COLLEGE OF THE MAINLAND

ANNUAL FINANCIAL AND COMPLIANCE REPORT

Years Ended August 31, 2024 and 2023
with Independent Auditor's Report

whitleypenn

CPAs and Professional Consultants

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COLLEGE OF THE MAINLAND

ORGANIZATIONAL DATA

For the Fiscal Year Ended August 31, 2024

BOARD OF TRUSTEES

OFFICERS AND MEMBERS

			Term Expires May 31,
Donald G. Gartman	Chairperson	Texas City, Texas	2029
Dawn King	Vice-Chairperson	Dickinson, Texas	2025
Melissa Skipworth	Secretary	Dickinson, Texas	2029
Dr. William (Bill) McGarvey	Member	Texas City, Texas	2025
Alan Waters	Member	La Marque, Texas	2027
Dr. Verna Henson	Member	Texas City, Texas	2025
Kyle Dickson	Member	Texas City, Texas	2027

PRINCIPAL ADMINISTRATIVE OFFICERS

Dr. Warren Nichols .... President
Dr. Jerry Fliger.. ……Vice President for Instruction
Dr. Helen Brewer. ....Vice President for Student Services
Dr. Lisa Watson...Vice President for Instructional Advancement
Dr. David Wesse.. Vice President for Fiscal Affairs
Trudy Trochesset ....Controller

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
College of the Mainland

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Summarized Comparative Information

We have previously audited the College of the Mainland Foundation's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 11, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

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

Board of Trustees
College of the Mainland

Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2024 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Whitley Penn LLP

Houston, Texas
December 9, 2024

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

The following analysis provides an overview of the College's financial activities for fiscal year 2024 and 2023. The purpose of this overview is to present an "objective and easily readable analysis of the financial activities based on currently known facts, decisions, or conditions." The analysis conforms to topics covered in GASB Statement 34, paragraph 4, and reflects transactions, events, legislation and conditions that are presented in the College's financial report.

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

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

The Statement of Net Position

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

The College's assets and deferred outflows exceeded its liabilities and deferred inflows in 2024 and liabilities and deferred inflows exceeded its assets and deferred outflows 2023, resulting in net position of $4.4 million and -$8.3 million, respectively. These amounts were primarily the result of the recognition of the net pension and net other post-employment benefits (OPEB) liabilities and related deferred amounts. The combined negative impact of these amounts was $39.1 million and $40.5 million in 2024 and 2023, respectively. Net position increased by $12.7 million in fiscal year 2024, compared to fiscal year 2023 when the College experienced an increase of $9.7 million.

Current liabilities increased by $25.8 million in 2024 primarily due to the issuance of $25.0 million in bond anticipation notes. Current liabilities decreased by $5.4 million in 2023 primarily due to a decrease of $3.8 million in accounts payable.

Noncurrent liabilities decreased by $4.6 million in fiscal year 2024 due to a decrease of $4.5 million in bonds payable due in greater than one year and a decrease of $0.9 million in the net pension liability and net OPEB liability due in more than one year. Noncurrent liabilities decreased by $9.6 million in fiscal year 2023 due to a decrease of $9.0 million in bonds payable due in greater than one year, plus an increase of $0.2 million in the net pension liability and net OPEB liability due in more than one year.

Summary data for the Statement of Net Position is provided in the table below for fiscal years 2024, 2023, and 2022.

	2024	2023	2022
Current assets	$ 32,896,353	$ 23,362,859	$ 25,912,401
Capital assets (net)	198,203,964	187,509,577	175,375,708
Other non-current assets	18,666,964	5,467,797	23,342,586
Total Assets	249,767,281	216,340,233	224,630,695
Deferred Outflows of Resources	7,248,125	8,446,768	7,810,526
Current liabilities	39,445,432	13,661,023	19,018,610
Non-current liabilities	201,695,666	206,249,015	215,826,188
Total Liabilities	241,141,098	219,910,038	234,844,798
Deferred Inflows of Resources	11,507,210	13,224,985	15,606,732
Net investment in capital assets	41,268,879	9,231,599	7,524,421
Restricted net position	18,741,043	7,860,183	6,379,397
Unrestricted net position	(55,642,824)	(25,439,804)	(31,914,127)
Total Net Position	$ 4,367,098	$ (8,348,022)	$ (18,010,309)

Capital Assets

The College's capital assets increased by $10.7 million in fiscal year 2024 as a result of additions of $17.6 million, net of depreciation expense of $6.8 million. The College's capital assets increased by $12.1 million in fiscal year 2023 as a result of additions of $19.2 million, net of depreciation expense of $7.0 million.

Details about the College's capital assets can be found in Note 6.

Long-Term Debt

The College's bonds payable decreased by $4.3 million in fiscal year 2024 as a result of scheduled principal payments on bonds. The College's bonds payable decreased by $10.6 million in fiscal year 2023 as a result of scheduled principal payments on bonds plus an additional defeasance of $4.7 million of the Series 2019 bonds.

Details about the College's long-term debt can be found in Note 7.

Statement of Revenues, Expenses, and Changes in Net Position

This statement represents the operating activity of the College, which reflects revenue, expenses, gains and losses during the year. In 2024, the College's net position increased by $12.7 million. The details of the operating and non-operating revenues and expenses are described below.

Operating Revenue

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

Operating revenue for fiscal year 2023 increased by $3.0 million from the prior year. Tuition and fees revenue increased by $0.4 million and federal grants and contracts decreased by $4.0 million as the College recognized $4.5 million less in federal grants related to the additional Higher Education Emergency Relief Fund (HEERF).

Tuition and fees made up 50% and 46% of total operating revenues in 2024 and 2023, respectively. Federal grants and contracts made up 24% and 33% of total operating revenues in 2024 and 2023, respectively.

Operating Expenses

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

In 2023, operating expenses increased by $4.5 million compared to the prior year. Expenses in Instruction decreased by $0.1 million. Scholarships and fellowships decreased by $1.7 million. Operation and maintenance of plant increased by $1.0 million.

Non-Operating Revenues (Expenses)

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

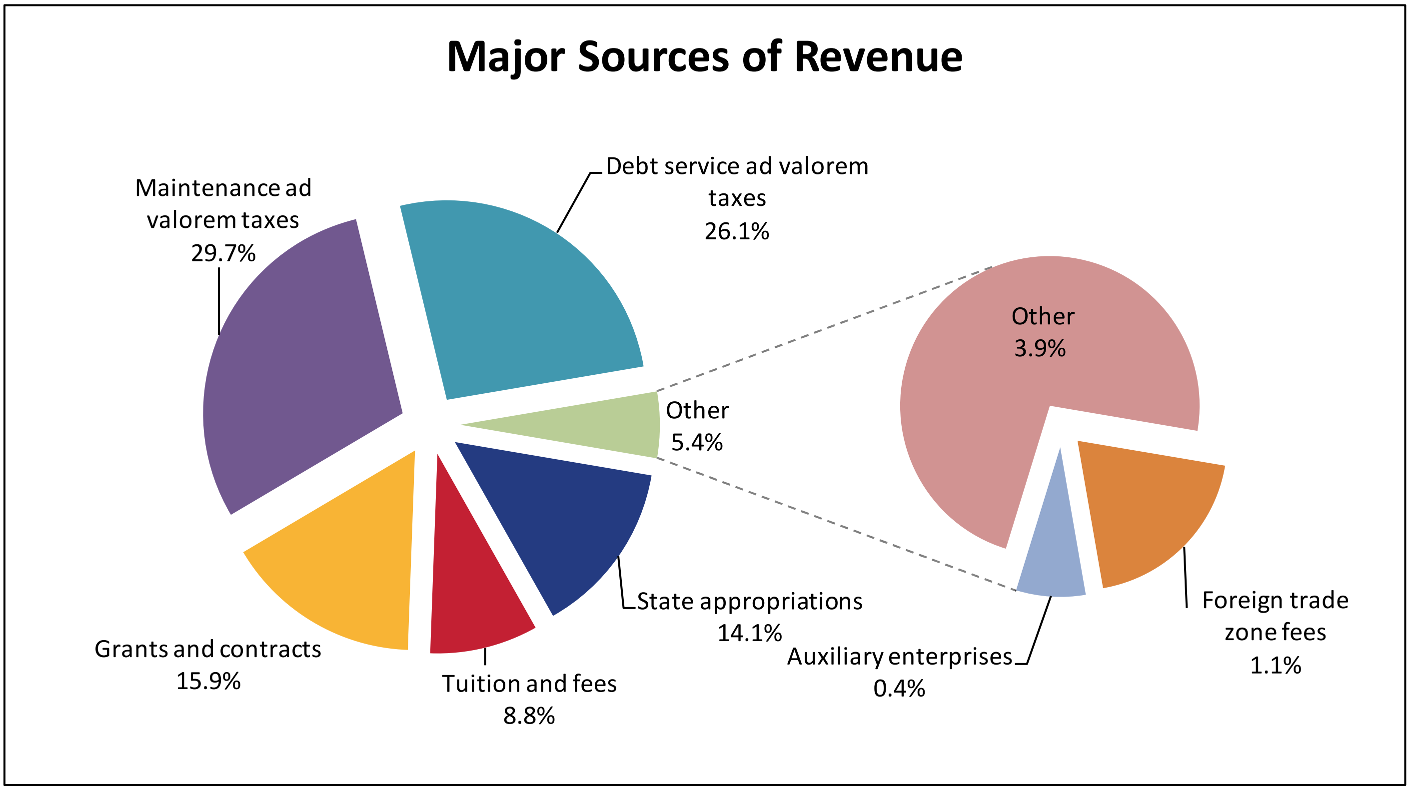
During fiscal year 2023, non-operating revenues (net of non-operating expense) increased by $10.0 million from the prior fiscal year primarily as a result of an increase of $5.9 million in property tax revenues, plus an increase of $1.0 million in state appropriations. Comparing fiscal year 2023 to 2022, the M&O tax rate decreased by 8% from $0.165300 to $0.151420, the I&S tax rate increased by 13% from $0.102400 to $0.116200. Therefore, the total tax rate decreased by 0.03% from $0.267700 to $0.267620 when compared to the prior fiscal year.

	2024	2023	2022
Operating revenues	$ 14,612,072	$ 15,219,684	$ 18,207,979
Operating expenses	(64,648,754)	(59,570,022)	(55,090,119)
Net operating income (loss)	(50,036,682)	(44,350,338)	(36,882,140)
Non-operating revenues (expenses)	62,751,802	54,012,625	44,011,091
Total Increase (Decrease) in Net Position	$ 12,715,120	$ 9,662,287	$ 7,128,951

The College's combined operating and non-operating revenues by major source for fiscal years 2024, 2023 and 2022 are shown in the table below.

	2024	2023	2022
State appropriations	$ 11,883,298	$ 9,716,984	$ 8,720,843
Tuition and fees (net of discounts)	7,361,998	6,956,510	6,578,600
Grants and contracts	13,389,130	12,667,443	15,698,076
Maintenance ad valorem taxes	24,994,775	23,763,027	22,252,912
Debt service ad valorem taxes	21,929,056	18,511,994	14,098,493
Foreign trade zone fees	883,022	547,722	357,062
Auxiliary enterprises	337,319	326,862	256,764
Other revenues	3,286,504	2,755,711	726,242
Total Revenues	$ 84,065,102	$ 75,246,253	$ 68,688,992

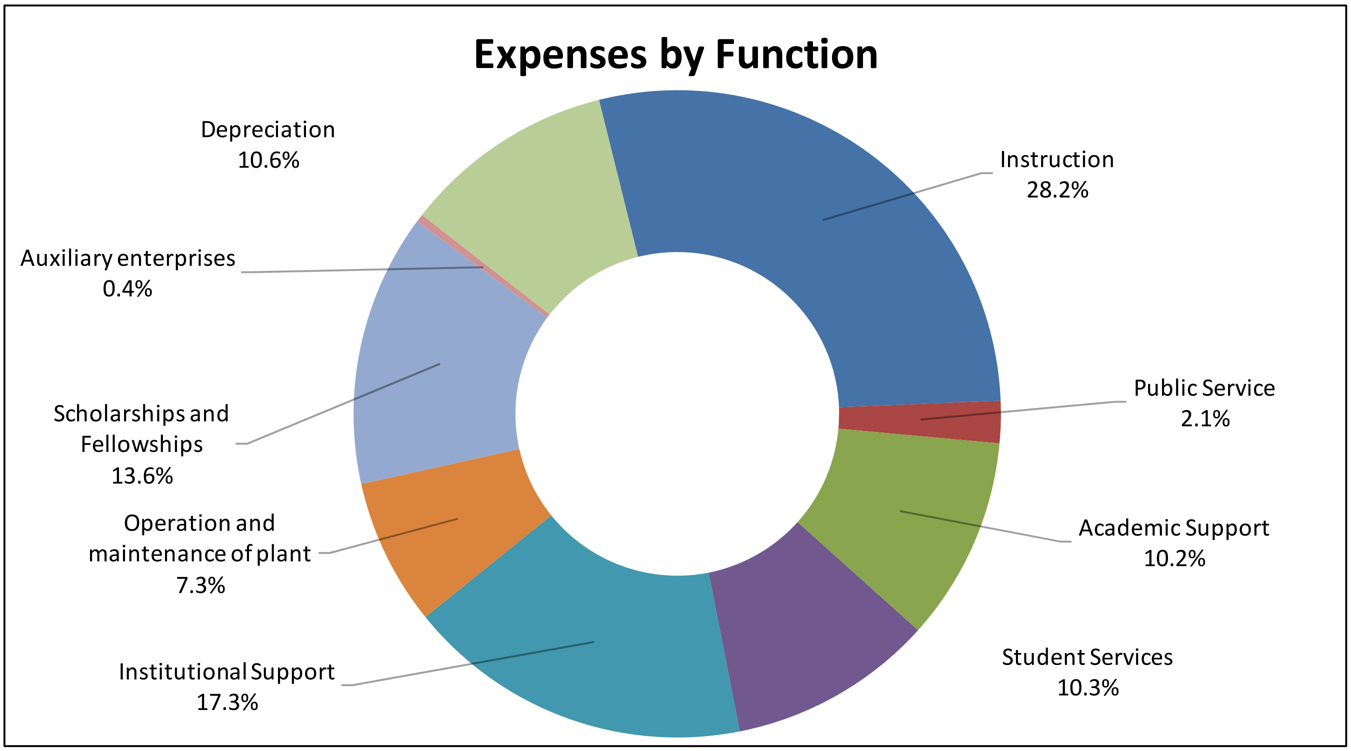
The table data for operating and non-operating for 2024 is shown graphically below.



Operating expenses are reported in the financial statement by functional classification and are presented below in the table for fiscal years 2024, 2023 and 2022.

	2024	2023	2022
Instruction	$ 18,258,334	$ 14,164,470	$ 14,241,762
Public Service	1,357,352	1,148,759	1,199,859
Academic Support	6,593,955	7,060,185	4,781,852
Student Services	6,626,626	5,552,956	4,822,964
Institutional Support	11,181,118	10,347,086	8,937,217
Operation and maintenance of plant	4,736,211	6,425,833	5,469,420
Scholarships and Fellowships	8,805,280	7,607,325	9,297,419
Auxiliary enterprises	257,032	290,155	216,626
Depreciation	6,832,846	6,973,253	6,123,000
Total Operating Expenses	$ 64,648,754	$ 59,570,022	$ 55,090,119

Please see the graphical depiction for the table data above for fiscal year 2024.



Statement of Cash Flows

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

In fiscal year 2023, cash from operations decreased by $4.2 million primarily as a result of an increase of $2.2 million for payments to suppliers for goods and services, plus an increase of $1.5 million for payments to or on-behalf of employees.

Conclusion

Since 1966, College of the Mainland (COM) has been a beacon of academic excellence and community leadership. This year, we proudly marked our tenth reaffirmation of accreditation by SACSCOC, showcasing our dedication to the highest educational standards. The launch of the COM 8-Week Advantage revolutionizes our curriculum, offering students greater flexibility and quicker paths to completion.

With the integration of our academic and student services into the new Division of Academic and Student Affairs (DASA), we enhance student support and personal development. As a Hispanic-Serving Institution, our recent $9 million in grants further our mission to improve educational opportunities for underserved students, ensuring that COM remains at the forefront of addressing community needs and advancing student success.

ACCREDITATION REAFFIRMATION AND GUIDED PATHWAYS QEP INITIATIVE
COM successfully completion its decennial SACSCOC review and reaffirmation of accreditation by SACSCOC is June 2024. This reaffirmation for the College came with no sanctions or need for further reporting requirements, underscoring the College's commitment to excellence in higher education.

As part of our SACSCOC reaccreditation, we introduced the "Commit to Complete" Quality Enhancement Plan (QEP). This five-year initiative is set to enhance student success by improving persistence, retention and graduation rates through the Guided Pathways model. This approach encourages students to define their career goals early, providing structured support to help them achieve their educational objectives.

MODERNIZING COMMUNITY COLLEGE FUNDING
The 88th Texas Legislative Session brought pivotal changes with House Bill 8 (HB 8), revolutionizing community college funding to a performance-based model and enhancing financial aid for low-income students. The introduction of the Financial Aid for Swift Transfer (FAST) program, with a $78.6 million investment from the Texas Higher Education Coordinating Board (THECB) and Texas Education Agency (TEA), has allowed us to enroll 886 students in dual credit courses, significantly reducing financial barriers and setting students on the path to success.

THE COM 8-WEEK ADVANTAGE
In Fall 2024, we launched the COM 8-Week Advantage, transitioning most 3-hour courses from the traditional 16-week to an 8-week format. This change allows students to concentrate on fewer courses at a time, improving retention, completion rates and engagement. Initial studies suggest significant benefits over the traditional semester system, aligning with our strategic focus on student success.

ADVANCING STUDENT SUCCESS: INTEGRATING ACADEMIC AND SUPPORT SERVICES
Our merger of the Instructional and Student Services into the Division of Academic and Student Affairs (DASA) marks a strategic enhancement to our support system. This integration ensures that every student touchpoint—from classroom to campus life—is geared toward fostering an inclusive, supportive learning environment.

HISPANIC SERVING INSTITUTION AWARDS
In October 2023, COM was awarded its third Title V grant, bringing the total to $9 million to support our Hispanic and underserved student populations. Our newest grant-funded project, "Semillas: Planting the Seeds for a Brighter Tomorrow," focuses on improving educational outcomes and strengthening student support services.

FORWARD MOMENTUM: COM 2023 BOND UPDATES
Under Phase Two of our COMPASS 2025 Master Plan, the COM 2023 Bond is instrumental in expanding and modernizing our facilities to meet the educational and workforce demands of our region. These updates are crucial for fostering long-term community prosperity and supporting regional growth.

NEW ACADEMIC PROGRAMS AT COM

Responding to the dynamic needs of our community, we have introduced new academic programs in cutting-edge fields such as renewable energy, cybersecurity, and health sciences, ensuring our students are well-prepared for the evolving job market.

- Radiologic Technology (Fall 2023)
- Mitchell Chuoke Jr. Plumbing Pre-Apprenticeship (Spring 2024)
- Computer Numerical Control (CNC) (Summer 2024)
- Culinary Arts (Fall 2024)
- Dental Hygiene (Fall 2024)
- Robotic Process Automation Career Training (RPACT) (Fall 2024)

On the Horizon

- Limited Medical Radiologic Technology (Spring 2025)
- Surgical Technology (Fall 2025)
- Instrumentation and Electrical (I&E) (Fall 2025)

As we build on our past successes, COM remains dedicated to providing transformative education and workforce solutions that drive student and regional success.

BASIC FINANCIAL STATEMENTS

COLLEGE OF THE MAINLAND

Exhibit 1

STATEMENTS OF NET POSITION
August 31, 2024 and 2023

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	$ 25,596,156	$ 17,182,538
Accounts receivable (net)	4,652,950	5,040,040
Prepaid expenses	2,647,247	1,140,281
Total current assets	32,896,353	23,362,859
Noncurrent assets:		
Restricted cash and cash equivalents	18,639,767	5,439,983
Loans receivable (net)	27,197	27,814
Capital assets (net), (see notes)	198,203,964	187,509,577
Total noncurrent assets	216,870,928	192,977,374
Total Assets	249,767,281	216,340,233
Deferred Outflows of Resources		
Deferred outflows related to pension activities	4,813,019	4,680,054
Deferred outflows related to OPEB activities	2,435,106	3,766,714
Total Deferred Outflows of Resources	7,248,125	8,446,768
Liabilities		
Current liabilities:		
Accounts payable	1,833,978	2,024,979
Accrued liabilities	1,017,940	1,013,949
Compensated absences and severance payable - current	136,328	126,187
Funds held for others	110,836	183,918
Bond anticipation notes payable	25,000,000	-
Unearned income	5,264,907	4,604,501
Leases payable - due within one year	1,011,557	727,887
SBITA payable - due within one year	576,099	634,357
Bond payable - due within one year	3,870,000	3,695,000
Net OPEB liability - current	623,787	650,245
Total current liabilities	39,445,432	13,661,023
Noncurrent liabilities:		
Compensated absences and severance payable	772,534	715,067
Leases payable	7,169,398	5,698,600
SBITA payable	212,152	848,524
Net pension liability	13,077,598	11,320,935
Net OPEB liability	21,677,086	24,361,216
Bonds payable	158,786,898	163,304,673
Total noncurrent liabilities	201,695,666	206,249,015
Total Liabilities	241,141,098	219,910,038
Deferred Inflows of Resources		
Deferred gain on refunding	558,860	601,850
Deferred inflows related to pension activities	1,081,282	1,576,116
Deferred inflows related to OPEB activities	9,867,068	11,047,019
Total Deferred Inflows of Resources	11,507,210	13,224,985
Net Position		
Net Investment in capital assets	41,268,879	9,231,599
Restricted for:		
Expendable:		
Grants and donor restrictions	1,275,468	1,389,915
Loan Funds	27,197	27,814
Debt service	17,438,378	6,442,454
Unrestricted	(55,642,824)	(25,439,804)
Total Net Position (Schedule D)	$ 4,367,098	$ (8,348,022)

See accompanying notes to the financial statements.

COLLEGE OF THE MAINLAND *Exhibit 1A*

DISCRETELY PRESENTED COMPONENT UNIT

STATEMENTS OF FINANCIAL POSITION

College of the Mainland Foundation

August 31, 2024 and 2023

	August 31, 2024	August 31, 2023
Assets		
Cash and cash equivalents	$ 864,839	$ 856,242
Contributions receivable, net	97,997	163,066
Restricted assets:		
Cash and cash equivalents	1,349,370	2,701,208
Investments, at fair value	6,336,224	4,091,807
Total Assets	$ 8,648,430	$ 7,812,323
Liabilities and Net Assets		
Liabilities:		
Accounts payable	$ 371,704	$ 95,705
Total Liabilities	371,704	95,705
Net Assets:		
Without Donor Restrictions:		
Undesignated	668,068	1,080,727
With Donor Restrictions	7,608,658	6,635,891
Total Net Assets	8,276,726	7,716,618
Total Liabilities and Net Assets	$ 8,648,430	$ 7,812,323

COLLEGE OF THE MAINLAND ***Exhibit 2***

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Years Ended August 31, 2024 and August 31, 2023

	2024	2023
Operating Revenues		
Tuition and fees (net of discounts of $1,721,784 and $1,505,915)	$ 7,361,998	$ 6,956,510
Federal grants and contracts	3,553,100	5,064,766
State grants and contracts	1,029,160	454,204
Private grants and contracts	1,736,514	1,364,318
Sales and services of educational activities	24,548	20,711
Auxiliary enterprises (net of discounts)	337,319	326,862
General operating revenues	569,433	1,032,313
Total Operating Revenues (Schedule A)	14,612,072	15,219,684
Operating Expenses		
Instruction	18,258,334	14,164,470
Public service	1,357,352	1,148,759
Academic support	6,593,955	7,060,185
Student services	6,626,626	5,552,956
Institutional support	11,181,118	10,347,086
Operation and maintenance of plant	4,736,211	6,425,833
Scholarships and fellowships	8,805,280	7,607,325
Auxiliary enterprises	257,032	290,155
Depreciation expense	6,832,846	6,973,253
Total Operating Expenses (Schedule B)	64,648,754	59,570,022
Operating Income (Loss)	(50,036,682)	(44,350,338)
Non-Operating Revenues (expenses)		
State appropriations	11,883,298	9,716,984
Maintenance ad valorem taxes	24,994,775	23,763,027
Debt service ad valorem taxes	21,929,056	18,511,994
Federal revenue, non-operating	7,070,356	5,784,155
Investment income	2,692,523	1,702,687
Foreign trade zone fees	883,022	547,722
Interest and fees on capital-related debt	(6,701,228)	(6,013,944)
Non-Operating Revenue (expenses) (Schedule C)	62,751,802	54,012,625
Increase (decrease) in net position	12,715,120	9,662,287
Net Position - Beginning of Year	(8,348,022)	(18,010,309)
Net Position - End of Year	$ 4,367,098	$ (8,348,022)

DISCRETELY PRESENTED COMPONENT UNIT
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
College of the Mainland Foundation - Fiscal Year August 31, 2024 with Comparative Totals for 2023

	Without Donor Restrictions	With Donor Restrictions	Year Ended August 31, 2024	Year Ended August 31, 2023
Revenues, Gains, and Support:				
Contributions	$ 42,245	$ 1,046,857	$ 1,089,102	$ 1,091,190
In-kind contributions	401,961	-	401,961	413,219
Interest and investment income	-	285,949	285,949	261,355
Net realized and unrealized gain on investments	-	632,338	632,338	6,440
Net assets released from restrictions	992,377	(992,377)	-	-
Total Revenues, Gains and Support	1,436,583	972,767	2,409,350	1,772,204
Expenses:				
Program expenses:				
Student scholarships	1,031,925	-	1,031,925	869,510
Other program payments	358,180	-	358,180	29,681
Supporting services:				
In-kind personnel and benefits	359,185	-	359,185	370,148
In-kind general, facilities and equipment	42,776	-	42,776	43,071
Management and general:				
Bad debt	-	-	-	52,092
Fundraising	-	-	-	3,585
Other management and general	57,176	-	57,176	68,878
Total Expenses	1,849,242	-	1,849,242	1,436,965
Changes in Net Assets	(412,659)	972,767	560,108	335,239
Net Assets, Beginning of Year	1,080,727	6,635,891	7,716,618	7,381,379
Net Assets, End of Year	$ 668,068	$ 7,608,658	$ 8,276,726	$ 7,716,618

COLLEGE OF THE MAINLAND

STATEMENTS OF CASH FLOWS

For the Years Ended August 31, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities:		
Receipts from students and other customers	$ 9,700,768	$ 6,715,355
Receipts from grants and contracts	5,825,354	7,767,273
Payments to suppliers for goods and services	(15,050,262)	(17,372,827)
Payments to or on behalf of employees	(32,993,208)	(31,100,936)
Payments for scholarships and fellowships	(8,805,280)	(7,607,325)
Other receipts	547,490	1,007,254
Net Cash (Used) by Operating Activities	(40,775,138)	(40,591,206)
Cash flows from Non-Capital Financing Activities:		
Receipts from state appropriations	7,738,497	6,649,122
Receipts from ad valorem taxes	46,509,787	41,940,509
Receipts from foreign trade zone participants	883,022	547,722
Receipts from Non Operating Federal Revenue	7,070,356	5,784,155
Payments to student organization and other agency transactions	(73,082)	35,678
Other receipts (payments)	121,208	(77,229)
Loans made to others	617	234
Net Cash Provided by Non-Capital Financing Activities	62,250,405	54,880,191
Cash Flows from Capital and Related Financing Activities:		
Proceeds from bond anticipation notes	25,000,000	-
Purchase of capital assets	(14,940,076)	(19,769,817)
Payments on bonds - principal	(3,695,000)	(9,980,000)
Payments on leases - principal	(832,689)	(818,710)
Payments on SBITAs - principal	(694,630)	(433,817)
Payments on long-term debt - interest and fees	(7,391,993)	(5,445,671)
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,554,388)	(36,448,015)
Cash Flows from Investing Activities:		
Investment income	2,692,523	1,702,687
Net Cash Provided (Used) by Investing Activities	2,692,523	1,702,687
Increase (decrease) in cash and cash equivalents	21,613,402	(20,456,343)
Cash and Cash Equivalents, Beginning of Year	22,622,521	43,078,864
Cash and Cash Equivalents, End of Year	$ 44,235,923	$ 22,622,521
Components of Cash and Cash Equivalents		
Cash and cash equivalents	$ 25,596,156	$ 17,182,538
Restricted cash and cash equivalents	18,639,767	5,439,983
Total Cash and Cash Equivalents	$ 44,235,923	$ 22,622,521
Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	$ (50,036,682)	$ (44,350,338)
Adjustments:		
Depreciation expense and amortization	6,832,846	6,973,253
Bad debt expense	(121,208)	77,229
Payments made directly by state for benefits	4,144,801	3,067,862
Changes in assets and liabilities:		
(Increase) decrease in receivables (net)	801,134	338,547
(Increase) decrease in prepaid expenses	(1,506,966)	(36,281)
(Increase) decrease in pension/OPEB related deferred outflows	1,198,643	(636,242)
Increase (decrease) in accounts payable	(191,001)	(3,817,938)
Increase (decrease) in accrued liabilities	3,991	53,029
Increase (decrease) in unearned income	660,406	(68,349)
Increase (decrease) in compensated absences payable	67,608	(63,554)
Increase (decrease) in net pension liability	1,756,663	6,311,099
Increase (decrease) in net OPEB liability	(2,710,588)	(6,100,765)
Increase (decrease) in pension/OPEB related deferred inflows	(1,674,785)	(2,338,758)
Net Cash (Used) by Operating Activities	$ (40,775,138)	$ (40,591,206)
Schedule of Non-Cash Capital and Related Financing Activities		
Issuance of debt - leases	$ 2,587,157	$ -

See accompanying notes to the financial statements.

COLLEGE OF THE MAINLAND

Exhibit 3A

DISCRETELY PRESENTED COMPONENT UNIT
STATEMENTS OF CASH FLOWS
College of the Mainland Foundation - Year Ended August 31, 2024 with Comparative Totals for 2023

	Year Ended August 31, 2024	2023
Cash Flows Provided (Used) by From Operating Activities:		
Cash received from contributions, grants and events	$ 1,154,171	$ 1,219,099
Cash received from interest earnings	285,949	261,355
Cash paid for scholarships and grants	(1,114,106)	(912,661)
Cash paid for management and general expenses	(57,176)	(72,463)
Net Cash Provided (Used) by Operating Activities:	268,838	495,330
Cash Flows Provided (Used) by Investing Activities:		
Reinvestment income and fees	134,244	170,609
Proceeds from sales and maturities of investments	-	1,054,212
Purchases of investments	(1,746,323)	(806,959)
Net Cash Provided (Used) by Investing Activities	(1,612,079)	417,862
Net change in cash and cash equivalents	(1,343,241)	913,192
Cash and Cash Equivalents at Beginning of Year	3,557,450	2,644,258
Cash and Cash Equivalents at End of Year	$ 2,214,209	$ 3,557,450
Presented on Statement of Financial Position as Follows:		
Cash and cash equivalents	$ 864,839	$ 856,242
Restricted cash and cash equivalents	1,349,370	2,701,208
Cash and Cash Equivalents at End of Year	$ 2,214,209	$ 3,557,450
Reconciliation of Change in Net Assets to Cash Flows Provided (Used) by Operating Activities		
Increase in net assets	$ 560,108	$ 335,239
Adjustments to reconcile change in net assets to net cash provided (used) by:		
Net unrealized and realized gain in investments	(632,338)	(6,440)
Bad debt expense	-	52,092
Decrease in contribution receivables	65,069	127,909
Increase (decrease) in accounts payable	275,999	(13,470)
Net Cash Provided by Operating Activities	$ 268,838	$ 495,330

Note 1 - Reporting Entity

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

The College of the Mainland Foundation (the "Foundation") is a non-profit organization established in 1996 for the purpose of providing benefits, such as scholarships and grants, to the College through private funds raised by the Foundation. Under GASB Statement No. 61, *The Financial Reporting Entity Omnibus - An Amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, an organization should report as a discretely presented component unit those organizations that raise and hold economic resources for the direct benefit of a government unit. Accordingly, the Foundation's most recent fiscal year-end comparative Statements of Financial Position, Statements of Activities and Changes in Net Assets, and Statements of Cash Flows, which are prepared in accordance with the standards of the Financial Accounting Standards Board, are included in the College's annual comprehensive financial report as a discretely presented component unit. Complete financial statements for the Foundation may be obtained by contacting the Foundation's business office at 1200 Amburn Road, Texas City, TX 77591.

Note 2 - Summary of Significant Accounting Policies

Reporting Guidelines

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

Tuition Discounting

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

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

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

Basis of Accounting

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

Unearned Revenues
Tuition, fees, and other revenues received that are related to the period after August 31, 2024 are reported as unearned revenues. Those amounts are as follows:

	2024	2023
Tuition and fees	$ 3,424,497	$ 3,278,583
Federal, state and local grants	1,736,575	1,269,256
Other	103,835	56,662
	$ 5,264,907	$ 4,604,501

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

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

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

Reclassifications
Certain amounts for 2023 have been reclassified to conform to current year reporting requirements.

Note 2 - Summary of Significant Accounting Policies (continued)

Implementation of New Standards
GASB issued Statement No. 99, *Omnibus 2022,* in April 2022. This Statement was issued to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees. The requirements of this statement had various effective dates and specific provisions were implemented prior to fiscal year 2024. The remaining requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The remaining requirements of this statement were implemented in fiscal year 2024 and did not have a material impact on the financial statements.

GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62,* in June 2022. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The requirements of this statement were implemented in fiscal year 2024 and did not have a material impact on the financial statements.

GASB issued Implementation Guide 2021-1, *Implementation Guidance Update – 2021*, in May 2021. The primary objective of this Implementation Guide is to provide guidance that clarifies, explains, or elaborates on GASB Statements. The requirements of this Implementation Guide had various effective dates and specific provisions were implemented prior to fiscal year 2024. The remaining requirement, an amendment to Question 7.9.8 in Implementation Guide 2015-1 effective for reporting periods beginning after June 15, 2023, requires governments to capitalize assets whose individual acquisition costs are less than the threshold for an individual asset if those assets in the aggregate are significant. The requirements of this statement were implemented in fiscal year 2024 and did not have a material impact on the financial statements.

GASB issued Implementation Guide 2023-1, *Implementation Guidance Update – 2023*, in June 2023. The primary objective of this Implementation Guide is to provide guidance that clarifies, explains, or elaborates on GASB Statements. This Implementation Guide amends Implementation Guide No. 2019-3, *Leases*, Question 4.16, and Implementation Guide No. 2021-1, *Implementation Guidance Update—2021*, Question 4.13. The requirements of this Implementation Guide are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The requirements of this Implementation Guide were implemented in fiscal year 2024 and did not have a material impact on the financial statements.

Note 3 - Authorized Investments

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

Note 4 - Deposits and Investments

At August 31, 2024 and 2023, the carrying amounts of the bank balances exceeded the federal depository insurance of $250,000, but were properly covered by collateral pledged in the College's name for the years ended August 31, 2024 and 2023.

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

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

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

	2024	2023
Cash and Deposits:		
Bank Deposits:		
Demand deposits	$ 2,044,498	$ 660,513
Cash on cash equivalents:		
Petty cash on hand and change funds	1,760	1,760
Total Cash and Deposits	$ 2,046,258	$ 662,273

Note 4 - Deposits and Investments (continued)

Reconciliation of Deposits and Investments to Exhibit 1:

Type of Security	Fair Value 2024	Fair Value 2023
Investments:		
Government Investment Pools:		
TexPool	$ 23,579,335	$ 16,548,173
LOGIC	18,610,330	5,412,075
Total Investments	42,189,665	21,960,248
Total Cash and Deposits	2,046,258	662,273
Total Deposits and Investments	$ 44,235,923	$ 22,622,521
Cash and Temporary Investments (Exhibit 1):		
Cash and cash equivalents	$ 25,596,156	$ 17,182,538
Restricted cash and cash equivalents	18,639,767	5,439,983
Total Deposits and Investments	$ 44,235,923	$ 22,622,521

As of August 31, 2024, the College had the following investments and maturities:

	Fair Value	Credit Quality Rating	Percentage of Investments	Weighted Average Maturity (Days)
Investment Type:				
Local Government Investment Pools:				
TexPool	$ 23,579,335	AAAm	55.9%	36
LOGIC	18,610,330	AAAm	44.1%	47
Total Local Government Investment Pools	42,189,665		100.0%	
Total Investments	$ 42,189,665		100.0%	

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

Credit Risk
State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. As of August 31, 2024, the College's investment in TexPool and LOGIC (public funds investment pools) were rated AAAm by Standard and Poor’s.

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

Concentration of Credit Risk
The College places no limit on the amount that may be invested in any one issuer. One hundred percent (100%) of the College's investments were invested in public investment pools as of August 31, 2024.

Note 4 - Deposits and Investments (continued)

Custodial Credit Risk

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

Investment income for 2024 and 2023 was as follows:

	2024	2023
Interest income	$ 2,692,523	$ 1,702,687
Total Investment Earnings	$ 2,692,523	$ 1,702,687

As of August 31, 2024 and 2023, cash and cash equivalents was restricted for the following purposes:

	2024	2023
Unspent bond proceeds	$ 18,639,767	$ 5,439,983
Total Restricted Cash and Cash Equivalents	$ 18,639,767	$ 5,439,983

Note 5 - Disaggregation of Receivables and Payables Balances

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

	2024	2023
Property taxes receivable	$ 3,447,720	$ 3,116,669
Allowance for uncollectible property taxes	(1,235,369)	(1,318,362)
Total Property Taxes Receivable, Net	2,212,351	1,798,307
Tuition and fees receivable	3,138,632	4,576,337
Allowance for uncollectible tuition and fees	(1,742,491)	(1,863,699)
Total Tuition and Fees Receivable, Net	1,396,141	2,712,638
Grants Receivable:		
Federal	465,318	299,825
State	121,062	48,751
Local	366,452	110,836
Grants Receivable	952,832	459,412
Other receivables	91,626	69,683
Total Receivables, Net	$ 4,652,950	$ 5,040,040

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

	2024	2023
Accrued interest payable	$ 361,129	$ 270,285
Accrued wages payable	518,374	422,863
Accrued benefits and other payroll liabilities	134,897	316,767
Other accrued liabilities	3,540	4,034
Total Accrued Liabilities	$ 1,017,940	$ 1,013,949

Note 6 - Capital Assets

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

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

Commitments related to construction projects as of August 31, 2024 are as follows:

	Budget	Construction in Progress	Remaining Balance
Program Wide Management	$ 10,890,000	$ 2,981,563	$ 7,908,437
Academic Classroom Building	41,810,240	45,000	41,765,240
Public Services Center	34,189,360	1,431,583	32,757,777
Corporate & Continuing Ed Building	15,579,344	554,284	15,025,060
Welding & Industrial Ed Building	15,788,882	1,345,509	14,443,373
College Services Building	904,373	6,748	897,625
Infrastructure Upgrades	29,724,315	504,507	29,219,808
Parking Lots ABC & Utilities	16,442,029	1,113,988	15,328,041
Deferred Maint Buildings	166,455	28,800	137,655
STEAM/Shell Space	2,486,620	205,543	2,281,077
Admin-New	965,393	162,839	802,554
Library Classroom Building	132,766,054	2,354,948	130,411,106
	$ 301,713,065	$ 10,735,312	$ 290,977,753

Note 6 - Capital Assets (continued)

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

	Balance 09/01/22	Additions	Retirements	Transfers	Balance 08/31/23
Capital Assets, Not Being Depreciated					
Land	$ 372,145	$ -	$ -	$ -	$ 372,145
Construction in progress	31,323,486	14,691,523	-	(45,474,223)	540,786
Total Capital Assets, Not Being Depreciated	31,695,631	14,691,523	-	(45,474,223)	912,931
Capital Assets, Being Depreciated					
Buildings and building improvements	141,837,127	2,411,683	(120,192)	45,474,223	189,602,841
Improvements other than buildings	19,650,066	-	-	-	19,650,066
Furniture, equipment and vehicles	8,712,977	963,564	(34,678)	-	9,641,863
Telecommunication equipment	8,574,545	498,443	-	-	9,072,988
Right-to-use lease assets	8,389,502	-	(607,475)	-	7,782,027
Right-to-use subscription assets	1,890,051	568,892	-	-	2,458,943
Library books	2,067,377	60,291	-	-	2,127,668
Total Capital Assets, Being Depreciated	191,121,645	4,502,873	(762,345)	45,474,223	240,336,396
Accumulated Depreciation:					
Buildings and building improvements	(18,572,391)	(3,570,381)	39,663	-	(22,103,109)
Improvements other than buildings	(13,914,866)	(548,006)	-	-	(14,462,872)
Furniture, equipment and vehicles	(4,466,365)	(740,182)	34,187	-	(5,172,360)
Telecommunication equipment	(6,761,183)	(740,700)	-	-	(7,501,883)
Right-to-use lease assets	(1,585,024)	(818,069)	601,221	-	(1,801,872)
Right-to-use subscription assets	(480,628)	(500,897)	-	-	(981,525)
Library books	(1,661,111)	(55,018)	-	-	(1,716,129)
Total Accumulated Depreciation	(47,441,568)	(6,973,253)	675,071	-	(53,739,750)
Net Capital Assets	$ 175,375,708	$ 12,221,143	$ (87,274)	$ -	$ 187,509,577

The College's net investment in capital assets consisted of the following amounts as of August 31, 2024 and 2023:

	2024	**2023**
Capital assets, net	$ 198,203,964	$ 187,509,577
Less:		
Bonds payable	(162,656,898)	(166,999,673)
Deferred gain	(558,860)	(601,850)
Leases payable	(8,180,955)	(6,426,487)
SBITAs payable	(788,251)	(1,482,881)
Non-debt, capital-related liabilities	(3,389,888)	(2,767,087)
Plus unspent bond proceeds	18,639,767	-
	$ 41,268,879	$ 9,231,599

Note 7 - Long-term Debt

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

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

Noncurrent liabilities activity for the year ended August 31, 2023, was as follows:

	Balance 09/01/22	Additions	Retirements	Balance 08/31/23	Current Portion
Bonds Payable:					
General obligation bonds	$ 160,240,000	$ -	$ (9,980,000)	$ 150,260,000	$ 3,695,000
Premium	17,359,997	-	(620,324)	16,739,673	-
Total Bonds Payable	177,599,997	-	(10,600,324)	166,999,673	3,695,000
Other Liabilities:					
Compensated absences	904,808	-	(63,554)	841,254	126,187
Leases payable	7,245,197	-	(818,710)	6,426,487	727,887
SBITA payable	1,347,807	568,891	(433,817)	1,482,881	634,357
Total Noncurrent Liabilities	$ 187,097,809	$ 568,891	$ (11,916,405)	$ 175,750,295	$ 5,183,431

Note 7 - Long-term Debt (continued)

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

In February 2021 the College partially defeased $1,000,000 of the Limited Tax General Obligation Bonds, Series 2019 with a contribution of $1,388,000, to pay for principal, interest and other fees associated with the defeasance. In September 2021, the College partially defeased $1,000,000 of the Limited Tax General Obligation Bonds, Series 2019 with a contribution of $1,149,107, to pay for principal, interest and other fees associated with the defeasance. In August 2023, the College partially defeased $4,715,000 of the Limited Tax General Obligation Bonds, Series 2019 with a contribution of $5,081,619, to pay for principal, interest and other fees associated with the defeasance. The following details the payments due through maturity as of August 31, 2024:

Fiscal Year	Principal	Interest	Totals
2025	$ 1,890,000	$ 3,179,650	$ 5,069,650
2026	1,980,000	3,085,150	5,065,150
2027	2,075,000	2,992,650	5,067,650
2028	2,180,000	2,888,900	5,068,900
2029	2,285,000	2,779,900	5,064,900
2030 - 2034	13,180,000	12,159,450	25,339,450
2035 - 2039	16,100,000	9,240,250	25,340,250
2040 - 2044	19,560,000	5,770,050	25,330,050
2045 - 2049	17,195,000	1,877,252	19,072,252
	$ 76,445,000	$ 43,973,252	$ 120,418,252

Series 2020 Limited Tax General Obligation Bonds
On March 4, 2020, the College issued Limited Tax General Obligations Bonds, Series 2020 with a par value of $66,625,000 and a premium of $10,644,016. The bonds were used for construction, renovation, acquisition and equipment of school buildings for the College and the purchase of the necessary sites for school buildings and for paying all costs associated with the issuance of the bonds. The interest rate ranges from 2.36 to 5.00 percent. The following details the payments due through maturity as of August 31, 2024:

Fiscal Year	Principal	Interest	Totals
2025	$ 1,375,000	$ 2,466,100	$ 3,841,100
2026	1,440,000	2,397,350	3,837,350
2027	1,515,000	2,325,350	3,840,350
2028	1,590,000	2,249,600	3,839,600
2029	1,670,000	2,170,100	3,840,100
2030 - 2034	9,485,000	9,704,200	19,189,200
2035 - 2039	11,545,000	7,649,000	19,194,000
2040 - 2044	14,045,000	5,147,400	19,192,400
2045 - 2049	17,090,000	2,104,400	19,194,400
	$ 59,755,000	$ 36,213,500	$ 95,968,500

Note 7 - Long-term Debt (continued)

Series 2021 Limited Tax General Obligation Refunding Bonds

On August 4, 2021, the College issued $12,005,000 Limited Tax General Obligation Refunding Bonds, Series 2021 at a premium of $2,051,831. The bonds were used to refund $13,500,000 Maintenance Tax Notes Series, 2017. The net present value savings were $3.7 million. The refunding resulted in a deferred gain on refunding of $0.7 million. The following details the payments due through maturity as of August 31, 2024:

Fiscal Year	Principal	Interest	Totals
2025	$ 605,000	$ 393,950	$ 998,950
2026	640,000	363,700	1,003,700
2027	670,000	331,700	1,001,700
2028	705,000	298,200	1,003,200
2029	740,000	262,950	1,002,950
2030 - 2034	4,175,000	832,800	5,007,800
2035 - 2039	2,830,000	171,450	3,001,450
	$ 10,365,000	$ 2,654,750	$ 13,019,750

Total General Obligation Bonds

The following details the payments due through maturity for all bonds outstanding as of August 31, 2024:

Fiscal Year	Principal	Interest	Totals
2025	$ 3,870,000	$ 6,039,700	$ 9,909,700
2026	4,060,000	5,846,200	9,906,200
2027	4,260,000	5,649,700	9,909,700
2028	4,475,000	5,436,700	9,911,700
2029	4,695,000	5,212,950	9,907,950
2030 - 2034	26,840,000	22,696,450	49,536,450
2035 - 2039	30,475,000	17,060,700	47,535,700
2040 - 2044	33,605,000	10,917,450	44,522,450
2045 - 2049	34,285,000	3,981,652	38,266,652
	$ 146,565,000	$ 82,841,502	$ 229,406,502

The amount of bonds authorized but unissued as of August 31, 2024 is $250,000,000. See Note 8 for information related to the Bond Anticipation Notes.

Note 7 - Long-term Debt (continued)

Leases

The College has four leases outstanding as of August 31, 2024 for the right to use buildings. The College terminated another lease agreement in fiscal year 2022, which resulted in a loss of $78,476.

Description	Start Date	End Date	Interest Rate	Original Amount	Lease Liability as of August 31, 2024	Lease Liability as of August 31, 2023
Mainland City Centre	8/15/21	12/31/31	1.890%	$ 4,232,409	$ 3,132,369	$ 3,508,746
Culinary School	4/1/24	1/31/33	2.644%	2,432,498	2,329,677	-
1411 Main	9/1/20	8/31/31	1.048%	3,549,652	2,566,259	2,917,741
1501 Amburn Road	5/7/24	4/30/29	2.636%	154,659	152,650	-
				$ 10,369,218	$ 8,180,955	$ 6,426,487

The future principal and interest lease payments as of August 31, 2024, were as follows:

Fiscal Year	Principal	Interest	Totals
2025	$ 1,011,557	$ 143,483	$ 1,155,040
2026	1,040,398	125,019	1,165,417
2027	1,066,906	106,007	1,172,913
2028	1,094,044	86,440	1,180,484
2029	1,109,964	66,343	1,176,307
2030 - 2034	2,858,086	81,823	2,939,909
	$ 8,180,955	$ 609,115	$ 8,790,070

Subscription-Based Information Technology Arrangements (SBITAs)

The College has three SBITAs outstanding as of August 31, 2024 for the right to use subscription assets.

Description	Start Date	End Date	Interest Rate	Original Amount	SBITA Liability as of August 31, 2024	SBITA Liability as of August 31, 2023
ERP Software	09/01/20	08/31/25	5.000%	$ 1,773,197	$ 481,917	$ 930,585
Educational Software	06/30/23	08/31/28	5.000%	568,892	306,334	552,296
				$ 2,342,089	$ 788,251	$ 1,482,881

The future principal and interest lease payments as of August 31, 2024, were as follows:

Fiscal Year	Principal	Interest	Totals
2025	$ 576,099	$ 25,842	$ 601,941
2026	101,951	10,608	112,559
2027	110,201	5,510	115,711
	$ 788,251	$ 41,960	$ 830,211

Note 8 - Short-term Debt

The College used short-term debt in the form of bond anticipation notes (BANs) for the fiscal year ended August 31, 2024. The notes were used since expenses related to the bonds authorized in fiscal year 2023 were to occur prior to issuance of the bonds.

Limited Tax Revolving Note Program

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

Limited Tax Revolving Note Note Program Series 2023	
Amount	$ 100,000,000
Issuance date	10/26/2023
Maturity date	10/24/2024
Average interest rate	4.323%

Activity related to the BANs for the year ended August 31, 2024 and 2023, was as follows:

	2024	2023
Beginning balance	$ -	$ -
Additions	25,000,000	-
Retirements	-	-
Ending Balance	$ 25,000,000	$ -
Unused amount	$ 75,000,000	$ 100,000,000

Note 9 - Defined Benefit Pension Plan

Plan Description

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

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

Pension Plan Fiduciary Net Position

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained online or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

Benefits Provided

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

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

Contributions

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

Note 9 - Defined Benefit Pension Plan (continued)

Contributions (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.

	Fiscal Year Contribution Rates	
	2024	**2023**
Employer (College)	8.25%	8.00%
Employee (Member)	8.25%	8.00%
Non-employer Contributing Entity (State)	8.25%	8.00%

The College's contributions to the TRS pension plan, as reported in the Schedule of College Contributions for pensions in the Required Supplementary Information section of these financial statements, the employee contributions, and the estimated state of Texas on-behalf contributions in fiscal years 2024 and 2023, were as follows:

	Fiscal Year Contributions	
	2024	**2023**
Employer (College)	$ 1,076,593	$ 978,170
Employee (Member)	1,835,207	1,664,351
Non-employer Contributing Entity (State)	852,639	715,938

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, there is a surcharge an employer is subject to.

- All public schools, charter schools, and regional educational service centers must contribute 1.8% of the member's salary beginning in fiscal year 2023, gradually increasing to 2% in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Note 9 - Defined Benefit Pension Plan (continued)

Actuarial Assumptions

The total pension liability in the August 31, 2022, actuarial valuation was determined using the following actuarial assumptions:

Component	Result
Valuation Date	August 31, 2022, rolled forward to August 31, 2023
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term Expected Rate	7.00%
Municipal Bond Rate as of August 2020	4.13% - The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Last year ending August 31 in Projection Period (100 years)	2122
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

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

Discount Rate

A single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.50% of payroll in fiscal year 2024 increasing to 9.56% in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

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

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

Note 9 - Defined Benefit Pension Plan (continued)

Discount Rate (continued)

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 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			
USA	18.00%	4.00%	1.00%
Non-U.S. Developed	13.00%	4.50%	0.90%
Emerging Markets	9.00%	4.80%	0.70%
Private Equity[1]	14.00%	7.00%	1.50%
Stable Value			
Government Bonds	16.00%	2.50%	0.50%
Absolute Return[1]	0.00%	3.60%	0.00%
Stable Value Hedge Funds	5.00%	4.10%	0.20%
Real Return			
Real Estate	15.00%	4.90%	1.10%
Energy, Natural Resources & Infrastructure	6.00%	4.80%	0.40%
Commodities	0.00%	4.40%	0.00%
Risk Parity	8.00%	4.50%	0.40%
Asset Allocation Leverage			
Cash	2.00%	3.70%	0.00%
Asset Allocation Leverage	-6.00%	4.40%	-0.10%
Inflation Expectation			2.30%
Volatility Drag[4]			-0.90%
Expected Return	100.00%		8.00%

[1] Absolute Return includes Credit Sensitive Investments.
[2] Target allocations are based on the fiscal year 2023 policy model.
[3] Capital Market Assumptions come from Aon Hewitt as of August 31, 2023.
[4] The volatility drag results from the conversion between arithmetic and geometric mean returns.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used (7.00%) in measuring the Net Pension Liability.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
College's proportional share of the net pension liability	$ 19,551,733	$ 13,077,598	$ 7,694,351

Note 9 - Defined Benefit Pension Plan (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions
At August 31, 2024, the College reported a liability of $13,077,598 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the College. The amount recognized by the College as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the College were as follows:

College's proportionate share of the net pension liability	$ 13,077,598
State's proportionate share of the net pension liability associated with the College	7,639,558
Total	$ 20,717,156

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

At August 31, 2024, the employer's proportion of the collective net pension liability was 0.0190%, which was a decrease of 0.0000% from its proportion measured as of August 31, 2023.

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

For the year ended August 31, 2024, the College recognized pension expense of $2,205,910 and an additional on-behalf revenue and expense of $1,444,574 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 465,959	$ (158,355)
Changes of assumptions	1,236,885	(302,694)
Net difference between projected and actual earnings on plan investments	1,903,108	-
Changes in proportion and differences between College contributions and proportionate share of contributions	130,474	(620,233)
College contributions subsequent to the measurement date	1,076,593	-
Total	$ 4,813,019	$ (1,081,282)

Note 9 - Defined Benefit Pension Plan (continued)

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

The deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the measurement year ended August 31, 2024 or fiscal year ending August 31, 2025. The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending August 31	Amount
2025	$ 566,249
2026	218,276
2027	1,420,736
2028	403,155
2029	46,728
	$ 2,655,144

The College will continue to make the required pension contributions based on the statutorily determined rates established by the Teacher Retirement System of Texas (TRS). TRS will apply the College's contributions to the Net Pension Liability on an annual basis.

Note 10 - Optional Retirement Plan

Plan Description

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

Funding Policy

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

	Fiscal Year	
	2024	2023
State On-Behalf Retirement Expense	$ 77,035	$ 85,020
Covered Payroll - TRS Employees	22,244,919	20,804,386
Covered Payroll - ORP Employees	2,334,392	2,576,355
Covered Payroll - All Employees	28,044,293	26,527,479

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

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

Plan Description

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

OPEB Plan Fiduciary Net Position

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

Benefits Provided

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

Contributions

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

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

Maximum monthly contribution by the employer for fiscal years 2024 and 2023 were as follows:

	Fiscal Year	
	2024	**2023**
Retiree only	$624.82	$624.82
Retiree & Spouse	1,340.36	1,340.36
Retiree & Children	1,104.22	1,104.22
Retiree & Family	1,820.22	1,820.22

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

Contributions (continued)

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

	2024	2023
Employer (College)	$ 656,776	$ 643,915
Employee (Member)	158,153	167,399
Non-employer Contributing Entity (State)	2,209,164	2,309,136

Actuarial Assumptions

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
Amortization Method/Period	Level of percentage of payroll, open / 30 years
Asset Valuation Method	Not applicable
Inflation	2.30%
Salary Increases	2.30% to 8.95%, including inflation
Discount Rate	3.81%
Aggregate Payroll Growth	2.7%
Retirement Age	Experience-based tables of rates that are specific to the class of employee.

Healthcare Cost Trend Rates	
Medication (HealthSelect)	5.60% for FY2025, 5.30% for FY2026, 5.00% for FY2027, 4.75% for FY2028, 4.60% for FY2029, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2032 and later years
Medical (HealthSelect Medicare Advantage)	16.40% for FY2025, 8.40% for FY2026, 5.00% for FY2027, 4.75% for FY2028, 4.60% for FY2029, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2032 and later years
Pharmacy	10.00% for FY2025, 10.00% for FY2026, decreasing 100 basis points per year to 5.00% for FY2031 and 4.30% for FY2032 and later years

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

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 over a 7-year period from September 1, 2010 to August 31, 2017.

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

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

Discount Rate
Because the SRHP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bond rates. The discount rate used to determine the total OPEB liability as of the end of the measurement year was 3.81% to reflect the requirements of GASB 75. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA rating. Projected cash flows into the SRHP are equal to projected benefit payments out of the plan. Because SRHP operates on a pay-as-you-go basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets and therefore the years of projected benefit payments to which the long-term expected rate of return is applicable is zero years.

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

	1% Decrease 2.81%	Current Discount Rate 3.81%	1% Increase 4.81%
College's proportional share of the net OPEB liability	$ 25,876,960	$ 22,300,873	$ 19,424,535

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

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
College's proportional share of the net OPEB liability	$ 20,362,423	$ 22,300,873	$ 28,138,327

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

OPEB Liabilities, OPEB Expense, and Deferred/Inflows of Resources Related to OPEB
At August 31, 2024, the College reported a liability of $22,300,873 for its proportionate share of the ERS's net OPEB liability. This liability reflects a reduction for State support provided to the College for OPEB. The amount recognized by the College as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the College were as follows:

College's proportion of the net OPEB liability		0.08346907%
College's proportionate share of the net OPEB liability	$	22,300,873
State's proportionate share of the net OPEB liability associated with the College		14,821,943
Total	$	37,122,816

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

At the measurement date of August 31, 2023, the employer's proportion of the collective net OPEB liability was 0.0835% which was a decrease of 0.0043% from the previous year. For the year ended August 31, 2024, the College recognized a negative OPEB expense of $1,900,888 and an additional negative on-behalf revenue and expense of $438,601 for support provided by the State.

Changes Since the Prior Actuarial Valuation – Changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period were as follows: (a) discount rate increased from 3.59% to 3.81%, (b) percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence, (c) 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, (d) demographic assumptions (including rates of retirement, disability, termination, and mortality, and assumed salary increases) for Higher Education members, (e) proportion of future retirees assumed to cover dependent children , (f) the Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act and (g) assumptions for Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends.

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

	Deferred Outflows of Resources		Deferred Inflows of Resources	
Differences between expected and actual experience	$	-	$	(589,870)
Changes of assumptions		743,933		(6,964,860)
Net difference between projected and actual earnings on plan investments		1,802		-
Changes in proportion and differences between College contributions and proportionate share of contributions		1,032,595		(2,312,338)
College contributions subsequent to the measurement date		656,776		-
Total	$	2,435,106	$	(9,867,068)

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

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

The deferred outflows of resources related to OPEB resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the measurement year ended August 31, 2024 or fiscal year ending August 31, 2025. The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending August 31		Amount
2025	$	(2,097,021)
2026		(2,119,392)
2027		(2,104,117)
2028		(1,434,147)
2029		(334,061)
	$	(8,088,738)

Note 12 - Deferred Compensation Program

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

Note 13 - Compensated Absences

Sick Leave

All 100 percent full-time equivalent employees of the College earn one day of sick leave for each month of service. Sick leave benefits are earned by benefit eligible employees that are less than 100 percent full-time equivalent on a pro-rata basis. The maximum amount employees that are 100 percent full-time equivalent are eligible to accrue is 960 hours. Effective September 1, 2013, sick leave is no longer paid out when an employee separates their employment with the College.

Vacation Leave - Employees Hired Before or by June 30, 2012

All 100 percent full-time equivalent, non-faculty personnel employed on a 12-month basis shall earn vacation time at the rate of 13.33 hours per calendar month of service and are entitled to 20 working days of vacation per year. Benefit eligible employees that are less than 100 percent full-time equivalent, non-faculty personnel employed on a 12-month basis shall earn vacation time on a pro-rata basis related to their full-time equivalency, Personnel that are eligible to earn vacation time but are employed for a period less than 12 months will earn vacation time on a pro-rata basis related to their full-time equivalency. All accrued vacation over 240 hours or 30 days must be taken or shall be lost by the employee's anniversary date of service each year unless the employee is prevented from taking vacation for the convenience of the College. The maximum accrual of 240 hours shall be adjusted pro-rata for benefit eligible employees, non-faculty employees that are less than 100 percent full-time equivalent.

The College's vacation leave payable is included in accrued compensable absences on the balance sheet. The following is a summary of changes in vacation leave payable:

		2024		2023
Balance, September 1	$	841,254	$	946,828
Additions		67,608		95,700
Payments		-		(137,720)
Balance, August 31	$	908,862	$	904,808
Current	$	136,328	$	126,187
Noncurrent		772,534		715,067
	$	908,862	$	841,254

Note 14 - Pending Lawsuits and Claims

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

Note 15 - Contract and Grant Awards

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

Note 16 - Self-Insured Plans

Workers' Compensation Pool
During the year ended August 31,2024 and 2023, College of the Mainland met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers' Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members' injured employees.

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of $2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2023, the Fund carries a discounted reserve of $48,919,036 for future development on reported claims and claims that have been incurred but not yet reported. For the year-ended August 31, 2024, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2023, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

Note 16 - Self-Insured Plans (continued)

Auto, Liability, and/or Property Programs
During the years ended August 31, 2024 and 2023, College of the Mainland participated in the following TASB Risk Management Fund (the Fund) programs: Auto Liability, Auto Physical Damage, Privacy & Information Security, and School Liability.

The Fund was created and is operated under the provision of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for its Auto, Liability and Property programs. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2024, the Fund anticipates that College of the Mainland has no additional liability beyond the contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2023, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

Unemployment Compensation Pool
During the years ended August 31, 2024 and 2023, College of the Mainland provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore there is no need for specific or aggregate stop loss coverage for the Unemployment Compensation pool. For the year ended August 31, 2024, the Fund anticipates that College of the Mainland has no additional liability beyond the contractual obligation for payment of contribution.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2023, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

Note 17 - Property Tax

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

	2024	2023
Assessed Valuation of the College:	$ 22,818,746,813	$ 21,422,296,269
Less: Exemptions	(5,055,083,898)	(4,507,617,257)
Net Assessed Valuation of the College	$ 17,763,662,915	$ 16,914,679,012

	2024			2023		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Authorized Tax Rate per $100 Valuation	$ 0.600000	$ 0.500000	$ 1.100000	$ 0.600000	$ 0.500000	$ 1.100000
Assessed Tax Rate per $100 Valuation	$ 0.144100	$ 0.124400	$ 0.268500	$ 0.151420	$ 0.116200	$ 0.267620

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

Taxes levied for the years ended August 31, 2024 and 2023 amounted to $47,723,184 and $42,903,967 respectively, including any penalty and interest assessed. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

Tax collections for the years ended August 31, 2024 and 2023 approximated 97.69% of the current year levy for 2024 and 97.93% for 2023. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes.

Note 18 - Income Taxes

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

Note 19 - Tax Abatements

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

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

Inventory within the Foreign Trade Zone totaled $328.9 million and $204.7 million as of August 31, 2024 and August 31, 2023, respectively. The College received a tax equivalency payments of $883,022 and $547,722 for fiscal years 2024 and 2023, respectively.

Note 20 - Component Unit - College of the Mainland Foundation (Related Party)

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

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

REQUIRED SUPPLEMENTARY INFORMATION

(RSI) SCHEDULES

COLLEGE OF THE MAINLAND

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -TRS

Last Ten Measurement Years

	2023	2022	2021	2020	2019
College's proportion of the net pension liability	0.0190%	0.0191%	0.0197%	0.0210%	0.0217%
College's proportionate share of the net pension liability	$ 13,077,598	$ 11,320,935	$ 5,009,836	$ 11,231,118	$ 11,299,584
State's proportionate share of the net pension liability associated with the College	9,567,264	15,983,626	3,819,626	8,423,778	7,825,217
Total	$ 22,644,862	$ 27,304,561	$ 8,829,462	$ 19,654,896	$ 19,124,801
College's covered payroll (for Measurement Year)	$ 20,804,386	$ 19,524,009	$ 19,113,934	$ 19,605,266	$ 18,525,427
College's proportionate share of the net pension liability as a percentage of it's covered payroll	62.86%	57.98%	26.21%	57.29%	60.99%
Plan fiduciary net position as a percentage of the total pension liability *	73.15%	75.65%	88.79%	75.54%	75.24%
Plan's net pension liability as a percentage of covered payroll *	122.32%	112.72%	51.08%	110.36%	114.93%

	2018	2017	2016	2015	2014
College's proportion of the net pension liability	0.0207%	0.0194%	0.0181%	0.0187%	0.0223%
College's proportionate share of the net pension liability	$ 11,375,668	$ 6,198,638	$ 6,846,918	$ 6,610,980	$ 5,947,744
State's proportionate share of the net pension liability associated with the College	7,847,889	4,624,171	5,339,118	5,279,379	4,705,933
Total	$ 19,223,557	$ 10,822,809	$ 12,186,036	$ 11,890,359	$ 10,653,677
College's covered payroll (for Measurement Year)	$ 16,914,824	$ 16,048,298	$ 14,959,647	$ 14,576,449	$ 14,570,113
College's proportionate share of the net pension liability as a percentage of it's covered payroll	67.25%	38.62%	45.80%	45.40%	40.80%
Plan fiduciary net position as a percentage of the total pension liability *	73.74%	82.17%	78.00%	78.43%	83.25%
Plan's net pension liability as a percentage of covered payroll *	126.11%	75.93%	92.75%	91.94%	72.89%

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

* Per TRS' ACFR

COLLEGE OF THE MAINLAND

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS

Teacher Retirement System of Texas

Last Ten Fiscal Years

	2024	2023	2022	2021	2020
Contractually required contributions	$ 1,076,593	$ 978,170	$ 890,348	$ 839,421	$ 862,530
Contributions in relation to the contractual required contributions	1,076,593	978,170	890,348	839,421	862,530
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 22,244,919	$ 20,804,386	$ 19,524,009	$ 19,113,934	$ 19,605,266
Contributions as a percentage of covered payroll	4.84%	4.70%	4.56%	4.39%	4.40%

	2019	2018	2017	2016	2015
Contractually required contributions	$ 760,637	$ 693,320	$ 635,854	$ 574,687	$ 551,555
Contributions in relation to the contractual required contributions	760,637	693,320	635,854	574,687	551,555
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 18,525,427	$ 16,914,824	$ 16,048,298	$ 14,959,647	$ 14,576,449
Contributions as a percentage of covered payroll	4.11%	4.10%	3.96%	3.84%	3.78%

Changes of Assumptions

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

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

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

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

Measurement Year 2023: None.

COLLEGE OF THE MAINLAND

SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

EMPLOYEES RETIREMENT SYSTEM OF TEXAS

For the Last Seven Measurement Years ended August 31 [(1)]

	2023	2022	2021	2020
College's proportion of the net OPEB liability	0.0835%	0.0878%	0.0867%	0.0907%
College's proportionate share of the net OPEB liability	$ 22,300,873	$ 25,011,462	$ 31,112,227	$ 29,964,571
State's proportionate share of the net OPEB liability associated with the College	14,821,943	22,309,162	27,747,972	25,552,721
Total	$ 37,122,816	$ 47,320,624	$ 58,860,199	$ 55,517,292
College's covered-employee payroll (for Measurement Year)	$ 20,804,386	$ 19,524,009	$ 19,837,004	$ 19,378,778
College's proportionate share of the net OPEB liability as a percentage of it's covered-employee payroll	107.19%	128.11%	156.84%	154.63%
Plan fiduciary net position as a percentage of the total OPEB liability *	0.63%	0.57%	0.38%	0.32%
Plan's net OPEB liability as a percentage of covered-employee payroll *	194.10%	223.71%	285.03%	261.11%

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

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

* Per Employees Retirement System of Texas' comprehensive annual financial report.

[(1)] Ten year of data should be presented in this schedule, but data was unavailable prior to 2017
Net OPEB liability and related ratios will be presented as data becomes available.

COLLEGE OF THE MAINLAND

SCHEDULE OF THE COLLEGE'S OPEB CONTRIBUTIONS

EMPLOYEES RETIREMENT SYSTEM OF TEXAS

For the Last Nine Fiscal Years [1]

	2024	2023	2022	2020	2019
Contractually required contributions	$ 656,776	$ 643,915	$ 589,028	$ 653,072	$ 351,791
Contributions in relation to the contractual required contributions	656,776	643,915	589,028	653,072	351,791
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
College's covered-employee payroll	$ 22,244,919	$ 20,804,386	$ 19,524,009	$ 19,837,004	$ 19,378,778
Contributions as a percentage of covered payroll	2.95%	3.10%	3.02%	3.29%	1.82%

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

[1] Ten years of data should be presented, but data was unavailable prior to fiscal year 2015 and will be presented as data becomes available.

Changes Since Prior Actuarial Valuation

The following changes since the prior actuarial valuation affected the measurement of the amounts reported in the required supplementary schedules:

- Demographic assumptions since the last valuation was prepared for this plan (including rates of retirement, disability, termination, and mortality, and assumed salary increases) for Higher Education members have been updated to reflect assumptions recently adopted by the TRS Trustees. These new assumptions were adopted to reflect an experience study on the TRS retirement plan performed by the TRS retirement plan actuary.

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

- Percentage of current retirees and retiree spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and retiree spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- Proportion of future retirees assumed to cover dependent children.
- Proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement.
- Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on our short-term expectations.
- The Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act has been updated to reflect the most recent available information.
- The discount rate was changed from 3.59% to 3.81% as a result of requirements by GASB No. 75 to utilize the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

SUPPLEMENTAL SCHEDULES

COLLEGE OF THE MAINLAND

Schedule A

SCHEDULE OF OPERATING REVENUES
For the Year Ended August 31, 2024
With Memorandum Totals for the Year Ended August 31, 2023

	Educational Activities			Auxiliary	Total	
	Unrestricted	**Restricted**	**Total**	**Enterprises**	**2024**	**2023**
Tuition						
State funded credit courses:						
In-district resident tuition	$ 3,171,820	$ -	$ 3,171,820	$ -	$ 3,171,820	$ 2,614,439
Out-of-district resident tuition	2,510,908	-	2,510,908	-	2,510,908	2,203,692
Non-resident tuition	184,771	-	184,771	-	184,771	129,816
TPEG- credit (set aside)*	189,157	-	189,157	-	189,157	222,746
State funded continuing education	298,992	12,305	311,297	-	311,297	567,262
Non-state funded educational programs	197,525	5,429	202,954	-	202,954	88,837
Total Tuition	6,553,173	17,734	6,570,907	-	6,570,907	5,826,792
Fees						
Campus fees	159,622	-	159,622	-	159,622	169,004
Facility fees	866,524	-	866,524	-	866,524	869,003
Laboratory fees	183,398	-	183,398	-	183,398	185,745
Processing fees	456,678	-	456,678	-	456,678	507,508
Other fees	846,653	-	846,653	-	846,653	904,373
Total Fees	2,512,875	-	2,512,875	-	2,512,875	2,635,633
Scholarship Allowances and Discounts						
Remissions and exemptions - state	(99,147)	-	(99,147)	-	(99,147)	(69,663)
Remissions and exemptions - local	(1,355,788)	-	(1,355,788)	-	(1,355,788)	(1,206,123)
TPEG awards	(266,849)	-	(266,849)	-	(266,849)	(230,129)
Total Scholarship Allowances and Discounts	(1,721,784)	-	(1,721,784)	-	(1,721,784)	(1,505,915)
Total Net Tuition and Fees	7,344,264	17,734	7,361,998	-	7,361,998	6,956,510
Additional Operating Revenues						
Federal grants and contracts	151,742	3,401,358	3,553,100	-	3,553,100	5,064,766
State grants and contracts	5,400	1,023,760	1,029,160	-	1,029,160	454,204
Private grants and contracts	-	1,736,514	1,736,514	-	1,736,514	1,364,318
Sales and services of educational activities	24,548	-	24,548	-	24,548	20,711
General operating revenues	569,433	-	569,433	-	569,433	1,032,313
Total Additional Operating Revenues	751,123	6,161,632	6,912,755	-	6,912,755	7,936,312
Auxiliary Enterprises						
Bookstore	-	-	-	117,371	117,371	133,378
Other auxiliary	-	-	-	219,948	219,948	193,484
Total Net Auxiliary	-	-	-	337,319	337,319	326,862
Total Operating Revenues	$ 8,095,387	$ 6,179,366	$ 14,274,753	$ 337,319	$ 14,612,072	$ 15,219,684

*In accordance with Education Code 56.033, $266,849 and $230,129 of tuition was set aside for Texas Public Education Grants (TPEG) for the current and prior year, respectively.

COLLEGE OF THE MAINLAND

Schedule B

SCHEDULE OF OPERATING EXPENSES BY OBJECT
For the Year Ended August 31, 2024
With Memorandum Totals for the Year Ended August 31, 2023

	Operating Expenses					
	Salaries and	Benefits		Other	Total	
	Wages	State	Local	Expenses	2024	2023
Unrestricted - Educational Activities						
Instruction	$ 12,760,582	$ -	$ 1,014,804	$ 1,461,035	$ 15,236,421	$ 11,264,562
Public service	500,548	-	47,585	106,381	654,514	576,376
Academic support	3,136,581	-	393,562	2,434,750	5,964,893	6,236,750
Student services	3,374,623	-	370,021	650,462	4,395,106	3,745,943
Institutional support	5,293,358	-	1,716,773	2,757,532	9,767,663	8,959,417
Operation and maintenance of plant	686,836	-	120,600	3,720,712	4,528,148	6,168,673
Scholarships and fellowships	-	-	54	-	54	74
Total Unrestricted Educational Activities	25,752,528	-	3,663,399	11,130,872	40,546,799	36,951,795
Restricted - Educational Activities						
Instruction	1,003,499	1,823,713	-	194,701	3,021,913	2,899,908
Public service	423,539	124,344	-	154,955	702,838	572,383
Academic support	-	538,824	-	90,238	629,062	823,435
Student services	773,373	704,616	-	753,531	2,231,520	1,807,013
Institutional support	-	746,064	-	667,391	1,413,455	1,387,669
Operation and maintenance of plant	-	207,240	-	823	208,063	257,160
Scholarships and fellowships	73,708	-	-	8,731,518	8,805,226	7,607,251
Total Restricted Educational Activities	2,274,119	4,144,801	-	10,593,157	17,012,077	15,354,819
Total Educational Activities	28,026,647	4,144,801	3,663,399	21,724,029	57,558,876	52,306,614
Auxiliary Enterprises	17,646	-	810	238,576	257,032	290,155
Depreciation/Amortization Expense:						
Building and other real estate improvements	-	-	-	4,141,464	4,141,464	4,118,387
Equipment and furniture	-	-	-	1,186,816	1,186,816	1,480,882
Library books	-	-	-	51,533	51,533	55,018
Right-to-use lease assets	-	-	-	855,104	855,104	818,069
Right-to-use subscription assets	-	-	-	597,929	597,929	500,897
Total Depreciation/Amortization Expense	-	-	-	6,832,846	6,832,846	6,973,253
Total Operating Expenses	$ 28,044,293	$ 4,144,801	$ 3,664,209	$ 28,795,451	$ 64,648,754	$ 59,570,022

COLLEGE OF THE MAINLAND

Schedule C

SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
For the Year Ended August 31, 2024
With Memorandum Totals for the Year Ended August 31, 2023

	Unrestricted	Restricted	Total	Auxiliary Enterprises	Total 2024	Total 2023
Non-Operating Revenues:						
State appropriations:						
Academic appropriation	$ 7,738,497	$ -	$ 7,738,497	$ -	$ 7,738,497	$ 6,649,122
State group insurance	-	1,770,553	1,770,553	-	1,770,553	1,497,922
State retirement matching	-	2,374,248	2,374,248	-	2,374,248	1,569,940
Total state appropriations	7,738,497	4,144,801	11,883,298	-	11,883,298	9,716,984
Maintenance and ad valorem taxes	24,994,775	-	24,994,775	-	24,994,775	23,763,027
Interest and sinking ad valorem taxes	-	21,929,056	21,929,056	-	21,929,056	18,511,994
Federal revenue, non-operating	8,520	7,061,836	7,070,356	-	7,070,356	5,784,155
Investment income	1,534,637	1,157,886	2,692,523	-	2,692,523	1,702,687
Foreign trade zone fees	883,022	-	883,022	-	883,022	547,722
Total Non-Operating Revenues	35,159,451	34,293,579	69,453,030	-	69,453,030	60,026,569
Non-Operating Expenses						
Interest and fees on capital-related debt	(153,862)	(6,547,366)	(6,701,228)	-	(6,701,228)	(6,013,944)
Total Non-Operating Expenses	(153,862)	(6,547,366)	(6,701,228)	-	(6,701,228)	(6,013,944)
Net Non-Operating Revenues (Expenses)	$ 35,005,589	$ 27,746,213	$ 62,751,802	$ -	$ 62,751,802	$ 54,012,625
					(Exhibit 2)	(Exhibit 2)

COLLEGE OF THE MAINLAND

SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY

For the Year Ended August 31, 2024

	Unrestricted	Restricted Expendable	Net Investment in Capital Assets	Total	Yes	No
Current						
Unrestricted:						
Net pension liability	$ (13,077,598)	$ -	$ -	$ (13,077,598)	$ -	$ (13,077,598)
Net OPEB liability	(22,300,873)	-	-	(22,300,873)	-	(22,300,873)
Other	(18,079,382)	-	-	(18,079,382)	(18,079,382)	-
Auxiliary enterprises	(2,184,971)	-	-	(2,184,971)	(2,184,971)	-
Restricted:						
Grants and donor restrictions	-	1,275,468	-	1,275,468	1,275,468	-
Loan funds	-	27,197	-	27,197	-	27,197
Plant:						
Debt Service	-	17,438,378	-	17,438,378	17,438,378	-
Investment in plant	-	-	41,268,879	41,268,879	-	41,268,879
Total Net Position, End of Year	(55,642,824)	18,741,043	41,268,879	4,367,098	(1,550,507)	5,917,605
				Exhibit 1		
Total Net Position, Beginning of the Year	(25,439,804)	7,860,183	9,231,599	(8,348,022)	18,724,961	(27,072,983)
				Exhibit 1		
Net Increase (Decrease) in Net Position	$ (30,203,020)	$ 10,880,860	$ 32,037,280	$ 12,715,120	$ (20,275,468)	$ 32,990,588
				(Exhibit 2)		

COLLEGE OF THE MAINLAND

Schedule E

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended August 31, 2024

Federal Grantor / Pass-through Grantor / Program Title	ALN	Pass-Through Grantor's Number	Expenditures
U.S. Department of Labor			
Pass-Through from Texas Workforce Commission:			
Electric Apprenticeship	17.278	2823ATP002	$ 5,229
Total WIOA Cluster (ALN 17.278)			5,229
Electric Apprenticeship	17.285	2824ATP001	11,648
Total USA Grants Cluster (ALN 17.285)			11,648
Total U.S. Department of Labor			**16,877**
National Science Foundation			
Robotic Process Automation Career Training	47.076	2202036	81,456
Total Research and Development Cluster (ALN 47.076)			81,456
Total National Science Foundation			**81,456**
U.S. Department of Education			
Supplemental Educational Opportunity Grant	84.007	P007A223984	114,121
Federal College Work-Study Program	84.033	P033A223984	67,994
Federal College Work-Study Program	84.033	P033A233984	3,357
Federal Pell Grant	84.063	P063P222888	6,876,364
Federal Pell Grant ACA	84.063	P063P222888	8,520
Federal Direct Loan Program	84.268	P268K232888	742,607
Total Student Financial Aid Cluster (84.007, 84.033, 84.063, 84.268)			7,812,963
TRIO - Student Support Services	84.042A	P042A201150	243,934
TRIO - Upward Bound	84.047A	P047A221380	338,635
Total TRIO Cluster (ALN 84.042, 84.047)			582,569
Title V - Pathways Accelerating STEM Success	84.031S	P031S200014	652,530
Title V - Pasos Hacia el Futuro: Improving Achievement Through Culture, Community, and Care	84.031S	P031S220133	690,171
Title V - Semillas: Planting the Seeds for a Brighter Tomorrow	84.031S	P031S230264	138,151
Total Higher Education Institutional Aid (ALN 84.031)			1,480,852
Pass-Through from Texas Higher Education Coordination Board:			
Student Success Acceleration Program - Implementation Grant	84.425C	S425C210050/ THECB #28566	40,228
Pass-Through from Texas Higher Education Coordination Board:			
Carl Perkins Vocational Education	84.048	2342020271/ THECB #27616	244,435
Pass-Through from Texas Workforce Commission:			
Adult Education and Family Literacy	84.002A	2924ALA007	160,897
Houston-Galveston Area Council:			
Adult Education and Family Literacy	84.002A	AEL 211-24	663,779
Adult Education English Literacy & Civics Ed.	84.002A	AEL 211-24	107,440
Adult Education - Federal Workforce	84.002A	AEL 211-24	48,738
Adult Education - ELC Workforce	84.002A	AEL 211-24	5,056
Adult Education Career Services	84.002A	AEL 211-24	120,773
Total Adult Education - Basic Grants to States (ALN 84.002)			1,106,683
Total U.S. Department of Education			**11,267,730**
Total Schedule of Expenditures of Federal Awards			**$ 11,366,063**

COLLEGE OF THE MAINLAND *Schedule F*

SCHEDULE OF EXPENDITURES OF STATE AWARDS

For the Year Ended August 31, 2024

Grantor Agency / Program Title	Grantor / Project Number	Expenditures
Texas Comptroller of Public Accounts		
LEOSE	N/A	$ 1,108
Total Texas Comptroller of Public Accounts		1,108
Texas Higher Education Coordinating Board		
Texas Education Opportunity Grant	N/A	745,593
Nursing Shortage Reduction Program - Regular	N/A	24,180
Nursing Shortage Reduction Program - Under 70	N/A	33,613
Nursing & Allied Health-Nursing Innovation Grant Program	N/A	169,813
2023 College Readiness and Success Models	N/A	14,594
The Texas Reskilling and Upskilling through Education 2023 Grant Program	N/A	21,136
Total Texas Higher Education Coordinating Board		1,008,929
Texas Workforce Commission		
Electric Apprenticeship	2823ATP002	19,123
Total Texas Workforce Commission		19,123
Total Expenditures of State Awards		$ 1,029,160

On-Behalf Revenues Recognized as Non-Operating Revenues

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

	Estimated Payments Made by State On-Behalf of College	Pension/OPEB Expense Incurred by State On-Behalf of College	Total
State Group Insurance:			
ERS (see Note 11)	$ 2,209,154	$ (438,601)	$ 1,770,553
Total State Group Insurance:	2,209,154	(438,601)	1,770,553
State Retirement Matching:			
TRS (see Note 9)	852,639	1,444,574	2,297,213
ORP (see Note 10)	77,035	-	77,035
Total State Retirement Matching:	929,674	1,444,574	2,374,248
Total Non-Operating Revenues Related to Pension/OPEB	$ 3,138,828	$ 1,005,973	$ 4,144,801

OVERALL COMPLIANCE, INTERNAL CONTROL, AND FEDERAL AND STATE AWARDS SECTION

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

To the Board of Trustees
College of the Mainland

We have audited the financial statements of the business-type activities, and the discretely presented component unit of the of College of the Mainland (the "College"), as of and for the years ended August 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise of the College's basic financial statements, and have issued our report thereon dated December 9, 2024. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing* Standards issued by the Comptroller General of the United States. The financial statements of College of the Mainland Foundation were not audited in accordance with *Government Auditing* Standards and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with College of the Mainland Foundation.

Report on Internal Control over Financial Reporting

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

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

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

To the Board of Trustees
College of the Mainland

Report on Compliance and Other Matters

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

Purpose of this Report

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

Whitley Penn LLP

Houston, Texas
December 9, 2024

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

To the Board of Trustees
College of the Mainland

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited College of the Mainland's (the "College") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the Texas Grant Management Standards (TxGMS) that could have a direct and material effect on each of the College's major federal and state programs for the year ended August 31, 2024. The College's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2024.

Basis for Opinion on Each Major Federal and State Program

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

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

Responsibilities of Management for Compliance

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

To the Board of Trustees
College of the Mainland

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the TxGMS, we

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

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

Report on Internal Control Over Compliance

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

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

To the Board of Trustees
College of the Mainland

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

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

Whitley Penn LLP

Houston, Texas
December 9, 2024

COLLEGE OF THE MAINLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2024

I. Summary of Auditors' Results

Financial Statements

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

Federal and State Awards

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

Identification of major programs:

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

Name of State Program

Texas Education Opportunity Grant

Dollar Threshold Considered Between Type A and Type B Federal Programs	$750,000
Dollar Threshold Considered Between Type A and Type B State Programs	$750,000
Federal Single Audit - Auditee qualified as low risk auditee?	Yes
State Single Audit - Auditee qualified as low risk auditee?	No

II. Financial Statement Findings

None reported.

III. Federal Award Findings and Questioned Costs

None reported.

IV. State Award Findings and Questioned Costs

None reported.

COLLEGE OF THE MAINLAND

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended August 31, 2024

Note 1 - Federal Assistance Reconciliation

Federal Grants and Contracts Revenue (Schedule A)	$ 3,553,100
Non-Operating Federal Revenue (Schedule C)	7,070,356
Total Federal Revenues per Statement of Revenues, Expenses and Changes and Net Position	10,623,456
Add: Direct Students Loans	742,607
Total Federal Revenues per Schedule of Expenditures of Federal Awards	$ 11,366,063

Note 2 - Significant Accounting Policies Used in Preparing the Schedule

The expenditures included in Schedule E are reported for the College's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported on Schedule E represent funds that have been expended by the College for the purposes of the award. The expenditures reported on Schedule E may not have been reimbursed by the funding agencies as of the end of the fiscal year. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the schedule. The College did not use the 10 percent de Minimis indirect cost rate allowed under the Uniform Guidance.

NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS

For the Year Ended August 31, 2024

Note 1 - State Revenue Reconciliation

State revenues for the year ended August 31, 2024 are reported in the basic financial statements as follows:

State Grants and Contracts per Exhibit 2	$ 1,029,160
State Revenues per Schedule of Expenditures of State Awards	$ 1,029,160

Note 2 - Basis of Presentation

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

Note 3 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Texas Grant Management Standards, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The College did not use the 10 percent de Minimis indirect cost rate allowed under the TxGMS.

COLLEGE OF THE MAINLAND

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended August 31, 2024

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

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

I. Prior Audit Findings

None Noted

COLLEGE OF THE MAINLAND
CORRECTIVE ACTION PLAN
For the Year Ended August 31, 2024

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

I. Corrective Action Plan

Not Applicable