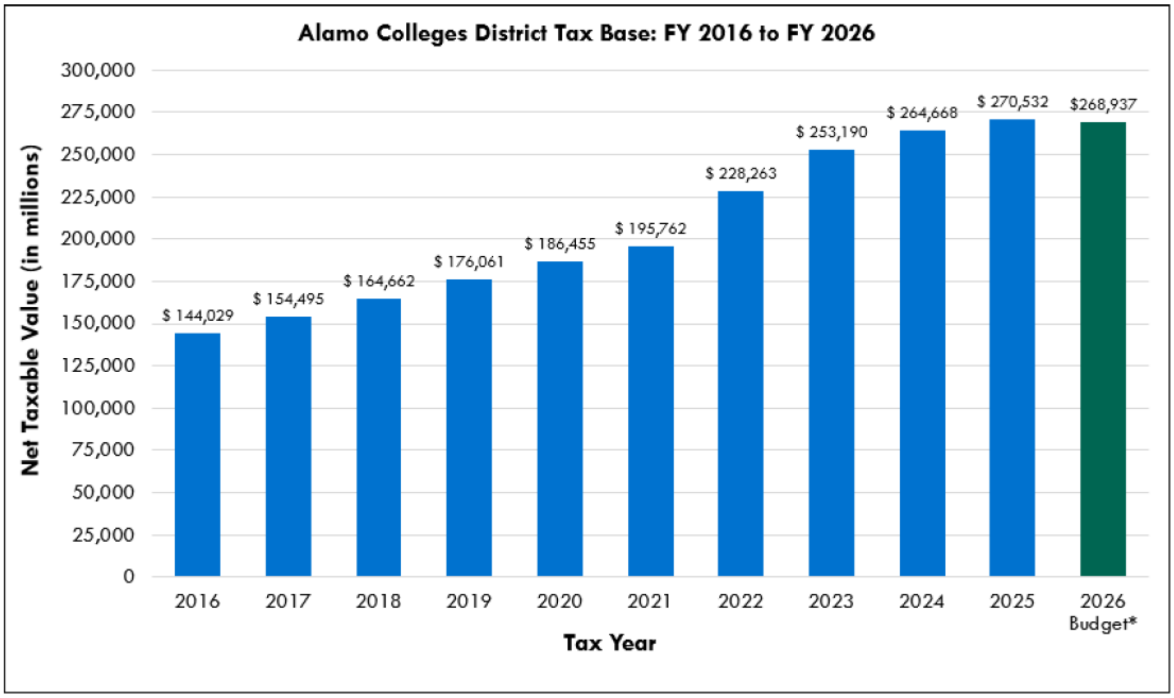
The general obligation debt and maintenance tax notes of the Alamo Colleges District are payable from the proceeds of a continuing, direct ad valorem tax levied against all taxable property within the taxing district. Revenue bonds are special obligations of the District that are payable solely from and will be equally and ratably secured by an irrevocable first lien on pledged revenues. The pledged revenue is all revenue from tuition pursuant to applicable Texas law. The District received bond ratings for its general obligation bonds of Aaa and AAA from Moody's Investors Service and S&P Global Ratings, respectively. These are the highest ratings available from these rating agencies and the Alamo Colleges District is one of only 3 community college systems in Texas and one of only 10 community colleges in the United States to receive the highest rating from both agencies. In addition, S&P rates the long-term rating on the District's existing revenue bonds from AA to AAA. More detailed information about the District's noncurrent liabilities is presented in Notes 7, 8 and 9 to the basic financial statements.

Factors Having Probable Future Financial Significance

In May 2025, Bexar County voters made history by approving the District's $987 million general obligation bond, which was the largest in the District's history. In August 2025, the District issued the first tranche of the bonds in the amount of $296.3 million. The bond funds will be used to fund new academic and workforce facilities, ensuring the District is ready to meet the needs of our rapidly growing region and anticipated enrollment growth. With projected enrollment of 100,000 by 2029, the bonds will help address the projected growth and increase access to education and training. As the region's number one provider of workforce education, the bonds will be used to align our programming to our region's key sectors with expansions and new locations including schools and centers focused on key sectors such as Engineering, IT/Cybersecurity/Emerging Technologies, Automotive Technology, Healthcare, Applied Technology & Construction Trades, and Transportation.

The economic landscape of the Alamo Colleges District is significantly shaped by the broader economic conditions of the State of Texas, Bexar County, surrounding counties, and the City of San Antonio. As the seventh-largest city in the United States and the second-largest in Texas, San Antonio plays a pivotal role in regional economic dynamics. As of August 2025, the national unemployment rate is 4.2%, with Texas slightly lower at 4.1% and the San Antonio unemployment rate standing at 4.1%. According to an October 2025 report from the Federal Reserve Bank of Dallas, San Antonio payrolls, wages and sales tax revenue all demonstrated positive annualized increases as of August 2025, at 4.1%, 6.6% and 3.4%, respectively, indicating a stable economic outlook in the District's service area.

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



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

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

ALAMO COMMUNITY COLLEGE DISTRICT
EXHIBIT 1

Statements of Net Position
August 31, 2025 and 2024

	2025	2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 96,500,626	$ 63,628,904
Restricted cash and cash equivalents	60,415,446	27,333,217
Investments	39,897,077	59,454,761
Investments - restricted	-	7,986,679
Accounts receivable and notes receivable, net of allowance	48,860,128	42,734,698
Other assets	404,576	850,505
Total current assets	246,077,853	201,988,764
Noncurrent assets:		
Restricted cash and cash equivalents	382,895,127	332,610,641
Investments	106,364,213	139,203,482
Investments - restricted	-	9,878,125
Other assets	1,101,962	1,202,021
Leases receivable	3,470,220	3,497,836
Capital assets (net)	1,291,327,381	1,115,259,466
Total noncurrent assets	1,785,158,903	1,601,651,571
TOTAL ASSETS	2,031,236,756	1,803,640,335
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to bond refundings	4,200,446	4,819,145
Deferred outflows related to OPEB	18,639,389	16,328,144
Deferred outflows related to pensions	29,078,364	40,367,151
TOTAL DEFERRED OUTFLOWS OF RESOURCES	51,918,199	61,514,440
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	76,305,553	46,805,679
Funds held for others	1,373,974	1,175,230
Unearned income	50,641,622	43,804,731
Current portion of noncurrent liabilities	84,638,249	74,125,641
Total current liabilities	212,959,398	165,911,281
Noncurrent liabilities	1,203,429,787	1,064,267,604
TOTAL LIABILITIES	1,416,389,185	1,230,178,885
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to leases	3,334,648	3,408,933
Deferred inflows related to bond refundings	9,119,504	2,529,038
Deferred inflows related to OPEB	38,191,823	54,263,577
Deferred inflows related to pensions	1,593,325	4,776,933
TOTAL DEFERRED INFLOWS OF RESOURCES	52,239,300	64,978,481
NET POSITION		
Net investment in capital assets	639,942,487	571,441,722
Restricted for:		
Expendable		
Student aid	5,269,234	7,774,911
Instructional programs	5,198,393	2,319,247
Capital projects	46,429,242	45,558,209
Debt service	16,084,654	12,699,791
Unrestricted	(98,397,540)	(69,796,471)
TOTAL NET POSITION	$ 614,526,470	$ 569,997,409

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

ALAMO COMMUNITY COLLEGE DISTRICT
EXHIBIT 1A

Statements of Financial Position of Alamo Colleges Foundation, Inc.
(A Component Unit of Alamo Community College District)
December 31, 2024 and 2023

	2024	2023
ASSETS		
Cash and cash equivalents	$ 3,117,125	$ 1,946,221
Contributions receivable, net of allowance and discounts	2,223,846	1,741,844
Investments:		
Fixed income securities	15,045,119	15,081,513
Mutual funds/exchange-traded funds	60,101,804	52,780,727
Marketable securities	8,679,636	7,555,342
TOTAL ASSETS	89,167,530	79,105,647
LIABILITIES AND NET ASSETS		
Accounts payable and accrued liabilities	$ 10,700	$ 900
Unearned income	40,203	-
Due to affiliates	1,917,594	155,858
TOTAL LIABILITIES	1,968,497	156,758
Net Assets:		
Without donor restrictions	415,806	421,867
With donor restrictions	86,783,227	78,527,022
TOTAL NET ASSETS	87,199,033	78,948,889
TOTAL LIABILITIES AND NET ASSETS	$ 89,167,530	$ 79,105,647

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

ALAMO COMMUNITY COLLEGE DISTRICT
EXHIBIT 1B

Statements of Net Position of ACCD Public Facility Corporation
(A Component Unit of Alamo Community College District)
August 31, 2025 and 2024

	2025	2024
ASSETS		
Current assets:		
Cash	$ 63,147	$ 42,184
Lease receivable	1,188	-
Accounts receivable, net	7,396	-
Total current assets	71,731	42,184
Noncurrent assets:		
Lease receivable	469,655	-
Capital assets not being depreciated	5,099,847	5,099,847
Capital assets being depreciated, net	21,937,948	22,997,147
Total noncurrent assets	27,507,450	28,096,994
TOTAL ASSETS	27,579,181	28,139,178
LIABILITIES		
Noncurrent liabilities:		
Note payable	1,362,860	1,362,860
Total noncurrent liabilities	1,362,860	1,362,860
TOTAL LIABILITIES	1,362,860	1,362,860
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to leases	450,256	-
Total deferred inflows of resources	450,256	-
NET POSITION		
Net investment in capital assets	25,694,334	26,734,134
Unrestricted	71,731	42,184
TOTAL NET POSITION	$ 25,766,065	$ 26,776,318

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

ALAMO COMMUNITY COLLEGE DISTRICT
EXHIBIT 2

Statements of Revenues, Expenses and Changes in Net Position
For Years Ended August 31, 2025 and 2024

	2025	2024
OPERATING REVENUES:		
Tuition and fees (net of discounts of $117,420,927 and $104,973,812, respectively)	$ 54,095,184	$ 53,042,745
Federal grants and contracts	22,613,482	22,789,964
State grants and contracts	2,194,090	1,706,198
Local grants and contracts	16,562,933	13,229,734
Non-governmental grants and contracts	2,272,116	2,196,015
Auxiliary enterprises	2,954,816	2,963,396
Other operating revenues	6,108,619	6,668,533
Total operating revenues (Schedule A)	106,801,240	102,596,585
OPERATING EXPENSES:		
Instruction	214,809,975	192,686,519
Public service	2,456,305	2,148,352
Academic support	40,932,602	37,991,019
Student services	95,696,048	85,023,717
Institutional support	112,961,666	122,128,616
Operation and maintenance of plant	76,393,224	62,727,914
Scholarships and fellowships	120,691,791	92,604,943
Auxiliary enterprises	1,526,323	1,004,729
Depreciation and amortization	51,610,690	52,125,744
Total operating expenses (Schedule B)	717,078,624	648,441,553
Operating loss	(610,277,384)	(545,844,968)
NON-OPERATING REVENUES/(EXPENSES):		
State appropriations	108,215,641	109,417,933
Ad valorem taxes		
Taxes for maintenance and operations	265,456,673	254,814,109
Taxes for maintenance notes	40,456,156	40,462,146
Taxes for general obligation bonds	61,078,913	57,620,011
Federal grants, non-operating	167,632,819	139,968,174
State grants, non-operating	9,423,350	13,362,148
Gifts	2,968,081	879,298
Investment income	25,810,242	30,812,713
Other state funding - FAST funds	5,796,030	5,023,205
Interest on capital related debt	(7,700,629)	(16,804,778)
Interest on maintenance tax notes	(18,249,304)	(11,252,146)
Other non-operating expenses	(9,937,007)	(259,747)
Net non-operating revenues (Schedule C)	650,950,965	624,043,066
Income before capital contributions	40,673,581	78,198,098
CAPITAL CONTRIBUTIONS:		
State appropriations for capital assets	3,855,480	3,855,480
Contributions for capital assets	-	600,000
Total capital contributions	3,855,480	4,455,480
Increase in net position	44,529,061	82,653,578
NET POSITION:		
Net position - beginning of year	569,997,409	487,343,831
Net position - end of year (Schedule D)	$ 614,526,470	$ 569,997,409

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

ALAMO COMMUNITY COLLEGE DISTRICT
EXHIBIT 2A

Statements of Activities of Alamo Colleges Foundation, Inc.
(A Component Unit of Alamo Community College District)
For Years Ended December 31, 2024 and 2023

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Net assets at January 1, 2023	$ 332,357	$ 67,597,705	$ 67,930,062
Support and revenue:			
Contributions	201,412	6,971,001	7,172,413
In-kind revenue	1,633,701	-	1,633,701
Interest and dividend income	7,076	1,528,330	1,535,406
Gain on investments	-	7,859,258	7,859,258
Net assets released from restrictions	5,504,817	(5,504,817)	-
Total revenue	7,347,006	10,853,772	18,200,778
Expenses:			
Program support and scholarships	5,860,471	-	5,860,471
General and administrative	778,607	-	778,607
Fundraising	542,873	-	542,873
Total expenses	7,181,951	-	7,181,951
Increase in net assets	165,055	10,853,772	11,018,827
Designated transfers	(75,545)	75,545	-
Net assets at December 31, 2023	421,867	78,527,022	78,948,889
Support and revenue:			
Contributions	619,220	8,377,287	8,996,507
In-kind revenue	1,862,486	-	1,862,486
Interest and dividend income	6,933	1,806,601	1,813,534
Gain on investments	-	6,393,791	6,393,791
Net assets released from restrictions	8,877,974	(8,877,974)	-
Total revenue	11,366,613	7,699,705	19,066,318
Expenses:			
Program support and scholarships	9,346,139	-	9,346,139
General and administrative	847,693	-	847,693
Fundraising	622,342	-	622,342
Total expenses	10,816,174	-	10,816,174
Increase in net assets	550,439	7,699,705	8,250,144
Designated transfers	(556,500)	556,500	-
Net assets at December 31, 2024	$ 415,806	$ 86,783,227	$ 87,199,033

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

ALAMO COMMUNITY COLLEGE DISTRICT
EXHIBIT 2B

Statements of Revenues, Expenses and Changes in Net Position of ACCD Public Facility Corporation
(A Component Unit of Alamo Community College District)
For Years Ended August 31, 2025 and 2024

	2025	2024
OPERATING REVENUES:		
Gross lease revenue	$ 27,396	$ 20,000
Less: Deferred revenue adjustment	(53,525)	-
Net lease revenue recognized	(26,129)	20,000
Total operating revenues	(26,129)	20,000
OPERATING EXPENSES:		
Bank charges	431	396
Depreciation	1,069,798	1,316,971
Total operating expenses	1,070,229	1,317,367
Operating loss	(1,096,358)	(1,297,367)
NON-OPERATING EXPENSES/(REVENUES):		
Interest revenue	75,506	962
Total non-operating revenues	75,506	962
Loss before contributions	(1,020,852)	(1,296,405)
Capital contributions	10,599	-
Change in net position	(1,010,253)	(1,296,405)
NET POSITION:		
Net position - beginning of year	26,776,318	28,072,723
Net position - end of year	$ 25,766,065	$ 26,776,318

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

ALAMO COMMUNITY COLLEGE DISTRICT
EXHIBIT 3

Statements of Cash Flows
For Years Ended August 31, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from students and other customers	$ 58,093,938	$ 57,862,888
Receipts from grants and contracts	38,139,536	38,178,301
Other receipts	6,025,963	6,464,245
Payments to or on behalf of employees	(362,870,736)	(331,778,158)
Payments to suppliers for goods and services	(150,302,832)	(150,494,087)
Payments for scholarships and fellowships	(120,691,791)	(92,604,943)
Payment for Federal loans issued to students	(22,157,659)	(17,165,527)
Receipts for Federal loans to students	22,000,394	16,909,344
Net cash used by operating activities	(531,763,187)	(472,627,937)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Receipts from state appropriations (non-capital projects)	88,322,241	90,109,280
Receipts from ad valorem taxes	265,598,554	254,352,413
Receipts from non-operating federal and state revenue	182,357,165	152,738,774
Receipts from gifts and grants (other than capital)	8,764,111	5,784,973
Receipts from student organizations and other agency transactions	198,744	81,005
Net cash provided by non-capital financing activities	545,240,815	503,066,445
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds on issuance of capital debt	316,727,197	2,686,759
Bond issuance costs	(2,228,222)	-
Receipts from ad valorem taxes for debt service	101,589,775	97,904,927
Receipts from state appropriations for capital projects	3,855,480	3,855,480
Receipts from sales of real estate	(7,626,059)	179,998
Receipts from capital grant contracts, grants and gifts	-	600,000
Payments for capital assets acquisition and construction of capital assets	(208,808,977)	(76,944,578)
Payments on capital debt - principal	(164,921,057)	(74,536,856)
Payments on capital debt - interest	(33,402,512)	(36,712,513)
Net cash (used)/provided by capital and related financing activities	5,185,625	(82,966,783)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	256,314,898	239,926,474
Interest on investments	27,313,427	35,668,113
Purchase of investments	(186,053,141)	(233,555,659)
Net cash provided by investing activities	97,575,184	42,038,928
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	116,238,437	(10,489,347)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	423,572,762	434,062,109
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 539,811,199	$ 423,572,762

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

ALAMO COMMUNITY COLLEGE DISTRICT
EXHIBIT 3

Statements of Cash Flows
For Years Ended August 31, 2025 and 2024
(continued)

	2025	2024
RECONCILIATION OF OPERATING LOSS TO NET CASH		
USED BY OPERATING ACTIVITIES:		
Operating loss	$ (610,277,384)	$ (545,844,968)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation and amortization expense	51,610,690	52,125,744
Allowance for doubtful accounts	3,073,988	3,376,788
Non-cash state appropriations - on-behalf payments	19,893,400	19,308,653
Pension expense	4,022,913	8,346,739
OPEB expense	(2,023,889)	(2,285,665)
Changes in assets and liabilities:		
Receivables (net)	(14,482,510)	(7,257,790)
Other assets	545,988	(446,728)
Accounts payable	7,752,562	(4,569,144)
Unearned income	6,783,739	4,005,123
Net pension liability	(4,082,266)	16,053,887
Net OPEB liability	16,348,914	(9,382,050)
Compensable absences	997,052	984,352
Workers' compensation accrual	(37,761)	-
Utility escrow	462,506	91,344
Deferred inflows related to leases	(74,285)	(462,385)
Deferred outflows related to pensions	7,265,874	(12,356,108)
Deferred inflows related to pensions	(3,183,608)	(3,697,779)
Deferred outflows related to OPEB	(287,356)	13,027,178
Deferred inflows related to OPEB	(16,071,754)	(3,645,128)
Net cash used by operating activities	$ (531,763,187)	$ (472,627,937)
SCHEDULE OF NON-CASH INVESTING AND FINANCING TRANSACTIONS:		
State on-behalf payments	$ 19,893,400	$ 19,308,653
Increase in fair value of investments	$ 925,892	$ 2,793,056
Gifts of depreciable and non-depreciable assets	$ -	$ 117,530
Amortization of premium on bonds	$ 7,070,673	$ 8,252,721
Capital assets acquired through payables	$ 54,361,299	$ 21,026,066
SBITA assets acquired	$ 2,240,371	$ 4,050,231
SBITA liabilities incurred	$ 2,240,371	$ 2,686,759

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

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

1. REPORTING ENTITY

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

The District is considered to be a special-purpose, primary government. While the District receives funding from local, state and federal sources and must comply with the spending, reporting and record keeping requirements of these entities, it is not a component unit of any other government entity.

Alamo Colleges Foundation, Inc. – Discrete Component Unit
The Alamo Colleges Foundation, Inc. (the Foundation) is a separate non-profit organization, and its sole purpose is to provide benefits such as scholarships and grants to the students, faculty and staff of the District. The Foundation is a legally separate entity which utilizes District financial resources for its operation. The District does not appoint any of the Foundation's board members. Under Governmental Accounting Standards Board Statement No. 39, *Determining Whether Certain Organizations are Component Units*, an organization should report as a discretely presented component unit those organizations that raise and hold economic resources for the direct benefit of a governmental unit when such resources are significant to the governmental unit. Accordingly, the Foundation's financial statements are included in the District's annual report as a discrete component unit (see table of contents). The Foundation reports under Financial Accounting Standards Board (FASB) Standards. As such, revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. Stand-alone financial statements of the Foundation can be obtained by contacting the Finance and Fiscal Services department of the Alamo Community College District at 2222 N. Alamo Street, San Antonio, Texas 78215.

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

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

In accordance with requirements of GASB Statement No. 61, *The Financial Reporting Entity Omnibus – an amendment of GASB Statements No. 14 and No. 34*, the PFC is a component unit of the District because the District appoints the voting majority of the PFC's board and can also remove appointed members of the PFC's board at will. While the District appoints the entire governing body of the PFC, this board is not considered substantively the same as the Board of Trustees of the District because it consists of less than a majority of the District's Board. Accordingly, the PFC's financial statements are included in the District's financial statements as a discrete component unit (see table of contents). Stand-alone financial statements of the PFC can be obtained by contacting the Finance and Fiscal Services department of the Alamo Colleges District at 2222 N. Alamo Street, San Antonio, Texas 78215.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

Other Current Assets
Included in this category are prepaid expenses and inventories.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

- The District uses the Treasury rate with the maturity that most closely matches the length of the lease term, as of the date of the beginning of the lease term, obtained from the treasury.gov website, as the discount rate for leases.

- The lease term includes the noncancelable period of the lease.

- Lease payments included in the measurement of the lease receivable are composed of fixed payments from the lessee, variable payments from the lessee that are fixed in substance or that depend on an index or a rate, residual value guarantee payments from the lessee that are fixed in substance, and any lease incentives that are payable to the lessee.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Class of Asset	Capitalization Threshold	Useful Life (Years)	Salvage Value
Non-depreciable assets:			
Land	$ 10,000	Not depreciated	-
Works of art/historical treasures	10,000	Not depreciated	-
Buildings:			
Buildings	100,000	40	10%
Portable buildings	10,000	10	10%
Other real estate improvements:			
Building improvements	100,000	20	-
Infrastructure	100,000	20	10%
Land improvements (except tennis courts)	100,000	20	-
Leasehold improvements	10,000	Shorter of lease or useful life	-
Tennis courts	10,000	7	-
Furniture, machinery and equipment:			
Furniture, machinery and equipment	10,000	5-10	-
Technology systems	50,000	5	-
Software	10,000	5	-
Library materials	All	15	-
Subscription-based information technology arrangements	100,000	Shorter of contract or useful life	-

Deferred Outflows of Resources

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

Pensions

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Compensable Absences
The District accrues a liability for compensated absences that meet all of the following criteria: a) the leave is attributable to services already rendered; b)the leave accumulates; and c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Vacation leave is paid out upon termination. For financial accounting and reporting purposes, sick leave taken first comes out of hours earned in the current reporting period. See Note 7 and Note 13 for additional information.

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

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

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

Restricted Net Position, Expendable
Legal or contractual obligations require this portion to be spent in accordance with external restrictions.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

3. AUTHORIZED INVESTMENTS

The Board of Trustees of the District has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act (Sec. 2256, Texas Government Code, the "Act") as amended. This policy is reviewed and approved by the Board of Trustees annually. Investment of funds is required to be in compliance with the Act. Authorized investments include (1) obligations of the U.S. government or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than A by a national investment rating firm, (4) certificates of deposit, (5) commercial paper rated at least A-1 or P-1, and (6) other instruments and obligations authorized by statute.

4. CASH, CASH EQUIVALENTS AND INVESTMENTS

The carrying amount of the District's bank deposits at August 31, 2025 and 2024 was $7,520,300 and $12,081,684, respectively. Total bank balances at August 31, 2025 and 2024 equaled $11,391,321 and $13,486,381, respectively. The FDIC insures all bank deposits up to $250,000. Deposits in excess of $250,000 are collateralized at a level of at least 100% in U.S. Treasuries and Government Securities and high-grade municipal bonds, per the Tri-Party Collateral Management Agreement with the District's depository bank, Bank of America N.A. All collateral is held by BNY Mellon.

Cash and cash equivalents as reported on Exhibit 1, Statements of Net Position, consisted of the following at August 31, 2025 and 2024:

	2025	2024
Bank deposits: Demand deposits	$ 551,236	$ 2,770,968
Public finance interest checking	6,969,064	9,310,716
Total bank deposits	7,520,300	12,081,684
Automated investment account	28,749,551	2,374,346
Local Government Investment Pool (TexPool) deposits	399,621,752	172,272,938
Petty cash on hand	37,520	36,767
Treasury demand deposit SLGS	103,882,076	236,807,027
Total cash and cash equivalents	$ 539,811,199	$ 423,572,762

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

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

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

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

4. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

The fair value of investments as of August 31, 2025 and 2024 is disclosed in the following section. Market values are provided by Hilltop Securities Asset Management, LLC. (HSAM). HSAM's source for pricing government securities (Treasuries and agencies) and most commercial paper is Securities Data Services (SVC), a subsidiary of SS&C Technologies, Inc. and an information aggregator. SVC uses a number of sources for their pricing data, with most government securities and commercial paper pricing provided by Interactive Data Corp (IDC), an independent third-party pricing service, which is the largest source provider of fixed income pricing. IDC utilizes evaluated pricing models that vary by asset class and incorporate available trade, bid and other market information. Because many fixed income securities do not trade on a daily basis, IDC's evaluated pricing applications apply available information as applicable through processes such as benchmark curves, benchmarking of like securities, sector groupings, and matrix pricing to prepare evaluations. SVC and/or IDC provide some, but not all, of the commercial paper (CP) pricing, while HSAM estimates other CP prices based on comparable market offers of similar issuers with comparable credit ratings and maturity dates. All pricing and market values are based on Level 2 inputs. These sources are deemed reliable.

Investments as reported on Exhibit 1, Statements of Net Position, consisted of the following types of securities at fair value on August 31, 2025 and 2024:

	Fair Value at August 31,	
Type of Security	2025	2024
U.S. government securities:		
FHLB coupon notes	$ 29,564,255	$ 69,051,950
FHLMC coupon notes	10,093,200	-
FFCB coupon notes	-	25,002,605
U.S. Treasuries	96,615,935	111,568,944
Municipal bonds	-	1,186,368
Commercial paper	9,987,900	9,713,180
Total	$ 146,261,290	$ 216,523,047

4. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Reconciliation of Deposits and Investments between Note 4 and Exhibit 1, Statements of Net Position on August 31, 2025 and 2024 is as follows:

	Fair Value at August 31,	
	2025	2024
Total cash and cash equivalents	$ 539,811,199	$ 423,572,762
Total investments	146,261,290	216,523,047
Total	$ 686,072,489	$ 640,095,809
Per Exhibit 1:		
Cash and cash equivalents	$ 96,500,626	$ 63,628,904
Restricted cash and cash equivalents - current	60,415,446	27,333,217
Investments - current	39,897,077	59,454,761
Investments - current restricted	-	7,986,679
Restricted cash and cash equivalents - noncurrent	382,895,127	332,610,641
Long-term investments	106,364,213	139,203,482
Long-term investments - restricted	-	9,878,125
Total	$ 686,072,489	$ 640,095,809

Fair Value Measurements

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

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

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

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

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

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

4. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

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

The District had the following recurring fair value measurements for investment assets at August 31, 2025:

Type of Security	Level 1	Level 2	Level 3	Total
U.S. Government Agency Securities	$ -	$ 39,657,455	$ -	$ 39,657,455
U.S. Treasuries	-	96,615,935	-	96,615,935
Commercial paper	-	9,987,900	-	9,987,900
Total	$ -	$ 146,261,290	$ -	$ 146,261,290

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

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

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

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

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

4. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

The District had the following cash equivalents and investments at August 31, 2025 and 2024, excluding bank deposits and petty cash:

	2025			2024		
Type	Fair Value	% of Total	WAM* (Years)	Fair Value	% of Total	WAM* (Years)
FHLB	$ 29,564,255	4.4%	3.103	$ 69,051,950	11.0% ^	2.713
FFCB	10,093,200	1.5%	3.354	25,002,605	4.0% ^	1.689
U.S. Treasuries	96,615,935	14.2% ^	1.597	111,568,944	17.8% ^	1.134
Treasury demand deposit SLGS	103,882,076	15.3% ^	0.003	236,807,027	37.7%	0.003
Municipal bonds	-	-	-	1,186,368	0.2% ^	3.767
Commercial paper	9,987,900	1.5%	0.666	9,713,180	1.5% ^	0.737
TexPool	399,621,752	58.9% ^	0.003	172,272,938	27.4% ^	0.003
U.S Government Money Market Funds	28,286,865	4.2%	0.000	2,320,077	0.4%	0.003
Total	$ 678,051,983	100%		$ 627,923,089	100%	
Portfolio weighted average maturity at August 31			0.425			0.587

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

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

Credit Risk – In accordance with state law and the District's investment policy, investments in the investment pools are limited to AAA or AAAm by at least one nationally recognized rating agency. At August 31, 2025 and 2024, TexPool was rated AAAm. All other credit standards are governed by the District's investment policy, which is in compliance with or exceeds state statutes for credit standards. These state standards include: commercial paper rated no less than A-1 or P-1 by at least two nationally recognized credit rating agencies or one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank; obligations of states, agencies, counties, cities and other political subdivisions rated no less than A or its equivalent by a nationally recognized investment rating firm.

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

At August 31, 2025, the District's largest concentration in cash, cash equivalents and investments was in TexPool at 58.9%, up from 27.4% at August 31, 2024. The second largest concentration was in federal agencies at 5.9%, down from 15.0% in fiscal year 2024. The concentration in U.S. Treasuries decreased from 17.8% in fiscal year 2024 to 14.2% in fiscal year 2025.

The District does not have any investments in foreign currency.

4. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Below is a list of the individual investments held and their respective credit ratings at August 31, 2025 and 2024:

Issuer	Credit rating at 8/31/2025	Credit rating at 8/31/2024
BlackRock Treasury Trust Fund	AAAm	AAAm
City of San Antonio, TX	AAA/Aaa/AA+	AAA/Aaa/AA+
FFCB	AA+/Aa1/AA+	AA+/Aaa/AA+
FHLB	AA+/Aa1/AA+	AA+/Aaa
Royal Bank of Canada	F1+/P-1/A-1+	F1+/P-1/A-1+
TexPool	AAAm	AAAm
Toyota Motor Credit Corp	*	A-1/F1
US Treasury Note	AA+/Aa1/AA+	AA+/Aa1/AA+

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

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

5. LEASES RECEIVABLE

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

The District, as lessor, entered into a lease agreement with San Antonio MTA, L.P. d/b/a Verizon Wireless to lease 336 square feet of rooftop space at Northwest Vista College for the installation of communications equipment. The lease term began January 1, 2016 for a five-year term. The lease is automatically renewed for four additional five-year terms unless lessee terminates by written notice. In exchange for the space the District will receive $13,200 annually, subject to a 3% per annum increase on the anniversary of the commencement date. Accordingly, the District recorded a lease receivable asset in the amount of $356,141 at inception. In FY25, lease revenue and interest revenue for this lease was $17,895 and $4,357, respectively. In FY24, lease revenue and interest revenue for this lease was $17,895 and $4,546, respectively.

The District, as lessor, entered into a lease agreement with New Cingular Wireless PCS, LLC to lease 2,500 square feet of rooftop space at Northeast Lakeview College for the installation of communications equipment. The lease term began August 28, 2013 for a five-year term. The lease is automatically renewed for four additional five-year terms unless lessee terminates by written notice, making it possible for this lease to extend through August 27, 2038. In exchange for the space the District will receive $12,000 annually, subject to a 3% per annum increase on the anniversary of the commencement date. Accordingly, the District recorded a lease receivable asset in the amount of $307,897 at inception. In FY25, lease revenue and interest revenue for this lease was $17,462 and $3,028, respectively. In FY24, lease revenue and interest revenue for this lease was $17,462 and $3,196, respectively.

5. LEASES RECEIVABLE (continued)

Leases receivable at August 31, 2025 and 2024 were as follows:

	Interest Rate(s)	Receivable At Commencement	Lease Term In Years	Balance 8/31/2025	Balance 8/31/2024
Business-type Activities					
Parking garage spaces at San Antonio College with 1415 N. Main	1.92%	$ 2,933,861	75.3	$ 3,010,713	$ 3,029,213
Cell phone tower space at Northwest Vista College with Verizon	1.43%	356,141	45.3	298,752	311,451
Cell phone tower space at Northeast Lakeview College with AT&T	1.20%	307,897	18.0	246,043	259,626
Total leases receivable				$ 3,555,508	$ 3,600,290

6. CAPITAL ASSETS

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

	Balance 9/1/2024	Increases	Decreases	Balance 8/31/2025
Not Depreciated:				
Land	$ 67,692,257	$ 5,028,866	$ -	$ 72,721,123
Works of art	933,305	92,166	8,895	1,016,576
Construction in progress	61,377,313	174,300,576	31,848,578	203,829,311
Subtotal	130,002,875	179,421,608	31,857,473	277,567,010
Subject to Depreciation or Amortization:				
Buildings and building improvements	1,359,613,356	54,723,238	2,382,562	1,411,954,032
Other real estate improvements	142,231,393	15,417,170	-	157,648,563
Total buildings and other real estate improvements	1,501,844,749	70,140,408	2,382,562	1,569,602,595
Software	3,365,378	344,927	-	3,710,305
Furniture, machinery and equipment	70,525,965	7,357,434	5,277,518	72,605,881
Library materials	15,647,145	105,160	458,647	15,293,658
Subscription-based IT arrangements (SBITAs)	13,193,145	2,240,371	1,661,121	13,772,395
Total buildings and other capital assets	1,604,576,382	80,188,300	9,779,848	1,674,984,834
Accumulated Depreciation or Amortization:				
Buildings and building improvements	443,979,200	36,339,252	724,008	479,594,444
Other real estate improvements	101,047,453	4,202,767	-	105,250,220
Total buildings and other real estate improvements	545,026,653	40,542,019	724,008	584,844,664
Software	3,192,141	30,216	-	3,222,357
Furniture, machinery and equipment	49,330,021	8,021,027	6,995,542	50,355,506
Library materials	14,971,635	68,303	429,831	14,610,107
Subscription-based IT arrangements (SBITAs)	6,799,341	2,949,125	1,556,637	8,191,829
Total accumulated depreciation and amortization	619,319,791	51,610,690	9,706,018	661,224,463
Net capital assets	$ 1,115,259,466	$ 207,999,218	$ 31,931,303	$ 1,291,327,381

6. CAPITAL ASSETS (continued)

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

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

7. NONCURRENT LIABILITIES

At August 31, 2025, noncurrent liabilities are $1,203,430,249 with activity for the fiscal year as follows:

	Balance 9/1/24	Additions	Reductions	Balance 8/31/25	Current Portion
Bonds and tax notes payable					
General obligation bonds	$ 495,270,000	$ 296,275,000	$ 128,855,000	$ 662,690,000	$ 33,085,000
Revenue bonds	48,345,000	-	4,415,000	43,930,000	3,225,000
Maintenance tax notes	212,190,000	-	30,705,000	181,485,000	32,280,000
Premium on bonds payable	92,484,290	18,211,826	14,399,831	96,296,285	7,768,000
Subtotal	848,289,290	314,486,826	178,374,831	984,401,285	76,358,000
Notes payable	1,073,076	-	946,057	127,019	-
Subscription-based IT arrangements	5,319,045	2,240,371	2,632,126	4,927,290	2,276,195
Compensable absences	9,165,068	8,811,420	7,814,368	10,162,120	957,866
Unearned income	637,824	-	53,152	584,672	53,152
Arbitrage liability	9,058,015	1,690,060	-	10,748,075	-
Net pension liability	105,319,038	-	4,082,266	101,236,772	-
Net OPEB liability	159,531,889	31,346,564	14,997,650	175,880,803	4,992,574
Total	$ 1,138,393,245	$ 358,575,241	$ 208,900,450	$ 1,288,068,036	$ 84,637,787

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

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

7. NONCURRENT LIABILITIES (continued)

The District has subscription-based IT arrangements (SBITAs) for various software licenses and subscriptions, as shown in the table above. The SBITAs were recorded at the present value of the future payments as of the inception using incremental borrowing rates ranging between 0.57% - 3.99%.

The cost and accumulated amortization of the assets for the SBITAs totaled approximately $13,772,396 and $8,191,829, respectively as of August 31, 2025 as reported in Note 6. The cost and accumulated amortization of the assets for the SBITAs totaled approximately $13,193,145 and $6,799,341, respectively as of August 31, 2024 as reported in Note 6.

The table below summarizes the required principal and interest payments against the SBITA liabilities recorded as of August 31, 2025:

Years Ending August 31,	Payment	Principal	Interest
2026	$ 2,394,796	$ 2,276,195	$ 118,602
2027	1,812,137	1,747,576	64,561
2028	869,201	848,287	20,914
2029	56,757	55,232	1,525
Total	$ 5,132,891	$ 4,927,290	$ 205,602

8. DEBT OBLIGATIONS

Debt service requirements at August 31, 2025 were as follows (table amounts in 000s):

For the Year Ending August 31,	General Obligation Bonds		Revenue Bonds*		Maintenance Tax Notes		TOTAL BONDS	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 33,085	$ 29,651	$ 3,225	$ 1,904	$ 32,280	$ 8,241	$ 68,590	$ 39,796
2027	25,460	28,533	2,110	1,784	33,935	6,585	61,505	36,902
2028	23,260	27,260	2,190	1,703	35,670	4,845	61,120	33,808
2029	16,220	26,097	2,275	1,618	37,500	3,016	55,995	30,730
2030	12,470	25,286	2,360	1,527	39,425	1,093	54,255	27,906
2031-2035	158,745	110,125	9,865	6,358	2,675	54	171,285	116,537
2036-2040	161,355	69,932	8,765	4,170			170,120	74,102
2041-2045	140,520	37,234	8,905	2,204			149,425	39,437
2046-2050	91,575	12,232	4,235	214			95,810	12,446
TOTAL	$ 662,690	$ 366,348	$ 43,930	$ 21,483	$ 181,485	$ 23,833	$ 888,105	$ 411,663

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

8. DEBT OBLIGATIONS (continued)

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

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

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

9. BONDS AND TAX NOTES PAYABLE

Bonds and tax notes payable for the years ended August 31, 2025 and 2024 were as follows:

Series	Instrument Type and Purpose	Amount Issued and Authorized	Current Interest Rates	Balance August 31, 2025	Balance August 31, 2024
General Obligation Bonds (Repayment source - Ad valorem taxes)					
2007	Construct, renovate, acquire and equip new and existing facilities. Dated March 15, 2007.	$ 271,085,000	4.5%	$ -	$ 15,760,000
2012	Refund certain of the District's outstanding Limited Tax Bonds Series 2007 and 2007A. Dated June 15, 2012.	74,110,000	3.5% - 5.0%	-	50,285,000
2016	Refund the District's outstanding Limited Tax Bonds Series 2006 and 2006A. Dated May 15, 2016.	72,065,000	3.5% - 5.0%	-	42,715,000
2017	Refund the District's outstanding Limited Tax Bonds Series 2007 and 2007A and construct, renovate, acquire and equip new and existing facilities. Dated September 15, 2017.	258,940,000	4.0% - 5.0%	139,005,000	153,250,000
2021	Construct, renovate, acquire and equip new and existing facilities. Dated May 15, 2021.	195,980,000	2.375% - 5.0%	179,875,000	184,540,000
2022	Construct, renovate, acquire and equip new and existing facilities. Dated November 1, 2022	49,845,000	4.5% - 5.0%	47,535,000	48,720,000
2025	Refund the District's outstanding Limited Tax Bonds Series 2007, 2012, and 2016 and construct, renovate, acquire and equip new and existing facilities. Dated August 14, 2025.	296,275,000	4.75% - 5.0%	296,275,000	-
			Subtotal - General Obligation Bonds	$ 662,690,000	$ 495,270,000
Maintenance Tax Notes (Repayment source - Ad valorem taxes)					
2021	Refund the District's outstanding Maintenance Tax Notes, Series 2011. Dated April 1, 2021.	$ 21,660,000	4.0% - 5.0%	$ 14,265,000	$ 16,255,000
2022	Renovate and repair existing District facilities. Dated August 1, 2022.	247,570,000	5.0%	167,220,000	195,935,000
			Subtotal - Maintenance Tax Notes	$ 181,485,000	$ 212,190,000
Revenue Financing System (Repayment source - Pledged revenue*)					
2012A	Refund certain of the District's outstanding Combined Fee Revenue bonds and to construct a parking facility. Dated March 1, 2012.	$ 55,800,000	3.0% - 5.25%	$ 14,055,000	$ 17,220,000
2017	Acquire, purchase, construct, equipping of any property or buildings of any nature of the District. Dated January 15, 2017.	34,880,000	3.0% - 5.0%	29,875,000	30,615,000
2017	(Variable Rate) Acquire, purchase, construct, equipping of any property or buildings of any nature of the District. Dated January 15, 2017. Remarketed November 1, 2019 and converted to Term Rate Period.	15,690,000	1.7%	-	510,000
			Subtotal - Revenue Financing System Bonds	$ 43,930,000	$ 48,345,000
Total Bonds				**$ 888,105,000**	**$ 755,805,000**
*Pledged revenue is all revenue to the extent it may be pledged as security for debt obligations pursuant to applicable Texas law.					

Bonds payable are due in annual installments varying from $911,781 to $37,793,375 with coupon rates from 1.7% to 5.25%, with the final installment due in fiscal year 2050.

In August of 2025, the District issued $296,275,000 Limited Tax & Refunding Bonds, Series 2025 to construct, renovate, acquire, and equip new and existing facilities in the District and refund certain maturities of the District's outstanding indebtedness. The bonds were issued with a premium net of costs of $15,983,604, with a resultant deposit to the construction fund of $223,000,000.

9. BONDS AND TAX NOTES PAYABLE (continued)

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

The U.S. Department of Treasury regulations and the District's bond covenants require the District to calculate annually, on the anniversary date of each bond issue subject to rebate, the arbitrage rebate amount. A rebate computation and payment to the Federal Government, if applicable, is required to be made at least every five years or each "Rebate Installment Computation Date" and upon final redemption or maturity of the bonds. The amount reserved for arbitrage rebate is reflected as part of noncurrent liabilities in the amount of $10,748,075 and $9,095,015 as of August 31, 2025, and 2024 respectively.

10. DEFEASED BONDS OUTSTANDING

As of August 31, 2025 and 2024, the District had the following defeased bonds outstanding:

Bond Issue	Year Refunded	Par Value Outstanding	
		2025	2024
Limited Tax Bonds, Series 2007	2025	$ 15,760,000	$ -
Limited Tax Bonds, Series 2012	2025	50,285,000	-
Limited Tax Bonds, Series 2016	2025	40,010,000	-
		$ 106,055,000	$ -

11. EMPLOYEES' RETIREMENT PLANS

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

Teacher Retirement System of Texas – Defined Benefit Plan
Plan Description: The District participates in a cost-sharing multiple-employer defined benefit pension plan that has a special funding situation. The plan is administered by the TRS. TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code.

The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension plan's Board of Trustees does not have the authority to establish or amend benefit terms. All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Pension Plan Fiduciary Net Position: Detailed information about the TRS's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information.

11. EMPLOYEES' RETIREMENT PLANS (continued)

The report may be obtained by writing to TRS at attention Finance Division, PO Box 149676, Austin, TX, 78714-0185; by calling 1 (800) 223-8778; or online at https://www.trs.texas.gov/learning-resources/publications.

Benefits Provided: TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using a 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity. For members who are grandfathered, the three highest annual salaries are used.

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

Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered under a previous rule. There are no automatic post-employment benefit changes, including automatic cost of living adjustments (COLAs). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the plan description paragraph above. 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 cost-of-living adjustment 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
- 2% COLA for eligible retirees who retired on or before August 31, 2021

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

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

11. EMPLOYEES' RETIREMENT PLANS (continued)

Employee contribution rates are set in State statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2019 thru 2025. Contribution rates can be found in the TRS 2024 ACFR, Note 11, on page 87.

Contribution Rates

	2024	2025
Member	8.25%	8.25%
District/Non-employer contributing entity (State)	8.25%	8.25%
District contributions (audited)	$ 9,339,653	
State of Texas on-behalf contributions (unaudited)	$ 7,537,577	

The District's contributions to the TRS pension plan in 2025 were $10,758,852 as reported in the Schedule of District Contributions for Pensions in the Required Supplementary Information section of these financial statements. Estimated State of Texas on-behalf contributions for 2025 were $8,936,398.

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any 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, when employing a retiree of the TRS, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

11. EMPLOYEES' RETIREMENT PLANS (continued)

Actuarial Assumptions: The total pension liability in the August 31, 2023 (rolled forward to August 31, 2024) actuarial valuation was determined using the following actuarial assumptions:

Valuation date	August 31, 2023 rolled forward to August 31, 2024
Actuarial cost method	Individual entry age normal
Asset valuation method	Fair value
Single discount rate	7.00%
Long-term expected investment rate of return	7.00%
Municipal bond rate as of August 2024*	3.87%
Last year ending August 31 in projection period (100 years)	2123
Inflation	2.30%
Salary increases including inflation	2.95% to 8.95%
Ad hoc post-employment benefit changes	None

*Rate source is the Bond Buyers 20 Index which represents the estimtated yield of a portfolio of 20 general obligation bonds maturing in 20 years based on a survey of municipal bond traders.

The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2023. For a full description of these assumptions, see the TRS actuarial valuation report dated November 21, 2023. The TRS Board of Trustees have the sole authority to determine the actuarial assumptions used for the plan.

Changes in Assumptions and Benefits Since the Prior Actuarial Valuation: The actuarial assumptions and methods are the same as used in the determination of the prior year's net pension liability. The 2023 Texas Legislature passed Senate Bill (SB10), which provided a stipend payment to certain retirees and variable ad-hoc cost-of-living adjustments (COLA) to certain retirees in early fiscal year 224. Due to its timing, the legislation and payments were not reflected in the August 31, 2023 actuarial valuation. Under the foll forward method, and adjustment was made to reflect the legislation in the rolled forward liabilities for the current measurement year of August 31, 2024. SB 10 and House Joint Resolution 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.

Discount Rate: The single discount rate used to measure the total pension liability was 7.00%. The single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine the single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 9.54% 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-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

11. EMPLOYEES' RETIREMENT PLANS (continued)

Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2024 are summarized below:

Asset Class	Target Allocation[2]	Long-Term Expected Geometric Real Rate of Return[3]	Expected Contribution to Long-Term Portfolio Returns
Global equity			
U.S.	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[1]	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[1]	0.0%	4.0%	0.0%
Real return			
Real estate	15.0%	6.6%	1.2%
Energy, natural resources and infrastructure	6.0%	5.6%	0.4%
Commodities	0.0%	2.5%	0.0%
Risk parity			
Risk parity	8.0%	4.0%	0.4%
Asset allocation leverage			
Cash	2.0%	1.0%	0.0%
Asset allocation leverage	-6.0%	1.3%	-0.1%
Inflation expectation			2.4%
Volatility drag[4]			-0.7%
Expected return	100.0%		7.9%

[1]Absolute return includes credit sensitive investments
[2]Target allocations are based on the FY2024 policy model.
[3]Capital market assumptions come from 2024 SAA Study CMA Survey (as of 12/31/2023)
[4]The volatility drag results from the conversion between arithmetic and geometric mean returns.

Source: Teacher Retirement System of Texas 2024 Annual Comprehensive Financial Report

11. EMPLOYEES' RETIREMENT PLANS (continued)

Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2023 are summarized below:

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

[1]Absolute return includes credit sensitive investments
[2]Target allocations are based on the FY2023 policy model.
[3]Capital market assumptions come from Aon Hewitt (as of 6/30/2023).
[4]The volatility drag results from the conversion between arithmetic and geometric mean returns.

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

11. EMPLOYEES' RETIREMENT PLANS (continued)

Discount Rate Sensitivity Analysis: The following table shows the impact on the District's proportionate share of the collective net pension liability if the discount rate used was 1 percent less than or 1 percent greater than the discount rate that was used (7.00%) in measuring the net pension liability reported at August 31, 2025.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability	$ 161,700,777	$ 101,236,772	$ 51,138,045

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

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The District reported a liability of $101,236,722 and $105,319,038 for its proportionate share of the TRS's net pension liability at August 31, 2025 and 2024, respectively. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District at August 31, 2025 and 2024 were as follows:

	FY25	FY24
District's proportionate share of the collective net pension liability	$ 101,236,772	$ 105,319,038
State's proportionate share that is associated with District	81,703,242	86,067,918
Total	$ 182,940,014	$ 191,386,956

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

At the measurement date of August 31, 2024, the District's proportion of the collective net pension liability was 0.1657332210%, which was an increase of 0.0124088648% from its proportion measured as of August 31, 2023. At the measurement date of August 31, 2023, the District's proportion of the collective net pension liability was 0.1533243562%, which was an increase of 0.0029638746% from its proportion measured as of August 31, 2022.

For the year ended August 31, 2025, the District recognized pension expense of $4,130,048 and additional on-behalf revenue and expense of $9,764,903 for support provided by the State. For the year ended August 31, 2024, the District recognized pension expense of $8,338,698 and additional on-behalf revenue and expense of $12,995,511 for support provided by the State.

11. EMPLOYEES' RETIREMENT PLANS (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 5,580,033	$ 790,407
Changes in actuarial assumptions	5,227,071	700,772
Net difference between projected and actual investment earnings	615,382	
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	6,897,026	102,146
Contributions paid to TRS subsequent to the measurement date	10,758,852	-
Total	$ 29,078,364	$ 1,593,325

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

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

The $10,758,852 amount reported at August 31, 2025 as deferred outflows of resources related to pensions resulting from District contributions to the pension plan made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending August 31, 2026.

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

Year ending August 31,	Pension Expense Amount
2026	$ 1,966,972
2027	12,408,722
2028	2,560,466
2029	(1,290,808)
2030	1,080,835
Thereafter	-

11. EMPLOYEES' RETIREMENT PLANS (continued)

Optional Retirement Plan (ORP) – Defined Contribution Plan
Plan Description: The State has also established an optional retirement program for institutions of higher education. Participation in the ORP is in lieu of participation in the TRS. The optional retirement program is a defined contribution plan that provides for the purchase of annuity contracts and operates under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C.

Funding Policy: Contribution requirements are not actuarially determined but are established and amended by the Texas State Legislature. Since individual annuity contracts are purchased, the State has no additional or unfunded liability for this program. Senate Bill 1812, effective September 1, 2013, limits the amount of the State's contribution to 50% of eligible employees in the reporting district.

Total payroll for the District and for employees under each retirement plan, retirement expense for the State and the District, and contribution rates mandated by the State for the years ended August 31, 2025, 2024 and 2023 are as follows:

	2025	2024	2023
Payroll - all District employees	$ 300,303,913	$ 267,803,106	$ 243,427,345
Payroll - TRS participants	239,120,244	207,481,380	181,562,648
Payroll - ORP participants	28,528,785	28,148,527	29,007,092
Total required annual contributions:			
State on-behalf contributions	$ 8,466,773	$ 7,358,859	$ 6,651,605
District contributions	11,931,727	10,826,745	9,580,381
District/State contribution percentages - TRS	8.25%	8.25%	8.00%
Participant contribution percentages - TRS	8.25%	8.25%	8.00%
District/State contribution percentages - ORP	8.25%	8.25%	8.00%
Participant contribution percentages - ORP	6.65%	6.65%	6.65%

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

12. DEFERRED COMPENSATION PROGRAM

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

A total of approximately $1,921,000 was contributed by 303 District employees under the Internal Revenue Code Section 403(b) Tax Sheltered Annuity program including designated Roth accounts and 235 participants contributed a total of approximately $1,202,000 to a Section 457 Deferred Compensation Plan in the fiscal year ended August 31, 2025.

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

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

13. COMPENSABLE ABSENCES

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

On an annual basis, the District allows regular, full-time employees who earn vacation hours to elect to be paid for any accrued and unused hours from the employee’s available vacation balance in 8-hour increments up to 80 hours if they meet all conditions. For the year ending August 31, 2025, a total of 707 employees redeemed approximately 44,000 hours, valued at around $1,800,000. In comparison, for the year ended August 31, 2024, 640 employees redeemed approximately 41,000 hours, totaling about $1,700,000.

The District recognizes the accrued liability for annual leave as a liability in the Statements of Net Position (see also Note 7). The current portion of the annual leave liability is that which is projected to be paid during the next fiscal year and is based on a five-year average. The total accrued at August 31, 2025 and 2024 for annual leave was approximately $10,200,000, and $9,200,000, respectively.

14. DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables at August 31, 2025 and 2024 were as follows:

	2025	2024
Tuition and fees receivable	$ 20,782,780	$ 16,938,549
Taxes receivable	15,489,043	13,796,219
Contracts and grants receivable	29,850,872	28,879,918
Interest receivable	1,328,205	1,141,330
Other receivables	8,367,705	6,078,291
Subtotal	75,818,605	66,834,307
Less allowance for doubtful accounts:		
Tuition and fees receivable	13,796,725	12,790,633
Taxes receivable	13,008,258	11,118,847
Other receivables	153,493	190,129
Net accounts receivable and notes receivable	$ 48,860,128	$ 42,734,698

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

14. DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES (continued)

Accounts payable and accrued liabilities at August 31, 2025 and 2024 were as follows:

	2025	2024
Accounts payable to vendors	$ 53,155,296	$ 21,235,397
Accrued liabilities:		
Salaries and benefits	9,730,507	13,620,274
Construction retainage	9,601,909	8,294,998
Bond interest	1,792,680	2,054,594
Workers' compensation claims	826,129	863,890
Other	1,199,031	736,526
Total accounts payable and accrued liabilities	$ 76,305,553	$ 46,805,679

15. FUNDS HELD FOR OTHERS

The District holds unapplied Federal Direct Loan Program funds, funds for certain students and funds for student and staff organizations. These amounts are reflected in the Statements of Net Position as funds held for others in the amount of $1,373,974 and $1,175,230 as of August 31, 2025 and 2024, respectively.

16. CONTRACT AND GRANT AWARDS

Contract and grant revenue for which funds have been expended is included in the Statements of Revenues, Expenses and Changes in Net Position. Contract and grant awards for which funds have been expended but not yet collected are included in Accounts Receivable in Exhibit 1, Statements of Net Position. Contract and grant awards for which funds have been received but not yet expended are included in unearned income in the Statements of Net Position. Contract and grant awards that are not yet funded and for which the District has not yet performed services are not included in the financial statements. Contract and grant award funds already committed, e.g., multi-year awards, or funds awarded during fiscal years ended August 31, 2025 and 2024 for which no expenses have been incurred, totaled approximately $176,800,000 and $170,500,000, respectively.

17. SELF-INSURED AND RISK MANAGEMENT PLANS

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

The District's Workers' Compensation Self-Insurance Fund (the Fund) is administered by a third party. Through the Fund, the District self-insures workers' compensation claims up to $450,000 per occurrence. Individual losses of over $450,000 are covered by a specific excess insurance policy up to the maximum statutory benefit per occurrence. Additionally, $3,284,516 of unrestricted net position has been designated by the District to cover losses in excess of those covered by insurance and the Fund. The Fund pays the premium for the specific excess insurance policy and assumes all workers' compensation claims and expenses not covered by the policy. The District transfers the workers' compensation standard premium calculated for the District into the Fund.

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

Claims and administrative expenses are paid from the Fund, and the balance is reserved toward future claims. The accrued liability in the Fund presented below represents a provision for unpaid expected claims of approximately $826,000 and $864,000 at August 31, 2025 and 2024, respectively, and is recorded in accounts payable and accrued liabilities in the accompanying Statements of Net Position. These liabilities are generally based on an actuarial valuation and the present value of unpaid expected claims. The discount rate used to calculate the present value of liabilities was 3.84% for both August 31, 2025 and 2024.

Fiscal Year	Beginning of Year Liability	Additions	Deductions	End of Year Liability
2025	$ 863,890	$ 256,194	$ (293,955)	$ 826,129
2024	$ 863,890	$ 313,007	$ (313,007)	$ 863,890

18. HEALTH CARE AND LIFE INSURANCE BENEFITS

The State of Texas pays certain health care and life insurance benefits for active employees. These benefits are provided through an insurance company whose premiums are based on benefits paid during the previous year. The State recognizes the cost of providing these benefits by expending the annual insurance premiums. The State's contribution per eligible full-time employee or retiree was between approximately $625 and $1,223 per month for the year ended August 31, 2025 and between approximately $625 and $1,223 per month for the year ended August 31, 2024.

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

Cost of Providing Health Care Insurance	2025	2024
Number of Retirees	1,492	1,447
Cost of Health Benefits for Retirees	$ 10,729,132	$ 10,763,887
Number of Active Full-time Employees	2,949	2,750
Cost of Health Benefits for Active Full-time Employees	$ 25,113,663	$ 22,753,525
State Appropriation for Health Insurance	$ 15,209,243	$ 15,209,243
District's Expense for Health Insurance	$ 20,633,552	$ 18,308,169

19. OTHER POSTEMPLOYMENT BENEFIT PLAN

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

19. OTHER POSTEMPLOYMENT BENEFIT PLAN (continued)

OPEB Plan Fiduciary Net Position: Detailed information about the GBP's fiduciary net position is available in the separately issued ERS Annual Comprehensive Financial Report that includes financial statements, notes to the financial statements and required supplementary information. That report may be obtained on the Internet at https://ers.texas.gov/about-ers/reports-and-studies/reports-on-overall-ers-operations-and-financial-ma/2024-acfr; or by writing to ERS at: 200 East 18th Street, Austin, TX 78701; or by calling (877) 275-4377. The fiduciary net position of the plan has been determined using the same basis used by the OPEB plan.

Benefits Provided: Retiree health benefits offered through the GBP are available to most State of Texas retirees and their eligible dependents. Participants need at least ten years of service credit with an agency or institution that participates in the GBP to be eligible for GBP retiree insurance. The GBP provides self-funded group health (medical and prescription drug) benefits for eligible retirees under HealthSelect. The GBP also provides a fully insured medical benefit option for Medicare-primary participants under the HealthSelect Medicare Advantage Plan. An eligible retiree who has retired from full-time employment does not contribute toward the cost of coverage for himself/herself, but he/she pays a portion of the cost if he/she covers an eligible spouse or dependent child. The GBP also provides life insurance benefits to eligible retirees via a minimum premium funding arrangement. The authority under which the obligations of the plan members and employers are established and/or may be amended is Chapter 1551, Texas Insurance Code.

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

The following table summarizes the maximum monthly employer contribution toward eligible retirees' health and basic life premium, which is based on a blended rate, for the measurement years ended August 31, 2024, and 2023. Retirees pay any premium over and above the employer contribution. The employer does not contribute toward dental or optional life insurance. Surviving spouses and their dependents do not receive any employer contribution. As the non-employer contributing entity (NECE), the State of Texas pays part of the premiums for the junior and community colleges.

Maximum Monthly Employer Contribution
Retiree Health and Basic Life Premium
For the Measurement Years Ended August 31, 2024 and 2023

	2024	2023
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

19. OTHER POSTEMPLOYMENT BENEFIT PLAN (continued)

Premium contributions to the GBP plan for the year ended August 31, 2025 by source are summarized in the following table.

Premium Contributions by Source
Group Benefits Program Plan
For the Year Ended August 31, 2024

FY2025 Member (Employee) Contributions	$	6,663,183
FY2025 District Contributions		5,678,190
FY2024 State of Texas (NECE) Contributions*		15,209,243

*NECE contributions include both active members and retirees.

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

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

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

*NECE contributions include both active members and retirees.

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

19. OTHER POSTEMPLOYMENT BENEFIT PLAN (continued)

Actuarial Assumptions: For the year ended August 31, 2025, the total OPEB liability was determined by an actuarial valuation as of August 31, 2024 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	August 31, 2024
Actuarial cost method	Entry age
Last experience study	7-year period ending August 31, 2021
Discount rate	3.87%
Projected annual salary increase (includes inflation)	2.30% to 8.95%
Annual healthcare trend rate	5.60% for FY26; 5.60% for FY27; 5.25% for FY28; 5.00% for FY29; 4.75% for FY30, 4.50% for FY31 decreasing 10 basis points per year to an ultimate rate of 4.30% for FY33 and later years
Inflation assumption rate	2.30%
Ad hoc postemployment benefit changes	None
Mortality assumptions:	
Service retirees, survivors and other inactive members	Tables based on TRS experience with Ultimate MP-2021 Projection Scale from the year 2021
Disability retirees	Tables based on TRS experience with Ultimate MP-2021 Projection Scale from the year 2021 using a 3-year set forward and minimum mortality rates of 4 per 100 male members and 2 per 100 female members
Active members	Sex Distinct Pub-2010 Amount-Weighted Below-Median Income Teacher Mortality with a 2-year set forward for males with Ultimate MP-2021 Projection Scale from the year 2010

19. OTHER POSTEMPLOYMENT BENEFIT PLAN (continued)

For the year ended August 31, 2024, the total OPEB liability was determined by an actuarial valuation as of August 31, 2023 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

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

Many of the actuarial assumptions used in this valuation were based on the results of actuarial experience studies performed by the ERS retirement plan actuary as of August 31, 2023 and the TRS retirement plan actuary as of August 31, 2021.

19. OTHER POSTEMPLOYMENT BENEFIT PLAN (continued)

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

- Percentage of current retirees and retiree spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and retiree spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- Proportion of future retirees assumed to be married and electing coverage for their spouse.
- 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.
- Demographic assumptions, including the mortality projection scale for all State Agency members; base mortality for Judges; assumed rates of retirement for certain members who are Regular Class, Elected Class or Certified Peace officers/Custodial Officers; assumed rates of termination for certain members who are Regular Class, Judges or Certified Peace Officers/Custodial Officers; and assumed rates of disability for all State Agency members.
- Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on short-term expectations.
- The Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act and the rate of future increases in the fee have been updated to reflect the most recent available information.

Discount Rate: Because the GBP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bonds rate. The discount rate used to determine the total OPEB liability as of the beginning of the measurement year was 3.81%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 3.87%, which amounted to an increase of 0.06%.

The discount rate was changed from 3.81% to 3.87% as a result of requirements by GASB No. 75 to utilize the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality that is roughly equivalent to Moody's Investors Service's Aa2 rating and S&P Global Ratings Corp's AA rating. Projected cash flows into the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you-go (PAYGO) basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets and therefore the years of projected benefit payments to which the long-term expected rate of return is applicable is zero years.

Discount Rate Sensitivity Analysis: The following schedule shows the impact on the District's proportionate share of the collective net OPEB Liability if the discount rate used was 1 percent less than or 1 percent greater than the discount rate that was used (3.87%) in measuring the net OPEB liability reported at August 31, 2025.

	1% Decrease (2.87%)	Single Discount Rate (3.87%)	1% Increase (4.87%)
District's proportionate share of the net OPEB liability	$ 204,638,328	$ 175,880,803	$ 152,802,568

19. OTHER POSTEMPLOYMENT BENEFIT PLAN (continued)

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

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

Healthcare Trend Rate Sensitivity Analysis: For fiscal year 2025, the initial healthcare trend rate is 5.60% and the ultimate rate is 4.30%. The following schedule shows the impact on the District's proportionate share of the collective net OPEB liability if the healthcare cost trend rate used was 1 percent less than or 1 percent greater than the healthcare cost trend rate that was used (5.60% decreasing to 4.30%) in measuring the net OPEB liability reported at August 31, 2025.

	1% decrease in Healthcare Cost Trend Rates (4.60% decreasing to 3.30%)	Current Healthcare Cost Trend Rates (5.60% decreasing to 4.30%)	1% increase in Healthcare Cost Trend Rates (6.60% decreasing to 5.30%)
District's proportionate share of the net OPEB liability	$ 150,914,574	$ 175,880,803	$ 207,706,016

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

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

Changes of Benefit Terms Since Prior Measurement Date: Minor benefit revisions have been adopted since the prior valuation. These changes, which are not expected to have a significant impact on plan costs for FY2025, are provided for in the FY2025 Assumed Per Capita Health Benefit Costs.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: The District reported a liability of $175,880,803 and $159,531,889 for its proportionate share of the ERS's net OPEB liability at August 31, 2025 and 2024, respectively. This liability reflects a reduction for State support provided to the District for OPEB. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District at August 31, 2025 and 2024 were as follows:

19. OTHER POSTEMPLOYMENT BENEFIT PLAN (continued)

	FY25	FY24
District's proportionate share of the collective net OPEB liability	$ 175,880,803	$ 159,531,889
State's proportionate share that is associated with District	146,155,220	129,745,947
Total	$ 322,036,023	$ 289,277,836

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

At the measurement date of August 31, 2024, the District's proportion of the collective net OPEB liability was 0.600161289%, which was an increase of 0.00305559% from its proportion measured as of August 31, 2023.

For the year ended August 31, 2025, the District recognized negative OPEB expense of $2,034,307 and an additional on-behalf offset to OPEB expense and revenue of $30,117 for support provided by the State. For the year ended August 31, 2024, the District recognized negative OPEB expense of $2,285,665 and an additional on-behalf offset to OPEB expense and revenue of $3,850,457 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ 2,901,828
Changes in actuarial assumptions	9,629,391	35,036,789
Net difference between projected and actual investment earnings	-	6,723
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	4,800,697	246,483
Contributions paid to ERS subsequent to the measurement date*	4,209,301	-
	$ 18,639,389	$ 38,191,823

At August 31, 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:

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

19. OTHER POSTEMPLOYMENT BENEFIT PLAN (continued)

The $4,209.301 amount reported at August 31, 2025 as deferred outflows of resources related to OPEB resulting from District contributions to the OPEB plan made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending August 31, 2025.

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

Year ending August 31,	OPEB Expense Amount
2026	$ (9,444,725)
2027	(8,799,133)
2028	(6,385,109)
2029	59,322
2030	807,912
Thereafter	-

20. AD VALOREM TAX

The District's ad valorem property tax is levied each October 1 on the assessed value as of the prior January 1 for all real and business property located in Bexar County. General information follows for the years ended August 31, 2025 and 2024.

	2025(1)	2024(2)
Assessed valuation of the District	$ 301,849,363,405	$ 285,617,496,468
Less : Exemptions	(41,630,982,310)	(37,734,191,131)
Tax increment financings	(420,187,863)	(390,714,748)
Net assessed valuation of the District	$ 259,798,193,232	$ 247,492,590,589

(1) Based on most recent Supplement to the Certified Total (ARB Approved 2024 supplement 281)

(2) Based on most recent Supplement to the Certified Total (ARB Approved 2023 supplement 266)

The authorized and assessed property tax rates for the years ended August 31, 2025 and 2024 are as follows:

	2025			2024		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Tax rate per $100 valuation (authorized)	$ -	$ -	$ 0.25000000	$ -	$ -	$ 0.25000000
Tax rate per $100 valuation (assessed)	$ 0.10776000	$ 0.04139000	$ 0.14915000	$ 0.10776000	$ 0.04139000	$ 0.14915000

Taxes levied for the years ended August 31, 2025 and 2024 were $365,601,295 and $344,263,311, respectively. State law automatically places a tax lien on all taxable property on January 1 of each year to secure payment. Taxes are due on October 1 of each year and are delinquent if not paid before February 1 of the year following the year in which imposed and are subject to penalties and interest.

20. AD VALOREM TAX (continued)

The tax collection detail at August 31, 2025 and 2024 is as follows:

	2025			2024		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Current taxes	$ 262,017,234	$ 100,173,594	$ 362,190,828	$ 251,234,347	$ 96,498,180	$ 347,732,527
Tax increment financings payment	(96,478)	-	(96,478)	(537,254)	-	(537,254)
Delinquent taxes collected	1,006,368	388,572	1,394,940	1,247,457	481,198	1,728,655
Penalties and interest	2,671,430	1,027,609	3,699,039	2,407,864	925,548	3,333,412
Total	$ 265,598,554	$ 101,589,775	$ 367,188,329	$ 254,352,414	$ 97,904,926	$ 352,257,340

Tax collections for the years ended August 31, 2025 and 2024 were 99.0% and 98.3%, respectively, of the current year's original unadjusted tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted for the use of maintenance and operations and/or general obligation debt service.

21. INCOME TAXES

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

22. OTHER OPERATING REVENUES

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

23. COMMITMENTS AND CONTINGENCIES

As of August 31, 2025 and 2024, various lawsuits and claims involving the District were pending. While the ultimate liability with respect to litigation and other claims asserted against the District cannot be reasonably estimated at this time, this liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the District.

The District has entered into contracts for construction, various renovation projects and for operations. At August 31, 2025 and 2024, the District was committed for approximately $184,825,496 and $178,998,894, respectively.

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

24. SUBSEQUENT EVENTS

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

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

The following footnotes (25A – 25P) are from the audited financial statements of the Alamo Colleges Foundation, Inc. (Foundation) for the years ended December 31, 2024 and 2023.

Notes to Financial Statements

A – ORGANIZATION

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

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

B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

<u>Contributions receivable</u>

Contributions received are recorded as with donor restrictions and without donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions receivable are amounts recorded for unconditional or conditional promises to give by third parties. Unconditional promises to give are recorded at net realizable value if expected to be collected in one year. Amounts that are expected to be collected in future years are discounted to estimate the present value of future cash flows, if material. Conditional promises to give are recorded as refundable advances when received, and are recognized as revenues when the conditions have been met.

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

<u>Fixed assets</u>

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

<u>Presentation of expenses</u>

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

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

- General and Administrative - consists of general supporting services that are necessary for the Foundation's daily operations and coordination of program activities and includes salaries and benefits related to administrative personnel.

- Fundraising - activities are directed at soliciting and receiving funds, gifts, grants and property to enable the Foundation to fulfill its purpose. It also includes salaries and benefits paid to fundraising personnel.

B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Concentrations
The Foundation maintains a portion of its cash balance in accounts which, at times, may exceed Federal Deposit Insurance Corporation (FDIC) limits. One account held by the Foundation was over the FDIC limit in the amount of $1,586,475 and $519,707, at December 31, 2024 and 2023, respectively.

At December 31, 2024, five donors made up 73% of contribution receivables. At December 31, 2023, seven donors made up 85% of contribution receivables.

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

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

C – LIQUIDITY

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

The Foundation's financial assets available within one year of the statement of financial position date for general expenditures as of December 31, 2024 and December 31, 2023 are as follows:

	2024	2023
Financial assets, at year end	$ 89,167,530	$ 79,105,647
Less those unavailable for general expenditure within one year due to:		
Endowments invested in perpetuity	(27,734,468)	(24,966,744)
Restricted by donor with time or purpose restrictions	(59,048,759)	(53,560,278)
Financial assets available to meet cash needs for general expenditures within one year	$ 2,384,303	$ 578,625

Included in restricted fund amounts are amounts that can be spent for scholarships and program support in FY25. In addition, the Foundation also receives in-kind contributions from the Alamo Colleges District for personnel costs and donated office space, as described in Note I, which helps to offset costs for general expenditures.

D – CONTRIBUTIONS RECEIVABLE

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

Total contributions receivable at December 31, 2024 and 2023 were as follows:

	2024	2023
Promises to give expected to be collected in:		
Less than one year	$ 2,074,476	$ 1,450,917
One to five years	200,000	345,000
	2,274,476	1,795,917
Less discount on promises to give	(14,880)	(17,260)
Less allowance for uncollectible accounts	(35,750)	(36,813)
Net contributions receivable	$ 2,223,846	$ 1,741,844

The discount rates used in discounting contributions receivable ranged between 4.16% and 4.27% as of December 31, 2024. The discount rates used in discounting contributions receivable ranged between 3.93% and 4.79% as of December 31, 2023.

D – CONTRIBUTIONS RECEIVABLE (continued)

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

E – INVESTMENTS

The composition of the Foundation's investments as of December 31, 2024 and 2023 is as follows:

Type of Security	2024 Fair Value	2023 Fair Value
Fixed income securities	$ 15,045,119	$ 15,081,513
Mutual funds/exchange-traded funds	60,101,804	52,780,727
Marketable securities	8,679,636	7,555,342
Total	$ 83,826,559	$ 75,417,582

Net investment income for the years ended December 31, 2024 and 2023 is comprised of the following:

	2024	2023
Interest and dividend income	$ 1,813,534	$ 1,535,406
Net gain on investments	6,393,791	7,859,258
Total	$ 8,207,325	$ 9,394,664

The Foundation elects to net investment expenses with earnings from investments. Total investment expenses in 2024 and 2023 were $257,154 and $229,961, respectively.

The Foundation invests in various investment instruments which are exposed to various risks such as interest rate, market and credit risks. In FY22, investments experienced a significant decline due to challenging market conditions. However, the market began to recover in FY23 and continued to improve through FY24, resulting in investment gains in both fiscal years.

F – FUNCTIONAL EXPENSES

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

F – FUNCTIONAL EXPENSES (continued)

Functional expenses categorized by program support and scholarships, general and administrative and fundraising costs for the year ended December 31, 2024 are as follows:

	Program Support and Scholarships	General and Administrative	Fundraising	Total
Year ended December 31, 2024:				
Scholarships and educational support	$ 8,952,757	$ -	$ 931	$ 8,953,688
Salaries and benefits	325,056	720,474	513,478	1,559,008
Rent	10,097	16,693	15,949	42,739
Professional services	-	14,250	-	14,250
Software	19,425	32,116	30,685	82,226
Professional development, fees and subscriptions	16,492	27,268	26,052	69,812
Other	22,312	36,892	35,247	94,451
Total	$ 9,346,139	$ 847,693	$ 622,342	$ 10,816,174

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

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

G – NET ASSETS

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

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

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

G – NET ASSETS (continued)

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

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

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

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

Net assets and classifications of related unappropriated income at December 31, 2024 and 2023 are as follows:

	Net assets without Donor Restrictions	Non-endowed Funds	Accumulated Gains	Endowed Funds	Total
As of December 31, 2024					
Endowment funds	$ 415,806	$ 45,309,715	$ 13,739,044	$ 27,734,468	$ 87,199,033
As of December 31, 2023					
Endowment funds	$ 421,867	$ 43,432,716	$ 10,127,562	$ 24,966,744	$ 78,948,889

G – NET ASSETS (continued)

The changes in net assets and related income classification for the year ended December 31, 2024 are as follows:

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions: Non-endowed Funds	Accumulated Gains	Endowed Funds	Total
Beginning of year	$ 421,867	$ 43,432,716	$ 10,127,562	$ 24,966,744	$ 78,948,889
Contributions	619,220	7,063,245	71,232	1,242,810	8,996,507
In-kind revenue	1,862,486	-	-	-	1,862,486
Investment return:					
Interest and dividends	6,933	690,034	1,116,567	-	1,813,534
Gain on investments	-	2,759,436	3,634,355	-	6,393,791
Net assets released from restrictions	8,877,974	(7,986,021)	(891,953)	-	-
Total revenues	11,366,613	2,526,694	3,930,201	1,242,810	19,066,318
Expenses and appropriation of endowment assets for expenditure	(10,816,174)	-	-	-	(10,816,174)
Deductions:					
Designated transfers	(556,500)	(649,695)	(318,719)	1,524,914	-
Increase in net assets	(6,061)	1,876,999	3,611,482	2,767,724	8,250,144
End of year	$ 415,806	$ 45,309,715	$ 13,739,044	$ 27,734,468	$ 87,199,033

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

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

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Act requires the Foundation to retain as a fund of perpetual duration, referred to as underwater endowments. As of December 31, 2024 and 2023, the Foundation did not have any such deficiencies.

G – NET ASSETS (continued)

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period as well as board-designated funds.

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

Under the laws of the State of Texas, the Board of Directors may appropriate for expenditure, for the uses and purposes for which the endowment was established, a prudent rate of spending considering the duration and preservation of the endowment. The Board of Directors determines the amount of such appropriation annually. The rate for 2024 and 2023 was 4.4% and 4.4%, respectively. The rate for 2025 has been set at 4.6%.

H – NON-ENDOWED NET ASSETS

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

	2024	2023
Academic Support	$ 36,732,692	$ 37,665,932
Scholarships	8,577,023	5,766,784
Net assets with donor restrictions (non-endowed funds)	$ 45,309,715	$ 43,432,716

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

	2024	2023
Academic Support	$ 3,747,170	$ 2,654,348
Scholarships	4,238,851	2,027,412
Net assets with donor restrictions (non-endowed funds) released from restriction	$ 7,986,021	$ 4,681,760

I – CONTRIBUTED NONFINANCIAL ASSETS

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

I – CONTRIBUTED NONFINANCIAL ASSETS (continued)

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

Contributed Nonfinancial Assets	2024	2023
Salaries and benefits	$ 1,559,008	$ 1,364,381
Rent	42,739	42,739
Advertising and promotions	10,542	23,993
Professional Services	14,250	13,800
Software	82,226	79,129
Professional Development, fees and subscriptions	69,812	14,227
Other	83,909	95,432
Total	$ 1,862,486	$ 1,633,701

All of the Foundation employee costs and benefits are provided by Alamo Colleges District. During fiscal year 2024, the Foundation received donated services for management, fundraising activities and campaigns, day to day operations including cashiering and accounting for donations, donor relations, managing donor activity, donor tax information, managing and distributing scholarships and program support, accounting, and other operational services.

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

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

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

In-kind gifts of assets and services accepted by the Foundation, but for which Alamo Colleges District receives all operational benefits, are recorded by Alamo Colleges District. In fiscal year 2024 and 2023, the approximate amount of those donations were $34,821 and $194,901, respectively.

J – FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

J – FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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

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

The fair value hierarchy of investments at December 31, 2024 is as follows:

	2024			
	Level 1	Level 2	Level 3	Total
Fixed income securities	$ -	$ 15,045,119	$ -	$ 15,045,119
Mutual funds / exchange-traded funds	60,101,804	-	-	60,101,804
Marketable securities	8,679,636	-	-	8,679,636
Total	$ 68,781,440	$ 15,045,119	$ -	$ 83,826,559

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

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

K – SUPPORT AGREEMENT AND RELATED PARTY TRANSACTIONS

By agreement, the Alamo Colleges District provides administrative support for Foundation activities at a level determined to be appropriate, but only to the extent of availability of funds within the District's budget. Administrative support provided includes office space and an Executive Director and staff for the Foundation. The total support provided by the District to the Foundation in the fiscal years ended December 31, 2024 and 2023 was valued at approximately $1,862,486 and $1,633,701, respectively, and is included in the financial statements as net assets without restrictions in-kind revenue.

From time to time the Foundation remits scholarship funds to the District to cover tuition, books, and other student fees for specified students. During the years ended December 31, 2024 and 2023, the Foundation remitted a total of $2,681,472 and $2,123,209 to the District to fund approximately 3,339 and 3,464 scholarships, respectively.

K – SUPPORT AGREEMENT AND RELATED PARTY TRANSACTIONS (continued)

In addition, for the years ended December 31, 2024 and 2023, the Foundation remitted $2,976,187 and $1,867,346 respectively, to the District for program related costs.

L – FUTURE COMMITMENTS

At December 31, 2024, there are no outstanding donor match commitments for the Alamo Colleges Foundation.

M – COMMITMENTS

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

N – RESTRICTED TITLE III AND TITLE V FUNDS

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

O – NET ASSETS WITHOUT RESTRICTIONS

Net assets without restrictions are comprised of net assets that are not subject to donor-imposed stipulations. The balances comprising net assets without restrictions as of December 31, 2024 and 2023 were as follows:

	2024	2023
Net assets without donor restrictions / undesignated	$ 415,806	$ 421,867

P – SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 22, 2025, the date the financial statements were available to be issued and no changes were necessary to be made to the financial statements as a result of this evaluation.

26. ACCD PUBLIC FACILITY CORPORATION – DISCRETE COMPONENT UNIT

The following footnotes (26A – 26F) are from the audited financial statements of ACCD Public Facility Corporation (PFC) for the years ended August 31, 2025 and 2024.

A – REPORTING ENTITY

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

A – REPORTING ENTITY (continued)

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

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

B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting
The financial statements of the PFC are prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) established by GASB. These financial statements have been prepared on the accrual basis of accounting, whereby all revenues are recorded when earned, and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

Cash
Cash consists solely of demand deposits held at a bank fully insured by the Federal Deposit Insurance Corporation (FDIC). At August 31, 2025 and 2024, the PFC had $0 in excess of the FDIC insurance limit.

Lease Receivable
The PFC is a lessor for a non-cancelable lease of property with an unrelated third party. The PFC recognized a lease receivable and a deferred inflow of resources in the Statement of Net Position. The lease provides for annual base payments with provisions for adjustments based on the Consumer Price Index (CPI).

At the commencement of the lease, the PFC initially measured the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources was initially measured as the initial amount of the lease receivable. Subsequently, the deferred inflows of resources is recognized as revenue over the life of the lease term on a straight-line basis.

Key estimates and judgements related to the lease include the determination of the discount rate used to discount the expected lease receipts to present value and determination of the noncancelable lease term.

The PFC used the interest rate on the previous ground lease assumed by the current tenant as the discount rate for the existing lease. The lease term includes the non-cancelable period of the lease. Lease payments included in the measurement of the lease receivable are composed of fixed payments from the lessee and variable payments from the lessee that are dependent on changes to the Consumer Price Index, measured annually.

B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Deferred Inflows of Resources
The Statement of Net Position includes a separate section for deferred inflows of resources, which represent an acquisition of net assets that applies to future periods and thus, will not be recognized as an inflow of resources (revenue) until then. The PFC has recorded a deferred inflow of resources related to leases. For additional information, see Note C.

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

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

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

Capital Contributions
For the year ended August 31, 2025, there were no capital contributions recorded. For the year ended August 31, 2024, there were no capital contributions recorded.

Revenue Recognition and Unearned Revenues
Revenue is recorded when earned.

B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating and Non-operating Expenses
The PFC distinguishes operating expenses from non-operating expenses. For the years ended August 31, 2025 and 2024, operating expenses consist of bank charges related to the operating cash account and depreciation on capital assets.

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

C – LEASE RECEIVABLE

The PFC, as lessor, entered into a lease agreement with 1415 N. Main, formerly known as JWCM Credit Opportunities Fund I, L.P. The lease term is September 24, 2021 through December 31, 2096. In exchange for 13,100 square feet of retail space, club house, laundry, garage, and other related Landlord-owned facilities, the PFC will receive monthly administrative rent payments through December 31, 2096. The initial annual payment amount was $20,000. For every year following the initial year, the administrative rent shall be due, calculated as the aggregate of the administrative rent paid for the immediately preceding year, multiplied by the CPI adjuster. Accordingly, the PFC is recording a lease receivable in the amount of $475,065 at inception, computed as the present value of future lease payments, discounted at an interest rate of 4.0%. The PFC began receiving lease payments in October 2021.

Lease receivable through August 31, 2025 were as follows:

	Interest Rate(s)	Receivable At Commencement	Lease Term In Years	Balance 8/31/2025	Balance 8/31/2024
Business-type Activities					
Building spaces at Tobin Lofts on 1415 N. Main	4.00%	$ 475,065	75	$ 470,843	$ -
Total leases receivable				$ 470,843	$ -

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

D – CAPITAL ASSETS

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

	Balance 9/1/2024	Increases	Decreases	Balance 8/31/2025
Not Depreciated:				
Land	$ 5,099,847	$ -	$ -	$ 5,099,847
Subtotal	5,099,847	-	-	5,099,847
Subject to Depreciation:				
Land improvements	2,480,904	-	-	2,480,904
Building	25,639,287	-	-	25,639,287
Building improvements	4,496,639	-	-	4,496,639
Furniture, fixtures & equipment	1,801,809	12,719	-	1,814,528
Total subject to depreciation	34,418,639	12,719	-	34,431,358
Total capital assets	39,518,486	12,719	-	39,531,205
Accumulated Depreciation:				
Land improvements	2,480,903	-	-	2,480,903
Building	6,407,162	640,982	-	7,048,144
Building improvements	752,348	416,198	-	1,168,546
Furniture, fixtures & equipment	1,781,079	14,738	-	1,795,817
Total accumulated depreciation	11,421,492	1,071,918	-	12,493,410
Net capital assets	$ 28,096,994	$ (1,059,198)	$ -	$ 27,037,796

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

D – CAPITAL ASSETS (continued)

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

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

E – NONCURRENT LIABILITIES

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

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

E – NONCURRENT LIABILITIES (continued)

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

As of August 31, 2025, noncurrent liabilities are $1,362,860 with activity for the fiscal year as follows:

	Note Payable			
	Balance 9/1/24	Additions	Reductions	Balance 8/31/25
Note payable to Alamo Community College District	$ 1,362,860	$ -	$ -	$ 1,362,860
Total note payable	$ 1,362,860	$ -	$ -	$ 1,362,860

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

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

F – INCOME TAXES

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

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Required Supplementary Information

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ALAMO COMMUNITY COLLEGE DISTRICT

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

Fiscal year ended August 31*,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportionate share of collective net pension liability (%)	0.1657332210%	0.1533243562%	0.1503604816%	0.1491190618%	0.1466583601%	0.1465692386%	0.1513076223%	0.1709877316%	0.1591812086%	0.162917000%
District's proportionate share of collective net pension liability ($)	$ 101,236,722	$ 105,319,038	$ 89,265,151	$ 37,975,348	$ 78,547,226	$ 76,191,272	$ 83,283,387	$ 54,672,665	$ 60,152,212	$ 57,588,991
State's proportionate share of net pension liability associated with District	81,703,242	86,067,918	72,592,477	32,006,223	66,451,167	62,672,785	67,075,692	31,367,944	34,396,610	31,874,468
Total	182,939,964	191,386,956	161,857,628	69,981,571	144,998,393	138,864,057	150,359,079	86,040,609	94,548,822	89,463,459
District's covered payroll	$ 207,481,380	$ 181,562,648	$ 165,846,480	$ 156,470,787	$ 149,218,481	$ 139,439,475	$ 135,309,910	$ 128,722,459	$ 116,013,872	$ 109,267,415
District's proportionate share of collective net pension liability as a percentage of covered payroll	48.79%	58.01%	53.82%	24.27%	52.64%	54.64%	61.55%	42.47%	51.85%	52.70%
TRS fiduciary net position as percentage of the total pension liability	77.51%	73.15%	75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%

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

ALAMO COMMUNITY COLLEGE DISTRICT

Schedule of District Contributions for Pensions
Last Ten Fiscal Years

Fiscal year ended August 31*,	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Legally required contributions	$ 10,758,852	$ 9,232,518	$ 7,889,279	$ 7,015,286	$ 6,363,260	$ 6,051,648	$ 5,128,423	$ 5,091,852	$ 5,603,980	$ 5,057,590
Actual contributions	10,758,852	9,232,518	7,889,279	7,015,286	6,363,260	6,051,648	5,128,423	5,091,852	5,603,980	5,057,590
Contributions deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered payroll	$ 239,120,244	$ 207,481,380	$ 181,562,648	$ 165,846,480	$ 156,470,787	$ 149,218,481	$ 139,439,475	$ 135,309,910	$ 128,722,459	$ 116,013,872
Contributions as a percentage of covered payroll	4.50%	4.45%	4.35%	4.23%	4.07%	4.06%	3.68%	3.76%	4.35%	4.36%

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

Notes to Required Supplementary Information
Net Pension Liability
For Year Ended August 31, 2025

Changes since Prior Actuarial Valuation

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

Factors that Significantly Affect Trends in Pension RSI Schedules

2025: Changes of assumptions: There were no changes in assumptions since the prior measurement date.

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

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

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

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

2020: None.

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

ALAMO COMMUNITY COLLEGE DISTRICT

Schedule of District's Proportionate Share of Net OPEB Liability
Last 8 Fiscal Years**

Fiscal year ended August 31*,	2025	2024	2023	2022	2021	2020	2019	2018
District's proportionate share of collective net OPEB liability (%)	0.60016128%	0.59295167%	0.59295167%	0.57490306%	0.55109854%	0.54897548%	0.54929788%	0.46476038%
District's proportionate share of collective net OPEB liability ($)	$ 175,880,803	$ 159,531,889	$ 168,913,939	$ 206,249,390	$ 182,108,484	$ 189,740,609	$ 162,799,490	$ 158,357,860
State's proportionate share of net OPEB liability associated with District	146,155,220	129,745,947	139,914,890	171,379,645	157,821,125	163,945,598	138,602,473	138,445,196
Total	322,036,023	289,277,836	308,828,829	377,629,035	339,929,609	353,686,207	301,401,963	296,803,056
District's covered employee payroll	$ 218,102,991	$ 200,795,566	$ 185,032,712	$ 172,319,143	$ 167,098,184	$ 156,063,712	$ 154,055,166	$ 150,672,061
District's proportionate share of collective net OPEB liability as a percentage of covered employee payroll	80.64%	79.45%	91.29%	119.69%	108.98%	121.58%	105.68%	105.10%
ERS fiduciary net position as percentage of the total OPEB liability	0.47%	0.63%	0.57%	0.38%	0.32%	0.17%	2.04%	2.04%

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

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

ALAMO COMMUNITY COLLEGE DISTRICT

Schedule of District Contributions for OPEB
Last 8 Fiscal Years**

Fiscal year ended August 31*,	2025	2024	2023	2022	2021	2020	2019	2018
Legally required contributions	$ 5,678,190	$ 5,718,243	$ 5,271,176	$ 5,124,159	$ 4,847,826	$ 4,771,778	$ 4,629,201	$ 4,465,565
Actual contributions***	5,678,190	5,718,243	5,271,176	5,124,159	4,847,826	4,771,778	4,629,201	4,465,565
Contributions deficiency (excess)	-	-	-	-	-	-	-	-
District's covered employee payroll	$ 246,759,389	$ 218,102,991	$ 200,795,566	$ 185,032,712	$ 172,319,143	$ 167,098,184	$ 156,063,712	$ 154,055,166
Contributions as a percentage of covered employee payroll	2.30%	2.62%	2.63%	2.77%	2.81%	2.86%	2.97%	2.90%

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

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

***Due to a change in accounting principle implemented by ERS in FY19, District employer contributions transferred into the SRHP plan for postemployment benefits were $4,209,301, as reported in Footnote 19.

Notes to Required Supplementary Information
Net OPEB Liability
For the Year Ended August 31, 2025

Changes since Prior Actuarial Valuation

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

- The discount rate was changed from 3.81% as of August 31, 2023 to 3.87% as of August 31, 2024 as a result of requirements by GASB No. 75 to utilize the yield or index rate for 20-year, tax-exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.
- Percentage of current retirees and retiree spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and retiree spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- Proportion of future retirees assumed to be married and electing coverage for their spouse.
- 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.
- Demographic assumptions, including the mortality projection scale for all State Agency members; base mortality for Judges; assumed rates of retirement for certain members who are Regular Class, Elected Class or Certified Peace Officers/Custodial Officers (CPO/CO); assumed rates of termination for certain members who are Regular Class, Judges or Certified Peace Officers/Custodial Officers (CPO/CO); and assumed rates of disability for all State Agency members.
- The expenses directly related to the payment of GBP health benefits for (a) HealthSelect medical services and (b) prescription drug benefits under HealthSelect and HealthSelect Medicare Advantage have been updated since the previous valuation to reflect recent new administrative services contracts.
- Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on short-term expectations.
- The Patient-Centered Outcomes Research Institute (PCORI) fee payable under the Affordable Health Care Act (ACA) and the rate of future increases in the fee have been updated to reflect recent the most recent information available.

Changes to Benefit Terms

Minor benefit revisions have been adopted since the prior valuation. These changes, which are not expected to have a significant impact on plan costs for FY2025, are provided for in the FY2025 Assumed Per Capita Health Benefit Costs.

APPENDIX B

EXCERPTS FROM THE RESOLUTION

APPENDIX B

EXCERPTS FROM THE RESOLUTION

The following constitutes a summary of certain selected provisions of the Resolution. This summary should be qualified by reference to other provisions of the Resolution referred to elsewhere in this Official Statement, and all references and summaries pertaining to the Resolution in this Official Statement are, separately and in whole, qualified by reference to the exact terms of the Resolution, a copy of which may be obtained from the District.

* * * *

SECTION 9. Definitions. For all purposes of this Resolution (as defined below), except as otherwise expressly provided or unless the context otherwise requires: (i) the terms defined in this Section have the meanings assigned to them in this Section, and certain terms used in Sections 34 and 50 of this Resolution have the meanings assigned to them in such Sections, and all such terms include the plural as well as the singular; (ii) all references in this Resolution to designated "Sections" and other subdivisions are to the designated Sections and other subdivisions of this Resolution as originally adopted; and (iii) the words "herein", "hereof", and "hereunder" and other words of similar import refer to this Resolution as a whole and not to any particular Section or other subdivision.

A. The term *Additional Senior Lien Obligations* shall mean the additional parity revenue bonds the Issuer reserves the right to issue in accordance with the terms and conditions prescribed in Section 19 of this Resolution and which obligations are equally and ratably secured by a first and prior lien on and pledge of the Pledged Revenues on a parity with the then-Outstanding Senior Lien Obligations.

B. The term *Annual Debt Service* shall mean, as of a particular date of computation and with respect to a particular Fiscal Year and to any Outstanding Senior Lien Obligations, an amount of money equal to the aggregate of all interest payable during such Fiscal Year on all bonds of said series Outstanding on said date, plus all principal installments payable during such Fiscal Year with respect to all bonds of said series Outstanding on said date of computation, and less the portion of such principal and/or interest that the Issuer expects will be paid from the proceeds of Debt or such other lawfully available funds of the Issuer to be utilized for such purpose, all calculated on the assumption that the bonds of said series will cease to be Outstanding by reason of the payment when due of principal installments payable at or after said date of computation with respect to the bonds of said series in accordance with this Resolution or the resolution or resolutions authorizing any series of Additional Senior Lien Obligations.

C. The term *Authorized Officials* shall mean the Chairman of the Board, the Secretary of the Board, the Chancellor, and/or the Vice Chancellor for Financial and Auxiliary Services (which shall include any person serving in the foregoing capacity on an interim or non-permanent basis).

D. The term *Average Annual Debt Service Requirements* shall mean, as of any particular date of computation, the aggregate of the Annual Debt Service of the Senior Lien Obligations divided by the number of years from the date of computation to the date of which the last outstanding Senior Lien Obligations matures. For purposes of this computation, a fraction of a year will be considered a full year.

E. The term *Board* shall mean the Board of Trustees of the Alamo Community College District.

F. The term *Bonds* shall mean the obligations of the Issuer authorized by this Resolution designated as "ALAMO COMMUNITY COLLEGE DISTRICT REVENUE FINANCING SYSTEM SENIOR LIEN REVENUE REFUNDING BONDS, SERIES 2026, dated _____, 2026, in the original principal amount of $__,___,___.

G. The term *Bond Fund* shall mean the special Fund created and established by the provisions of Section 13 of this Resolution.

H. The term *Closing Date* shall mean the date of physical delivery of the Initial Bond in exchange for the payment in full by the Purchasers.

I. The term *Colleges* shall mean San Antonio College, St. Philip's College, Palo Alto College, Northwest Vista College, Northeast Lakeview College, and other junior college campuses in Bexar County, Texas, or elsewhere as permitted by law, being junior colleges now or hereafter owned and operated by the Alamo Community College District and its Board, including all campuses, buildings, facilities and services thereof.

J. *Concurrently Adopted Resolution* shall mean the resolution of the Board adopted on the date of and concurrently with this Resolution pursuant to which the Series 2026 Variable Rate Bonds, from time to time and in one or more series, are authorized to be issued.

K. The term *Credit Agreement* shall mean a loan agreement, revolving credit agreement, agreement establishing a line of credit, letter of credit, reimbursement agreement, insurance contract, commitments to purchase Debt, purchase or sale agreements, interest rate swap agreements, or commitments or other contracts or agreements authorized, recognized, and approved by the Issuer as a Credit Agreement in connection with the authorization, issuance, security, or payment of any Debt.

L. The term *Debt* shall mean:

(1) all indebtedness payable from Pledged Revenues incurred or assumed by the Issuer for borrowed money (including indebtedness payable from Pledged Revenues arising under Credit Agreements) and all other financing obligations of the Issuer payable from Pledged Revenues that, in accordance with generally accepted accounting principles, are shown on the liability side of a balance sheet; and

(2) all other indebtedness payable from Pledged Revenues (other than indebtedness otherwise treated as Debt hereunder) for borrowed money or for the acquisition, construction, or improvement of property or capitalized lease obligations of the Issuer that are guaranteed, directly or indirectly, in any manner by the Issuer, or that is in effect guaranteed, directly or indirectly, by the Issuer through an agreement, contingent or otherwise, to purchase any such indebtedness or to advance or supply funds for the payment or purchase of any such indebtedness or to purchase property or services primarily for the purpose of enabling the debtor or seller to make payment of such indebtedness, or to assure the owner of the indebtedness against loss, or to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether or not such property is delivered or such services are rendered), or otherwise.

For the purpose of determining *Debt*, there shall be excluded any particular Debt if, upon or prior to the Stated Maturity thereof, there shall have been deposited with the proper depository (a) in trust the necessary funds (or investments that will provide sufficient funds, if permitted by the instrument creating such Debt) for the payment, redemption, or satisfaction of such Debt or (b) evidence of such Debt deposited for cancellation; and thereafter it shall not be considered Debt.

No item shall be considered Debt unless such item constitutes indebtedness under generally accepted accounting principles applied on a basis consistent with the financial statements of the Issuer in prior Fiscal Years.

M. The term *Depository* shall mean an official depository bank of the Issuer.

N. The term *Fiscal Year* shall mean the 12-month operational period of the Issuer ending on August 31 of each year or any other twelve month period established by the Board.

O. The term *General Fund* shall mean that portion of the operating budget approved by the Board. It includes State appropriated funds, certain receipts of federal funds and grants, ad valorem taxes, and pursuant to current State law, the Issuer's student services fee to be segregated and separately accounted for in accordance with State law.

P. The term *Government Securities*, as used herein, shall mean (i) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by, the United States of America; (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent; (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent; or (iv) any additional securities and obligations hereafter authorized by the laws of the State of Texas as eligible for use to accomplish the discharge of obligations such as the Bonds.

Q. The term *Holder* or *Holders* shall mean the registered owner, whose name appears in the Security Register, for any Bond.

R. The term *Inferior Lien Obligations* shall mean (i) any bonds, notes, warrants, certificates of obligation, or other Debt hereafter issued by the Issuer that are payable from and equally and ratably secured by a lien on and pledge of the Pledged Revenues that is inferior to the pledge thereof securing payment of the Bonds, the Series 2026 Variable Rate Bonds, or any Additional Senior Lien Obligations or Subordinate Lien Obligations hereafter issued by the Issuer, (ii) any obligations that are issued subject to the limitations in Sections 130.123 or 130.125, as amended, Texas Education Code, and (iii) obligations hereafter issued to refund any of the foregoing if issued in a manner that provides that the refunding bonds are payable from and equally and ratably secured, in whole or in part, by an inferior lien on and pledge of the Pledged Revenues as determined by the Board in accordance with applicable law.

S. The term *Interest Payment Date* shall mean the date semiannual interest is payable on the Bonds, being [May 1 and November 1] of each year, commencing _____ 1, 20__, while any of the Bonds remain Outstanding.

T. The term *Issuer* shall mean the Alamo Community College District.

U. The term *Outstanding* when used in this Resolution with respect to the Bonds, means as of the date of determination all Bonds theretofore issued and delivered under this Resolution, except:

(1) those Bonds theretofore canceled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;

(2) those Bonds for which payment has been duly provided by the Board in accordance with the provisions of Section 28 hereof by the irrevocable deposit with the Paying Agent/Registrar, or an authorized escrow agent, of money or government securities, or both, in the amount necessary to fully pay the principal of, premium, if any, and interest thereon to maturity or redemption, as the case may be, provided that, if such Bonds are to be redeemed, notice of redemption thereof shall have been duly given pursuant to this Resolution or irrevocably provided to be given to the satisfaction of the Paying Agent/Registrar, or waived; and

(3) those Bonds that have been mutilated, destroyed, lost or stolen and replacement Bonds have been registered and delivered in lieu thereof as provided in Section 27 hereof.

V. The term *Pledged Revenues* shall mean (i) all Revenues, to the extent the same may be pledged as security for Debt obligations of the Issuer (including the Senior Lien Obligations) pursuant to applicable State law (including Chapters 54 and 130, as amended, Texas Education Code), as such applicable law may be amended from time to time and (ii) any additional revenues, incoming receipts or other resources including without limitation, any grants, donations or income received or to be received from the United States Government or any other public or private source whether pursuant to an agreement or otherwise, which hereafter may be pledged to the payment of the Senior Lien Obligations.

W. The term *Purchasers* shall mean the initial purchasers of the Bonds named in Section 30 of this Resolution.

X. The term *Resolution* shall mean this resolution adopted by the Board of Trustees of the Issuer on the date hereof.

Y. The term *Revenues* shall mean all revenue of the Issuer derived from the imposition and collection of (i) tuition to be fixed, charged and collected from all students enrolled at the Colleges as part of the regular general tuition at the Colleges and (ii) rentals, rates, charges, and/or fees, including student union fees, from students and others for the occupancy, use, and/or availability of all or any of the Issuer's property, buildings, structures, activities, operations, or facilities, of any nature (but excluding the Issuer's student services or similar fee whose use is specifically limited by State law), in such amounts and in such manner as may be determined from time to time by the Board pursuant to applicable law; provided, however, with respect to the imposition, charge, and collection of any of the foregoing, excepting any category of student now exempt from paying tuition by Chapter 54 of the Texas Education Code, as amended.

Z. The term *Senior Lien Obligations* shall mean the Bonds, the Series 2026 Variable Rate Bonds, and any Additional Senior Lien Obligations hereafter issued by the Issuer or bonds issued to refund any of the foregoing (as determined within the sole discretion of the Board in accordance with applicable law) if issued in a manner that provides that the refunding bonds are payable from and equally and ratably secured by a first and prior lien on and pledge of the Pledged Revenues identified as follows:

(1) "Alamo Community College District Revenue Financing System Senior Lien Revenue and Refunding Bonds, Series 2012A", dated March 1, 2012, in the original principal amount of $55,800,000;

(2) "Alamo Community College District Revenue Financing System Senior Lien Revenue Bonds", dated January 15, 2017, in the original principal amount of $34,880,000; and

(3) Upon issuance, the Bonds.

AA. *Series 2026 Variable Rate Bonds* shall mean the series of revenue bonds known as "Alamo Community College District Revenue Financing System Variable Rate Senior Lien Revenue Refunding Bonds, Series 2026" authorized and issued pursuant to the Concurrently Adopted Resolution.

BB. The term *State* shall mean the State of Texas.

CC. The term *Stated Maturity* shall mean the annual principal payments of the Bonds payable on November 1 of each year, as set forth in Section 2 of this Resolution.

DD. The term *Subordinate Lien Obligations* means (i) any bonds, notes, warrants, certificates of obligation, or other Debt hereafter issued by the Issuer that are payable from and equally and ratably secured by a lien on and pledge of the Pledged Revenues that is junior and/or subordinate and inferior to the pledge thereof securing payment of the Bonds, the Series 2026 Variable Rate Bonds, or any Additional Senior Lien Obligations hereafter issued by the Issuer, (ii) any obligations that are issued subject to the limitations in Sections 130.123 or 130.125, as amended, Texas Education Code, and (iii) obligations hereafter issued to refund any of the foregoing if issued in a manner that provides that the refunding bonds are payable from and equally and ratably secured, in whole or in part, by a junior and/or subordinate and inferior lien on and pledge of the Pledged Revenues as determined by the Board in accordance with applicable law.

EE. The term *Surety Policy* shall mean a surety bond, insurance policy, letter of credit, or other agreement or instrument whereby the Issuer is obligated to provide funds up to and including the maximum amount and under the conditions specified in such agreement or instrument.

FF. The term *Surety Provider* shall mean any entity now or hereafter authorized under applicable Texas law to provide a Surety Policy.

SECTION 10. Pledge of Pledged Revenues. A. The Issuer hereby covenants and agrees that the Pledged Revenues are hereby irrevocably pledged to the payment and security of the Senior Lien Obligations including the establishment and maintenance of the special funds created and established for the payment and security thereof, all as hereinafter provided; and it is hereby resolved that the Senior Lien Obligations, and the interest thereon, shall constitute a lien on and pledge of the Pledged Revenues and be valid and binding without any physical delivery thereof or further act by the Issuer, and the lien created hereby on the Pledged Revenues for the payment and security of the Senior Lien Obligations shall be superior to the lien on and pledge of the Pledged Revenues securing payment of any Subordinate Lien Obligations or Inferior Lien Obligations hereafter issued by the Issuer.

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

SECTION 11. Fees and Charges. For the benefit of the Holders of the Senior Lien Obligations and in addition to all applicable State law provisions and the other covenants in this Resolution, the Issuer hereby expressly stipulates and agrees, while any of the Senior Lien Obligations are Outstanding, to establish, maintain, charge, impose, and collect tuition and other fees that are reasonably expected, on the basis of available information and experience and with due allowance for contingencies, to produce Revenues in each Fiscal Year sufficient:

A. to produce Pledged Revenues sufficient to pay (1) 1.25 times the Annual Debt Service Requirements for such Fiscal Year on the Senior Lien Obligations and (2) the amounts required to be deposited in any reserve or contingency fund created for the payment and security of the Senior Lien Obligations and any other obligations or evidences of indebtedness issued or incurred that are payable from and equally and ratably secured solely by a first and prior lien on and pledge of the Pledged Revenues;

B. to produce Pledged Revenues which are, together with any other lawfully available funds (including the proceeds of Debt which the Issuer expects will be utilized to pay all or part of the principal of and/or interest on any obligations described in this subsection B), sufficient to pay (1) the principal of and interest on any Subordinate Lien Obligations hereafter issued by the Issuer and the amounts required to be deposited in any reserve or contingency fund created for the payment and security of any Subordinate Lien Obligations hereafter issued by the Issuer and any other obligations or evidences of indebtedness issued or incurred that are payable from and equally and ratably secured, in whole or in part, by a subordinate lien on and pledge of the Pledged Revenues; (2) the principal of and interest on any Inferior Lien Obligations hereafter issued by the Issuer as the same become due and payable and to deposit the amounts required to be deposited in any special fund created and established for the payment and security of any Inferior Lien Obligations hereafter issued by the Issuer;

C. to pay, to the extent not paid by other sources of revenues legally available to the Issuer, all of the maintenance and operating expenses of the Issuer by transfer and deposit into the General Fund; and

D. to pay any other Debt payable from the Revenues and/or secured by a lien on any property of the Issuer.

E. Should the annual audit report required by Section 23 hereof reflect that the Pledged Revenues for the Fiscal Year covered thereby were less than necessary to meet the requirements of subsection B of this Section, the Board will, within thirty (30) days after receipt of such annual audit report, review the Issuer's operations and the fees and charges imposed and collected for services provided, and the Board will make the necessary adjustments or revisions, if any, in order that the Pledged Revenues for the next succeeding Fiscal Year will be sufficient to satisfy the foregoing coverage requirement specified in subsection A and/or B above.

SECTION 12. Revenue Fund. The Pledged Revenues are and shall continue to be kept separate and apart from all other income and revenues of the Issuer. To accomplish the separation of the Pledged Revenues, there is hereby created and established and there shall be maintained with the Depository a special fund to be known as "ALAMO COMMUNITY COLLEGE DISTRICT SPECIAL REVENUE BOND FUND" (hereinafter called the "Revenue Fund"). All Pledged Revenues shall be deposited into the Revenue Fund as the same are received. All Pledged Revenues deposited in the Revenue Fund shall be appropriated and expended in the order of priority as follows:

FIRST: to the Bond Fund created for the payment of debt service on the Senior Lien Obligations as the same becomes due and payable;

SECOND: to the Reserve Fund created and established to maintain the amounts required to be deposited in accordance with the provisions of this Resolution or the resolutions relating to the issuance of any Additional Senior Lien Obligations;

THIRD: to the payment of the amounts required to be deposited into the interest and sinking, reserve, or contingency fund to be created and established for the payment, security, and benefit of any Subordinate Lien Obligations hereafter issued by the Issuer (or any Credit Agreements relating thereto) as the same become due and payable;

FOURTH: to the payment of the amounts required to be deposited into the interest and sinking, reserve, or contingency fund to be created and established for the payment, security, and benefit of any Inferior Lien Obligations hereafter issued by the Issuer (or any Credit Agreements relating thereto) as the same become due and payable; and

FIFTH: for any lawful purpose.

SECTION 13. Bond Fund; Excess Bond Proceeds. For the purpose of paying the principal of and interest on Senior Lien Obligations as the same become due, there is hereby created and established and there shall be maintained with a Depository a special account to be known as the "Alamo Community College District Senior Lien Obligations Interest and Sinking Fund" (hereinafter referred to as the *Bond Fund*). The Issuer covenants that it shall deposit into the Bond Fund prior to each principal and interest payment date from the available Pledged Revenues an amount equal to one hundred percent (100%) of the amount required to fully pay the interest on and the principal of the Senior Lien Obligations then falling due and becoming payable, such deposits to pay maturing principal of and accrued interest on the Senior Lien Obligations to be made by the Board in substantially equal monthly installments on or before the business day before the first day of each month, beginning on or before the business day before the first day of the month next following the delivery of the Bonds to the Purchasers. If the Pledged Revenues in any month are insufficient to make the required deposits into the Bond Fund, then the amount of any deficiency in such payment shall be added to the amount otherwise required to be paid into the Bond Fund in the next month.

The required monthly deposits to the Bond Fund for the payment of principal of and interest on the Senior Lien Obligations shall continue to be made as hereinabove provided until such time as (i) the total amount on deposit in the Bond Fund and the Reserve Fund is equal to the amount required to fully pay and discharge all Outstanding Senior Lien Obligations (principal, premium, if any, and interest) or (ii) the Senior Lien Obligations are no longer Outstanding.

Accrued interest, if any, and capitalized interest, if any, received from the initial purchasers of any Senior Lien Obligation shall be taken into consideration and reduce the amount of the monthly deposits hereinabove required to be deposited into the Bond Fund. Additionally, any proceeds of any Senior Lien Obligations not expended for the authorized purposes shall be deposited into the Bond Fund and shall be taken into consideration and reduce the amount of monthly deposits required to be deposited into the Bond Fund from the Pledged Revenues.

SECTION 14. <u>Reserve Fund</u>. To accumulate and maintain a reserve for the payment of the Senior Lien Obligations equal to [___]% of the Average Annual Debt Service Requirements or such lesser amount as restricted by the Code (calculated by the Board at the beginning of each Fiscal Year and as of the date of issuance of the Bonds and each series of Additional Senior Lien Obligations) for the Senior Lien Obligations (the *Required Reserve Amount*), the Issuer hereby creates and establishes, and shall maintain at a Depository a separate and special fund known as the "Alamo Community College District Senior Lien Obligations Reserve Fund" (the *Reserve Fund*). Earnings and income derived from the investment of amounts held for the credit of the Reserve Fund shall be retained in the Reserve Fund until the Reserve Fund contains the Required Reserve Amount; thereafter, such earnings and income shall be deposited to the credit of the Revenue Fund. All funds deposited into the Reserve Fund shall be used solely for the payment of the principal of and interest on the Senior Lien Obligations, when and to the extent other funds available for such purposes are insufficient, and, in addition, may be used to retire the last Stated Maturity or Stated Maturities of or interest on the Senior Lien Obligations.

The Issuer may acquire a Surety Policy or Policies issued by a Surety Provider in amounts equal to all or part of the Required Reserve Amount for the Senior Lien Obligations in lieu of depositing cash into the Reserve Fund; provided, however, that no such Surety Policy may be so substituted unless the substitution of the Surety Policy will not, in and of itself, cause any ratings then assigned to the Senior Lien Obligations by any Rating Agency to be lowered and the resolution authorizing the substitution of the Surety Policy for all or part of the Required Reserve Amount for the Senior Lien Obligations contains (i) a finding that such substitution is cost effective and (ii) a provision that the interest due on any repayment obligation of the Issuer by reason of payments made under such Surety Policy does not exceed the highest lawful rate of interest which may be paid by the Issuer at the time of the delivery of the Surety Policy. The Issuer reserves the right to use Revenues to fund the payment of (1) periodic premiums on the Surety Policy as a part of the payment of the Issuer's maintenance and operating expenses, and (2) any repayment obligation incurred by the Issuer (including interest) to the Surety Provider, the payment of which will result in the reinstatement of such Surety Policy, prior to making payments required to be made to the Reserve Fund pursuant to the provisions of this Section to restore the balance in such fund the Required Reserve Amount for the Senior Lien Obligations.

Until the issuance of any Additional Senior Lien Obligations (or as from time to time recalculated by the Board as provided in the first paragraph of this Section), the Required Reserve Amount is $_____. This amount shall be deposited to the Reserve Fund at such time as may be required pursuant to the provisions of this section from Revenues, paid from the Revenue Fund at such level of priority as specified in Section 12, by the deposit of monthly installments, made on or before the business day before the first day of each month following the month in which such obligation to fund the Reserve Fund arises, of not less than 1/60th of the amount to be maintained in the Reserve Fund.

As and when Additional Senior Lien Obligations are delivered or incurred, the Required Reserve Amount shall be increased, if required, to an amount calculated in the manner provided in the first paragraph of this Section. Any additional amount required to be maintained in the Reserve Fund shall be so accumulated by the deposit of all or a portion of the necessary amount from the proceeds of the issue or other lawfully available funds in the Reserve Fund immediately after the delivery of the then proposed Additional Senior Lien Obligations, or, at the option of the Issuer, by the deposit of monthly installments, made on or before the business day before the first day of each month following the month of delivery of the then proposed Additional Senior Lien Obligations, of not less than 1/60th of the additional amount to be maintained in the Reserve Fund by reason of the issuance of the Additional Senior Lien Obligations then being issued (or 1/60th of the balance of the additional amount not deposited immediately in cash) (such deposits, the *Required Reserve Fund Deposits*), thereby ensuring the accumulation in the Reserve Fund of the appropriate Required Reserve Amount.

When and for so long as the cash and investments in the Reserve Fund equal the Required Reserve Amount, no deposits need be made to the credit of the Reserve Fund; but, if and when the Reserve Fund at any time contains less than the Required Reserve Amount (other than as the result of the issuance of Additional Senior Lien Obligations as provided in the preceding paragraph), the Issuer covenants and agrees to cure the deficiency in the Required Reserve Amount by resuming the Required Reserve Fund Deposits to the Reserve Fund from the Pledged Revenues in monthly deposit amounts equal to not less than 1/60th of the Required Reserve Amount covenanted by the Issuer to be maintained in the Reserve Fund. Any such deficiency payments shall be made on or before the business day before the first day of each month until the Required Reserve Amount has been fully restored. The Issuer further covenants and agrees that, subject only to the prior payments to be made to the Bond Fund, the Pledged Revenues shall be applied and appropriated and used to establish and maintain the Required Reserve Amount and to cure any deficiency in such amounts as required by the terms of this Resolution and any other resolution pertaining to the issuance of Additional Senior Lien Obligations.

During such time as the Reserve Fund contains the Required Reserve Amount, the Board may, at its option, withdraw all surplus funds in the Reserve Fund in excess of the Required Reserve Amount. Any such withdrawn surplus shall be deposited to the Bond Fund or used by the Issuer for any other lawful purpose; provided, however, to the extent that such excess amount represents Senior Lien Obligation proceeds, then such amount must be transferred to the Bond Fund or be otherwise used in accordance with then-applicable State law.

In the event a Surety Policy issued to satisfy all or a part of the Issuer's obligation with respect to the Reserve Fund causes the amount then on deposit in the Reserve Fund to exceed the Required Reserve Amount for the Senior Lien Obligations, the Board may transfer such excess amount to any fund or funds established for the payment of or security for the Senior Lien Obligations (including any escrow established for the final payment of any such obligations pursuant to the provisions of Chapter 1207, as amended, Texas Government Code), or be used for any lawful purposes; provided, however, to the extent that such excess amount represents Senior Lien Obligation proceeds, then such amount must be transferred to the Bond Fund or be otherwise used in accordance with then-applicable State law.

Notwithstanding anything to the contrary contained in this Section, the requirements set forth above to fund the Reserve Fund in the amount of the Required Reserve Amount shall be suspended for such time as the Pledged Revenues for each Fiscal Year are equal to at least [___]% of the Average Annual Debt Service Requirements. In the event that the Pledged Revenues for any Fiscal Year are less than [____]% of the Average Annual Debt Service Requirements, the Issuer will be required to commence making the deposits to the Reserve Fund, as provided above, and to continue making such deposits until the earlier of (i) such time as the Reserve Fund contains the Required Reserve Amount or (ii) the Pledged Revenues in each of two consecutive Fiscal Years have been equal to not less than [____]% of the Average Annual Debt Service Requirements.

SECTION 15. <u>Payment into Funds; Investments; Earnings</u>. A. Money in the Revenue Fund, the Bond Fund, and the Reserve Fund may, at the option of the Board, be invested in time deposits or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities of the United States of America or as otherwise permitted by state law including, but not limited to, the Public Funds Investment Act, as amended, Chapter 2256, as amended, Texas Government Code, or any successor provision of law, as in effect from time to time; provided that all such deposits and investments shall be made in such manner (which may include repurchase agreements for such investments with any national bank) that the money required to be expended from any fund will be available at the proper time or times, and provided further that in no event shall such deposits or investments of money in the Reserve Fund mature later than the final maturity date of the Senior Lien Obligations. All such investments shall be valued in terms of current market value no less frequently than the last business day of the Board's Fiscal Year, except that any direct obligations of the United States of America - State and Local Government Series shall be continuously valued at their par value or principal face amount. Any obligation in which money is so invested shall be kept and held at a Depository, except as hereinafter provided. For purposes of maximizing investment returns, money in such funds may be invested, together with money in other funds or with other money of the Board, in common investments of the kind described above, or in a common pool of such investment which shall be kept and held at a Depository, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such fund are held by or on behalf of each such fund. If necessary, such investments shall be promptly sold to prevent any default.

B. All interest and income derived from such deposits and investments (other than interest and income derived from deposits to the Reserve Fund if the Reserve Fund does not contain the Required Reserve Amount) shall be credited to the Revenue Fund monthly and shall constitute Revenues.

SECTION 16. Deficiencies; Excess Pledged Revenues. A. If on any occasion there shall not be sufficient Pledged Revenues (after making all payments pertaining to the currently Outstanding Senior Lien Obligations) to make the required deposits into the Bond Fund and the Reserve Fund, then such deficiency shall be cured as soon as possible from the next available unallocated Pledged Revenues, or from any other sources available for such purpose, and such payments shall be in addition to the amounts required to be paid into these Funds during such month or months.

B. After making all deposits or transfers to the Bond Fund which are required to be made in the then current Fiscal Year and curing any deficiencies in the Bond Fund or Reserve Fund, any Pledged Revenues then remaining in the Revenue Fund (upon the order of the Board) may be (i) used for acquiring any outstanding Senior Lien Obligations for cancellation, (ii) used for the redemption of Senior Lien Obligations, (iii) used to pay, redeem, or defease any Debt, or (iv) transferred to the General Fund of the Issuer and used for any lawful purpose.

Nothing in this Section shall be construed as allowing or permitting the direct deposit of any Pledged Revenues into the General Fund of the Issuer, but all Pledged Revenues shall first be deposited into the Revenue Fund even though the Board may have the right to order the transfer of all or a portion thereof under the provisions of the preceding paragraph.

SECTION 17. Payment of Bonds. While any of the Bonds are Outstanding, the Authorized Officials of the Issuer are hereby authorized to transfer or cause to be transferred to the Paying Agent/Registrar therefor, from funds on deposit in the Bond Fund and, if necessary, in the Reserve Fund, amounts sufficient to fully pay and discharge promptly each installment of interest and principal of the Senior Lien Obligations as the same accrue or mature or come due by reason of redemption prior to Stated Maturity; such transfer of funds to be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar for the Senior Lien Obligations on the close of the business day next preceding the date of payment for the Senior Lien Obligations is due.

SECTION 18. Security for Funds. All money on deposit in any of the Funds herein created shall be secured in the manner and to the fullest extent permitted by the laws of the State for the security of public funds.

SECTION 19. Issuance of Additional Senior Lien Obligations. In addition to the right to issue Subordinate Lien Obligations and Inferior Lien Obligations pursuant to Section 20 hereof and any laws of the State, the Board reserves the right hereafter to issue Additional Senior Lien Obligations. The Additional Senior Lien Obligations when issued shall be secured by and payable from the Pledged Revenues to the same extent as are the Bonds authorized by this Resolution, and the Bonds and the Additional Senior Lien Obligations shall be in all respects of equal dignity. The Additional Senior Lien Obligations may be issued in one or more installments; provided, however, that none shall be issued unless and until the following conditions have been met:

A. The Board is not in default as to any covenant, condition or obligation prescribed in a resolution authorizing the issuance of the Senior Lien Obligations then Outstanding or the issuance of the Additional Senior Lien Obligations cures any such default.

B. The Bond Fund and Reserve Fund contain the amount of money then required to be on deposit in each of said Funds.

C. The resolution authorizing the issuance of Additional Senior Lien Obligations makes provision for the amount to be on deposit in the Reserve Fund to be increased to an amount not less than the Average Annual Debt Service Requirements on all Senior Lien Obligations to be Outstanding after giving effect to the issuance of the proposed Additional Senior Lien Obligations and such amount is to be accumulated in not less than sixty (60) months from the date of such Additional Senior Lien Obligations (subject to the suspension of such obligation to fund the Reserve Fund as provided in Section 14).

D. The Additional Senior Lien Obligations are made to mature May 1 or November 1 in each of the years in which they are scheduled to mature.

E. An Authorized Official certifies in writing that the Pledged Revenues for the Fiscal Year immediately preceding the Fiscal Year in which the resolution authorizing the issuance of the Additional Senior Lien Obligations is adopted or for any 12 consecutive calendar month period out of the 18-month period ending not more than ninety (90) days preceding the month the resolution authorizing the issuance of the Additional Senior Lien Obligations is adopted are equal to at least [____]% times the Average Annual Debt Service Requirements of the Senior Lien Obligations after giving effect to the issuance of the proposed Additional Senior Lien Obligations. In making such a determination of the Pledged Revenues, the Authorized Official may take into consideration a change in the fees and charges for services provided by and use of the facilities of the Issuer that became effective not more than ninety (90) days prior to adoption of the resolution authorizing the issuance of the Additional Senior Lien Obligations and, for purposes of satisfying the Pledged Revenues coverage test, make a pro forma determination of the Pledged Revenues for the period of time covered by this representation based on such change in fees and charges being in effect for the entire period covered by the Authorized Official's representation.

SECTION 20. Issuance of Subordinate Lien Obligations and Inferior Lien Obligations. The Issuer hereby reserves the right to issue, at any time, obligations including, but not limited to, Subordinate Lien Obligations and Inferior Lien Obligations payable from and equally and ratably secured, in whole or in part, by a lien on and pledge of the Pledged Revenues, junior and/or subordinate and inferior in rank and dignity to the lien on and pledge of such Pledged Revenues securing the payment of the currently Outstanding Senior Lien Obligations, as may be authorized by the laws of the State.

SECTION 21. Refunding Bonds. The Issuer reserves the right to issue refunding bonds to refund all or any part of the outstanding Senior Lien Obligations, pursuant to any law then available, upon such terms and conditions as the Board may deem to be in the best interest of the Issuer, and if less than all such outstanding Senior Lien Obligations are refunded, the conditions precedent prescribed for the issuance of Additional Senior Lien Obligations set forth in Section 19 of this Resolution shall be satisfied and the representations and certifications required in Section 19.E shall give effect to the Average Annual Debt Service Requirements of the proposed refunding bonds (but shall not give effect to the Average Annual Debt Service Requirements of the obligations being refunded following their cancellation or provision being made for their payment); provided, however, if as a result of such refunding the total debt service on all Senior Lien Obligations that will remain Outstanding subsequent to such refunding decreases as a result of the refunding, the Issuer shall not be required to satisfy the requirements of Section 19.E as a requirement for the issuance of such refunding bonds.

SECTION 22. Remedies in Event of Default. In addition to all the rights and remedies provided by the laws of the State, the Board covenants and agrees particularly that in the event the Board (a) defaults in payments to be made to the Bond Fund or Reserve Fund as required by this Resolution, or (b) defaults in observance or performance of any other of the covenants, conditions or obligations set forth in this Resolution, the holder or holders of any of the Bonds shall be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the Board and officers of the Issuer to observe and perform any covenant, condition or obligation prescribed in this Resolution.

No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power, or shall be construed to be a waiver of any such default or acquiescence therein, and every such right or power may be exercised from time to time and as often as may be deemed expedient. The specific remedies herein provided shall be cumulative of all other existing remedies and the specification of such remedies shall not be deemed to be exclusive.

SECTION 23. Additional Covenants. The Board covenants and agrees that:

A. It will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Resolution and in each and every resolution authorizing the issuance of Senior Lien Obligations; that it will promptly pay or cause to be paid from the Pledged Revenues the principal of and interest on all Senior Lien Obligations, on the dates and in the places and manner prescribed in such Senior Lien Obligations, and that it will, at the times and in the manner prescribed herein, deposit or cause to be deposited, from the Pledged Revenues, the amounts of money specified herein.

B. It is duly authorized under the laws of the State to create and issue the Bonds; that all action on its part for the creation and issuance of the Bonds has been duly and effectively taken, and that the Bonds in the hands of the holders and owners thereof are and will be valid and enforceable special obligations of the Board in accordance with their terms.

C. It lawfully owns and is lawfully possessed of the lands upon which the existing campuses, buildings, and facilities constituting the Colleges are located, that it is lawfully qualified to pledge the Pledged Revenues to the payment of the Senior Lien Obligations in the manner prescribed herein, and has lawfully exercised such rights.

D. It will from time to time and before the same become delinquent, pay and discharge all taxes, assessments and governmental charges, if any, which shall be lawfully imposed upon it, or the campuses, buildings, and facilities of the Colleges, shall be required to be paid so long as the validity of the same shall be contested in good faith by the Board.

E. That it will continuously and efficiently operate and maintain, or cause to be operated and maintained, in good condition, and at a reasonable cost, the Colleges and the facilities and services thereof, so long as any Senior Lien Obligations are Outstanding.

F. That while the Senior Lien Obligations are Outstanding, the Board shall not sell, lease, convey or otherwise dispose of the Colleges or any substantial part thereof, unless such property has first been determined to be surplus or no longer necessary to the Issuer's operations to maintain compliance with operational covenants made herein; provided, however, that the Issuer may do any or all of the foregoing and use the proceeds thereof to (i) replace any such facilities so disposed of, (ii) redeem Senior Lien Obligations Outstanding at the next practicable date, or (iii) transfer said proceeds to the General Fund of the Issuer to be used for any lawful purpose if, as a condition precedent thereto, the estimated Pledged Revenues to be derived from such facilities after such disposition will equal or exceed the Pledged Revenues derived therefrom for the immediately preceding Fiscal Year prior to such disposition.

G. Proper books of record and account will be kept in which full, true, correct entries will be made of all dealings, activities, and transactions relating to the Pledged Revenues, and all books, documents, and vouchers relating thereto shall at all reasonable times be made available for inspection upon request to any bondholder.

H. That during each year which any of the Senior Lien Obligations are outstanding, the Issuer will prepare its consolidated annual financial report (the *Report*) of its books and accounts, including the Pledged Revenues, and the Report will be audited by an independent certified public accountant, such audit to be based on the Fiscal Year of the Issuer. The Report shall be made available to the Holders and their agents and representatives in the manner described in Section 50 hereof.

I. The Issuer will comply with all of the terms and conditions of any and all grant or subsidy agreements applicable to the Senior Lien Obligations entered into between the Board and any governmental agency in connection with any grant or debt service subsidy; and the Board will take all action necessary to enforce said terms and conditions.

J. The Board shall not additionally encumber the Pledged Revenues in any manner, except as permitted in this Resolution in connection with the issuance of Additional Senior Lien Obligations, Subordinate Lien Obligations, or Inferior Lien Obligations, unless said encumbrance is made junior and subordinate in all respects to the liens, pledges, covenants, and agreements of this Resolution.

K. So long as the Bonds are Outstanding, the Issuer agrees to maintain insurance on the Colleges of a kind, including but not limited to self-insurance to the extent and in the manner deemed advisable by the Issuer, and in an amount which usually would be carried by private companies engaged in a similar type of business, for the benefit of the Holders of the Bonds. The Report shall contain a section commenting on whether the Issuer has complied with the requirements of this Section with respect to the maintenance of insurance, and listing all policies carried, and whether or not all insurance premiums upon the insurance policies to which reference is hereinbefore made have been paid.

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

August 27, 2026

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IN REGARD to the authorization and issuance of the "Alamo Community College District Revenue Financing System Senior Lien Revenue Refunding Bonds, Series 2026" (the *Bonds*), dated August 15, 2026, in the aggregate principal amount of $__,___,___, we have reviewed the legality and validity of the issuance thereof by the Alamo Community College District (the *Issuer*). The Bonds are issuable in fully registered form only, in denominations of $5,000 or any integral multiple thereof (within a Stated Maturity), and have Stated Maturities of November 1 in each of the years 20__ through 20__, unless redeemed prior to Stated Maturity in accordance with the terms stated on the face of the Bonds. Interest on the Bonds accrues from the dates, at the rates, in the manner, and is payable on the dates, all as provided in the resolution (the *Resolution*) authorizing the issuance of the Bonds. Capitalized terms used herein without definition shall have the applicable meaning ascribed thereto in the Resolution.

WE HAVE SERVED AS BOND COUNSEL for the Issuer solely to pass upon the legality and validity of the issuance of the Bonds under the laws of the State of Texas, the defeasance and discharge of the Issuer's obligations being refunded by the Bonds, and with respect to the exclusion of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes and for no other purpose. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Issuer. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Bonds. We express no opinion and make no comment with respect to the sufficiency of the security for or the marketability of the Bonds. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

WE HAVE EXAMINED the applicable and pertinent laws of the State of Texas and the United States of America. In rendering the opinions herein we rely upon (1) original or certified copies of the proceedings of the Issuer in connection with the issuance of the Bonds, including the Resolution and the Escrow and Trust Agreement (the *Escrow Agreement*) between the Issuer and BOKF, NA (the *Escrow Agent*), and a Verification Report of Public Finance Partners LLC concerning the sufficiency of the cash and investments deposited with the Escrow Agent pursuant to the Escrow Agreement; (2) customary certifications and opinions of officials of the Issuer; (3) certificates executed by officers of the Issuer relating to the expected use and investment of proceeds of the Bonds and certain other funds of the Issuer, and to certain other facts solely within the knowledge and control of the Issuer; and (4) such other documentation, including an examination of the Bond executed and delivered initially by the Issuer, and such matters of law as we deem relevant to the matters discussed below. In such examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements and information contained in such certificates. We express no opinion concerning any effect on the following opinions which may result from changes in law effected after the date hereof.

BASED ON OUR EXAMINATION, IT IS OUR OPINION that the Escrow Agreement has been duly authorized, executed, and delivered by the Issuer and, assuming due authorization, execution, and delivery thereof by the Escrow Agent, is a valid and binding obligation, enforceable in accordance with its terms (except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity), and that the outstanding obligations refunded, discharged, paid, and retired with the proceeds of the Bonds have been defeased and are regarded as being outstanding only for the purpose of receiving payment from the funds held in trust with the Escrow Agent, pursuant to the Escrow Agreement, the District resolutions authorizing their respective issuance, and in accordance with the provisions of Chapter 1207, as amended, Texas Government Code. In rendering this opinion, we have relied upon the Verification Report concerning the sufficiency of cash and investments deposited with the Escrow Agent pursuant to the Escrow Agreement for the purposes of paying the outstanding obligations refunded and to be retired with the proceeds of the Bonds and the interest thereon.

BASED ON OUR EXAMINATION, IT IS OUR OPINION that the Bonds have been duly authorized and issued in conformity with the laws of the State of Texas now in force and that the Bonds are valid and legally binding obligations of the District enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity. The Bonds are payable from and equally and ratably secured solely by a lien on and pledge of the Pledged Revenues, on a parity with any Additional Senior Lien Obligations hereafter issued. In the Resolution, the Issuer retains the right to issue Additional Senior Lien Obligations, Subordinate Lien Obligations, and Inferior Lien Obligations without limitation as to principal amount but subject to any terms, conditions, or restrictions as may be applicable thereto under law or otherwise. The Bonds do not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any property of the Issuer, except with respect to the Pledged Revenues. The holder of the Bonds shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation.

BASED ON OUR EXAMINATION, IT IS FURTHER OUR OPINION that, assuming continuing compliance after the date hereof by the Issuer with the provisions of the Resolution and in reliance upon Verification Report concerning the sufficiency of the cash and investments deposited with the Escrow Agent pursuant to the Escrow Agreement and upon the representations and certifications of the Issuer made in a certificate of even date herewith pertaining to the use, expenditure, and investment of the proceeds of the Bonds under existing statutes, regulations,

Legal Opinion of Norton Rose Fulbright US LLP, San Antonio, Texas, in connection with the authorization and issuance of "ALAMO COMMUNITY COLLEGE DISTRICT REVENUE FINANCING SYSTEM SENIOR LIEN REVENUE REFUNDING BONDS, SERIES 2026"

published rulings, and court decisions (1) interest on the Bonds will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date hereof (the *Code*), of the owners thereof for federal income tax purposes, pursuant to section 103 of the Code, and (2) interest on the Bonds will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals.

WE EXPRESS NO OTHER OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax exempt obligations.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Norton Rose Fulbright US LLP