

**GRAYSON COLLEGE  
DENISON, TEXAS**

**Annual Financial Report  
Years Ended August 31, 2025 and 2024**





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**GRAYSON COLLEGE****PRINCIPAL OFFICIALS***For the Year Ended August 31, 2025***Board of Trustees**

Officers		Term Expires
Dr. John Spies	Chairman	2026
Mr. Terrence Steele	Vice-Chairman	2026
Mrs. Paula Cavender	Secretary	2030
Members		Term Expires
Mrs. Jackie Butler		2028
Dr. Debbie Barnes Plyer		2030
Mr. Ronnie Cole		2030
Mr. Jared Johnson		2028

**Principal Administrative and Business Officers**

Dr. Jeremy McMillen	President
Dennis L. Westman	Vice President of Business Services
Mr. Robbie Trissell	Vice President of Information Technology
Dr. Dava Washburn	Vice President of Instruction
Dr. Molly Harris	Vice President of Community Engagement
Dr. Logan Maxwell	Vice President of Student Services
Robyn Voight	Vice President of People & Culture



## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Grayson College

### Report on the Audit of the Financial Statements

#### *Opinions*

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College as of August 31, 2025 and 2024, and the respective changes in financial position, and cash flows 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. The financial statements of the Grayson College Foundation, the discretely presented component unit, were not audited in accordance with *Government Auditing Standards*.

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.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, pension information, and other-post employment benefit information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

To the Board of Trustees  
Grayson College

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. 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, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the Schedule of Expenditures of State Awards, as required by the Texas Comptroller of Public Accounts *Texas Grant Management Standards* (TxGMS), are also presented for additional analysis and are not a required part of the basic financial statements.

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

### ***Other Information***

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2025 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

*Whitley Penn LLP*

Plano, Texas

December 12, 2025



## GRAYSON COLLEGE

### MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of Grayson College's (the "College") financial statements provides an overview of the College's financial activities for the years ended August 31, 2025, 2024 and 2023. Management has prepared the financial statements along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College's management.

#### Using this Report

The College's financial report includes three financial statements: the statement of net position, the statement of revenue, expenses and change in net position, and the statement of cash flows. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities. The College's foundation has also been discretely presented within these financial statements in accordance with GASB Statement No. 39; Determining Whether Certain Organizations are Component Units, as amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*.

The annual financial report includes the independent auditor's report, the management's discussion and analysis, the basic financial statements, notes to the financial statements, and supplemental information.

Activities of the College are reported as either operating or non-operating in accordance with GASB Statement No. 35. Charges for services are recorded as operating revenues. Essentially all other types of revenue, including state appropriations, property tax levies, and federal grants and contracts, are non-operating. The College's reliance on state funding, local property taxes, and the Federal Pell Grant assistance to students result in reporting an operating deficit.

Increases or decreases in net position provide one indication of the financial health of an organization. To assess the overall health of the College, many other non-financial factors need to also be considered, such as trends in enrollment, condition of facilities, success of graduates, and the strength of the faculty and staff.

As of August 31, 2018, Grayson College implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pension (OPEB). This standard had a profound negative effect on the college's financial statements. The Statement of Revenues, Expenses, and Changes in Net Position for the year ended August 31, 2018 contained a negative restatement of \$30,001,644. While conformity with this statement is necessary to comply with generally accepted accounting principles (GAAP), the financial analysis performed by the college's accreditation agency, Southern Association of Colleges and Schools – Commission on Colleges, and its primary state regulator, the Texas Higher Education Coordinating Board, removed the effect of this statement in order to arrive at the financial condition of institutions of higher education. More information about OPEB can be found in Note 11.

Calculating unrestricted net assets, exclusive of plant and plant-related debt, is critical in determining adjusted unrestricted net assets because it provides a clearer and more accurate measure of Grayson College's financial flexibility and operational resources.

## GRAYSON COLLEGE

### MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Unrestricted Net Position exclusive of Plant and Plant related Debt (UNAEP Calculation).

	<b>2025</b>	<b>2024</b>	<b>2023</b>
<b>Unrestricted Net Assets</b>	<b>\$ 25,182,855</b>	<b>\$ 15,915,034</b>	<b>\$ 12,291,659</b>
Add Back Compensated Absences - Current	107,077	62,678	1,316,352
Add Back Compensated Absences - Noncurrent	281,844	250,712	239,072
Add Back OPEB liability - Current	652,283	575,295	576,753
Add Back OPEB liability - Noncurrent	22,326,656	19,991,980	21,607,891
Less Deferred Outflows of Resources - OPEB	(2,738,552)	(2,651,211)	(4,046,236)
Add Deferred Inflows of Resources - OPEB	5,538,771	7,921,611	8,541,332
Add Liability - Noncurrent Pension	9,678,746	10,495,751	8,957,127
Less Deferred Outflows of Resources - Pension	(4,833,464)	(6,045,316)	(6,677,020)
Add Deferred Inflows of Resources - Pension	2,455,232	2,291,836	3,498,132
<b>Unrestricted Net Assets, Adjusted</b>	<b>\$ 58,651,448</b>	<b>\$ 48,808,370</b>	<b>\$ 46,305,062</b>
<b>Net Effect of Pensions</b>	<b>7,300,514</b>	<b>6,742,271</b>	<b>5,778,239</b>
<b>Net Effect of OPEB</b>	<b>25,779,158</b>	<b>25,837,675</b>	<b>26,679,740</b>
<b>Net Effect of Compensated Absences</b>	<b>388,921</b>	<b>313,390</b>	<b>1,555,424</b>

#### Financial Highlights

The statement of net position and the statement of revenue, expenses, and changes in net position report information on the College as a whole. These statements report the College's financial position as of August 31, 2025, 2024 and 2023 and the change in net position for the years then ended. The College's financial position remained strong at August 31, 2025, with assets and deferred outflows of \$271,661,677 and liabilities and deferred inflows of \$172,888,788. Net position, which represents the residual interest in the College's total assets and deferred outflows of resources after total liabilities and deferred inflows of resources are deducted, increased by \$13,144,756 or 15.4%.

The College's financial statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector institutions. All of the current year's revenue and expenses are recorded as incurred regardless of when cash is received or paid. Revenue and expenses are separated into the categories of operating and non-operating.

	<b>2025</b>	<b>2024</b>	<b>2023</b>
<b>Assets</b>			
Current Assets	\$ 155,674,335	\$ 58,918,112	\$ 54,858,333
Capital Assets (Net of Accumulated Depreciation)	108,001,663	80,574,107	75,138,369
Noncurrent Assets	-	-	2,260,020
<b>Total Assets</b>	<b>263,675,998</b>	<b>139,492,219</b>	<b>132,256,722</b>
<b>Deferred Outflows of Resources</b>	<b>7,985,679</b>	<b>9,387,574</b>	<b>11,531,426</b>
<b>Liabilities</b>			
Current Liabilities	15,655,313	10,948,662	10,016,108
Noncurrent Liabilities	149,239,472	42,089,551	46,445,516
<b>Total Liabilities</b>	<b>164,894,785</b>	<b>53,038,213</b>	<b>56,461,624</b>
<b>Deferred Inflows of Resources</b>	<b>7,994,003</b>	<b>10,213,447</b>	<b>12,039,464</b>
<b>Net Position</b>			
Unrestricted	25,182,855	15,915,034	12,291,659
Restricted - Expendable	3,764,685	6,774,970	6,057,941
Invested in Capital Assets	69,825,349	62,938,129	56,937,460
<b>Total Net Position</b>	<b>\$ 98,772,889</b>	<b>\$ 85,628,133</b>	<b>\$ 75,287,060</b>

## GRAYSON COLLEGE

### MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The preliminary changes in assets, liabilities, and net position of the College for fiscal year 2025 were the result of the following:

- Current assets increased by \$96 million or 164.2%. This was due to a continued increase in cash and cash equivalent including an increase in state appropriations, county ad-valorem, and higher interest rates offsetting previous College expenses and the largest portion being funding related to ongoing construction and renovation projects.
- Capital assets net of accumulated depreciation increased by \$27 million or 34% as the college continues to invest in renovations to meet the growing needs of the campus community including instructional renovations, and athletic improvements including artificial turf for the softball and baseball fields.
- Deferred Outflows of Resources is a consumption of net assets that is applicable to a future reporting period. Deferred Outflows of Resources decreased by \$1.4 million or 14.93% primarily due to GASB 68. GASB 68 requires government entities who provide defined benefit pensions to recognize their long-term obligation for pension benefits as a liability including the amount of pension expense within the reporting period. Additional information about the College's Deferred Outflows of Resources can be found in Note 2.
- Current liabilities increased by \$5.3 million or 48.5% including a \$4.1 million increase to accounts payable as a result of construction activities and construction in progress.
- Non-current liabilities increased by \$106.5 million or 253% with the vast majority related to the issuance of new construction bonds.
- Deferred Inflows of Resources is an acquisition of net assets that is applicable to a future reporting period. Deferred Inflows of Resources decreased by \$2.2 million or 21.7% with the vast majority coming from OPEB resource addition. Additional information about the College's Deferred Inflows of Resources can be found in Note 2.
- Net Position includes unrestricted, restricted, and invested in capital assets amounts.
  - The unrestricted net position is the residual amount of the net position not included in the net investment in capital assets or the restricted net position. Unrestricted net position increased by \$9.26 million or 58.2%.
  - Restricted – expendable is the difference between assets, deferred outflows, deferred inflows, and liabilities that may have constraints placed on their use. Restricted expendable decreased by \$3 million or 44.4%.
  - The component of net position titled Net Investment in Capital Assets is the difference between assets, deferred outflows, deferred inflows and liabilities of funds that consists of capital assets less accumulated depreciation, accumulated amortization, the outstanding balance of debt directly attributable to the acquisition, construction or improvement of those assets, deferred outflows and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt. Invested in Capital Assets increased \$6.88 million or 10.94%.
  - Total net position increased by \$13,144,756 or 15.35%.

#### Operating Revenue

Operating revenue includes charges for all exchange transactions such as tuition and fees, room and board, and the sale of books and supplies. In addition, certain federal, state, and private grants are considered operating if they are not for capital purposes and are considered a contract for services.

Operating Revenue	2025	2024	2023
Net Tuition & Fees	\$ 5,169,598	\$ 5,365,905	\$ 4,917,431
Federal Grants and Contracts	1,694,830	3,841,915	9,556,573
State Grants and Contracts	2,670,486	2,257,296	1,429,699
Non Governmental Grants	281,004	208,347	226,785
Sales and Services of Educational Activities	70,916	73,501	57,935
Auxiliary Income	1,433,183	1,758,911	1,494,320
Other Operating Revenues	521,633	510,614	304,607
<b>Total Operating Revenue</b>	<b>\$ 11,841,650</b>	<b>\$ 14,016,489</b>	<b>\$ 17,987,350</b>

## GRAYSON COLLEGE

### MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

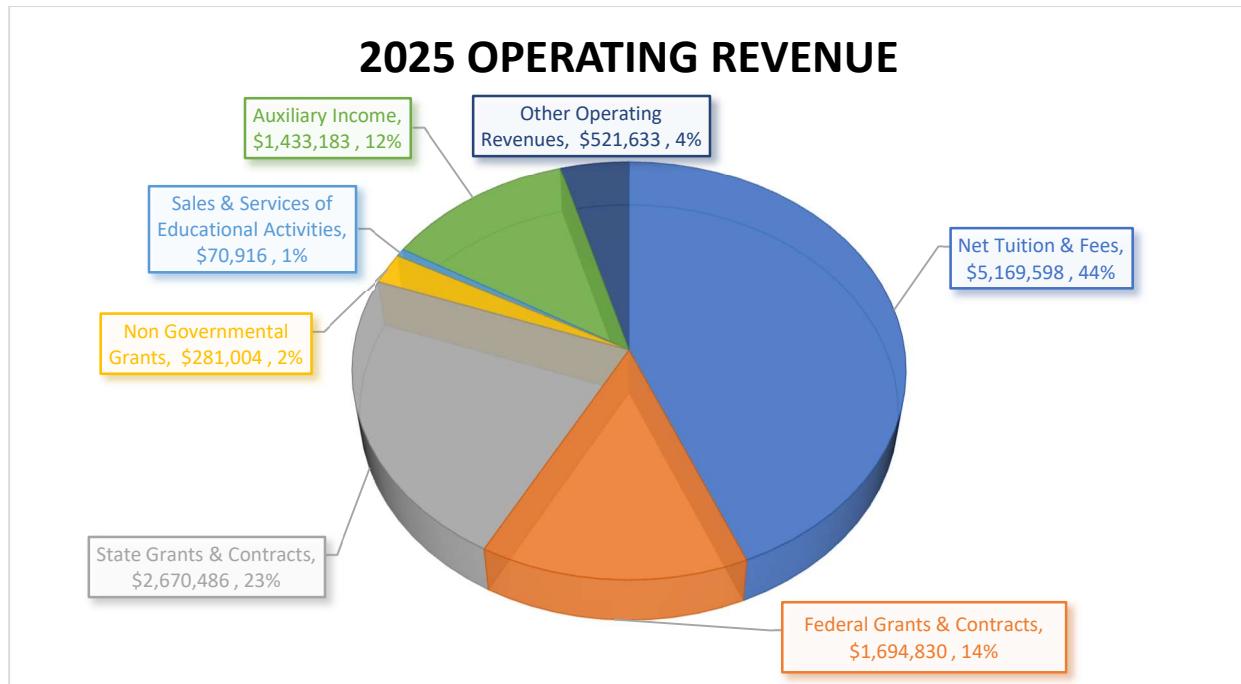
Operating revenue changes for fiscal year 2025 were the result of the following:

- Net tuition and fees decreased by \$196,307.
- Federal Grants and Contracts decreased by \$2.1 million due to the ending of several grants including an Adult Education grant.
- State Grants and Contracts increased by \$413,190 while Non-Governmental Grants increased by \$72,657.
- Sales and Services of Educational Activities remained relatively flat.
- Auxiliary revenue decreased by \$325,728. This was primarily due to a decrease in the student residential population.
- Other Operating Revenues remained relatively flat.

Operating revenue changes for fiscal year 2024 were the result of the following:

- Net tuition and fees increased by \$448,475 due to an increase in enrollment.
- Federal Grants and Contracts decreased by \$5.71 million due to the discontinuation of the HEERF grant.
- State Grants and Contracts increased by \$827,597 due to a TEOG increase of \$350,000 coupled with an overall increase in state grants.
- Non-Governmental Grants remained relatively flat.
- Sales and Services of Educational Activities remained relatively flat.
- Auxiliary revenue increased by \$264,592. This was primarily due to an increase in enrollment.
- Other Operating Revenues increased by \$206,007 due to an increase in testing services, tower rental fees, departmental generated revenue and auctions held on behalf of surplus property.

The following is a graphic illustration of operating revenues by source for fiscal year 2025.



**GRAYSON COLLEGE****MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)****Operating Expenses**

Operating expenses are all the costs necessary to provide services and conduct the programs of the College.

<b>Operating Expenses</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>
Educational Services:			
Instruction	\$ 18,713,102	\$ 19,419,544	\$ 19,156,677
Public Service	679,673	928,091	992,019
Academic Support	4,775,431	4,054,614	2,866,005
Student Services	4,415,913	3,312,180	2,967,382
Institutional Support	10,168,329	8,606,134	8,044,912
Operation and Maintenance of Plant	5,484,802	6,044,495	6,181,832
Scholarships and Fellowships	4,622,763	3,846,745	3,689,341
Auxiliary Enterprises	4,032,762	4,151,418	3,626,165
Depreciation & Amortization	3,287,854	3,092,225	2,829,685
<b>Total Operating Expenses</b>	<b>\$ 56,180,629</b>	<b>\$ 53,455,446</b>	<b>\$ 50,354,018</b>

Operating expense changes for fiscal year 2025 were the result of the following:

- Instructional expenses decreased by \$706,442 due to changes in the Adult Education grant.
- Public Service expenses decreased by \$248,418 due to internal reorganizations.
- Academic Support increased by \$720,817 million due to a continued investment in faculty and adjunct salaries and corresponding fringe benefits coupled with the expansion of programs.
- Student Services increased by \$1,103,733 primarily due to an increase in staff salaries and corresponding fringe benefits.
- Institutional Support increased by \$1,562,195 due to an increase in staff salaries and benefits.
- Operation and Maintenance expenses decreased by \$559,693 as repair and renovation project timings were adjusted.
- Scholarships and Fellowships increased by \$776,018.
- Auxiliary Enterprises decreased by \$118,656 due to changes in the residential student population.
- Depreciation and Amortization increased by \$195,629 due to an increase of in capitalized assets.

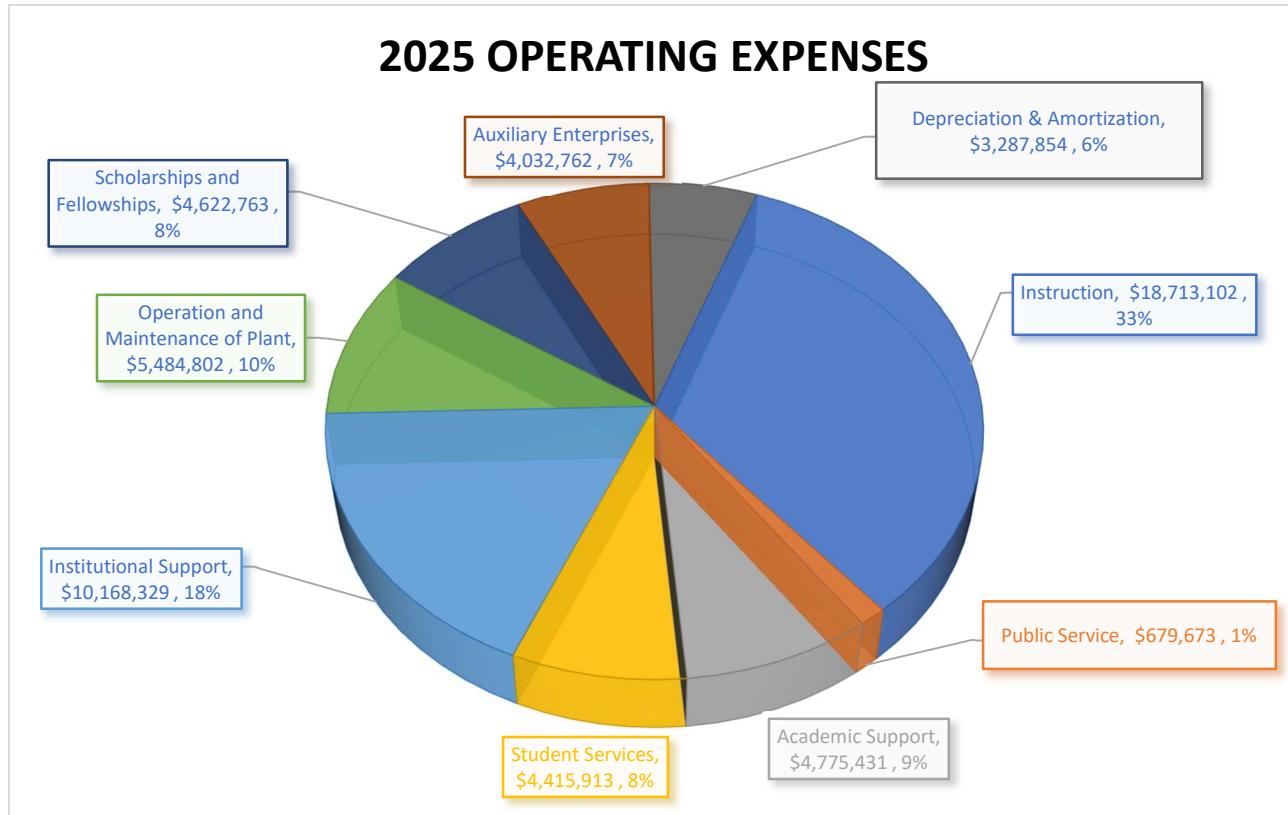
Operating expense changes for fiscal year 2024 were the result of the following:

- Instructional expenses remained increased by \$262,867 due to a continued investment in faculty and adjunct salaries and corresponding fringe benefits.
- Public Service expenses decreased by \$63,928 due to a reduction in Continuing Education expenses and open positions.
- Academic Support increased by \$1.19 million due to a continued investment in faculty and adjunct salaries and corresponding fringe benefits coupled with the expansion of new programs including Electronics Certification, Automation Certification, Electrical Engineering Technology Associates Degree, and Surgical Technician Associates Degree
- Student Services increased by \$344,797 primarily due to an increase in staff salaries and corresponding fringe benefits.
- Institutional Support increased by \$561,222 due to an increase in staff salaries and benefits.
- Operation and Maintenance expenses remained relatively unchanged.
- Scholarships and Fellowships increased by \$157,404 due to an increase in enrollment.
- Auxiliary Enterprises increased by \$525,253 million due to an increase in enrollment.
- Depreciation and Amortization increased by \$262,541 due to a significant increase of almost \$1.2 million in capitalized assets compared to fiscal year 2023.

## GRAYSON COLLEGE

### MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The following is a graphic illustration of operating expenses by source for fiscal year 2025.



### Non-Operating Revenue (Expenses)

Non-operating revenue represents all revenue sources that are primarily non-exchange in nature. They consist primarily of state appropriations, ad-valorem for maintenance, operations and general obligation bonds, investment income (including realized and unrealized gains and losses), interest on capital related debt, gifts and non-operating federal grants.

Non-operating revenues (expenses) were comprised of the following:

Non-Operating Revenues (Expenses)	2025	2024	2023
State Appropriations	\$ 12,775,140	\$ 10,917,604	\$ 9,077,485
Ad-Valorem Taxes for M&O	28,312,377	23,839,264	20,920,625
Ad-Valorem Taxes for General Obligation Bonds	6,383,558	5,412,481	3,754,013
Federal Grants and Contracts, Non Operating	8,660,579	7,051,911	5,918,467
Gifts	-	-	22,975
Investment Income (Net of Investment Expenses)	6,415,384	3,084,265	1,989,071
Interest on Capital Related Debt	(4,954,509)	(513,211)	(591,047)
Gain (Loss) of Disposition of Property	(108,794)	(12,284)	(189,467)
Other non-operating expenses	-	-	(83,545)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>\$ 57,483,735</b>	<b>\$ 49,780,030</b>	<b>\$ 40,818,577</b>

## GRAYSON COLLEGE

### ***MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)***

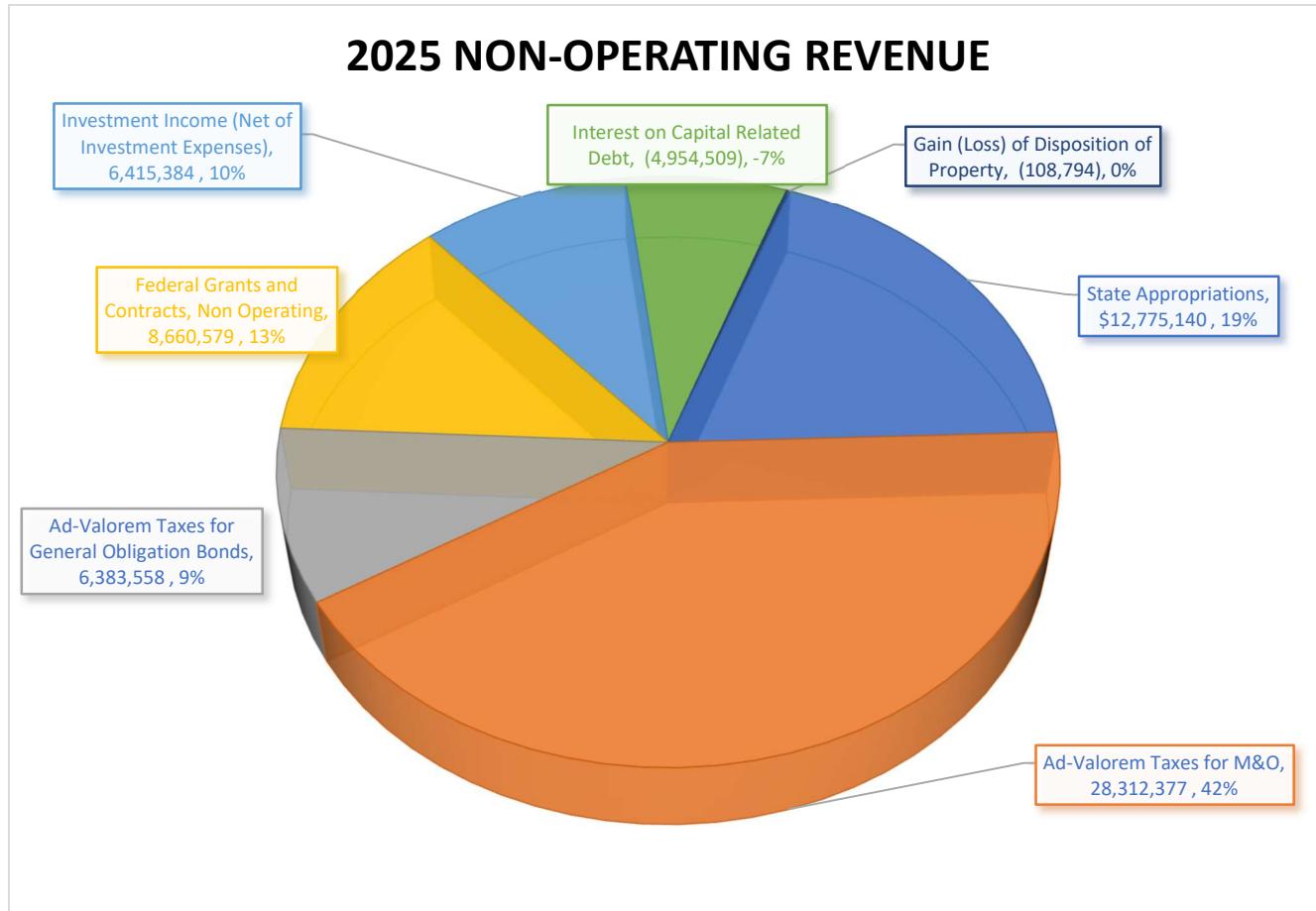
Non-operating revenue (expense) changes for fiscal year 2025 were the result of the following factors:

- State appropriations increased by \$1.86 million due to additional funds as a result of student outcomes, increase for retirement and insurance benefits, coupled with an increase in GASB 68 and 75 calculations.
- Ad-Valorem for M&O increased by \$4.4 million due to an increase in property values and low delinquency rate.
- Ad-Valorem for General Obligation Bonds increased by \$971,077 due to increased collections and property values.
- Federal Grants and Contracts, Non-Operating increased by \$1.6 million due to an increase student credit hours and changes to student financial aid eligibility.
- Investment income (net of investment expenses) increased by \$3.3 million due to rising interest rates.
- Interest on Capital Related Debt decreased by \$4.4 million due to reducing the outstanding bond balances.
- Gain (loss) of Disposition of Property decreased by \$96,510 due to additional write-off calculations of the old student residence hall.

Non-operating revenue (expense) changes for fiscal year 2024 were the result of the following factors:

- State appropriations increased by \$1.84 million due to an additional \$1.10 million as a result of student outcomes, \$182,957 increase for retirement and insurance benefits, coupled with a \$554,731 increase in GASB 68 and 75 calculations.
- Ad-Valorem for M&O increased by \$2.92 million due to an increase in property values and low delinquency rate.
- Ad-Valorem for General Obligation Bonds increased by \$1.66 million due to defeasing 2016 bonds.
- Federal Grants and Contracts, Non-Operating increased by \$1.13 million due to an increase in enrollment which is correlated with Federal Pell funds received.
- Gifts decreased by \$22,975 due to moving athletic fundraising activities from the College to the Foundation.
- Investment income (net of investment expenses) increased by \$1.10 million due to rising interest rates.
- Interest on Capital Related Debt decreased by \$77,836 due to reducing the outstanding bond balances.
- Gain (loss) of Disposition of Property decreased by \$177,183 due to the write off of FY23 buildings located on the west campus that no longer exist.
- Other non-operating expenses are increased to \$0 due to moving fund 49 athletic fund balances to the Foundation in FY23.

The following is a graphic illustration of non-operating revenues by source for fiscal year 2025.



#### Statement of Cash Flows

The primary purpose of this statement is to provide relevant information about the cash receipts and cash payments of an entity during a period. A cash flow statement tells the user how much cash is entering and leaving the College in a fiscal year. The statement of cash flows also may help users assess the following:

- An entity's ability to generate future net cash flows
- Its ability to meet its obligations as they come due
- Its need for external financing

## GRAYSON COLLEGE

### MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Cash flows for the year consist of the following:

	2025	2024	2023
<b>Cash (used in) Provided by</b>			
Operating Activities	\$ (33,550,626)	\$ (31,579,180)	\$ (27,551,994)
Noncapital Financing Activities	52,817,663	44,231,649	38,043,621
Capital and Related Financing Activities	69,627,087	(13,795,776)	(7,434,736)
Investing Activities	(107,578,982)	5,506,608	1,729,580
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(18,684,858)</b>	<b>4,363,301</b>	<b>4,786,471</b>
 <b>Cash and Cash Equivalents - Beginning of Year</b>	 55,928,587	 51,565,286	 46,778,815
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 37,243,729</b>	<b>\$ 55,928,587</b>	<b>\$ 51,565,286</b>

Net cash used for operating activities in 2025 totaled \$33.7 million. This was financed by \$52.8 million of net cash flows from non-capital financing activities such as property taxes and state appropriations. Net cash provided for capital and related financing activities totaled \$69.8 million and investing activities resulted in net cash used of \$107.6 million. The net result of all cash flows is a decrease of \$18.7 million for 2025.

	2025	2024	2023
<b>Cash Flows from Operating Activities</b>			
Receipts from students and other customers	\$ 6,931,969	\$ 7,667,657	\$ 7,301,562
Receipts from grants and contracts	4,021,284	6,652,765	10,936,583
Payments to or on behalf of employees	(30,411,205)	(30,030,310)	(26,551,629)
Payments to suppliers for goods and services	(10,768,654)	(12,772,253)	(15,376,179)
Payments of scholarships	(4,622,763)	(3,846,745)	(3,689,341)
Other cash payments	1,298,743	749,704	(172,990)
<b>Net Cash Used in Operating Activities</b>	<b>\$ (33,550,626)</b>	<b>\$ (31,579,182)</b>	<b>\$ (27,551,994)</b>
 <b>Cash Flows from Noncapital Financing Activities</b>			
Ad-Valorem tax revenues	\$ 34,412,701	\$ 29,005,265	\$ 24,588,823
Receipts of state appropriations	9,723,393	8,137,577	7,518,406
Receipts of grants and contracts	8,660,579	7,051,911	5,918,467
Receipts from Student Organizations and other agencies	-	-	(83,545)
Payments to Student Organizations and other agencies	20,990	36,896	78,495
Receipts of gifts	-	-	22,975
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>\$ 52,817,663</b>	<b>\$ 44,231,649</b>	<b>\$ 38,043,621</b>
 <b>Cash Flows from Capital and Related Financing Activities</b>			
Purchases of capital assets	\$ (30,824,204)	\$ (8,540,247)	\$ (3,244,371)
Proceeds from issuance of capital debt	110,451,886	-	-
Payments on capital debt and leases	(10,000,595)	(5,255,527)	(4,190,365)
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>\$ 69,627,087</b>	<b>\$ (13,795,774)</b>	<b>\$ (7,434,736)</b>
 <b>Cash Flows from Investing Activities</b>			
Proceeds from sale and maturity of investments	\$ -	\$ 2,260,020	\$ -
Investment earnings	2,421,018	3,246,588	1,729,580
Purchase of Investments	(110,000,000)	-	-
<b>Net Cash Provided by Investing Activities</b>	<b>\$ (107,578,982)</b>	<b>\$ 5,506,608</b>	<b>\$ 1,729,580</b>

## GRAYSON COLLEGE

### MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

In 2025, cash flows from operating activities included receipts from students, grants, and contracts in the amount of \$12.1 million less payments to employees, suppliers, scholarships and other cash payments of \$45.9 million for a total outflow of \$33.7 million.

Cash flows from non-capital financing activities include ad-valorem tax revenues, state appropriations, grants and contracts, and gifts less payments to students' organizations leaving a net cash provided by non-capital financing activities in the amount of \$52.8 million which allows the \$33.7 million outflow in operating activities to be covered.

Cash flows from capital and related financing activities include purchases of capital assets in the amount of \$30.8 million and payments on capital debt and leases of \$9.8 million and proceeds from issuance of capital debt of \$110.5 million for a total inflow of \$69.8 million.

Cash flows from investing activities include purchase of investments and investment earnings for a total outflow of \$107.6 million.

In 2024, cash flows from operating activities included receipts from students, grants, and contracts in the amount of \$14.32 million less payments to employees, suppliers, scholarships and other cash payments of \$45.90 million for a total outflow of \$31.58 million.

Cash flows from non-capital financing activities include ad-valorem tax revenues, state appropriations, grants and contracts, and gifts less payments to students' organizations leaving a net cash provided by non-capital financing activities in the amount of \$44.23 million which allows the \$31.58 million outflow in operating activities to be covered.

Cash flows from capital and related financing activities include purchases of capital assets in the amount of \$8.54 million and payments on capital debt and leases of \$5.26 million for a total outflow of \$13.80 million.

Cash flows from investing activities include proceeds from sale and maturity of investments and investment earnings of \$5.51 million for a total inflow of \$5.51 million.

### Capital Asset and Debt Administration

#### Capital Assets

Capital Assets can be found listed among the non-current assets on the Statement of Net Position. At August 31, 2025, the College had approximately \$108.0 million invested in capital assets, net of accumulated depreciation of \$42.5 million. Capital assets net of accumulated depreciation increased by \$27.4 million or 34%. Depreciation charges totaled \$3.3 million for the year. The increase in capital assets is mainly due to significant additions to construction in progress.

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

#### Debt

Below is a summary of bonded debt at August 31, 2025 and the activity for the year:

	Balance		Reductions	Balance	
	September 1, 2024	Additions		August 31, 2025	
<b>Bonds Payable</b>					
General obligation bonds	\$ 12,775,000	\$ 104,150,000	\$ (4,865,000)	\$ 112,060,000	
Issuance premiums	1,486,426	6,301,886	(541,772)	7,246,540	
<b>Total Bonds Payable</b>	<b>\$ 14,261,426</b>	<b>\$ 110,451,886</b>	<b>\$ (5,406,772)</b>	<b>\$ 119,306,540</b>	

Additional information about the College's debt can be found in Note 7.

## GRAYSON COLLEGE

### MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

#### Economic Factors That Will Affect the Future

Grayson College continues to see an increase in enrollment annually coupled with an increase in property assessments impacting the continued growth of county ad valorem. The future economic factors also include the addition of new programs to meet the economic needs of the community including Electronics Certification, Automation Certification, Electrical Engineering Technology associate degree, and Surgical Technician associate degree.

In May 2024, Grayson College passed a \$456,500,000 bond authorization to address additions, renovations, and other improvements with a focus on industrial technologies, health sciences, residence halls, and infrastructure and support. The plan is to issue bonds as growth allows. Phase 1 scheduled for a 2027 completion is projected to cost approximately \$230,000,000. The first tranche of bonds was issued in October 2024 in the amount of \$110,000,000.

Grayson College receives funding from three major sources – property taxes, tuition and fees, and state appropriations.

Property taxes provide the largest proportion of revenues for operations.

<b>M&amp;O Ad-Valorem</b>		
<b>Fiscal Year</b>	<b>Property Taxes</b>	<b>% Change by Year</b>
2025	\$ 28,312,377	18.76%
2024	23,839,264	13.95%
2023	20,920,625	10.24%
2022	18,977,557	8.52%
2021	17,487,416	9.49%

Property taxes have increased over the past five years as taxable values on properties have increased and delinquent rates have decreased. The College is projecting an increase in future projections of property taxes due to the economic impact of Texas Instruments, Global Tech and influx of Texans moving to north Texas.

Although the state of Texas economic condition has improved, recent state appropriation revenues have also changed as a new funding formula based on outcomes has begun.

#### State Appropriations

<b>Fiscal Year</b>	<b>Operations</b>	<b>% Change by Year</b>
2025	\$ 12,775,140	17.01%
2024	10,917,604	20.27%
2023	9,077,485	2.66%
2022	8,842,196	-2.85%
2021	9,101,775	-2.61%

With limited growth in revenue, tuition and fees have been increased to maintain programs and services.

#### Tuition and Fees

<b>Fiscal Year</b>	<b>In-District</b>	<b>% Change by Year</b>
2025	\$ 100	3.09%
2024	97	3.19%
2023	94	3.30%
2022	91	2.25%
2021	89	2.30%

**GRAYSON COLLEGE****MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)****Tuition and Fees**

<b>Fiscal Year</b>	<b>Out of District</b>	<b>% Change by Year</b>
2025	\$ 150	6.38%
2024	141	3.68%
2023	136	3.82%
2022	131	2.34%
2021	128	2.40%

**Tuition and Fees**

<b>Fiscal Year</b>	<b>Non Resident</b>	<b>% Change by Year</b>
2025	\$ 210	7.69%
2024	195	3.72%
2023	188	3.87%
2022	181	2.84%
2021	176	2.92%

Since 2021, in-state tuition rates have increased \$11 per credit hour, or 12%. Tuition increases implemented since 2021 have remained relatively unchanged and affordable. Tuition charged to Grayson College students remains below the state and national average.

Institutional efforts to increase faculty staff and salaries continue to be a high priority of administration. Grayson College realizes an investment in its employees attracts and retains an excellent workforce. Management continues to be strategic by assessing cost cutting initiatives as much as possible. GC continues to maintain affordable tuition for our community while providing outstanding educational programs and services in an inviting learning environment with qualified instructional and support faculty and staff.

Grayson College maintains a healthy reserve. Short-term unanticipated expenses coupled with possible enrollment challenges, and changes in the state appropriation model to include funding based on outcomes may threaten that strong position. However, the College expects to maintain positive changes in enrollment due to regional growth. Grayson College maintains strong communication efforts and is prepared for whatever may come. The characteristics that comprise GC's unique student experience will not be compromised. Finally, GC remains the best option for current and prospective students in north Texas.

Additional information concerning the financial statements or the financial status of the College can be obtained by contacting the Vice President for Business Services, Grayson College, 6101 Grayson Dr. Denison, TX 75020.

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Dennis L. Westman, MBA  
Vice President for Business Services and  
Chief Financial Officer  
Grayson College

## **BASIC FINANCIAL STATEMENTS**



**GRAYSON COLLEGE**  
**STATEMENTS OF NET POSITION**  
*August 31, 2025 and 2024*

**Exhibit 1**

	<b>2025</b>	<b>2024</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 37,243,729	\$ 55,928,587
Investments	112,826,861	280,093
Receivables (Net of Allowance for Doubtful /Uncollectible Accounts)	4,769,323	2,412,236
Prepaid Expenses	834,422	297,196
<b>Total Current Assets</b>	<u>155,674,335</u>	<u>58,918,112</u>
<b>Noncurrent Assets</b>		
Capital Assets (Net of Accumulated Depreciation)	108,001,663	80,574,107
<b>Total Noncurrent Assets</b>	<u>108,001,663</u>	<u>80,574,107</u>
<b>Total Assets</b>	<u>263,675,998</u>	<u>139,492,219</u>
<b>Deferred Outflows of Resources</b>		
Deferred Outflows - Pension Plan	4,833,464	6,045,316
Deferred Outflows - OPEB	2,738,552	2,651,211
Deferred Charge on Bond Refundings	413,663	691,047
<b>Total Deferred Outflows of Resources</b>	<u>7,985,679</u>	<u>9,387,574</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts Payable	7,690,831	3,539,548
Accrued Liabilities	617,647	268,829
Compensated Absences	107,077	62,678
Funds Held for Others	512,903	491,913
Unearned Revenues	3,327,628	3,073,251
Deposits Payable	31,944	26,830
Bonds Payable (Current Portion)	2,715,000	2,580,000
OPEB Liability	652,283	575,295
<b>Total Current Liabilities</b>	<u>15,655,313</u>	<u>10,618,344</u>
<b>Noncurrent Liabilities</b>		
Compensated Absences	281,844	250,712
Bonds Payable (Net of Current Portion)	116,952,226	11,681,426
Pension Liability	9,678,746	10,495,751
OPEB Liability	22,326,656	19,991,980
<b>Total Noncurrent Liabilities</b>	<u>149,239,472</u>	<u>42,419,869</u>
<b>Total Liabilities</b>	<u>164,894,785</u>	<u>53,038,213</u>
<b>Deferred Inflows of Resources</b>		
Deferred Inflows - Pension Plan	2,455,232	2,291,836
Deferred Inflows - OPEB	5,538,771	7,921,611
<b>Total Deferred Inflows of Resources</b>	<u>7,994,003</u>	<u>10,213,447</u>
<b>Net Position</b>		
Net Investment in Capital Assets	69,825,349	62,938,129
Restricted for:		
Expendable:		
Student Financial Aid Programs	351,353	384,686
Loans	47,598	47,598
Debt Service	3,362,531	6,339,483
Other	3,203	3,203
Unrestricted	25,182,855	15,915,034
<b>Total Net Position (Schedule D)</b>	<u>\$ 98,772,889</u>	<u>\$ 85,628,133</u>

**GRAYSON COLLEGE****AFFILIATED ORGANIZATIONS - STATEMENTS OF FINANCIAL POSITION****GRAYSON COLLEGE FOUNDATION***August 31, 2025 and 2024*

	<b>2025</b>	<b>2024</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 802,589	\$ 910,336
Short-Term Investments	913,003	603,644
Accrued Interest Receivable	24,982	32,697
<b>Total Current Assets</b>	<b>1,740,574</b>	<b>1,546,677</b>
<b>Noncurrent Assets</b>		
Notes Receivable	189,846	194,470
Long-Term Investments	23,622,515	20,899,563
Capital Assets (Net of Accumulated Depreciation)	1,084,980	1,090,418
<b>Total Noncurrent Assets</b>	<b>24,897,341</b>	<b>22,184,451</b>
<b>Total Assets</b>	<b>\$ 26,637,915</b>	<b>\$ 23,731,128</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 3,569	\$ 9,851
<b>Total Current Liabilities</b>	<b>3,569</b>	<b>9,851</b>
<b>Net Assets</b>		
Without Donor Restrictions	351,285	341,063
With Donor Restrictions	26,283,061	23,380,214
<b>Total Net Assets</b>	<b>26,634,346</b>	<b>23,721,277</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 26,637,915</b>	<b>\$ 23,731,128</b>

**GRAYSON COLLEGE****STATEMENTS OF FIDUCIARY NET POSITION****August 31, 2025 and 2024**

	<b>Custodial Funds</b>	
	<b>2025</b>	<b>2024</b>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 418,332	\$ 365,787
<b>Total Assets</b>	<b>\$ 418,332</b>	<b>\$ 365,787</b>
 <b>Net Position</b>		
Restricted for:		
Individuals, Organizations and Other Governments	418,332	365,787
<b>Total Net Position</b>	<b>\$ 418,332</b>	<b>\$ 365,787</b>

**GRAYSON COLLEGE****Exhibit 2****STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION****For the Years Ended August 31, 2025 and 2024**

	<b>2025</b>	<b>2024</b>
<b>Operating Revenues</b>		
Tuition and fees (net of discounts of \$7,174,485 and \$6,136,612)	\$ 5,169,598	\$ 5,365,905
Federal Grants and Contracts	1,694,830	3,841,915
State Grants and Contracts	2,670,486	2,257,296
Non Governmental Grants and Contracts	281,004	208,347
Sales and services of educational activities	70,916	73,501
Auxiliary enterprises (net of discounts of \$1,409,268 and \$1,131,726)	1,433,183	1,758,911
Other operating revenues	521,633	510,614
<b>Total Operating Revenues</b>	<b><u>11,841,650</u></b>	<b><u>14,016,489</u></b>
<b>Operating Expenses</b>		
Instruction	18,713,102	19,419,544
Public service	679,673	928,091
Academic support	4,775,431	4,054,614
Student services	4,415,913	3,312,180
Institutional support	10,168,329	8,606,134
Operation and maintenance of plant	5,484,802	6,044,495
Scholarships and fellowships	4,622,763	3,846,745
Auxiliary enterprises	4,032,762	4,151,418
Depreciation	3,287,854	3,092,225
<b>Total Operating Expenses</b>	<b><u>56,180,629</u></b>	<b><u>53,455,446</u></b>
Operating loss	<b><u>(44,338,979)</u></b>	<b><u>(39,438,957)</u></b>
<b>Nonoperating Revenues (Expenses)</b>		
State appropriations	12,775,140	10,917,604
Ad valorem taxes for maintenance and operations	28,312,377	23,839,264
Ad-Valorem taxes for general obligation bonds	6,383,558	5,412,481
Federal grants and contracts, non-operating	8,660,579	7,051,911
Investment income	6,415,384	3,084,265
Interest on capital asset-related debt	(4,954,509)	(513,211)
Loss on disposition of property	(108,794)	(12,284)
<b>Net Nonoperating Revenues (Expenses)</b>	<b><u>57,483,735</u></b>	<b><u>49,780,030</u></b>
Increase in net position	13,144,756	10,341,073
<b>Net Position - Beginning of Year</b>	<b><u>85,628,133</u></b>	<b><u>75,287,060</u></b>
<b>Net Position - End of Year</b>	<b><u>\$ 98,772,889</u></b>	<b><u>\$ 85,628,133</u></b>

**GRAYSON COLLEGE**

**AFFILIATED ORGANIZATIONS - STATEMENT OF ACTIVITIES**

**GRAYSON COLLEGE FOUNDATION**

**For the Year Ended August 31, 2025**

**With Comparative totals for the August 31, 2024**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>2025</b>	<b>2024</b>
<b>Revenues, Gains, and Other Support</b>				
Gifts and Contributions	\$ -	\$ 1,468,362	\$ 1,468,362	\$ 1,504,026
Other Grants	-	64,343	64,343	51,500
Investment Income, Net	15,660	2,153,610	2,169,270	2,621,434
Net Assets Released from Restrictions	783,468	(783,468)	-	-
<b>Total Revenues, Gains, and Other Support</b>	<b>799,128</b>	<b>2,902,847</b>	<b>3,701,975</b>	<b>4,176,960</b>
<b>Expenses</b>				
<b>Program Services:</b>				
Services and Supplies	34,415	-	34,415	34,253
Scholarships	645,809	-	645,809	589,080
<b>Total Program Services</b>	<b>680,224</b>	<b>-</b>	<b>680,224</b>	<b>623,333</b>
<b>Supporting Services:</b>				
General Administration:				
Services and Supplies	13,766	-	13,766	13,701
Total General Administration	13,766	-	13,766	13,701
Fundraising:				
Services and Supplies	89,478	-	89,478	89,057
Total Fundraising	89,478	-	89,478	89,057
<b>Total Supporting Services</b>	<b>103,244</b>	<b>-</b>	<b>103,244</b>	<b>102,758</b>
<b>Depreciation</b>	<b>5,438</b>		<b>5,438</b>	<b>5,438</b>
<b>Total Expenses</b>	<b>788,906</b>	<b>-</b>	<b>788,906</b>	<b>731,529</b>
Change in Net Assets	10,222	2,902,847	2,913,069	3,445,431
<b>Net Assets- Beginning of Year</b>	<b>341,063</b>	<b>23,380,214</b>	<b>23,721,277</b>	<b>20,275,846</b>
<b>Net Assets - End of Year</b>	<b>\$ 351,285</b>	<b>\$ 26,283,061</b>	<b>\$ 26,634,346</b>	<b>\$ 23,721,277</b>

**GRAYSON COLLEGE****STATEMENT OF CHANGES IN FIDUCIARY NET POSITION***For the Years Ended August 31, 2025 and 2024*

	<b>Custodial Funds</b>	
	<b>2025</b>	<b>2024</b>
<b>Additions</b>		
Contributions	\$ 104,293	\$ 45,303
Dues	126,000	126,000
<b>Total Additions</b>	<b>230,293</b>	<b>171,303</b>
<b>Deductions</b>		
Operating expenses	177,748	134,891
<b>Total Deductions</b>	<b>177,748</b>	<b>134,891</b>
Change in fiduciary net position	52,545	36,412
<b>Total Net Position - (Beginning)</b>	<b>365,787</b>	<b>329,375</b>
<b>Total Net Position - (Ending)</b>	<b>\$ 418,332</b>	<b>\$ 365,787</b>

**GRAYSON COLLEGE**  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended August 31, 2025 and 2024

**Exhibit 3**

	<b>2025</b>	<b>2024</b>
<b>Cash Flows From Operating Activities</b>		
Receipts from students and other customers	\$ 6,931,969	\$ 7,667,657
Receipts of grants and contracts	4,021,284	6,652,765
Payments to or on behalf of employees	(30,411,205)	(30,030,310)
Payments to suppliers for goods and services	(10,768,654)	(12,772,251)
Payments of scholarships	(4,622,763)	(3,846,745)
Other cash receipts	1,298,743	749,704
<b>Net Cash Used In Operating Activities</b>	<b>(33,550,626)</b>	<b>(31,579,180)</b>
<b>Cash Flows From Noncapital Financing Activities</b>		
Ad-Valorem tax revenues	34,412,701	29,005,265
Receipts of state appropriations	9,723,393	8,137,577
Receipts of grants and contracts	8,660,579	7,051,911
Receipts (payments) to student organizations and other agency transactions	20,990	36,896
<b>Net Cash Provided By Noncapital Financing Activities</b>	<b>52,817,663</b>	<b>44,231,649</b>
<b>Cash Flows From Capital And Related Financing Activities</b>		
Purchases of capital assets	(30,824,204)	(8,540,247)
Proceeds from issuance of capital debt	110,451,886	-
Payments on capital debt and leases	(10,000,595)	(5,255,529)
<b>Net Cash Provided By (Used In) Capital And Related Financing Activities</b>	<b>69,627,087</b>	<b>(13,795,776)</b>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale and maturity of investments	-	2,260,020
Investment Earnings	2,421,018	3,246,588
Purchase of investments	(110,000,000)	-
<b>Net Cash (Used In) Provided By Investing Activities</b>	<b>(107,578,982)</b>	<b>5,506,608</b>
Net change in cash and cash equivalents	(18,684,858)	4,363,301
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>55,928,587</b>	<b>51,565,286</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 37,243,729</b>	<b>\$ 55,928,587</b>
<b>Reconciliation of Operating Income Loss to Net Cash</b>		
<b>Used In Operating Activities:</b>		
Operating loss	\$ (44,338,979)	\$ (39,438,957)
<b>Adjustments to Reconcile Operating Income Loss to Net Cash Used in Operating Activities:</b>		
Depreciation	3,287,854	3,092,225
State paid employee benefits	3,051,747	2,780,027
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
(Increase) decrease in receivables, net	(626,255)	524,492
(Increase) decrease in prepaid expenses	(537,226)	(136,813)
(Increase) decrease in deferred outflows of resources	1,401,895	2,143,852
Increase (decrease) in accounts payable	4,151,283	2,076,700
Increase (decrease) in accrued liabilities	348,818	(1,020,549)
Increase (decrease) in accrued compensated absences	75,531	14,550
Increase (decrease) in unearned revenue	254,377	285,386
Increase (decrease) in deposits payable	5,114	4,669
Increase (decrease) in deferred inflows of resources	(2,219,444)	(1,826,017)
Increase (decrease) in net pension liability	(817,005)	1,538,624
Increase (decrease) in net OPEB liability	2,411,664	(1,617,369)
<b>Total Adjustments</b>	<b>10,788,353</b>	<b>7,859,777</b>
<b>Net Cash Flows Used In Operating Activities</b>	<b>\$ (33,550,626)</b>	<b>\$ (31,579,180)</b>

**GRAYSON COLLEGE****AFFILIATED ORGANIZATIONS - STATEMENTS OF CASH FLOWS****GRAYSON COLLEGE FOUNDATION***For the Years Ended August 31, 2025 and 2024*

	<b>2025</b>	<b>2024</b>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 2,913,069	\$ 3,445,431
Adjustments to reconcile change in net position to net cash flows from operating activities:		
Depreciation	5,438	5,438
Net (gains) losses on investments	4,624	2,060
Change in operating assets and liabilities:		
Accrued interest receivable	7,715	(3,756)
Accounts payable	(6,282)	9,357
<b>Net Cash Flows Provided By (Used In) From Operating Activities</b>	<b>2,924,564</b>	<b>3,458,530</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of investments	(16,433,061)	(10,326,692)
Proceeds from sale of investments	13,400,750	7,011,452
<b>Net Cash Flows Provided By (Used In) Investing Activities</b>	<b>(3,032,311)</b>	<b>(3,315,240)</b>
Net change in cash	(107,747)	143,290
<b>Cash - Beginning of Year</b>	<b>910,336</b>	<b>767,046</b>
<b>Cash - End of Year</b>	<b>\$ 802,589</b>	<b>\$ 910,336</b>

**GRAYSON COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 1 - Nature of Operations and Reporting Entity**

Grayson College (the College) was established in 1963, in accordance with the laws of the State of Texas, to serve the education needs of Grayson County and the surrounding areas. The College is considered to be a special-purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity Omnibus: An Amendment of GASB Statements No. 14 and No. 34*. While the 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 accompanying financial statements present the College and its component unit. The discretely presented component unit (described below) is reported separate to emphasize that it is legally separate from the College.

The Grayson College Foundation (the Foundation) is a legally separate, tax-exempt entity organized to solicit and receive support for purposes of developing and extending the facilities of the College and enhancing the educational opportunities of residents in the geographical area the College serves. The College does not control the timing or amount of receipts from the Foundation. The Foundation is considered a component unit of the College and is discretely presented in the College's financial statements due to the following:

- The majority of resources, or income thereon that the Foundation holds and invests, are for the benefit of the College or its constituents.
- The net position of the Foundation compared to the College is significant.
- Substantially all resources held by the Foundation can only be used by, or for the benefit of, the College.
- The Foundation has historically provided resources to the College or its constituents.

The College is reported as a special-purpose government engaged in business-type activities. The significant accounting policies followed by the College in preparing these financial statements are in accordance with the accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The accompanying financial statements are also in accordance with the Texas Higher Education Coordinating Board's *Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges*.

**Note 2 - Summary of Significant Accounting Policies**

**A. Basis of Accounting**

The financial statements of the College have been prepared on the accrual basis, whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Operating revenues and expenses generally result from providing services in connection with the College's principal ongoing operations. The College distinguishes operating revenues and expenses from non-operating items. The primary consideration in classifying revenues and expenses is how individual transactions are categorized for purposes of preparing the statement of cash flows. Transactions for which cash flows are reported as capital and related financial activities, non-capital financing activities, or investing activities are reported as components of non-operating income. The principal operating revenues of the College result from providing educational services to students, and consist of tuition and fees, as well as sales of auxiliary goods and services (i.e. bookstore merchandise, meals, and housing). Operating expenses include the cost of providing educational services, auxiliary goods and services, and administrative expenses. All revenues and expenses not meeting this definition - including gifts, contributions, and grants from non-exchange and exchange-like transactions - are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the College's policy to use restricted resources first, then unrestricted resources as they are needed.

**GRAYSON COLLEGE****NOTES TO FINANCIAL STATEMENTS (continued)****Note 2 - Summary of Significant Accounting Policies (continued)****A. Basis of Accounting (continued)**

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

**B. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Under Texas law, appropriations lapse at August 31; and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget.

**C. Tuition Discounting**

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

*Texas Public Education Grants:* Certain tuition amounts must be set aside for use as scholarships by qualifying students. This set aside, called the Texas Public Education Grant (TPEG), is shown with tuition and fee revenue amounts as a separate set aside amount (TEC §56.033). When the award is used by the student for tuition and fees, the College records the amount as tuition discount. If the amount is dispersed directly to the student, the College records the amount as a scholarship expense.

*Title IV, Higher Education Act Program Funds:* Certain Title IV HEA Program funds are received by the College to pass through to the students. When the award is used by the student for tuition and fees, the College records the amount as tuition discount. If the amount is dispersed directly to the student, the College records the amount 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 College records the amount as a tuition discount. If the amount is dispersed directly to the student, the College records the amount as a scholarship expense.

**D. Budgetary Data**

Each community college 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 except that depreciation expense is not budgeted. A copy of the approved budget and subsequent amendments must be filed with the Coordinating Board, Legislative Budget Board, Legislative Reference Library, and Governor's Office of Budget and Planning by December 1.

**E. Cash and Cash Equivalents**

The College considers cash and cash equivalents as cash on hand, demand deposits and certificates of deposit.

**GRAYSON COLLEGE****NOTES TO FINANCIAL STATEMENTS (continued)****Note 2 - Summary of Significant Accounting Policies (continued)****F. Investments**

The College's investments are reported at fair value in accordance with accounting standards. The information for determining the fair value of investments is derived from published sources, if available, and from professional investment advisors. Short-term investments have an original maturity greater than three months but less than one year at the time of purchase. Public funds investment pools are also considered to be short-term investments. Long term investments have an original maturity of greater than one year at the time of purchase.

**G. Property Taxes**

The College's 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 within the taxing district of the College. The assessed value of the roll on January 1, 2025, was \$41,998,245,000. Exemptions and abatements of \$17,376,308,000 are allowed, resulting in a taxable value of \$24,621,937. The tax levy of \$34,256,293 is the result of multiplying the value of the tax roll by the tax rates set by the Board. The tax rates assessed for the year ended August 31, 2025 to finance Unrestricted Current Fund operations and debt service for general obligation bonds were \$0.11941 and \$0.02658 per \$100 valuation, respectively.

Property tax collections during the year ended August 31, 2025 were \$33.1 million for current taxes and \$0.33 million for delinquent taxes, penalties, interest, and attorney fees. Tax collections for the year ended August 31, 2025 were 97.62% of the current tax levy.

Property taxes are due on October 1 each year and become delinquent on February 1. The allowance for uncollectible taxes is based upon historical experience of the College.

**H. Capital Assets**

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

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

Buildings	50 years
Other improvements	20 years
Library books	8 years
Furniture and equipment	5 - 10 years

**I. Unearned Revenue**

Unearned revenue relates to student tuition, fees and other revenues received during the current fiscal period for classes or activities to be held in the following period.

**GRAYSON COLLEGE****NOTES TO FINANCIAL STATEMENTS (continued)****Note 2 - Summary of Significant Accounting Policies (continued)****J. Deferred Inflows of Resources**

A *deferred inflow of resources* is an acquisition of a government's net assets (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The College has two items that qualify for reporting in this category:

Deferred inflows of resources for pension - Deferred inflows result primarily from (1) changes in actuarial assumptions; (2) differences between expected and actual actuarial experiences and (3) changes in the College's proportional share of pension liabilities. The pension related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.

Deferred inflows of resources for OPEB - Deferred inflows result primarily from (1) changes in actuarial assumptions; (2) differences between expected and actual actuarial experiences and (3) changes in the College's proportional share of OPEB liabilities. These OPEB related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB benefits through the OPEB plan.

**K. Deferred Outflows of Resources**

A *deferred outflow of resources* is a consumption of a government's net assets (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The College has three items that qualify for reporting in this category:

Deferred outflows of resources for refunding - This deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred outflows of resources for pension - This deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of (1) differences between projected and actual earnings on pension plan investments; (2) changes in actuarial assumptions; (3) differences between expected and actual actuarial experiences and (4) changes in the College's proportional share of pension liabilities. 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 next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The remaining pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.

Deferred outflows of resources for OPEB - This deferred outflow results from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of (1) differences between projected and actual earnings on OPEB plan investments; (2) changes in actuarial assumptions; (3) differences between expected and actual actuarial experiences and (4) changes in the College's proportional share of OPEB liabilities. 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 next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on OPEB plan investments will be amortized over a closed five-year period. The remaining OPEB related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with benefits through the OPEB plan.

## **GRAYSON COLLEGE**

### **NOTES TO FINANCIAL STATEMENTS (continued)**

#### **Note 2 - Summary of Significant Accounting Policies (continued)**

##### **L. 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.

##### **M. 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.

##### **N. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant items subject to such estimates and assumptions include the carrying amount of capital assets, valuation allowances for receivables, and certain accrued liabilities. Accordingly, the College is aware that actual results could differ from those estimates.

##### **O. Operating and Non-Operating Revenues and Expense Policy**

The College distinguishes operating revenues and expenses from non-operating items. The College reports as a business-type activity and as a single, proprietary fund. 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, Title IV grant revenue, and property tax collections. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets.

##### **P. Implementation of New Standards**

GASB issued Statement No. 101, *Compensated Absences*, was issued in June 2022. The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The requirements of this statement were assessed and implemented in 2025, but do not have a material impact to the financial statements.

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

## GRAYSON COLLEGE

### NOTES TO FINANCIAL STATEMENTS (continued)

#### Note 2 - Summary of Significant Accounting Policies (continued)

##### Q. Reclassifications

Certain accounts in the prior year financial statements have been classified for comparative purposes to conform to the presentation in the current year 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 statute. The College is also required to follow specific investment practices prescribed by the Public Funds Investment Act (the Act) related to establishment of appropriate investment policies and management reports.

Under its local policy, the College is authorized to invest in (1) obligations of the United States or its agencies, (2) certificates of deposit, (3) savings and loan deposits, (4) prime commercial paper that has a stated maturity of 270 days or less and is rated not less than A-1 or P-1 by at least two nationally recognized credit rating agencies, and (5) investment grade obligations of state and local governments, and public authorities.

In accordance with generally accepted accounting principles, inputs to valuation techniques used to measure fair value are prioritized according to a fair value hierarchy, as follows:

- Level I - Fair values are based on unadjusted quoted prices in active markets for identical assets or liabilities.
- Level II - Fair values are based on generally indirect information such as quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active.
- Level III - Fair values are based on inputs other than quoted prices included within Level I that are unobservable and include the College's own assumptions about pricing.

This fair value hierarchy gives the highest priority to Level I inputs and the lowest priority to Level III inputs. The College's certificate of deposit investments are classified in Level I of the hierarchy. The investment pools are measured at amortized cost, and are not required to be reported by levels.

The Foundation, as a nonprofit organization, is not subject to the Public Funds Investment Act. As a result, the Foundation can and does invest in other types of investments, including corporate equities, corporate debt instruments, mutual funds, and common investment trusts investing in corporate equities and debt, and land and other property.

#### Note 4 - Deposits and Investments

Cash and deposits at August 31, 2025 and 2024, as reported on the Statement of Net Position, consists of the following items:

	<u>2025</u>	<u>2024</u>
Cash - demand deposits	\$ 37,240,304	\$ 55,928,237
Cash - petty cash on hand	3,425	350
<b>Total Cash Deposits</b>	<b><u>\$ 37,243,729</u></b>	<b><u>\$ 55,928,587</u></b>

*Custodial credit risk* for deposits is the risk that in the event of a bank failure, the College's deposits may not be returned or the College will not be able to recover collateral securities in the possession of an outside party. The College's policy requires deposits to be 100% secured by collateral valued at market less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. At August 31, 2025 and 2024, the College's deposits are not exposed to custodial credit risk.

## GRAYSON COLLEGE

### NOTES TO FINANCIAL STATEMENTS (continued)

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

The following schedule summarizes the College's investments on a recurring basis as of August 31, 2025:

Type of Security	Fair value	Credit Rating	Investment Maturities (in Years)		
			Less Than 1	1 to 2 Years	More than 2
Investment Pools	\$ 112,826,861	AAA	\$ 112,826,861	\$ -	\$ -
<b>Total Investments</b>	<b>\$ 112,826,861</b>		<b>\$ 112,826,861</b>	<b>\$ -</b>	<b>\$ -</b>

The following schedule summarizes the College's investments on a recurring basis as of August 31, 2024:

Type of Security	Fair value	Credit Rating	Investment Maturities (in Years)		
			Less Than 1	1 to 2 Years	More than 2
Investment Pools	\$ 280,093	AAA	\$ 280,093	\$ -	\$ -
<b>Total Investments</b>	<b>\$ 280,093</b>		<b>\$ 253,306</b>	<b>\$ -</b>	<b>\$ -</b>

The College has investments with the Texas Short-Term Asset Reserve Program (TexStar), an investment pool organized in conformity with the Interlocal Cooperation Act and the Public Funds Investment Act of the Texas Government Code. A governing board manages the business and affairs of TexStar, and it has appointed an advisory board consisting of representatives of participants and other persons who do not have a business relationship with the pool. TexStar operates in a manner consistent with SEC's Rule 2a7 of the Investment Company Act of 1940 and are rated AAA by Standard and Poors. All investments are stated at amortized cost, which generally approximates the fair value of the securities. There are no limitations or restrictions on withdrawals from TexStar. The College's investment in TexStar is not subject to custodial credit risk. TexStar's audited financial statements can be obtained at 1201 Elm Street, Dallas, Texas 75270.

*Credit risk* is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. In accordance with State law and the College's investment policy, investments in mutual funds and external pools must be rated at least AAA, commercial paper must be rated at least A-1 or P-1, and investments in obligations from other states, municipalities, counties, etc. must be rated at least A.

*Custodial credit risk* for investments is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Certificates of Deposits were covered by depository insurance or by pledged securities held in the College's name. Investments in external investment pools are considered unclassified as to credit risk because they are not evidenced securities that exist in physical or book entry form.

*Interest rate risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The College's policy provides that investments to be purchased must have final maturities of five years or less.

*Concentration of credit risk* is the risk of loss attributed to the magnitude of the College's investments in a single issuer. The College's policy does not place a limit on the amount that may be invested in any one issuer. This risk does not apply to U.S. Government securities or investments in an external investment pool. At August 31, 2025 and 2024, the College did not have a concentration of credit risk in its investment portfolio.

The Public Funds Investment Act (discussed on previous pages) also requires the College to have independent auditors perform test procedures related to investment practices as prescribed by that legislation. The College is in compliance with the requirements of the Public Funds Investment Act.

**GRAYSON COLLEGE****NOTES TO FINANCIAL STATEMENTS (continued)****Note 4 - Deposits and Investments (continued)**

The following table reconciles Deposits and Investments presented with this note and amounts reported in the Statement of Net Position:

	<b>2025</b>	<b>2024</b>
Cash and Deposits	\$ 37,243,729	\$ 55,928,587
Investments	112,826,861	280,093
<b>Total Deposits and Investments</b>	<b>\$ 150,070,590</b>	<b>\$ 56,208,680</b>
Cash and Cash Equivalents (Exhibit 1)	\$ 37,243,729	\$ 55,928,587
Other Long-Term Investments (Exhibit 1)	112,826,861	280,093
<b>Total Deposits and Investments</b>	<b>\$ 150,070,590</b>	<b>\$ 56,208,680</b>

**Note 5 - Accounts Receivable**

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

	<b>2025</b>	<b>2024</b>
Tuition and fees	\$ 3,819,623	\$ 3,413,425
Ad valorem property taxes	1,757,905	1,595,015
Federal and state grants	1,304,625	551,098
Interest	1,447,597	-
Auxiliary and other	27,360	34,589
Less allowance for doubtful accounts	8,357,110	5,594,127
<b>Accounts Receivable, Net</b>	<b>\$ 4,769,323</b>	<b>\$ 2,412,236</b>

**GRAYSON COLLEGE**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 6 - Capital Assets**

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

	<b>Balance</b> <b>September 1,</b> <b>2024</b>	<b>Transfers</b> <b>and</b> <b>Additions</b>	<b>Transfers</b> <b>and</b> <b>Retirements</b>	<b>Balance</b> <b>August 31,</b> <b>2025</b>
<b>Capital Assets, Not Being</b>				
Depreciated:				
Land	\$ 1,343,562	\$ -	\$ -	\$ 1,343,562
Construction in process	4,226,739	27,819,020	(840,040)	31,205,719
<b>Total Capital Assets, Not Being</b>	<b>5,570,301</b>	<b>27,819,020</b>	<b>(840,040)</b>	<b>32,549,281</b>
<b>Capital Assets, Being Depreciated:</b>				
Buildings and building				
improvements	86,599,384	1,066,190	(555,239)	87,110,335
Facilities and other improvements	12,932,048	84,333	(22,162)	12,994,219
<b>Total Buildings and Other</b>	<b>99,531,432</b>	<b>1,150,523</b>	<b>(577,401)</b>	<b>100,104,554</b>
Improvements	1,301,418	-	-	1,301,418
Library books	13,872,685	2,694,700	(42,802)	16,524,583
<b>Total Capital Assets, Being Depreciated</b>	<b>114,705,535</b>	<b>3,845,223</b>	<b>(620,203)</b>	<b>117,930,555</b>
<b>Less Accumulated Depreciation:</b>				
Buildings and building				
improvements	(23,460,447)	(1,533,713)	451,228	(24,542,932)
Facilities and other improvements	(6,389,331)	(577,542)	19,380	(6,947,493)
<b>Total Buildings and Other Real</b>	<b>(29,849,778)</b>	<b>(2,111,255)</b>	<b>470,608</b>	<b>(31,490,425)</b>
Estate Improvements	(1,175,076)	(15,153)	-	(1,190,229)
Library books	(8,676,875)	(1,161,446)	40,802	(9,797,519)
<b>Total Accumulated Depreciation</b>	<b>(39,701,729)</b>	<b>(3,287,854)</b>	<b>511,410</b>	<b>(42,478,173)</b>
<b>Total Capital Assets, Being Depreciated (Net)</b>	<b>75,003,806</b>	<b>557,369</b>	<b>(108,793)</b>	<b>75,452,382</b>
<b>Total Capital Assets, Net</b>	<b>\$ 80,574,107</b>	<b>\$ 28,376,389</b>	<b>\$ (948,833)</b>	<b>\$ 108,001,663</b>

**GRAYSON COLLEGE**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 6 - Capital Assets (continued)**

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

	<b>Balance September 1, 2023</b>	<b>Additions</b>	<b>Transfers and Retirements</b>	<b>Balance August 31, 2024</b>
<b>Capital Assets, Not Being</b>				
Depreciated:				
Land	\$ 1,343,562	\$ -	\$ -	\$ 1,343,562
Construction in process	185,050	4,226,739	(185,050)	4,226,739
<b>Total Capital Assets, Not Being</b>	<b>1,528,612</b>	<b>4,226,739</b>	<b>(185,050)</b>	<b>5,570,301</b>
<b>Capital Assets, Being Depreciated:</b>				
Buildings and building				
improvements	86,599,384	-	-	86,599,384
Facilities and other improvements	9,970,754	2,961,294	-	12,932,048
<b>Total Buildings and Other</b>	<b>96,570,138</b>	<b>2,961,294</b>	<b>-</b>	<b>99,531,432</b>
Improvements	12,501,618	1,537,264	(166,197)	13,872,685
Library books	1,301,418	-	-	1,301,418
<b>Total Capital Assets, Being Depreciated</b>	<b>110,373,174</b>	<b>4,498,558</b>	<b>(166,197)</b>	<b>114,705,535</b>
<b>Less Accumulated Depreciation:</b>				
Buildings and building				
improvements	(21,936,495)	(1,523,952)	-	(23,460,447)
Facilities and other improvements	(5,842,271)	(547,060)	-	(6,389,331)
<b>Total Buildings and Other Real</b>	<b>(27,778,766)</b>	<b>(2,071,012)</b>	<b>-</b>	<b>(29,849,778)</b>
Estate Improvements	(7,827,109)	(1,003,679)	153,913	(8,676,875)
Library books	(1,157,542)	(17,534)	-	(1,175,076)
<b>Total Accumulated Depreciation</b>	<b>(36,763,417)</b>	<b>(3,092,225)</b>	<b>153,913</b>	<b>(39,701,729)</b>
<b>Total Capital Assets, Being Depreciated (Net)</b>	<b>73,609,757</b>	<b>1,406,333</b>	<b>(12,284)</b>	<b>75,003,806</b>
<b>Total Capital Assets, Net</b>	<b>\$ 75,138,369</b>	<b>\$ 5,633,072</b>	<b>\$ (197,334)</b>	<b>\$ 80,574,107</b>

**GRAYSON COLLEGE**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 7 - Long-Term Liabilities**

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

	Balance September 1, 2024	Additions	Reductions	Balance August 31, 2025	Due Within One Year
<b>Bonds Payable</b>					
General obligation bonds	\$ 12,775,000	\$ 104,150,000	\$ (4,865,000)	\$ 112,060,000	\$ 2,715,000
Issuance premiums	1,486,426	6,846,006	(725,206)	7,607,226	-
<b>Total Bonds Payable</b>	<b>14,261,426</b>	<b>110,996,006</b>	<b>(5,590,206)</b>	<b>119,667,226</b>	<b>2,715,000</b>
<b>Other Liabilities:</b>					
Net pension liability	10,495,751	-	(817,005)	9,678,746	-
Net OPEB liability	20,567,275	2,411,664	-	22,978,939	652,283
Compensated absences	313,390	75,531	-	388,921	107,077
	<b>\$ 45,637,842</b>	<b>\$ 113,483,201</b>	<b>\$ (6,407,211)</b>	<b>\$ 152,713,832</b>	<b>\$ 3,474,360</b>

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

	Balance September 1, 2023	Additions	Reductions	Balance August 31, 2024	Due Within One Year
<b>Bonds Payable</b>					
General obligation bonds	\$ 16,610,000	\$ -	\$ (3,835,000)	\$ 12,775,000	\$ 2,580,000
Revenue bonds	577,000	-	(577,000)	-	-
Issuance premiums	1,816,744	-	(330,318)	1,486,426	-
<b>Total Bonds Payable</b>	<b>19,003,744</b>	<b>-</b>	<b>(4,742,318)</b>	<b>14,261,426</b>	<b>2,580,000</b>
<b>Other Liabilities:</b>					
Net pension liability	8,957,127	1,538,624	-	10,495,751	-
Net OPEB liability	22,184,644	-	(1,617,369)	20,567,275	575,295
Compensated absences	298,840	14,550	-	313,390	62,678
	<b>\$ 50,444,355</b>	<b>\$ 1,553,174</b>	<b>\$ (6,359,687)</b>	<b>\$ 45,637,842</b>	<b>\$ 3,217,973</b>

**GRAYSON COLLEGE****NOTES TO FINANCIAL STATEMENTS (continued)****Note 7 - Long-Term Liabilities (continued)****Bonds Payable**

On October 11, 2016, the College issued General Obligation Refunding Bonds, Series 2016 in the amount of \$27,640,000 for the purpose of advance refunding \$29,480,000 of the College's general obligation bonds (Series 2007 and 2008). These bonds are payable from a continuing direct annual ad valorem tax levied by the College on all taxable property to provide for the payment of principal and interest. Principal payments from \$250,000 to \$3,070,000 are due beginning on February 15, 2017 through 2029. Semiannual interest payments at interest rates ranging from 3% to 5% are due beginning February 15, 2017. The balance outstanding on this bond issue as of August 31, 2025 and 2024 was \$7,910,000 and \$12,775,000, respectively.

On October 15, 2024, the College issued General Obligation Bonds, Series 2024 in the amount of \$104,150,000. The proceeds of the bonds will be used to design, construct, renovate, improve, upgrade, update, modernize, acquire, and equip college facilities. These bonds are payable from a continuing direct annual ad valorem tax levied by the College on all taxable property to provide for the payment of principal and interest. Principal payments from \$400,000 to \$6,115,000 are due beginning on February 15, 2028 through 2044. Semiannual interest payments at an interest rate of 5% are due beginning February 15, 2026. The balance outstanding on this bond issue as of August 31, 2025 was \$104,150,000.

The principal and interest requirements related to the bonded indebtedness is listed below:

For the Year Ended <u>August 31,</u>	General Obligation Bonds		
	Principal	Interest	Total
2026	\$ 2,715,000	\$ 5,227,575	\$ 7,942,575
2027	2,835,000	5,103,000	7,938,000
2028	2,760,000	4,977,200	7,737,200
2029	2,890,000	4,802,050	7,692,050
2030	3,035,000	4,620,125	7,655,125
2031-2035	17,685,000	20,599,375	38,284,375
2036-2040	22,710,000	15,574,500	38,284,500
2041-2045	29,125,000	9,155,850	38,280,850
2046-2050	28,305,000	2,320,700	30,625,700
	<u>\$ 112,060,000</u>	<u>\$ 72,380,375</u>	<u>\$ 184,440,375</u>

During the year, the College defeased general obligation bonds by placing the College's own resources into an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, that trust account assets and the liabilities for those defeased bonds are not included in the College's financial statements. At August 31, 2025, \$3,665,000 of defeased bonds remain outstanding.

**Compensated Absences**

The sole component of the compensated absences liability as of August 31, 2025 is accrued annual (vacation) leave for employees. This obligation will be paid by the fund or department for which the employee works at the time of utilization. As of August 31, 2025 and 2024 was \$388,921 and \$313,390, respectively, and it is expected to be paid by the Current Unrestricted Fund.

## GRAYSON COLLEGE

### **NOTES TO FINANCIAL STATEMENTS (continued)**

#### **Note 8 - Employees' Retirement Plan**

##### **Plan Description**

The College participates in a cost-sharing multiple-employer 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**

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report, including financial statements and required supplementary information. That report may be obtained online at [TRS 2025 Annual Comprehensive Financial Report](#) or write to TRS at 1000 Red River Street, Austin, TX 78701-2698.

##### **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% (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 grandfathered members; the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on the date of employment or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes, including automatic cost of living adjustments ("COLAS"). Ad hoc post-employment benefit changes, including ad hoc COLAS, can be granted by the Texas Legislature, as noted in the Plan description above.

Texas Government Code Section 821.006 prohibits benefit improvements if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years or, if the amortization period already exceeds 31 years, the period would be increased by such action.

**GRAYSON COLLEGE****NOTES TO FINANCIAL STATEMENTS (continued)****Note 8 - Employees' Retirement Plan (continued)****Contributions**

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

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

	<b>Contribution Rates</b>	
	<b>Plan Fiscal Year</b>	
	<b>2025</b>	<b>2024</b>
Member (Employee)	8.25%	8.25%
District (Employer) / Non-Employer Contributing Entity (State)	8.25%	8.25%

	<b>Current Fiscal Year</b>	
	<b>Contributions</b>	
Employer (District)	\$	2,659,135
Employee (Member)		844,917
Non-employer Contributing Entity		
On-behalf Contributions (State)		1,548,828

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 part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.
- In addition to the employer contributions listed above, when employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

**GRAYSON COLLEGE****NOTES TO FINANCIAL STATEMENTS (continued)****Note 8 - Employees' Retirement Plan (continued)****Actuarial Assumptions**

The total pension liability in the August 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2023 rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-Term Expected Investment Rate of Return*	7.00%
Municipal Bond Rate*	3.87% - 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 the Projection period (100 Years)	2123
Inflation	2.30%
Salary increases including inflation	2.95% to 8.95% including inflation
Benefit changes during the year	None
Ad HOC post-employment benefit change	None

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."

The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the System's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the Plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the four-year period ending August 31, 2021 and were adopted in July 2022. The actuarial assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2023. For a full description of these assumptions please see the actuarial valuation report dated November 21, 2023.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00%. The single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine the single discount rate assumed that contributions from active members, employers, and the non-employer contributing entity will be made at the rates set by the Legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

## GRAYSON COLLEGE

### NOTES TO FINANCIAL STATEMENTS (continued)

#### Note 8 - Employees' Retirement Plan (continued)

##### Discount Rate (continued)

Based on these 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-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in TRS's target asset allocation as of August 31, 2024, are summarized below:

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

\* Absolute Return includes Credit Sensitive Investments

\*\* Target allocations are based on the FY2024 policy model

\*\*\* Capital Market Assumptions (CMA) come from 2024 SAA Study CMA Survey (as of 12/31/2023)

\*\*\*\* The volatility drag results from conversions between arithmetic and geometric mean returns

**GRAYSON COLLEGE****NOTES TO FINANCIAL STATEMENTS (continued)****Note 8 - Employees' Retirement Plan (continued)****Discount Rate Sensitivity Analysis**

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.00%) in measuring the net pension liability for the years ended August 31, 2025 and 2024, respectively.

	2025		
	Current		
	1% Decrease	Discount Rate	1% Increase
	6.00%	7.00%	8.00%
District's proportional share of the net pension liability	\$ 15,459,411	\$ 9,678,746	\$ 4,889,055

	2024		
	Current		
	1% Decrease	Discount Rate	1% Increase
	6.00%	7.00%	8.00%
District's proportional share of the net pension liability	\$ 15,691,729	\$ 10,495,751	\$ 6,175,293

**Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions**

At August 31, 2025 and 2024, the College reported a liability of \$9,678,746 and \$10,495,751, respectively, 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:

	2025	2024
District's proportion of the net pension liability	0.0158449%	0.0152798%
District's proportional share of the net pension liability	\$ 9,678,746	\$ 10,495,751
State's proportionate share of the net pension liability associated with the District	6,194,330	6,019,202
<b>Total</b>	<u>\$ 15,873,076</u>	<u>\$ 16,514,953</u>

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

At August 31, 2024 and 2023, the College's proportion of the collective net pension liability was 0.0158449% and 0.0152798%, respectively, which was an increase of 0.000565% and 0.000192%, respectively, from its proportion measured as of August 31, 2023 and 2022.

**Changes Since the Prior Actuarial Valuation**

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

**GRAYSON COLLEGE**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 8 - Employees' Retirement Plan (continued)**

**Changes Since the Prior Actuarial Valuation (continued)**

For the year ended August 31, 2025 and 2024, the College recognized pension expense of \$1,443,139 and \$946,032, respectively. The College also recognized an additional on-behalf revenue and expense of \$740,326 and \$908,847, respectively, representing for support provided by the State.

At August 31, 2025 and 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:

	2025	2024		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 533,479	\$ (75,567)	\$ 373,967	\$ (127,092)
Changes of assumptions	499,734	(66,997)	992,692	(242,934)
Difference between projected and actual earnings on pension plan investments	2,323,937	(2,265,104)	3,279,605	(1,752,218)
Changes in proportion and differences between District contributions and proportionate share of contributions	599,007	(47,564)	513,723	(169,592)
District contributions subsequent to the measurement date	877,307	-	885,329	-
<b>Total</b>	<b><u>\$ 4,833,464</u></b>	<b><u>\$ (2,455,232)</u></b>	<b><u>\$ 6,045,316</u></b>	<b><u>\$ (2,291,836)</u></b>

Contributions made subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions for the years ended August 31, 2025 and 2024, respectively, will be recognized in pension expense as follows:

2025		2024	
Year Ending August 31,	Amount	Year Ending August 31,	Amount
2026	\$ 198,177	2025	\$ 561,882
2027	1,194,144	2026	422,908
2028	228,052	2027	1,383,602
2029	(185,741)	2028	450,557
2030	66,293	2029	49,202
	<b><u>\$ 1,500,925</u></b>		<b><u>\$ 2,868,151</u></b>

## GRAYSON COLLEGE

### NOTES TO FINANCIAL STATEMENTS (continued)

#### Note 8 - Employees' Retirement Plan (continued)

##### 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, Section 67, and Texas Government Code, Title 8, Subtitle C.

*Funding Policy.* Contribution requirements are not actuarially determined but are established and amended by the Texas Legislature. The percentages of participant salaries currently contributed by the State are 6.6% and by each participant are 6.65% for both fiscal years 2025 and 2024. The College contributes 1.31% 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. Senate Bill 1812, 83<sup>rd</sup> Texas Legislature Regular Session, effective September 1, 2013 limits the amount of the State's contribution to 50% of the College's eligible employees.

*Contribution / Payroll Information.* The retirement expense to the state for the College was \$134,477 and \$127,757 for the fiscal years ended August 31, 2025 and 2024, respectively. This amount represents the portion of expended appropriations made by the Legislature on behalf of the College.

The total payroll for all College employees was \$24,726,828 and \$23,609,689 for the years ended August 31, 2025 and 2024, respectively. The total payroll of employees covered by the TRS was \$18,268,558 and \$17,916,030, and the total payroll of employees covered by the optional retirement program was \$4,065,668 and \$3,847,632 for the fiscal years ended August 31, 2025 and 2024, respectively.

#### Note 9 - Compensated Absences

Full-time employees who work twelve months during the year are allowed to accumulate annual leave based upon the number of hours required for the workweek and the number of years employed at the College. For employees with a 35-hour regular workweek, 2.70 hours per bi-weekly payroll are accrued for those employees with less than 15 years of service and 4.04 hours per bi-weekly payroll are accrued for those employees with more than 15 years of service. For employees with a 40-hour regular workweek, 3.08 hours per bi-weekly payroll are accrued for those employees with less than 15 years of service and 4.62 hours per bi-weekly payroll are accrued for those employees with more than 15 or more years of service. The maximum number of hours that may be carried forward to the next fiscal year is 105 and 120 for employees with 35-hour and 40-hour workweeks, respectively. A calculated percentage is applied to part-time contractual employees to determine their accrual rates.

The College has recognized the accrued liability for the unpaid annual leave in the fund in which the employee works. Accrued compensated absences payable of \$352,305 and \$313,390 is recorded in the financial statements as of August 31, 2025 and 2024, respectively. These amounts are payable to the employees (or their beneficiaries) upon termination or death.

Full-time employees who work twelve months during the year are allowed to accumulate sick leave based upon the number of hours required for the workweek. Employees with a 35-hour workweek accrue 2.70 hours per bi-weekly payroll and employees with a 40-hour workweek accrue 3.08 hours per bi-weekly payroll. Sick leave for instructional employees with nine-month or ten-and-one-half month contracts is accrued over the length of the contract. Full-time instructional employees shall accrue a maximum of 480 hours. Full-time non-instructional employees may accrue a maximum of 420 hours for those employees whose regular workweek is 35 hours and 480 hours for those employees whose regular workweek is 40 hours. A calculated percentage is applied to part-time employees to determine their accrual rates. The College's policy is to recognize sick leave when paid. No liability has been recorded in the financial statements since the College's experience indicates the expenditure for sick leave to be minimal.

**GRAYSON COLLEGE****NOTES TO FINANCIAL STATEMENTS (continued)****Note 9 - Compensated Absences (continued)**

Additionally, the College has established a sick leave pool to benefit employees who suffer or are affected by a catastrophic injury or illness. Employees may contribute up to ten percent of accumulated sick leave to the pool. Receipt of benefits from the pool is not contingent upon prior contributions. The Human Resource department makes benefit payment decisions. No liability for the sick leave pool has been recorded in these financial statements.

**Note 10 - Risk Management**

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Except for workers' compensation insurance, the College carries commercial insurance for all risks of loss. The College accounts for risk management issues in accordance with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*.

The College participates in the Workers' Compensation Fund of the Texas Educational Insurance Association (Fund) administered by Claims Administrative Services, Inc. The College is responsible for the payment of all claims until a certain threshold is reached. Whenever the claims exceed the threshold, a commercial insurance policy pays the excess claims. The Fund's specific retention of loss is \$1,000,000, with an aggregate limit of \$5,000,000; the College's maximum fund loss is \$121,431. Premiums of \$46,283 and \$46,188 for this insurance were allocated to the College for the years ended August 31, 2025 and 2024, respectively.

The following schedule summarizes the changes in claims liabilities for the years ended August 31, 2025 and 2024:

	<b>2025</b>	<b>2024</b>
<b>Claims Liabilities - Beginning of Year</b>	\$ 105,808	\$ 114,251
Incurred Claims	81,025	98,014
Change in Prior Year Claim Estimates	(9,540)	(8,100)
Payment on Claims	(70,216)	(98,357)
<b>Claims Liabilities - End of Year</b>	<b><u>\$ 107,077</u></b>	<b><u>\$ 105,808</u></b>

The claims liability is reported in accrued liabilities in the financial statements and includes \$82,938 and \$84,282 of estimated claims incurred but not reported, as determined actuarially by the administrator at August 31, 2025 and 2024, respectively.

**Note 11 - Defined Other Post-Employment Benefits (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.

**GRAYSON COLLEGE****NOTES TO FINANCIAL STATEMENTS (continued)****Note 11 - Defined Other Post-Employment Benefits (OPEB) (continued)****OPEB Plan Fiduciary Net Position**

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

**Benefits Provided**

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

**Contributions**

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

The following table summarizes the maximum monthly employer contribution toward eligible retirees' health and basic life premium. 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.

	<b>2025/2024 Contributions</b>	
	<b>Employee</b>	<b>State/Employer</b>
Retiree Only	\$ -	\$ 625
Retiree & Spouse	358.00	982.82
Retiree & Children	239.70	864.52
Retiree & Family	597.70	1,222.52

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

	<b>2025</b>	<b>2024</b>
Employers	\$ 2,659,135	\$ 2,643,265
Members (Employees)	844,917	808,109
Nonemployer Contributing Entity (State of Texas)	1,548,828	1,501,884

**GRAYSON COLLEGE****NOTES TO FINANCIAL STATEMENTS (continued)****Note 11 - Defined Other Post-Employment Benefits (OPEB) (continued)****Actuarial Assumptions**

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

Valuation Date	August 31, 2024
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll, Open
Remaining Amortization Period	30 Years
Asset Valuation Method	Not applicable
Actuarial Assumptions:	
Discount Rate	3.87%
Projected Annual Salary Increase	2.30% to 8.95%, including inflation
Annual Healthcare Trend Rate	FY28, 5.00% for FY29, 4.75% for FY30, 4.50% for FY31 decreasing 10 basis points per year to an ultimate rate of 4.30% for FY33 and later years.
	<u>Health Select Medicare Advantage</u> : 36.00% for FY26, 8.00% for FY27, 5.25% for FY28, 5.00% for FY29, 4.75% for FY30, 4.50% for FY2031 decreasing 10 basis points per year to an ultimate rate of 4.30% for FY33 and later years.
	<u>Pharmacy</u> : 11.50% for FY26, 11.00% for FY27, 10.00% for FY28, 8.50% for FY29, 7.00% for FY30 decreasing 100 basis points per year to 5.00% for FY32 and 4.30% for FY33 and later years.
Inflation Assumption Rate	2.30%
Ad hoc Post-employment Benefit Changes	None
Mortality Assumptions:	
Service retirees, survivors and other inactive members	Tables based on Teachers Retirement System of Texas experience with Ultimate MP Projection Scale from the year 2018.
Disability retirees	Tables based on Teachers Retirement System of Texas experience with Ultimate MP Projection Scale from the year 2018 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members.
Active members	Sex Distinct RP-2014 Employee Mortality multiplied by 90% with Ultimate MP Projection Scale from the year 2014.

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

**GRAYSON COLLEGE****NOTES TO FINANCIAL STATEMENTS (continued)****Note 11 - Defined Other Post-Employment Benefits (OPEB) (continued)****Discount Rate**

Because the GBP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bonds rate. The discount rate used to determine the total OPEB liability as of the beginning of the measurement year was 3.81%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 3.87%, which amounted to an increase of 0.06%. The source of the municipal bond rate was the Bond Buyer Index of tax-exempt general obligation bonds with 20 years to maturity with an average credit quality that is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp's AA rating. Projected cash flows into the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you-go basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets and therefore the years of projected benefit payments to which the long-term expected rate of return is applicable is zero years.

**Investment Policy**

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

**Discount Rate Sensitivity Analysis**

The following schedule shows the impact on the District's proportionate share of the collective net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.87% and 3.81% for 2024 and 2023, respectively) in measuring the net OPEB Liability

<b>2025</b>			
	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
Rate	2.87%	3.87%	4.87%
District's proportionate share of the net OPEB liability	\$ 26,736,127	\$ 22,978,939	\$ 19,963,752
<b>2024</b>			
	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
Rate	2.81%	3.81%	4.81%
District's proportionate share of the net OPEB liability	\$ 23,865,367	\$ 20,567,275	\$ 17,914,534

**GRAYSON COLLEGE****NOTES TO FINANCIAL STATEMENTS (continued)****Note 11 - Defined Other Post-Employment Benefits (OPEB) (continued)****Healthcare Trend Rate Sensitivity Analysis**

The initial healthcare trend rate is 5.60% and the ultimate rate is 4.30%. The following schedule shows the impact on the District's proportionate share of the collective net OPEB Liability if the healthcare cost trend rate used was 1% less than and 1% greater than the healthcare cost trend rate that was used (5.60% decreasing to 4.30% for both 2024 and 2023) in measuring the net OPEB Liability.

<b>2025</b>		
Current		
Healthcare		
1%	Cost Trend	1%
Decrease	Rate	Increase
4.60%	5.60%	6.60%
decreasing to	decreasing to	decreasing to
3.30%	4.30%	5.30%
<b>Rate</b>		
District's proportionate share of the net OPEB liability	\$ 19,717,084	\$ 22,978,939
	\$ 27,136,922	

<b>2024</b>		
Current		
Healthcare		
1%	Cost Trend	1%
Decrease	Rate	Increase
4.60%	5.60%	6.60%
decreasing to	decreasing to	decreasing to
3.30%	4.30%	5.30%
<b>Rate</b>		
District's proportionate share of the net OPEB liability	\$ 17,690,715	\$ 20,567,275
	\$ 24,220,520	

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

At August 31, 2025 and 2024, the College reported a liability of \$22,978,939 and \$20,567,275, respectively, for its proportionate share of the ERS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the College. 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:

<b>2025</b>		
District's proportion of the net OPEB liability	0.07841145%	
District's proportionate share of the collective net OPEB liability	\$ 22,978,939	
State's proportionate share that is associated with the District	14,883,661	
	<u>\$ 37,862,600</u>	

<b>2024</b>		
District's proportion of the net OPEB liability	0.07698045%	
District's proportionate share of the collective net OPEB liability	\$ 20,567,275	
State's proportionate share that is associated with the District	13,455,504	
	<u>\$ 34,022,779</u>	

**GRAYSON COLLEGE**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 11 - Defined Other Post-Employment Benefits (OPEB) (continued)**

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

The net OPEB liability was measured as of August 31, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The 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 September 1, 2023 through August 31, 2024.

At the measurement date of August 31, 2024 and 2023, the employer's proportion of the collective net OPEB liability was 0.07841145 and 0.07698045%, respectively, which was an increase of 0.001431% and a decrease of 0.00089602%, respectively, from its proportion measured as of August 31, 2023 and 2022.

For the fiscal year ended August 31, 2025 and 2024, the College recognized OPEB expense of \$450,990 and negative \$385,613 and an additional expense of \$1,735 and \$399,318, respectively, of expense incurred by the State on behalf of the College.

At August 31, 2025 and 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:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (379,126)	\$ -	\$ (544,015)
Changes of assumptions	1,258,085	(4,577,578)	686,102	(6,423,433)
Difference between projected and actual earnings on OPEB plan investments	-	(878)	1,662	-
Changes in proportion and differences between District contributions	972,292	(581,189)	1,508,164	(954,163)
District contributions subsequent to the measurement date	508,175	-	455,283	-
<b>Total</b>	<b>\$ 2,738,552</b>	<b>\$ (5,538,771)</b>	<b>\$ 2,651,211</b>	<b>\$ (7,921,611)</b>

Contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB for the years ended August 31, 2025 and 2024, respectively, will be recognized in OPEB expense as follows:

2025		2024	
Year Ending August 31,	Amount	Year ending August 31,	Amount
2026	\$ (1,280,860)	2025	\$ (1,353,144)
2027	(1,344,664)	2026	(1,502,008)
2028	(842,950)	2027	(1,568,563)
2029	23,296	2028	(1,075,807)
2030	136,784	2029	(226,161)
	<b>\$ (3,308,394)</b>		<b>\$ (5,725,683)</b>

**GRAYSON COLLEGE****NOTES TO FINANCIAL STATEMENTS (continued)****Note 12 - Income Taxes**

The College is exempt from income taxes under Internal Revenue Code Section 115, although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511(a)(2)(B). The College had no unrelated business income tax liability for 2025 or 2024.

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

**Note 13 - Contingencies**

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

**Note 14 - Grants and Contracts**

Contract and grant revenues are recognized in the accompanying Statements of Revenues, Expenses, and Changes in Net Position. For contract and grant awards, funds expended but not collected are reported as accounts receivable in the accompanying Statements of Net Position. Contract and grant awards that are not yet funded and for which the College has not yet performed services are not included in the financial statements.

**Note 15 - Transactions with Component Unit**

The Foundation made contributions to the College in the amount of \$722,368 and \$673,939 in fiscal year 2025 and 2024, respectively, including scholarships of \$645,809 and \$589,080, respectively, and \$76,559 and \$84,859, respectively, in support of various other activities at the College.

**Note 16 - Tax Abatements**

The College is authorized by Texas Tax Code 312 to enter into property tax abatement agreements. In accordance with this law, the College has passed a resolution that establishes guidelines and criteria for the administration of its tax abatements. Among other things, the guidelines and criteria specify:

1. That an agreement may not require extraordinary capital improvement financing by the College;
2. That the percentage abated must not be less than 10% nor more than 100% of the appraised value of the property;
3. That the College will receive an economic impact study which shows that the project and abatement are in the College's economic interest;
4. That taxes may not be abated on equipment that has already been ordered or received;
5. That taxes may not be abated on real property if construction on the property to be abated has already begun; and
6. That the Board of Trustees for the College is the sole judge as to whether the College will enter into an agreement.

The College grants tax abatements to primary employers in conjunction with other local taxing entities for the purpose of stimulating the local economy. The amount to be abated is determined by the number and type of jobs to be created, the amount of taxable value to be created by new construction or equipment, or a combination of these factors.

The College currently does not have any active tax abatement agreements.

## **GRAYSON COLLEGE**

### **NOTES TO FINANCIAL STATEMENTS (continued)**

#### **Note 17 - Contract and Grant Awards**

Contract and grant awards are accounted for in accordance with the requirements of the AI CPA Industry Audit Guide, Audits of Colleges and Universities. Revenues are recognized on Exhibit 2 and Schedule A. For federal contract and grant awards, funds expended, but not collected, are reported as Federal Receivables on Exhibit 1. Non-federal contract and grant awards for which funds are 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. Contract and grant awards funds already committed, e.g., multiyear awards, or funds awarded during fiscal years August 31, 2025 and 2024 for which monies have not been received nor funds expended totaled \$1,907,503 and \$1,174,238, respectively. Of these amounts, \$485,898 and \$676,430 were from Federal Contract and Grant Awards; and \$1,421,605 and \$497,808 were from State Contract and Grant Awards for the fiscal years ended August 31, 2025 and 2024, respectively.

The College receives a portion of its revenues from government grants and contracts, all of which are subject to audit by federal and state agencies. The determination of amounts received under these programs generally is based upon allowable costs reported to and audited by the respective agencies. As a result, there exists a contingency to refund any amount received in excess of allowable costs. The amount, if any, of expenses which may be disallowed by the grantor agencies cannot be determined at this time, although the College expects such amounts, if any, to be immaterial.

#### **Note 18 - Pending Lawsuits and Claims**

As of August 31, 2025, there are no known material lawsuits and claims pending or threatened against the College.

#### **Note 19 - Related Party Disclosure Required by the U.S. Department of Education**

A board member of Grayson College is the spouse to the owner of a construction company that periodically performs projects for the College. Said board member abstains from discussions and votes related to construction projects.

A board member of the Grayson College serves as an officer of a banking institution that holds certain financial accounts for the college. The said board member abstains from discussions and votes related to these matters.

#### **Note 20 - Grayson College Foundation**

The Foundation was established as a separate nonprofit organization in 1991 to raise funds to provide student scholarships and assistance in the development and growth of the College. Under GASB standards, the Foundation is a component unit of the College because: 1) the College provides financial resources to the Foundation and the economic resources received or held by the Foundation are entirely or almost entirely for the direct benefit of the College; 2) the College is entitled to or has the ability to otherwise access a majority of the economic resources received or held by the Foundation; and 3) the economic resources held by the Foundation that the College is entitled or has the ability to otherwise access are significant to the College.

Accordingly, the Foundation's financial statements are included in the College's annual report as a discretely presented component unit (see table of contents). Separate financial statements of the Foundation are not prepared; therefore, selected disclosures are included in the College's financial statements.

## GRAYSON COLLEGE

### NOTES TO FINANCIAL STATEMENTS (*continued*)

#### Note 20 - Grayson College Foundation (*continued*)

##### Basis of Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The Foundation maintains its accounts in accordance with the principles of fund accounting. Resources for various purposes are classified into funds that are in accordance with activities or objectives specified by donors. Separate accounts are maintained for each fund. For reporting purposes, however, the Foundation classifies net position and revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net position of the Foundation and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor (or certain grant) restrictions. The governing board may designate from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.
- **Net Assets with Donor Restrictions** - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Cash and Cash Equivalents**-For purposes of reporting cash flows, the Foundation considers all bank deposits, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to endowments that are perpetual in nature or other long-term purposes are excluded from this definition.

##### Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. The carrying amounts of other investments (real estate) are based upon the historical cost of those investments. Realized and unrealized gains and losses are reported in the statement of activities.

In accordance with generally accepted accounting principles, investment in financial and nonfinancial assets are reported in a three-tiered hierarchy as follows:

- Level I - Assets are based on quoted prices or unadjusted quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access at the Foundation's year end.
- Level II - Assets are based on other than quoted prices or adjusted quoted prices of similar assets or liabilities in markets that are not active.
- Level III-Assets are based on unobservable inputs and shall reflect the Foundation's own assumptions about the assets or liabilities.

This fair value hierarchy gives the highest priority to Level I assets and the lowest priority to Level III assets.

**GRAYSON COLLEGE****NOTES TO FINANCIAL STATEMENTS (continued)****Note 20 - Grayson College Foundation (continued)****Capital Assets and Depreciation**

Capital assets are recorded at cost or at estimated fair market value at the date of the gift if donated. Such donations are reported without donor restrictions support unless the donor has restricted the asset to a specific purpose. Assets donated with specific restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies with donor restrictions net assets to without donor restrictions net assets at that time.

Depreciation is calculated on the straight-line method over the estimated useful lives of the assets. The estimated net assets useful lives are fifty years for buildings and improvements and ten years for equipment.

**Collections:** In accordance with guidance issued by the Texas Comptroller of Public Accounts, collections are capitalized but not depreciated. Collections are valued at their historical cost or fair value at the date of donation. The Foundation has a statue which it capitalizes as a collection. This collection is not depreciated due to the inexhaustible nature of this asset.

**Revenue and Revenue Recognition**

Revenue is recognized when earned. The Foundation recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promise to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Contributions received with donor stipulations that limit their use are recorded as restricted support.

**Contributions**

Contributions are recognized as revenues in the period unconditional promises to give are received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

**Contributed Services**

The services of the Foundation employees and certain operating costs have been donated by the College. The estimated value of these contributed services is \$482,296 and \$510,434 for the years ended August 31, 2025 and 2024, respectively, and has been included in revenues and expenses in the accompanying financial statements.

**Concentration of Credit Risk**

The Foundation maintains its cash and cash equivalents in bank deposit accounts which frequently exceed federally insured limits. However, the Foundation does not believe that it is exposed to any significant credit risk in connection with these accounts.

**Functional Allocation of Expenses**

The costs of program, support services, and fundraising activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs, support services, and fundraising activities benefited on the basis of estimates of time and effort.

**GRAYSON COLLEGE****NOTES TO FINANCIAL STATEMENTS (continued)****Note 20 - Grayson College Foundation (continued)****Federal Income Taxes**

The income of the Foundation, except for unrelated business income, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation had no unrelated business income during the years ended August 31, 2025 and 2024.

**Use of Estimates**

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

**Risks and Uncertainties**

The Foundation invests in various investment securities which are inherently exposed to various risks such as interest rate fluctuations, and market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statements of net assets available for benefits.

**Investments**

Net investment income consists of the following for the years ended August 31:

	<b>2025</b>	<b>2024</b>
Interest, Dividends, and Royalties	\$ 667,512	\$ 715,792
Realized Gains (Losses)	752,068	200,175
Unrealized Gains (Losses)	925,204	1,835,304
Less: Investment Management and Custodial Fees	(175,514)	(129,837)
<b>Total Investment Income, Net</b>	<b>\$ 2,169,270</b>	<b>\$ 2,621,434</b>

The following schedule summarizes the Foundation's investment on a recurring basis as of August 31, 2025 and 2024:

<b>Type of Security</b>	<b>2025</b>		<b>2024</b>	
	<b>Cost</b>	<b>Fair Value</b>	<b>Cost</b>	<b>Fair Value</b>
U.S. Government Securities	\$ 2,587,881	\$ 2,571,604	\$ 3,208,221	\$ 3,064,976
U.S. Government Agency Securities	869,748	799,574	1,935,908	1,713,572
Equity Securities	11,785,442	14,620,326	8,941,540	9,458,056
Corporate Obligations	929,986	914,117	1,992,141	1,688,533
Alternate Investments	2,261,275	2,402,998	1,947,973	1,965,878
Money Market and Investment Pools	2,874,529	3,226,908	296,959	296,952
<b>Total Investments</b>	<b>\$ 21,308,861</b>	<b>\$ 24,535,527</b>	<b>\$ 18,322,742</b>	<b>\$ 18,187,967</b>

All of the Foundation's investments are Level 1 investments.

**GRAYSON COLLEGE****NOTES TO FINANCIAL STATEMENTS (continued)****Note 20 - Grayson College Foundation (continued)****Liquidity and Availability of Resources**

Financial assets available for general expenditure, that is, without donor restrictions limiting their use or without requiring specific action of the Board, within one year of the date of the statements of financial position as of August 31, 2025 and 2024, are comprised of the following:

	<b>2025</b>	<b>2024</b>
Cash and Cash Equivalents	\$ 802,589	\$ 910,336
Short-Term Investments	913,003	603,644
Accrued Interest Receivable	<u>24,982</u>	<u>32,697</u>
<b>Financial Assets Available to Meet General Expenditures Needs Within One Year</b>	<b><u>\$ 1,740,574</u></b>	<b><u>\$ 1,546,677</u></b>

**Capital Assets**

The following schedule summarizes the Foundation's capital assets as of August 31, 2025 and 2024:

	<b>2024</b>	<b>2024</b>
Collections	\$ 910,000	\$ 910,000
Building and Improvements	253,175	253,175
Facilities and Other Improvements	<u>17,345</u>	<u>17,345</u>
	1,180,520	1,180,520
Less: Accumulated Depreciation	<u>(95,540)</u>	<u>(90,102)</u>
<b>Net Capital Assets</b>	<b><u>\$ 1,084,980</u></b>	<b><u>\$ 1,090,418</u></b>

**Notes Receivable**

The following schedule summarizes the Foundation's capital assets as of August 31, 2025 and 2024:

	<b>2025</b>	<b>2024</b>
A \$212,569 note from Gabriel N. Parker was entered into on August 30, 2019. The note is payable in monthly installments of \$1,077 including interest of 4.5%. A final payment of all unpaid principal and accrued interest is due at maturity on September 1, 2028. The note is secured by real estate and equipment.	\$ 189,846	\$ 194,470
<b>Total Due</b>	<b><u>\$ 189,846</u></b>	<b><u>\$ 194,470</u></b>

**GRAYSON COLLEGE****NOTES TO FINANCIAL STATEMENTS (continued)****Note 20 - Grayson College Foundation (continued)****Endowment Funds**

The Foundation has donor restricted endowments that are to be used only for identified scholarships and other identified purposes and that are maintained in accordance with explicit donor stipulations. The Board of Trustees of the Foundation has interpreted the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIF A) as requiring the preservation of the fair value of gifts to donor Restricted Endowments as of the date of the gift, absent explicit donor stipulations to the contrary. The Foundation interprets the definition of donor-restricted endowments to include the original value of gifts to an endowment and subsequent gifts donated to the fund, (including promises to give net of discount and allowance for doubtful accounts) (a) donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by TUPMIF A. The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

Endowment funds are maintained in an investment account which is managed by an independent financial firm that follows guidance provided in the investment policy approved by the Board of Trustees.

As of August 31, 2025 and 2024, Donor Restricted Endowment Funds were as follows:

	<b>2025</b>	<b>2024</b>
<b>Donor-Restricted Endowment Fund:</b>		
Original Donor Restricted Gift		
Amount and Amounts Required to be		
Maintained in Perpetuity by Donor	\$ 15,538,502	\$ 14,060,081
Accumulated Investment Gains	<u>6,027,649</u>	<u>4,622,897</u>
<b>Total Funds</b>	<b><u>\$ 21,566,151</u></b>	<b><u>\$ 18,682,978</u></b>

**Funds with Deficiencies**

In accordance with accounting standards, the Foundation considers an endowment to be deficient (underwater funds) if its fair value is less than the sum of (a) the original value of initial and subsequent gifts donated to the endowment and (b) any donor imposed accumulations to the endowment that must be maintained in perpetuity. The Foundation has interpreted TUPMIF A to permit spending from underwater endowments in accordance with prudent measures required under law. As of August 31, 2025 and 2024, there were no endowment funds with deficiencies.

**GRAYSON COLLEGE****NOTES TO FINANCIAL STATEMENTS (continued)****Note 20 - Grayson College Foundation (continued)****Investment and Spending Policies**

The primary goals of the endowments are as follows: (1) Provide the highest sustainable, consistent flow of funds to support the activities of the Foundation or those designated by the donor, (2) Protect the future purchasing power of the principal of the endowed funds by reserving an appropriate portion of investment return to offset the cumulative effects of inflation and provide future real growth of the Foundation assets, and (3) Manage the spending distribution over time to reduce, as far as possible, annual variations in the level of support provided by the Foundation.

The Investment Committee of the Foundation outlines the asset allocations, permissible investments and objectives of the portfolios in the Investment Policy.

Changes in Endowment net assets for the years ended August 31, 2025 and 2024 are as follows:

	<b>2025</b>	<b>2024</b>
<b>Endowment Net Assets, Beginning of Year</b>	\$ 18,682,978	\$ 15,696,120
Investment Income, Net	1,951,584	2,224,391
Contributions	1,220,336	1,179,034
Transfer and Reclassification	258,085	-
Net Assets Released from Restrictions	(546,832)	(416,567)
<b>Endowment Net Asset, End of Year</b>	<u><u>\$ 21,566,151</u></u>	<u><u>\$ 18,682,978</u></u>

**Subsequent Events - Foundation**

Subsequent events have been evaluated through December 12, 2025, which is the date the financial statements were available to be issued.



## **REQUIRED SUPPLEMENTARY INFORMATION**

**GRAYSON COLLEGE**

**SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**Teachers Retirement System of Texas**

**For the Last Ten Measurement Years Ended August 31st**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
College's proportion of the net pension liability	0.0158449%	0.0152798%	0.0150876%	0.0139660%	0.0139901%
College's proportionate share of the net pension liability	\$ 9,678,746	\$ 10,495,751	\$ 8,957,127	\$ 3,556,635	\$ 7,492,808
State's proportionate share of the net pension liability associated with the College	<u>6,194,330</u>	<u>6,019,202</u>	<u>5,055,609</u>	<u>2,204,758</u>	<u>4,823,621</u>
<b>Total</b>	<u><b>\$ 15,873,076</b></u>	<u><b>\$ 16,514,953</b></u>	<u><b>\$ 14,012,736</b></u>	<u><b>\$ 5,761,393</b></u>	<u><b>\$ 12,316,429</b></u>
College's covered payroll (for Measurement Year)	\$ 17,916,030	\$ 15,444,160	\$ 14,211,355	\$ 12,748,818	\$ 12,672,923
College's proportionate share of the net pension liability as a percentage of its covered payroll	54.0%	68.0%	63.0%	27.9%	59.1%
Plan fiduciary net position as a percentage of the total pension liability	77.51%	73.15%	75.62%	88.79%	75.54%
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
College's proportion of the net pension liability	0.0132383%	0.0152597%	0.0151326%	0.0139783%	0.0123200%
College's proportionate share of the net pension liability	\$ 6,881,705	\$ 8,399,314	\$ 4,838,587	\$ 5,282,192	\$ 4,354,956
State's proportionate share of the net pension liability associated with the College	<u>4,328,815</u>	<u>3,151,720</u>	<u>1,963,721</u>	<u>2,299,826</u>	<u>2,991,911</u>
<b>Total</b>	<u><b>\$ 11,210,520</b></u>	<u><b>\$ 11,551,034</b></u>	<u><b>\$ 6,802,308</b></u>	<u><b>\$ 7,582,018</b></u>	<u><b>\$ 7,346,867</b></u>
College's covered payroll (for Measurement Year)	\$ 10,816,790	\$ 10,496,293	\$ 9,487,927	\$ 9,032,401	\$ 8,689,765
College's proportionate share of the net pension liability as a percentage of its covered payroll	63.6%	80.0%	51.0%	58.5%	50.1%
Plan fiduciary net position as a percentage of the total pension liability	75.24%	73.74%	82.17%	78.00%	78.43%

**GRAYSON COLLEGE**

**SCHEDULE OF COLLEGE PENSION CONTRIBUTIONS**

**Teachers Retirement System of Texas**

**For the Last Ten Fiscal Years Ended August 31st**

	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Contractually required contributions	\$ 887,822	\$ 898,057	\$ 786,142	\$ 411,778	\$ 589,069
Contributions in relation to the contractual required contributions	<u>887,822</u>	<u>898,057</u>	<u>786,142</u>	<u>411,778</u>	<u>589,069</u>
Contribution deficiency (excess)	<u>\$ -</u>				
College's covered payroll	\$ 18,268,557	\$ 17,916,030	\$ 15,444,160	\$ 14,211,355	\$ 12,748,818
Contributions as a percentage of covered payroll	4.86%	5.01%	5.09%	2.90%	4.62%
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Contractually required contributions	\$ 575,741	\$ 492,476	\$ 487,408	\$ 416,084	\$ 423,293
Contributions in relation to the contractual required contributions	<u>575,741</u>	<u>492,476</u>	<u>487,408</u>	<u>416,084</u>	<u>423,293</u>
Contribution deficiency (excess)	<u>\$ -</u>				
College's covered payroll	\$ 12,672,923	\$ 10,816,790	\$ 10,496,293	\$ 9,852,740	\$ 9,423,102
Contributions as a percentage of covered payroll	4.54%	4.55%	4.64%	4.22%	4.49%

## GRAYSON COLLEGE

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

#### Employee Retirement System of Texas - State Retiree Health Plan

For the Last Eight Measurement Years Ended August 31st

	2024	2023	2022	2021
College's proportion of the net OPEB liability	0.07841145%	0.07698045%	0.07787647%	0.07483393%
College's proportionate share of the net OPEB liability	\$ 22,978,939	\$ 20,567,275	\$ 22,184,644	\$ 26,847,051
State's proportionate share of the net OPEB liability associated with the College	<u>14,883,661</u>	<u>13,455,504</u>	<u>14,510,091</u>	<u>18,088,800</u>
<b>Total</b>	<u><u>\$ 37,862,600</u></u>	<u><u>\$ 34,022,779</u></u>	<u><u>\$ 36,694,735</u></u>	<u><u>\$ 44,935,851</u></u>
College's covered employee payroll (for Measurement Year)	\$ 20,513,731	\$ 18,418,627	\$ 16,812,072	\$ 16,055,144
College's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	112.0%	111.7%	132.0%	167.2%
Plan fiduciary net position as a percentage of the total OPEB liability*	0.47%	0.63%	0.57%	0.38%
	2020	2019	2018	2017
College's proportion of the net OPEB liability	0.07666935%	0.06834061%	0.07154001%	0.07543185%
College's proportionate share of the net OPEB liability	\$ 25,335,104	\$ 23,620,343	\$ 21,202,847	\$ 25,701,904
State's proportionate share of the net OPEB liability associated with the College	<u>16,657,724</u>	<u>19,439,170</u>	<u>16,311,598</u>	<u>22,722,641</u>
<b>Total</b>	<u><u>\$ 41,992,828</u></u>	<u><u>\$ 43,059,513</u></u>	<u><u>\$ 37,514,445</u></u>	<u><u>\$ 48,424,545</u></u>
College's covered employee payroll (for Measurement Year)	\$ 16,143,250	\$ 14,647,686	\$ 13,617,571	\$ 11,563,890
College's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	156.9%	161.3%	155.7%	222.3%
Plan fiduciary net position as a percentage of the total OPEB liability*	0.32%	0.17%	1.27%	2.04%

Note: Ten years of data should be presented in this schedule but data was unavailable prior to 2017. Net OPEB liability and related ratios will be presented prospectively as data becomes available.

\* Per ERS' ACFR

**GRAYSON COLLEGE**

***SCHEDULE OF COLLEGE OPEB CONTRIBUTIONS***

***Employee Retirement System of Texas - State Retiree Health Plan***

***For the Last Eight Fiscal Years Ended August 31st***

	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Contractually required contributions	\$ 733,948	\$ 455,283	\$ 454,968	\$ 708,065
Contributions in relation to the contractual required contributions	<u>733,948</u>	<u>455,283</u>	<u>454,968</u>	<u>708,065</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered-employee payroll	\$ 22,316,709	\$ 20,513,731	\$ 18,418,627	\$ 16,812,072
Contributions as a percentage of covered employee-payroll	3.29%	2.22%	2.47%	4.21%
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Contractually required contributions	\$ 690,203	\$ 682,199	\$ 686,659	\$ 698,350
Contributions in relation to the contractual required contributions	<u>690,203</u>	<u>682,199</u>	<u>686,659</u>	<u>698,350</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered-employee payroll	\$ 16,055,144	\$ 16,143,250	\$ 14,647,686	\$ 13,617,571
Contributions as a percentage of covered employee-payroll	4.30%	4.23%	4.69%	5.13%

Note: Ten years of data should be presented in this schedule but data was unavailable prior to 2018.

Additional years will be presented prospectively as data becomes available.

**1. Schedules for Pensions – Net Pension Liability****Changes Since Prior Actuarial Valuation**

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

- Percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- Proportion of future retirees assumed to be married and electing coverage for their spouse.
- Proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement.
- 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 effect on our short-term expectations.
- The Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act and the rate of future increases in the fee has been updated to reflect recent available information.

## 2. Schedules for Other Post-Employment Benefits (OPEB) – Net OPEB Liability

### Changes Since Prior Actuarial Valuation

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

- Percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- Proportion of future retirees assumed to be married and electing coverage for their spouse.
- Proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement.
- Demographic assumptions, including the mortality projection scale for all State Agency members; base mortality for Judges; assumed rates of retirement for certain members who are Regular Class, Elected Class or Certified Peace Officers/Custodial Officers (CPO/CO); assumed rates of termination for certain members who are Regular Class, Judges or Certified Peace Officers/Custodial Officers (CPO/CO); and assumed rates of disability for all State Agency members.
- The expenses directly related to the payment of GBP health benefits for (a) HealthSelect medical services and (b) prescription drug benefits under HealthSelect and HealthSelect Medicare Advantage have been updated since the previous valuation to reflect recent new administrative services contracts.
- Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effect on our short-term expectations.
- The Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act and the rate of future increases in the fee has been updated to reflect recent available information.
- The discount rate was changed from 3.81% to 3.87% as a result of requirements by GASB No. 74 to reflect 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.



## **SUPPLEMENTARY INFORMATION**



**GRAYSON COLLEGE**
**Schedule A**
**SCHEDULE OF OPERATING REVENUES**
**For the Year Ended August 31, 2025**
**(With Totals for the Year Ended August 31, 2024)**

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	Total	
					2025	2024
<b>Tuition and Fees</b>						
<b>Tuition:</b>						
State funded credit courses:						
In-district resident tuition	\$ 3,992,535	\$ -	\$ 3,992,535	\$ -	\$ 3,992,535	\$ 3,859,799
Out-of-district resident tuition	2,440,858	-	2,440,858	-	2,440,858	2,267,031
Non-resident tuition	183,367	-	183,367	-	183,367	186,351
TPEG	334,616	-	334,616	-	334,616	314,837
Non-state funded educational programs	269,228	-	269,228	-	269,228	223,892
<b>Total Tuition</b>	<b>7,220,604</b>	<b>-</b>	<b>7,220,604</b>	<b>-</b>	<b>7,220,604</b>	<b>6,851,910</b>
<b>Fees:</b>						
General fees	2,708,705	-	2,708,705	-	2,708,705	2,369,699
Student services fees	-	-	-	1,041,748	1,041,748	1,004,038
Technology fees	416,695	-	416,695	-	416,695	401,656
Laboratory fees	336,836	-	336,836	-	336,836	289,565
Course fees	248,547	-	248,547	-	248,547	273,491
Other fees	370,948	-	370,948	-	370,948	312,158
<b>Total Fees</b>	<b>4,081,731</b>	<b>-</b>	<b>4,081,731</b>	<b>1,041,748</b>	<b>5,123,479</b>	<b>4,650,607</b>
<b>Scholarship Allowances and Discounts:</b>						
Bad debt allowances	(512,099)	-	(512,099)	-	(512,099)	(331,893)
Tuition discounts	-	-	-	-	-	(163,787)
Scholarship allowances	(529,558)	-	(529,558)	(142,596)	(672,154)	(619,054)
Remissions and exemptions	(992,808)	-	(992,808)	(65,653)	(1,058,461)	(936,992)
TPEG allowances	(312,062)	-	(312,062)	-	(312,062)	(305,946)
Federal grants to students	(3,050,106)	-	(3,050,106)	(423,626)	(3,473,732)	(2,833,657)
Other federal grants	-	(24,238)	(24,238)	-	(24,238)	(140,842)
State grants to students	(446,601)	(599,768)	(1,046,369)	(75,370)	(1,121,739)	(804,441)
<b>Total Scholarship Allowances and Discounts</b>	<b>(5,843,234)</b>	<b>(624,006)</b>	<b>(6,467,240)</b>	<b>(707,245)</b>	<b>(7,174,485)</b>	<b>(6,136,612)</b>
<b>Total Net Tuition and Fees</b>	<b>5,459,101</b>	<b>(624,006)</b>	<b>4,835,095</b>	<b>334,503</b>	<b>5,169,598</b>	<b>5,365,905</b>
<b>Additional Operating Revenues:</b>						
Federal grants and contracts	8,450	1,686,380	1,694,830	-	1,694,830	3,841,915
State grants and contracts	-	2,670,486	2,670,486	-	2,670,486	2,257,296
Non-governmental grants and contracts	-	281,004	281,004	-	281,004	208,347
Sales and services of educational activities	70,916	-	70,916	-	70,916	73,501
Other operating revenues	521,633	-	521,633	-	521,633	510,614
<b>Total Additional Operating Revenues</b>	<b>600,999</b>	<b>4,637,870</b>	<b>5,238,869</b>	<b>-</b>	<b>5,238,869</b>	<b>6,891,673</b>
<b>Auxiliary Enterprises:</b>						
Residential Life (net of discounts of \$449,404)	-	-	-	-	504,218	671,067
Bookstore (net of discounts \$959,864)	-	-	-	-	928,965	1,087,844
<b>Total Net Auxiliary Enterprises</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,433,183</b>	<b>1,758,911</b>
<b>Total Operating Revenues</b>	<b>\$ 6,060,100</b>	<b>\$ 4,013,864</b>	<b>\$ 10,073,964</b>	<b>\$ 334,503</b>	<b>\$ 11,841,650</b>	<b>\$ 14,016,489</b>

**GRAYSON COLLEGE**
**Schedule B**
**SCHEDULE OF OPERATING EXPENSES BY OBJECT**  
**For the Year Ended August 31, 2025**  
**(With Totals for the Year Ended August 31, 2024)**

	Operating Expenses				Total	
	Salaries and Wages	Benefits	Other Expenses		2025	2024
		State	Local			
<b>Unrestricted - Educational Activities:</b>						
Instruction	\$ 11,314,279	\$ -	\$ 2,382,378	\$ 2,088,954	\$ 15,785,611	\$ 14,194,742
Public service	273,804	-	70,917	35,298	380,019	643,596
Academic support	2,498,173	-	627,502	1,305,519	4,431,194	3,739,131
Student services	2,276,305	-	558,258	529,822	3,364,385	2,521,410
Institutional support	4,411,182	-	1,068,494	3,911,329	9,391,005	8,004,198
Operation and maintenance of plant	1,344,977	-	668,330	2,922,152	4,935,459	5,495,152
<b>Total Unrestricted - Educational Activities</b>	<b>22,118,720</b>	<b>-</b>	<b>5,375,879</b>	<b>10,793,074</b>	<b>38,287,673</b>	<b>34,598,229</b>
<b>Restricted - Educational Activities:</b>						
Instruction	819,054	1,672,357	178,496	257,584	2,927,491	5,224,802
Public service	190,432	64,087	32,569	12,566	299,654	284,495
Academic support	-	344,237	-	-	344,237	315,483
Student services	406,075	369,872	116,444	159,137	1,051,528	790,770
Institutional support	50,457	601,194	15,295	110,378	777,324	601,936
Operation and maintenance of plant	-	-	-	549,343	549,343	549,343
Scholarships and fellowships	194,129	-	-	4,428,634	4,622,763	3,846,745
<b>Total Restricted - Educational Activities</b>	<b>1,660,147</b>	<b>3,051,747</b>	<b>342,804</b>	<b>5,517,642</b>	<b>10,572,340</b>	<b>11,613,574</b>
<b>Total Educational Activities</b>	<b>23,778,867</b>	<b>3,051,747</b>	<b>5,718,683</b>	<b>16,310,716</b>	<b>48,860,013</b>	<b>46,211,803</b>
<b>Auxiliary Enterprises</b>	<b>947,962</b>	<b>-</b>	<b>390,042</b>	<b>2,694,758</b>	<b>4,032,762</b>	<b>4,151,418</b>
<b>Depreciation Expense:</b>						
Buildings and other improvements	-	-	-	2,109,975	2,109,975	2,071,012
Equipment and furniture	-	-	-	1,177,879	1,177,879	1,021,213
<b>Total Depreciation Expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,287,854</b>	<b>3,287,854</b>	<b>3,092,225</b>
<b>Total Operating Expenses</b>	<b>\$ 24,726,829</b>	<b>\$ 3,051,747</b>	<b>\$ 6,108,725</b>	<b>\$ 22,293,328</b>	<b>\$ 56,180,629</b>	<b>\$ 53,455,446</b>

**GRAYSON COLLEGE**
**Schedule C**
**SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES**
**For the Year Ended August 31, 2025**
**(With Totals for the Year Ended August 31, 2024)**

	<b>Unrestricted</b>	<b>Restricted</b>	<b>Auxiliary Enterprises</b>	<b>Total</b>	
				<b>2025</b>	<b>2024</b>
<b>Nonoperating Revenues:</b>					
State Appropriations:					
Education and general state support	\$ 9,723,393	\$ -	\$ -	\$ 9,723,393	\$ 8,137,577
State group insurance	-	1,547,093	-	1,547,093	1,150,679
State retirement matching	-	1,504,654	-	1,504,654	1,629,348
<b>Total State Appropriations</b>	<b>9,723,393</b>	<b>3,051,747</b>	<b>-</b>	<b>12,775,140</b>	<b>10,917,604</b>
Maintenance ad valorem taxes	28,312,377	-	-	28,312,377	23,839,264
General obligation bonds ad valorem taxes	6,383,558	-	-	6,383,558	5,412,481
Federal grants and contracts	-	8,660,579	-	8,660,579	7,051,911
Investment income	6,411,831	3,553	-	6,415,384	3,084,265
<b>Total Nonoperating Revenues</b>	<b>50,831,159</b>	<b>11,715,879</b>	<b>-</b>	<b>62,547,038</b>	<b>50,305,525</b>
<b>Nonoperating Expenses:</b>					
Interest on capital related debt	4,954,509	-	-	4,954,509	513,211
Loss on disposition of property	108,794	-	-	108,794	12,284
<b>Total Nonoperating Expenses</b>	<b>5,063,303</b>	<b>-</b>	<b>-</b>	<b>5,063,303</b>	<b>525,495</b>
<b>Net Nonoperating Revenues</b>	<b>\$ 45,767,856</b>	<b>\$ 11,715,879</b>	<b>\$ -</b>	<b>\$ 57,483,735</b>	<b>\$ 49,780,030</b>

**GRAYSON COLLEGE**
**SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY**
*For the Year Ended August 31, 2025*
**Schedule D**

	Detail by Source				Available for Current Operation		
			Net Investment in Capital Assets		Total	Yes	No
	Unrestricted	Restricted - Expendable					
<b>Current:</b>							
Unrestricted	\$ (13,338,109)	\$ -	\$ -	\$ (13,338,109)	\$ (13,338,109)	\$ -	\$ -
Restricted	-	354,556	-	354,556	-	-	354,556
Auxiliary Enterprises	(2,679,542)	-	-	(2,679,542)	(2,679,542)	-	-
Loan funds	-	47,598	-	47,598	-	-	47,598
Plant funds:							
Renewals and Replacements	41,200,506	-	-	41,200,506	41,200,506	-	-
Debt service	-	3,362,531	-	3,362,531	-	-	3,362,531
Investment in plant	-	-	69,825,349	69,825,349	-	-	69,825,349
<b>Total Net Position, August 31, 2025</b>	<b>25,182,855</b>	<b>3,764,685</b>	<b>69,825,349</b>	<b>98,772,889</b>	<b>25,182,855</b>	<b>73,590,034</b>	
<b>Total Net Position, August 31, 2024</b>	<b>15,915,034</b>	<b>6,774,970</b>	<b>62,938,129</b>	<b>85,628,133</b>	<b>15,915,034</b>	<b>69,713,099</b>	
<b>Net Increase (Decrease) in Net Position</b>	<b>\$ 9,267,821</b>	<b>\$ (3,010,285)</b>	<b>\$ 6,887,220</b>	<b>\$ 13,144,756</b>	<b>\$ 9,267,821</b>	<b>\$ 3,876,935</b>	

## STATISTICAL SECTION

### **Financial Trends Information**

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

- Net Position by Component
- Revenues by Source
- Expenses by Function and Changes in Net Position

### **Revenue Capacity Information**

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

- Tuition and Fees
- Assessed Value and Estimated Actual Value of Taxable Property
- Direct and Overlapping Property Tax Rates
- Principal Taxpayers
- Property Tax Levies and Collections

### **Debt Capacity Information**

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

- Ratios of Outstanding Debt
- Legal Debt Margin Information
- Pledged Revenue Coverage

### **Demographic and Economic Information**

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

- Demographic and Economic Statistics
- Principal Employers

### **Operating Information**

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

- State Appropriation per Full-Time Student Equivalents and Contact Hour
- Faculty, Staff, and Administrators Statistics
- Enrollment Details
- Student Profile
- Transfers to Senior Institutions
- Capital Asset Information

**GRAYSON COLLEGE**  
**NET POSITION BY COMPONENT (UNAUDITED)**  
**LAST TEN FISCAL YEARS**

**Table 1**  
**Page 1 of 2**

	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Net investment in capital assets	\$ 69,825	\$ 62,938	\$ 56,937	\$ 53,389	\$ 50,966
Restricted	3,765	6,775	6,058	5,570	5,138
Unrestricted	<u>25,183</u>	<u>15,915</u>	<u>12,292</u>	<u>7,876</u>	<u>(31)</u>
<b>Total Net Position</b>	<b>\$ 98,773</b>	<b>\$ 85,628</b>	<b>\$ 75,287</b>	<b>\$ 66,835</b>	<b>\$ 56,073</b>

**Source:** Grayson College's financial statements

**GRAYSON COLLEGE**  
**NET POSITION BY COMPONENT (UNAUDITED)**  
**LAST TEN FISCAL YEARS**

**Table 1**  
**Page 2 of 2**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Net investment in capital assets	\$ 49,241	\$ 47,376	\$ 40,030	\$ 27,620	\$ 25,065
Restricted	4,649	4,293	3,877	3,509	3,138
Unrestricted	<u>(7,242)</u>	<u>(10,763)</u>	<u>(8,314)</u>	<u>29,230</u>	<u>27,710</u>
<b>Total Net Position</b>	<b>\$ 46,648</b>	<b>\$ 40,906</b>	<b>\$ 35,593</b>	<b>\$ 60,359</b>	<b>\$ 55,913</b>

**Source:** Grayson College's financial statements

**GRAYSON COLLEGE**  
**REVENUES BY SOURCE (UNAUDITED)**  
**LAST TEN FISCAL YEARS**

**Table 2**  
**Page 1 of 2**

	For the Fiscal Year Ended August 31,				
	(amounts expressed in thousands)				
	2025	2024	2023	2022	2021
Tuition and fees (net of discounts)	\$ 5,170	\$ 5,366	\$ 4,917	\$ 4,964	\$ 5,138
Governmental grants and contracts:					
Federal grants and contracts	1,695	3,842	9,557	13,959	8,224
State grants and contracts	2,670	2,257	1,430	2,116	1,182
Non-Governmental grants and contracts	281	208	227	148	63
Sales and services of educational activities	71	73	58	45	7
Auxiliary enterprises	1,433	1,759	1,494	1,291	373
Other operating revenues	522	511	304	225	210
<b>Total Operating Revenues</b>	<b>11,842</b>	<b>14,016</b>	<b>17,987</b>	<b>22,748</b>	<b>15,197</b>
State appropriations	12,775	10,918	9,078	8,842	9,102
Ad valorem taxes	34,696	29,252	24,675	22,629	21,145
Federal revenue, non-operating	8,661	7,052	5,918	5,810	5,820
Gifts	-	-	23	33	13
Investment income	6,415	3,084	1,989	400	305
Gain on disposition of fixed assets	-	-	-	-	-
<b>Total Non-Operating Revenues</b>	<b>62,547</b>	<b>50,306</b>	<b>41,683</b>	<b>37,714</b>	<b>36,385</b>
<b>Total Revenues</b>	<b>\$ 74,389</b>	<b>\$ 64,322</b>	<b>\$ 59,670</b>	<b>\$ 60,462</b>	<b>\$ 51,582</b>

	For the Fiscal Year Ended August 31,				
	2025	2024	2023	2022	2021
	6.95%	8.34%	8.24%	8.21%	9.96%
Tuition and fees (net of discounts)	6.95%	8.34%	8.24%	8.21%	9.96%
Governmental grants and contracts:					
Federal grants and contracts	2.28%	5.97%	16.02%	23.09%	15.94%
State grants and contracts	3.59%	3.51%	2.40%	3.50%	2.29%
Non-Governmental grants and contracts	0.38%	0.32%	0.38%	0.24%	0.12%
Sales and services of educational activities	0.10%	0.11%	0.10%	0.07%	0.01%
Auxiliary enterprises	1.93%	2.73%	2.50%	2.14%	0.72%
Other operating revenues	0.70%	0.79%	0.51%	0.37%	0.41%
<b>Total Operating Revenues</b>	<b>15.92%</b>	<b>21.79%</b>	<b>30.14%</b>	<b>37.62%</b>	<b>29.46%</b>
State appropriations	17.17%	16.97%	15.21%	14.62%	17.65%
Ad valorem property taxes for maintenance and operations	46.64%	45.48%	41.35%	37.43%	40.99%
Federal grants and contracts	11.64%	10.96%	9.92%	9.61%	11.28%
Investment income	8.62%	4.79%	3.33%	0.66%	0.59%
Gifts	0.00%	0.00%	0.04%	0.05%	0.03%
Gain on disposition of fixed assets	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Total Non-Operating Revenues</b>	<b>84.08%</b>	<b>78.21%</b>	<b>69.86%</b>	<b>62.38%</b>	<b>70.54%</b>
<b>Total Revenues</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Source: Grayson College's financial statements

**GRAYSON COLLEGE**  
**REVENUES BY SOURCE (UNAUDITED)**  
**LAST TEN FISCAL YEARS**

**Table 2**  
**Page 2 of 2**

	For the Fiscal Year Ended August 31,				
	(amounts expressed in thousands)				
	2020	2019	2018	2017	2016
Tuition and fees (net of discounts)	\$ 4,978	\$ 4,684	\$ 4,840	\$ 4,766	\$ 5,540
Governmental grants and contracts:					
Federal grants and contracts	4,401	1,511	1,442	1,544	1,275
State grants and contracts	1,359	2,880	2,518	1,567	1,790
Non-Governmental grants and contracts	54	245	243	249	251
Sales and services of educational activities	29	51	50	51	51
Auxiliary enterprises	533	674	646	628	725
Other operating revenues	212	228	264	200	221
<b>Total Operating Revenues</b>	<b>11,566</b>	<b>10,273</b>	<b>10,003</b>	<b>9,005</b>	<b>9,853</b>
State appropriations	9,346	9,341	10,455	9,384	9,462
Ad valorem taxes	19,489	18,058	16,665	15,700	14,967
Federal revenue, non-operating	7,028	6,556	6,598	6,862	7,641
Gifts	22	38	54	35	24
Investment income	505	681	443	218	164
Gain on disposition of fixed assets	-	-	-	-	70
<b>Total Non-Operating Revenues</b>	<b>36,390</b>	<b>34,674</b>	<b>34,215</b>	<b>32,199</b>	<b>32,328</b>
<b>Total Revenues</b>	<b>\$ 47,956</b>	<b>\$ 44,947</b>	<b>\$ 44,218</b>	<b>\$ 41,204</b>	<b>\$ 42,181</b>

	For the Fiscal Year Ended August 31,				
	2020	2019	2018	2017	2016
	10.38%	10.42%	10.95%	11.57%	13.13%
Tuition and fees (net of discounts)	10.38%	10.42%	10.95%	11.57%	13.13%
Governmental grants and contracts:					
Federal grants and contracts	9.18%	3.36%	3.26%	3.75%	3.02%
State grants and contracts	2.83%	6.41%	5.69%	3.80%	4.24%
Non-Governmental grants and contracts	0.11%	0.55%	0.55%	0.60%	0.60%
Sales and services of educational activities	0.06%	0.11%	0.11%	0.12%	0.12%
Auxiliary enterprises	1.11%	1.50%	1.46%	1.52%	1.72%
Other operating revenues	0.44%	0.51%	0.60%	0.49%	0.52%
<b>Total Operating Revenues</b>	<b>24.12%</b>	<b>22.86%</b>	<b>22.62%</b>	<b>21.85%</b>	<b>23.36%</b>
State appropriations	19.49%	20.78%	23.64%	22.77%	22.43%
Ad valorem property taxes for maintenance and operations	40.64%	40.18%	37.69%	38.10%	35.48%
Federal grants and contracts	14.66%	14.59%	14.92%	16.65%	18.11%
Investment income	1.05%	1.52%	1.00%	0.53%	0.39%
Gifts	0.05%	0.08%	0.12%	0.08%	0.06%
Gain on disposition of fixed assets	0.00%	0.00%	0.00%	0.00%	0.17%
<b>Total Non-Operating Revenues</b>	<b>75.88%</b>	<b>77.14%</b>	<b>77.38%</b>	<b>78.15%</b>	<b>76.64%</b>
<b>Total Revenues</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Source: Grayson College's financial statements

**GRAYSON COLLEGE**  
**PROGRAM EXPENSES BY FUNCTION (UNAUDITED)**  
**LAST TEN FISCAL YEARS**

**Table 3**  
**Page 1 of 2**

	For the Fiscal Year Ended August 31,				
	(amounts expressed in thousands)				
	2025	2024	2023	2022	2021
Instruction	\$ 18,713	\$ 19,420	\$ 19,157	\$ 18,251	\$ 14,638
Public service	679	928	992	891	979
Academic support	4,775	4,055	2,866	2,875	2,586
Student services	4,416	3,312	2,967	2,674	2,572
Institutional support	10,168	8,606	8,045	9,004	7,200
Operation and maintenance of plant	5,485	6,045	6,182	3,999	3,983
Scholarships and fellowships	4,623	3,847	3,689	5,710	5,126
Auxiliary enterprises	4,033	4,151	3,626	3,002	1,643
Depreciation	3,288	3,092	2,830	2,584	2,557
<b>Total Operating Expenses</b>	<b>56,180</b>	<b>53,456</b>	<b>50,354</b>	<b>48,990</b>	<b>41,284</b>
Interest on capital related debt	4,954	513	591	701	873
Loss on disposal of fixed assets	109	12	189	9	-
Other non-operating expenses	-	-	84	-	-
<b>Total Non-Operating Expenses</b>	<b>5,063</b>	<b>525</b>	<b>864</b>	<b>710</b>	<b>873</b>
<b>Total Expenses</b>	<b>\$ 61,243</b>	<b>\$ 53,981</b>	<b>\$ 51,218</b>	<b>\$ 49,700</b>	<b>\$ 42,157</b>
Change in net position	<b>\$ 13,146</b>	<b>\$ 10,341</b>	<b>\$ 8,452</b>	<b>\$ 10,762</b>	<b>\$ 9,425</b>
For the Fiscal Year Ended August 31,					
	2025	2024	2023	2022	2021
Instruction	30.56%	35.98%	37.40%	36.72%	34.72%
Public service	1.11%	1.72%	1.94%	1.79%	2.32%
Academic support	7.80%	7.51%	5.60%	5.78%	6.13%
Student services	7.21%	6.14%	5.79%	5.38%	6.10%
Institutional support	16.60%	15.94%	15.71%	18.12%	17.08%
Operation and maintenance of plant	8.96%	11.20%	12.07%	8.05%	9.45%
Scholarships and fellowships	7.55%	7.13%	7.20%	11.49%	12.16%
Auxiliary enterprises	6.59%	7.69%	7.08%	6.04%	3.90%
Depreciation	5.37%	5.73%	5.53%	5.20%	6.07%
<b>Total Operating Expenses</b>	<b>91.73%</b>	<b>99.03%</b>	<b>98.31%</b>	<b>98.57%</b>	<b>97.93%</b>
Interest on capital related debt	8.09%	0.95%	1.15%	1.41%	2.07%
Loss on disposal of fixed assets	0.18%	0.02%	0.37%	0.02%	0.00%
Other non-operating expenses	0.00%	0.00%	0.16%	0.00%	0.00%
<b>Total Non-Operating Expenses</b>	<b>8.27%</b>	<b>0.97%</b>	<b>1.69%</b>	<b>1.43%</b>	<b>2.07%</b>
<b>Total Expenses</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Source: Grayson College's financial statements

**GRAYSON COLLEGE**  
**PROGRAM EXPENSES BY FUNCTION (UNAUDITED)**  
**LAST TEN FISCAL YEARS**

**Table 3**  
**Page 2 of 2**

	For the Fiscal Year Ended August 31,				
	(amounts expressed in thousands)				
	2020	2019	2018	2017	2016
Instruction	\$ 15,433	\$ 13,740	\$ 14,411	\$ 13,272	\$ 14,159
Public service	859	799	963	734	729
Academic support	2,669	2,338	2,297	1,935	1,794
Student services	2,683	2,914	3,325	2,945	2,764
Institutional support	6,460	5,714	5,395	4,777	4,333
Operation and maintenance of plant	3,910	4,435	3,810	4,030	3,170
Scholarships and fellowships	4,900	3,927	4,005	4,110	4,333
Auxiliary enterprises	1,652	1,803	1,180	1,253	1,182
Depreciation	2,603	2,824	2,437	2,308	2,302
<b>Total Operating Expenses</b>	<b>41,169</b>	<b>38,494</b>	<b>37,823</b>	<b>35,364</b>	<b>34,766</b>
Interest on capital related debt	1,044	1,141	1,155	1,380	1,804
Loss on disposal of fixed assets	-	-	5	15	-
Other non-operating expenses	-	-	-	-	-
<b>Total Non-Operating Expenses</b>	<b>1,044</b>	<b>1,141</b>	<b>1,160</b>	<b>1,395</b>	<b>1,804</b>
<b>Total Expenses</b>	<b>\$ 42,213</b>	<b>\$ 39,635</b>	<b>\$ 38,983</b>	<b>\$ 36,759</b>	<b>\$ 36,570</b>
Change in net position	<b>\$ 5,743</b>	<b>\$ 5,312</b>	<b>\$ 5,235</b>	<b>\$ 4,445</b>	<b>\$ 5,611</b>
For the Fiscal Year Ended August 31,					
	2020	2019	2018	2017	2016
Instruction	36.56%	34.67%	36.97%	36.11%	38.72%
Public service	2.03%	2.02%	2.47%	2.00%	1.99%
Academic support	6.32%	5.90%	5.89%	5.26%	4.91%
Student services	6.36%	7.35%	8.53%	8.01%	7.56%
Institutional support	15.30%	14.42%	13.84%	13.00%	11.85%
Operation and maintenance of plant	9.26%	11.19%	9.77%	10.96%	8.67%
Scholarships and fellowships	11.61%	9.91%	10.27%	11.18%	11.85%
Auxiliary enterprises	3.91%	4.55%	3.03%	3.41%	3.23%
Depreciation	6.17%	7.13%	6.25%	6.28%	6.29%
<b>Total Operating Expenses</b>	<b>97.53%</b>	<b>97.12%</b>	<b>97.02%</b>	<b>96.21%</b>	<b>95.07%</b>
Interest on capital related debt	2.47%	2.88%	2.96%	3.75%	4.93%
Loss on disposal of fixed assets	0.00%	0.00%	0.01%	0.04%	0.00%
Other non-operating expenses	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Total Non-Operating Expenses</b>	<b>2.47%</b>	<b>2.88%</b>	<b>2.98%</b>	<b>3.79%</b>	<b>4.93%</b>
<b>Total Expenses</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

**Source:** Grayson College's financial statements

**GRAYSON COLLEGE**  
**TUITION AND FEES**  
**LAST TEN FISCAL YEARS (UNAUDITED)**

**Table 4**  
**Page 1 of 4**

**Resident Students (1)**

Fiscal Year (Fall)	Tuition		Matriculation Fee	Student ID Fee	General Fee	Student	
	In-District	Out-of-District				Service Fee	Technology Fee
2024	\$ 50.00	\$ 100.00	\$ 20.00	\$ 6.00	\$ 32.50	\$ 12.50	\$ 5.00
2023	50.00	94.00	20.00	6.00	29.50	12.50	5.00
2022	50.00	92.00	20.00	6.00	26.50	12.50	5.00
2021	50.00	90.00	20.00	6.00	23.50	12.50	5.00
2020	50.00	89.00	20.00	6.00	21.50	12.50	5.00
2019	50.00	88.00	10.00	6.00	19.50	12.50	5.00
2018	50.00	88.00	10.00	6.00	17.50	12.50	5.00
2017	50.00	88.00	10.00	6.00	21.00	7.00	5.00
2016	49.00	87.00	10.00	2.00	20.00	7.00	5.00
2015	49.00	87.00	10.00	2.00	16.00	7.00	5.00

(1) Based on twelve semester credit hour load.

**GRAYSON COLLEGE**  
**TUITION AND FEES**  
**LAST TEN FISCAL YEARS (UNAUDITED)**

**Table 4**  
**Page 2 of 4**

**Resident Students (1)**

Year (Fall)	Total Cost		Increase from Prior Year	
	In-District	Out-of-District	In-District	Out-of-District
2024	\$ 1,226	\$ 1,826	3.03%	6.29%
2023	1,190	1,718	3.12%	3.62%
2022	1,154	1,658	3.22%	3.75%
2021	1,118	1,598	2.19%	2.30%
2020	1,094	1,562	3.21%	3.03%
2019	1,060	1,516	2.32%	1.61%
2018	1,036	1,492	2.37%	1.63%
2017	1,012	1,468	2.85%	1.94%
2016	984	1,440	5.13%	3.45%
2015	936	1,392	13.04%	8.41%

(1) Based on twelve semester credit hour load.

**GRAYSON COLLEGE**  
**TUITION AND FEES**  
**LAST TEN FISCAL YEARS (UNAUDITED)**

**Table 4**  
**Page 3 of 4**

**Non-Resident Students (1)**

Fiscal												
Year (Fall)	Out-of-State		International		International		Matriculation		Student ID		General	
	Tuition		Tuition		Fee		Fee		Fee		Fee	
2024	\$ 160.00	\$ 160.00	\$ 225.00	\$ 20.00	\$ 6.00	\$ 32.50						
2023	148.00	148.00	225.00	20.00	6.00	29.50						
2022	144.00	144.00	225.00	20.00	6.00	26.50						
2021	140.00	140.00	225.00	20.00	6.00	23.50						
2020	137.00	137.00	225.00	20.00	6.00	21.50						
2019	134.00	134.00	225.00	10.00	6.00	19.50						
2018	134.00	134.00	225.00	10.00	6.00	17.50						
2017	134.00	134.00	225.00	10.00	6.00	21.00						
2016	133.00	133.00	225.00	10.00	2.00	20.00						
2015	133.00	133.00	225.00	10.00	2.00	16.00						

(1) Based on twelve semester credit hour load.

**GRAYSON COLLEGE**  
**TUITION AND FEES**  
**LAST TEN FISCAL YEARS (UNAUDITED)**

**Table 4**  
**Page 4 of 4**

**Non-Resident Students (1)**

<b>Fiscal Year (Fall)</b>			<b>Total Cost</b>		
	<b>Student Service Fee</b>	<b>Technology Fee</b>	<b>Out-of-State</b>	<b>International</b>	
2024	\$ 12.50	\$ 5.00	\$ 2,546.00	\$ 2,771.00	
2023	12.50	5.00	2,366.00	2,591.00	
2022	12.50	5.00	2,282.00	2,507.00	
2021	12.50	5.00	2,198.00	2,423.00	
2020	12.50	5.00	2,138.00	2,363.00	
2019	12.50	5.00	2,068.00	2,293.00	
2018	12.50	5.00	2,044.00	2,269.00	
2017	7.00	5.00	2,020.00	2,245.00	
2016	7.00	5	1,992.00	2,217.00	
2015	7.00	5	1,944.00	2,169.00	

(1) Based on twelve semester credit hour load.

## GRAYSON COLLEGE

## Table 5

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year	Assessed Valuation of Property		Less: Exemptions	Taxable Assessed Value	Value to Assessed Value	Ratio of Taxable Value to Assessed Value			Direct Rates (1)	
						Maintenance and Operations		Debt Service	Total	
2025	\$ 41,998,245		\$ 17,376,308	\$ 24,621,937	58.63%	\$ 0.11941	\$ 0.02658		\$ 0.14599	
2024	37,929,070		17,200,166	20,728,904	54.65%	0.11941	0.02658		0.14599	
2023	27,782,294		10,621,021	17,161,273	61.77%	0.12488	0.02182		0.14670	
2022	20,240,244		6,319,329	13,920,915	68.78%	0.14150	0.02655		0.16805	
2021	18,521,922		5,740,906	12,781,016	69.00%	0.14150	0.02957		0.17107	
2020	17,128,678		5,321,699	11,806,979	68.93%	0.14068	0.03107		0.17175	
2019	15,286,165		4,839,276	10,446,889	68.34%	0.14239	0.03494		0.17733	
2018	13,842,348		4,331,865	9,510,483	68.85%	0.14034	0.04086		0.18120	
2017	12,705,357		3,860,473	8,844,884	69.62%	0.13612	0.04518		0.18130	
2016	12,029,730		3,691,533	8,338,197	69.31%	0.13384	0.04756		0.18140	

**Source:** Local Appraisal District

**Notes:** Property is assessed at full market value.

(1) per \$100 taxable assessed valuation

## GRAYSON COLLEGE

## Table 6

STATE APPROPRIATION PER FULL-TIME STUDENT EQUIVALENT AND CONTACT HOUR  
LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year	State Appropriation	Appropriation per FTSE		Appropriation per Contact Hour				State Appropriation per Contact Hour
		FTSE (a)	State Appropriation per FTSE	Academic Contact Hours (a)	Voc/Tech Contact Hours (b)	Total Contact Hours		
2025	\$ 9,723	3,439	\$ 2,827	1,063	737	1,800	\$ 5.40	
2024	8,138	3,313	2,456	1,034	724	1,758	4.63	
2023	7,035	3,111	2,261	970	676	1,646	4.27	
2022	7,035	3,131	2,247	953	663	1,616	4.35	
2021	7,094	3,122	2,272	1,107	695	1,802	3.94	
2020	7,094	3,540	2,004	1,027	674	1,701	4.17	
2019	7,158	3,447	2,077	1,107	695	1,802	3.97	
2018	7,158	3,467	2,065	1,147	658	1,805	3.97	
2017	7,583	3,601	2,106	1,172	722	1,894	4.00	
2016	7,572	3,803	1,991	1,214	827	2,041	3.71	

**Note:** Full-time student equivalent (FTSE) is defined as the number of full-time students plus the total hours taken by part-time students divided by 24.

(a) Source: CBM001

(b) Source: CBM00A

**GRAYSON COLLEGE**  
**PRINCIPAL TAXPAYERS**  
**LAST TEN FISCAL YEARS (UNAUDITED)**

**Table 7**  
**Page 1 of 2**

<b>Taxpayer</b>	<b>Type of Business</b>	<b>Taxable Assessed Value by Tax Year (\$'000 omitted)</b>				
		<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Texas Instruments	Manufacturing	\$ 1,769,241	\$ 1,625,000	\$ 125,000	\$ -	\$ 60,970
Global Wafers of America	Manufacturing	762,377	424,072	-	-	-
Rayburn Energy Station	Energy	300,491	331,490	-	-	-
UHS of Texoma, Inc	Hospital	193,199	198,200	202,200	189,504	162,771
Oncor Electric	Utility	191,826	177,905	166,422	144,075	138,109
Finisar Sherman RE HoldCo LLC	Manufacturing	91,302	91,302	91,387	86,316	86,484
Seaway Crude Pipeline LP	Energy	79,153	89,717	88,048	96,819	104,363
Union Pacific Railroad	Transportation	74,290	69,959	68,018	60,266	54,865
ATMOS Energy-TEX Distribution	Energy	77,270	65,971	-	-	-
Ameritex Pipe & Products LLC	Manufacturing	114,683	63,948	-	-	-
Panda Sherman Power LLC	Energy	-	-	282,011	270,407	248,027
Lacore Nutraceuticals Inc	Manufacturing	-	-	75,100	-	-
Concrete Real Estate Investment	Financial	-	-	67,481	-	-
II-V Coherent	Manufacturing	-	-	65,592	-	-
Universal Health Services	Medical	-	-	-	55,309	51,313
JMCR/Sherman Town Center LP	Retail	-	-	-	53,463	47,381
Tyson Fresh Meats Inc	Food	-	-	-	52,444	-
Caterpillar Global	Manufacturing	-	-	-	61,957	-
Finisar Corp	Manufacturing	-	-	-	-	55,954
Globitech Incorporated	Manufacturing	-	-	-	-	-
Sherman Commons	Retail	-	-	-	-	-
BNSF Railway Co	Transportation	-	-	-	-	-
Gulf Crossing Pipeline Co	Energy	-	-	-	-	-
Ruiz Foods	Food	-	-	-	-	-
Heritage Park	Hospital	-	-	-	-	-
<b>Totals</b>		<b>\$ 3,653,832</b>	<b>\$ 3,137,564</b>	<b>\$ 1,231,259</b>	<b>\$ 1,070,560</b>	<b>\$ 1,010,237</b>
<b>Total Taxable Assessed Value</b>		<b>\$ 24,621,937</b>	<b>\$ 20,728,904</b>	<b>\$ 17,161,273</b>	<b>\$ 13,920,915</b>	<b>\$ 12,781,016</b>

**GRAYSON COLLEGE**  
**PRINCIPAL TAXPAYERS**  
**LAST TEN FISCAL YEARS (UNAUDITED)**

**Table 7**  
**Page 2 of 2**

<b>Taxpayer</b>	<b>Type of Business</b>	<b>Taxable Assessed Value by Tax Year (\$'000 omitted)</b>				
		<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Texas Instruments	Manufacturing	\$ 90,238	\$ -	\$ -	\$ -	\$ -
Global Wafers of America	Manufacturing	-	-	-	-	-
Rayburn Energy Station	Energy	-	-	-	-	-
UHS of Texoma, Inc	Hospital	154,531	140,000	125,000	106,000	106,000
Oncor Electric	Utility	128,574	112,257	95,854	95,489	96,131
Finisar Sherman RE HoldCo LLC	Manufacturing	93,244	83,784	-	-	-
Seaway Crude Pipeline LP	Energy	99,141	90,283	-	-	-
Union Pacific Railroad	Transportation	51,621	47,636	47,174	43,470	49,407
ATMOS Energy-TEX Distribution	Energy	-	-	-	-	-
Ameritex Pipe & Products LLC	Manufacturing	-	-	-	-	-
Panda Sherman Power LLC	Energy	247,789	250,841	242,310	276,203	309,565
Lacore Nutraceuticals Inc	Manufacturing	-	-	-	-	-
Concrete Real Estate Investment	Financial	-	-	-	-	-
II-V Coherent	Manufacturing	-	-	-	-	-
Universal Health Services	Medical	-	-	-	-	-
JMCR/Sherman Town Center LP	Retail	47,159	46,323	46,323	60,662	55,133
Tyson Fresh Meats Inc	Food	64,297	49,211	46,264	40,390	-
Caterpillar Global	Manufacturing	-	-	-	45,761	85,964
Finisar Corp	Manufacturing	72,122	65,452	-	-	-
Globitech Incorporated	Manufacturing	-	50,148	48,470	-	-
Sherman Commons	Retail	-	-	39,084	37,934	-
BNSF Railway Co	Transportation	-	-	38,855	34,745	34,359
Gulf Crossing Pipeline Co	Energy	-	-	36,084	36,279	38,379
Ruiz Foods	Food	-	-	-	-	33,336
Heritage Park	Hospital	-	-	-	-	33,288
<b>Totals</b>		<b>\$ 1,048,716</b>	<b>\$ 935,935</b>	<b>\$ 765,418</b>	<b>\$ 776,933</b>	<b>\$ 841,562</b>
<b>Total Taxable Assessed Value</b>		<b>\$ 11,806,979</b>	<b>\$ 10,446,889</b>	<b>\$ 9,530,483</b>	<b>\$ 8,844,884</b>	<b>\$ 8,338,197</b>

**GRAYSON COLLEGE**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS (UNAUDITED)**

**Table 8**  
**Page 1 of 2**

Fiscal Year	Levy (a)	Cumulative Levy		Adjusted Tax Levy (b)	Collections - Year of Levy (c)		Percent
		Adjustments					
2025	\$ 34,256	\$ (111)	\$ 34,145	\$ 33,334			97.62%
2024	28,870	(134)	28,736		28,132		97.90%
2023	24,355	(119)	24,236		23,792		98.04%
2022	22,186	(91)	22,095		21,739		98.26%
2021	20,831	(87)	20,744		20,406		98.33%
2020	19,298	(82)	19,216		18,859		98.13%
2019	17,801	(115)	17,686		17,385		98.29%
2018	16,595	(66)	16,529		16,242		98.26%
2017	15,494	(47)	15,447		15,173		98.23%
2016	14,644	(44)	14,600		14,281		97.82%

Amounts expressed in thousands

**Source:** Local Tax Assessor Collector and College records

(a) As reported in the notes to the financial statements for the year of the levy.

(b) As of August 31st of the current reporting year.

(c) Property tax only -- does not include penalties and interest

(d) Represents cumulative collections of prior years not collected in the current year

(e) Represents current year collections of prior year levies.

**GRAYSON COLLEGE**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS (UNAUDITED)**

**Table 8**  
**Page 2 of 2**

Fiscal Year	Prior Collections of Prior Levies (d)	Current Collections of Prior Levies (e)	Total Collections (c+d+e)	Cumulative Collections of Adjusted Levy
2025	\$ -	\$ -	\$ 33,334	97.62%
2024	-	326	28,458	99.03%
2023	228	65	24,085	99.38%
2022	254	28	22,021	99.67%
2021	257	11	20,674	99.66%
2020	285	11	19,155	99.68%
2019	248	11	17,644	99.76%
2018	246	4	16,492	99.78%
2017	235	3	15,411	99.77%
2016	292	1	14,574	99.82%

Amounts expressed in thousands

**Source:** Local Tax Assessor Collector and College records

- (a) As reported in the notes to the financial statements for the year of the levy.
- (b) As of August 31st of the current reporting year.
- (c) Property tax only -- does not include penalties and interest
- (d) Represents cumulative collections of prior years not collected in the current year
- (e) Represents current year collections of prior year levies.

**GRAYSON COLLEGE**  
**RATIOS OF OUTSTANDING DEBT**  
**LAST TEN FISCAL YEARS (UNAUDITED)**

**Table 9**  
**Page 1 of 2**

	2025	2024	2023	2022	2021
<b>General Bonded Debt</b>					
General obligation bonds	\$ 119,667	\$ 12,775	\$ 16,610	\$ 18,945	\$ 21,175
Less: Funds restricted for debt service	(3,363)	(6,339)	(5,597)	(5,071)	(4,634)
<b>Net General Bonded Debt</b>	<b>116,304</b>	<b>6,436</b>	<b>11,013</b>	<b>13,874</b>	<b>16,541</b>
<b>Other Debt</b>					
Revenue bonds	-	-	577	1,511	2,848
<b>Notes and capital leases</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Outstanding Debt</b>	<b>\$ 116,304</b>	<b>\$ 6,436</b>	<b>\$ 11,590</b>	<b>\$ 15,385</b>	<b>\$ 19,389</b>
<b>General Bonded Debt Ratios</b>					
Per capita	\$ 740	\$ 44	\$ 77	\$ 100	\$ 122
Per FTSE	31,607	1,943	3,540	4,431	5,298
As a percentage of taxable assessed value	0.44%	0.03%	0.06%	0.10%	0.13%
<b>Total Outstanding Debt Ratios</b>					
Per capita	\$ 740	\$ 44	\$ 81	\$ 110	\$ 143
Per FTSE	31,607	1,943	3,725	4,914	6,210
As a percentage of taxable assessed value	0.44%	0.03%	0.07%	0.11%	0.15%

**Notes:**

Ratios calculated using population and TAB from corresponding fiscal year.

Debt per student ratios calculated using full-time equivalent enrollment for corresponding fiscal year.

**GRAYSON COLLEGE**  
**RATIOS OF OUTSTANDING DEBT**  
**LAST TEN FISCAL YEARS (UNAUDITED)**

**Table 9**  
**Page 2 of 2**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>General Bonded Debt</b>					
General obligation bonds	\$ 23,315	\$ 25,385	\$ 27,390	\$ 29,495	\$ 33,615
Less: Funds restricted for debt service	(4,122)	(3,750)	(3,325)	(2,913)	(2,351)
<b>Net General Bonded Debt</b>	<b>19,193</b>	<b>21,635</b>	<b>24,065</b>	<b>26,582</b>	<b>31,264</b>
<b>Other Debt</b>					
Revenue bonds	4,090	5,290	6,440	7,540	8,605
<b>Notes and capital leases</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Outstanding Debt</b>	<b>\$ 23,283</b>	<b>\$ 26,925</b>	<b>\$ 30,505</b>	<b>\$ 34,122</b>	<b>\$ 39,869</b>
<b>General Bonded Debt Ratios</b>					
Per capita	\$ 141	\$ 161	\$ 184	\$ 207	\$ 249
Per FTSE	5,422	6,276	6,941	7,382	8,221
As a percentage of taxable assessed value	0.16%	0.21%	0.25%	0.30%	0.37%
<b>Total Outstanding Debt Ratios</b>					
Per capita	\$ 171	\$ 201	\$ 233	\$ 266	\$ 318
Per FTSE	6,577	7,811	8,799	9,476	10,484
As a percentage of taxable assessed value	0.20%	0.26%	0.32%	0.39%	0.48%

**Notes:**

Ratios calculated using population and TAB from corresponding fiscal year.

Debt per student ratios calculated using full-time equivalent enrollment for corresponding fiscal year.

**GRAYSON COLLEGE**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS (UNAUDITED)**

**Table 10**  
**Page 1 of 2**

	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Taxable Assessed Value</b>	<b>\$ 24,621,937</b>	<b>\$ 20,728,904</b>	<b>\$ 17,161,273</b>	<b>\$ 13,920,915</b>	<b>\$ 12,781,016</b>
<b>General Obligation Bonds</b>					
Statutory tax levy limit for debt service	\$ 123,110	\$ 103,645	\$ 85,806	\$ 69,605	\$ 63,905
Less funds restricted for repayment of General Obligation bonds	3,363	6,339	5,597	5,071	4,634
<b>Total Net General Obligation Bonds</b>	<b>119,747</b>	<b>97,306</b>	<b>80,209</b>	<b>64,534</b>	<b>59,271</b>
Current year debt service requirements	9,181	4,225	2,800	2,799	2,797
<b>Excess of Statutory Limit for Debt Service Over Current Requirements</b>	<b>\$ 110,566</b>	<b>\$ 93,081</b>	<b>\$ 77,409</b>	<b>\$ 61,735</b>	<b>\$ 56,474</b>
Net current requirements as a percentage of statutory limit	4.73%	-2.04%	-3.26%	-3.26%	-2.87%

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

**GRAYSON COLLEGE**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS (UNAUDITED)**

**Table 10**  
**Page 2 of 2**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>Taxable Assessed Value</b>	<b>\$ 11,806,979</b>	<b>\$ 10,446,889</b>	<b>\$ 9,530,483</b>	<b>\$ 8,844,884</b>	<b>\$ 8,338,197</b>
<b>General Obligation Bonds</b>					
Statutory tax levy limit for debt service	\$ 59,035	\$ 52,234	\$ 47,652	\$ 44,224	\$ 41,691
Less funds restricted for repayment of General Obligation bonds	4,122	3,750	3,325	2,913	2,351
<b>Total Net General Obligation Bonds</b>	<b>54,913</b>	<b>48,484</b>	<b>44,327</b>	<b>41,311</b>	<b>39,340</b>
Current year debt service requirements	2,801	2,798	2,972	3,348	3,419
<b>Excess of Statutory Limit for Debt Service Over Current Requirements</b>	<b>\$ 52,112</b>	<b>\$ 45,686</b>	<b>\$ 41,355</b>	<b>\$ 37,963</b>	<b>\$ 35,921</b>
Net current requirements as a percentage of statutory limit	-2.24%	-1.82%	-0.74%	0.98%	2.56%

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

**GRAYSON COLLEGE**  
**PLEDGED REVENUE COVERAGE**  
**LAST TEN FISCAL YEARS (UNAUDITED)**

**Table 11**  
**Page 1 of 2**

Fiscal Year	Pledged Revenues (\$000 omitted)												
			Student		Technology		Registration		Course		Laboratory		Community
	Tuition	General Use Fee	Service Fee	Fee	Fee	Fees	Fees	Fees	Fees	Fees	Fees	Fees	Education Fees
2025	\$ 1,738	\$ 2,709	\$ 1,042	\$ 417	\$ 371	\$ 248	\$ 337	\$ 269					
2024	1,657	2,370	1,004	402	312	273	290	224					
2023	1,553	2,001	944	378	303	224	280	446					
2022	1,464	1,780	947	379	317	218	280	1,370					
2021	1,399	1,625	945	378	346	-	291	373					
2020	1,550	1,678	1,074	430	374	-	288	458					
2019	1,601	1,461	1,043	417	367	-	331	852					
2018	1,500	1,755	585	418	287	-	341	697					
2017	1,515	1,718	604	431	223	-	391	347					
2016	1,630	1,490	652	466	346	-	397	476					

**GRAYSON COLLEGE**  
**PLEDGED REVENUE COVERAGE**  
**LAST TEN FISCAL YEARS (UNAUDITED)**

**Table 11**  
**Page 2 of 2**

Fiscal Year	Pledged Revenues (\$000 omitted)				Debt Service Requirements (\$000 omitted)				Coverage Ratio	
	Investment Income		Auxiliary Enterprises		Total	Principal	Interest	Total		
	Year	Income	Enterprises	Total						
2025	\$ 2,810	\$ 3,842	\$ 13,783	\$ -	\$ -	\$ -	\$ -	\$ -	0.00	
2024	2,466	2,890	11,888	577	6	583	20.39			
2023	1,761	2,452	10,342	934	8	942	10.98			
2022	398	2,212	9,365	1,337	30	1,367	6.85			
2021	303	766	6,426	1,330	51	1,381	4.65			
2020	506	867	7,225	1,200	147	1,347	5.36			
2019	685	1,033	7,790	1,150	193	1,343	5.80			
2018	401	879	6,863	1,100	238	1,338	5.13			
2017	201	836	6,266	1,065	262	1,327	4.72			
2016	158	955	6,570	1,035	301	1,336	4.92			

**GRAYSON COLLEGE**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS (UNAUDITED)**

**Table 12**

<b>Fiscal Year</b>	<b>District Population</b>	<b>District</b>		
		<b>District Personal Income</b>	<b>Personal Income Per Capita</b>	<b>District Unemployment Rate</b>
2025	(1)	(1)	(1)	(1)
2024	146,907	8,218,536,000	55,946	3.7%
2023	143,131	7,642,205,000	53,393	3.7%
2022	139,336	7,253,087,000	52,055	4.6%
2021	135,543	6,507,177,000	47,045	5.9%
2020	136,212	2,991,490,000	43,987	3.1%
2019	133,991	5,653,755,000	42,195	3.3%
2018	131,140	5,409,499,000	41,250	3.5%
2017	128,235	5,162,730,000	40,216	3.8%
2016	125,467	4,915,961,000	39,181	4.0%

(1) - Information for fiscal year 2025 not available as of the issuance of this report

**Sources:**

Grayson County Profile (txcip.org)

**GRAYSON COLLEGE**  
**PRINCIPAL EMPLOYERS**  
**LAST TEN FISCAL YEARS (UNAUDITED)**

**Table 13**

Employer	Current Fiscal Year		Ten Fiscal Years Prior	
	Number of Employees	Percentage of Total Employment	Number of Employees	Percentage of Total Employment
Texoma Medical Center	3500-3749	5.72%	2000-2249	4.95%
Tyson Fresh Meats	1500-1749	2.56%	1500-1749	2.80%
Sherman ISD	1000-1249	1.77%	1000-1249	1.94%
RUIZ Foods	1000-1249	1.77%	1000-1249	1.94%
Texas Instruments	1000-1249	1.77%	1000-1249	1.51%
Walmart	750-999	1.38%	500-749	1.08%
CIGNA	750-999	1.38%	500-749	1.08%
Denison ISD	500-749	0.99%	500-749	1.08%
Carrus Specialty Hospital	500-749	0.99%	500-749	0.86%
Coherent (formerly Finisar)	500-749	0.99%	250-499	0.64%

**Source:**

Texas Workforce Commission

**Notes:**

Percentages are calculated using the midpoints of the ranges

**GRAYSON COLLEGE**  
**FACULTY, STAFF AND ADMINISTRATORS STATISTICS**  
**LAST TEN FISCAL YEARS (UNAUDITED)**

**Table 14**  
**Page 1 of 2**

	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Faculty</b>					
Full-Time	123	122	125	113	116
Part-Time	72	68	77	72	72
<b>Total</b>	<b>195</b>	<b>190</b>	<b>202</b>	<b>185</b>	<b>188</b>
Full-Time	63.1%	64.2%	61.9%	61.1%	61.7%
Part-Time	36.9%	35.8%	38.1%	38.9%	38.3%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Average Annual Faculty Salary	\$ 75,747	\$ 68,729	\$ 66,389	\$ 58,431	\$ 58,431
<b>Staff and Administrators</b>					
Full-Time	197	187	202	183	196
Part-Time	263	258	293	190	220
<b>Total</b>	<b>460</b>	<b>445</b>	<b>495</b>	<b>373</b>	<b>416</b>
Full-Time	42.8%	42.0%	40.8%	49.1%	47.1%
Part-Time	57.2%	58.0%	59.2%	50.9%	52.9%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
FTSE per Full-Time Faculty	28.0	27.2	24.9	27.7	26.9
FTSE per Full-Time Staff Member	17.5	17.7	15.4	17.1	15.9

**GRAYSON COLLEGE**  
**FACULTY, STAFF AND ADMINISTRATORS STATISTICS**  
**LAST TEN FISCAL YEARS (UNAUDITED)**

**Table 14**  
**Page 2 of 2**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>Faculty</b>					
Full-Time	112	114	109	108	108
Part-Time	82	104	143	169	150
<b>Total</b>	<b>194</b>	<b>218</b>	<b>252</b>	<b>277</b>	<b>258</b>
Full-Time	57.7%	52.3%	43.3%	39.0%	41.9%
Part-Time	42.3%	47.7%	56.7%	61.0%	58.1%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Average Annual Faculty Salary	\$ 58,849	\$ 57,407	\$ 55,309	\$ 55,477	\$ 55,085
<b>Staff and Administrators</b>					
Full-Time	188	170	163	151	146
Part-Time	197	251	258	226	219
<b>Total</b>	<b>385</b>	<b>421</b>	<b>421</b>	<b>377</b>	<b>365</b>
Full-Time	48.8%	40.4%	38.7%	40.1%	40.0%
Part-Time	51.2%	59.6%	61.3%	59.9%	60.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
FTSE per Full-Time Faculty	31.6	30.2	31.8	33.3	35.2
FTSE per Full-Time Staff Member	18.8	20.3	21.3	23.8	26.0

**GRAYSON COLLEGE**  
**ENROLLMENT DETAILS**  
**LAST NINE FISCAL YEARS (UNAUDITED)**

**Table 15**  
**Page 1 of 2**

	Fall 2024		Fall 2023		Fall 2022		Fall 2021		Fall 2020	
	Number	Percent								
<b>Student Classification</b>										
00-30 hours	2,878	65.65%	2,808	67.31%	2,619	65.39%	2,585	65.41%	2,581	62.83%
31-60 hours	951	21.69%	882	21.14%	835	20.85%	858	21.71%	931	22.66%
> 60 hours	555	12.66%	482	11.55%	551	13.76%	509	12.88%	596	14.51%
<b>Total</b>	<b>4,384</b>	<b>100.00%</b>	<b>4,172</b>	<b>100.00%</b>	<b>4,005</b>	<b>100.00%</b>	<b>3,952</b>	<b>100.00%</b>	<b>4,108</b>	<b>100.00%</b>
<b>Semester Hour Load</b>										
Less than 3	48	1.09%	47	1.13%	34	0.85%	40	1.01%	51	1.24%
3-5 semester hours	972	22.17%	874	20.95%	832	20.77%	835	21.13%	925	22.52%
6-8 semester hours	1,187	27.08%	1,156	27.71%	1,197	29.89%	1,081	27.35%	1,133	27.58%
9-11 semester hours	727	16.58%	678	16.25%	667	16.65%	670	16.95%	664	16.16%
12-14 semester hours	968	22.08%	932	22.34%	857	21.40%	925	23.41%	922	22.44%
15-17 semester hours	387	8.83%	401	9.61%	347	8.66%	303	7.67%	324	7.89%
18 & over	95	2.17%	84	2.01%	71	1.77%	98	2.48%	89	2.17%
<b>Total</b>	<b>4,384</b>	<b>100.00%</b>	<b>4,172</b>	<b>100.00%</b>	<b>4,005</b>	<b>100.00%</b>	<b>3,952</b>	<b>100.00%</b>	<b>4,108</b>	<b>100.00%</b>
<b>Tuition Status</b>										
Texas Resident (in-District)	3,164	72.17%	3,027	72.56%	2,939	73.38%	2,937	74.92%	3,447	83.91%
Texas Resident (out-of-District)	971	22.15%	925	22.17%	839	20.95%	781	20.27%	542	13.19%
Non-Resident Tuition	249	5.68%	220	5.27%	227	5.67%	157	4.81%	119	2.90%
<b>Total</b>	<b>4,384</b>	<b>100.00%</b>	<b>4,172</b>	<b>100.00%</b>	<b>4,005</b>	<b>100.00%</b>	<b>3,952</b>	<b>100.00%</b>	<b>4,108</b>	<b>100.00%</b>

**GRAYSON COLLEGE**  
**ENROLLMENT DETAILS**  
**LAST NINE FISCAL YEARS (UNAUDITED)**

**Table 15**  
**Page 2 of 2**

	Fall 2019		Fall 2018		Fall 2017		Fall 2016	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Student Classification</b>								
00-30 hours	3,000	66.77%	2,790	65.13%	2,786	63.28%	2,885	63.80%
31-60 hours	929	20.68%	1,167	27.24%	998	22.67%	1,017	22.49%
> 60 hours	564	12.55%	327	7.63%	619	14.06%	620	13.71%
<b>Total</b>	<b>4,493</b>	<b>100.00%</b>	<b>4,284</b>	<b>100.00%</b>	<b>4,403</b>	<b>100.00%</b>	<b>4,522</b>	<b>100.00%</b>
<b>Semester Hour Load</b>								
Less than 3	18	0.40%	23	0.54%	13	0.30%	12	0.27%
3-5 semester hours	967	21.52%	814	19.00%	833	18.92%	867	19.17%
6-8 semester hours	1,246	27.73%	1,323	30.88%	1,265	28.73%	1,246	27.55%
9-11 semester hours	689	15.33%	663	15.48%	673	15.29%	700	15.48%
12-14 semester hours	1,113	24.77%	1,057	24.67%	1,123	25.51%	1,196	26.45%
15-17 semester hours	349	7.77%	353	8.24%	408	9.27%	428	9.46%
18 & over	111	2.47%	51	1.19%	88	2.00%	73	1.61%
<b>Total</b>	<b>4,493</b>	<b>100.00%</b>	<b>4,284</b>	<b>100.00%</b>	<b>4,403</b>	<b>100.00%</b>	<b>4,522</b>	<b>100.00%</b>
<b>Tuition Status</b>								
Texas Resident (in-District)	3,754	83.55%	3,558	83.05%	3,161	71.79%	3,493	77.24%
Texas Resident (out-of-District)	574	12.78%	651	15.20%	1,052	23.89%	869	19.22%
Non-Resident Tuition	165	3.67%	75	1.75%	190	4.32%	160	3.54%
<b>Total</b>	<b>4,493</b>	<b>100.00%</b>	<b>4,284</b>	<b>100.00%</b>	<b>4,403</b>	<b>100.00%</b>	<b>4,522</b>	<b>100.00%</b>

**GRAYSON COLLEGE**  
**STUDENT PROFILE**  
**LAST EIGHT FISCAL YEARS (UNAUDITED)**

**Table 16**  
**Page 1 of 2**

Gender	Fall 2024		Fall 2023		Fall 2022		Fall 2021		Fall 2020	
	Number	Percent								
Female	2,694	61.45%	2,521	60.43%	2,426	60.57%	2,438	61.69%	2,582	62.85%
Male	1,676	38.23%	1,642	39.36%	1,553	38.78%	1,496	37.85%	1,526	37.15%
Blank	14	0.32%	9	0.22%	26	0.65%	18	0.46%	-	0.00%
<b>Total</b>	<b>4,384</b>	<b>100.00%</b>	<b>4,172</b>	<b>100.00%</b>	<b>4,005</b>	<b>100.00%</b>	<b>3,952</b>	<b>100.00%</b>	<b>4,108</b>	<b>100.00%</b>
<b>Ethnic Origin</b>										
White	2,690	61.36%	2,649	63.49%	2,628	65.62%	2,659	67.28%	2,791	67.94%
Hispanic	961	21.92%	844	20.23%	719	17.95%	646	16.35%	621	15.12%
African American	383	8.74%	378	9.06%	353	8.81%	337	8.53%	364	8.86%
Multi-Racial	21	0.48%	19	0.46%	27	0.67%	22	0.56%	35	0.85%
Native American	192	4.38%	172	4.12%	166	4.14%	182	4.61%	178	4.33%
International	2	0.05%	2	0.05%	3	0.07%	9	0.23%	23	0.56%
Asian	123	2.81%	100	2.40%	95	2.37%	84	2.13%	82	2.00%
Native Hawaiian or Pacific Islander	12	0.27%	8	0.19%	14	0.35%	13	0.33%	14	0.34%
<b>Total</b>	<b>4,384</b>	<b>100.00%</b>	<b>4,172</b>	<b>100.00%</b>	<b>4,005</b>	<b>100.00%</b>	<b>3,952</b>	<b>100.00%</b>	<b>4,108</b>	<b>100.00%</b>
<b>Age</b>										
Under 18	1,345	30.68%	1,313	31.47%	573	14.31%	599	15.16%	557	13.56%
18 - 21	1,653	37.71%	1,562	37.44%	1,933	48.26%	1,780	45.04%	1,877	45.69%
22 - 24	373	8.51%	319	7.65%	431	10.76%	483	12.22%	467	11.37%
25 - 29	341	7.78%	318	7.62%	368	9.19%	390	9.87%	438	10.66%
30-34	240	5.47%	242	5.80%	283	7.07%	258	6.53%	272	6.62%
35-50	353	8.05%	336	8.05%	330	8.24%	354	8.96%	386	9.40%
51 & over	79	1.80%	82	1.97%	87	2.17%	88	2.23%	111	2.70%
<b>Total</b>	<b>4,384</b>	<b>100.00%</b>	<b>4,172</b>	<b>100.00%</b>	<b>4,005</b>	<b>100.00%</b>	<b>3,952</b>	<b>100.00%</b>	<b>4,108</b>	<b>100.00%</b>
<b>Average Age</b>	23		23		23		24		24	

**GRAYSON COLLEGE**  
**STUDENT PROFILE**  
**LAST EIGHT FISCAL YEARS (UNAUDITED)**

**Table 16**  
**Page 2 of 2**

Gender	Fall 2019		Fall 2018		Fall 2017		Fall 2016	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	Number	Percent	2,614	61.02%	2,650	60.19%	2,702	59.75%
Male	2,711	60.34%	1,670	38.98%	1,753	39.81%	1,820	40.25%
Blank	1,782	39.66%	-	0.00%	-	0.00%	-	0.00%
<b>Total</b>	<b>4,493</b>	<b>100.00%</b>	<b>4,284</b>	<b>100.00%</b>	<b>4,403</b>	<b>100.00%</b>	<b>4,522</b>	<b>100.00%</b>
<b>Ethnic Origin</b>								
White	3,124	69.53%	2,989	69.77%	3,172	72.04%	3,246	71.78%
Hispanic	580	12.91%	415	9.69%	542	12.31%	595	13.16%
African American	356	7.92%	349	8.15%	304	6.90%	325	7.19%
Multi-Racial	81	1.80%	222	5.18%	98	2.23%	143	3.16%
Native American	217	4.83%	203	4.74%	194	4.41%	145	3.21%
International	34	0.76%	32	0.75%	32	0.73%	27	0.60%
Asian	79	1.76%	74	1.73%	61	1.39%	41	0.91%
Native Hawaiian or Pacific Islander	22	0.49%	-	0.00%	-	0.00%	-	0.00%
<b>Total</b>	<b>4,493</b>	<b>100.00%</b>	<b>4,284</b>	<b>100.00%</b>	<b>4,403</b>	<b>100.00%</b>	<b>4,522</b>	<b>100.00%</b>
<b>Age</b>								
Under 18	489	10.88%	1,118	26.10%	1,119	25.41%	1,057	23.37%
18 - 21	2,109	46.94%	1,589	37.09%	1,612	36.61%	1,646	36.40%
22 - 24	550	12.24%	406	9.48%	415	9.43%	489	10.81%
25 - 29	450	10.02%	384	8.96%	432	9.81%	478	10.57%
30-34	312	6.94%	280	6.54%	289	6.56%	297	6.57%
35-50	473	10.53%	417	9.73%	428	9.72%	440	9.73%
51 & over	110	2.45%	90	2.10%	108	2.45%	115	2.54%
<b>Total</b>	<b>4,493</b>	<b>100.00%</b>	<b>4,284</b>	<b>100.00%</b>	<b>4,403</b>	<b>100.00%</b>	<b>4,522</b>	<b>100.00%</b>
<b>Average Age</b>	25		25		24		24	



**GRAYSON COLLEGE****TRANSFERS TO SENIOR INSTITUTIONS****2020 – 2021 GRADUATES, COMPLETERS AND NON-RETURNERS  
(UNAUDITED)****Table 17**

Name	Transfer	Transfer	Total of	% of
	Student	Student	all Sample	all Sample
	Count	Count	Transfer	Transfer
Academic	Technical	Students	Students	
1 Angelo State University	-	1	1	0.28%
2 Midwestern State University	8	3	11	3.05%
3 Prairie View A & M University	-	1	1	0.28%
4 Sam Houston State University	1	2	3	0.83%
5 Stephen F. Austin State University	7	5	12	3.32%
6 Tarleton State University	23	7	30	8.31%
7 Texas A & M University	23	4	27	7.48%
8 Texas A & M University at Commerce	30	25	55	15.24%
9 Texas A & M University at Central Texas	-	1	1	0.28%
10 Texas A & M University at Corpus Christi	5	-	5	1.39%
11 Texas A & M University at Texarkana	1	-	1	0.28%
12 Texas State University	12	5	17	4.71%
13 Texas Tech University	21	12	33	9.14%
14 Texas Tech University Health Sciences Center	1	1	2	0.55%
15 Texas Tech University Health Science Center-El Paso	1	-	1	0.28%
16 Texas Woman's University	14	6	20	5.54%
17 The University of Texas at Arlington	10	3	13	3.60%
18 The University of Texas at Austin	6	3	9	2.49%
19 The University of Texas at Dallas	14	6	20	5.54%
20 The University of Texas at San Antonio	2	2	4	1.11%
21 The University of Texas at Tyler	8	6	14	3.88%
22 University of Houston	1	1	2	0.55%
23 University of North Texas	58	16	74	20.50%
24 University of North Texas Health Science Center	1	-	1	0.28%
25 West Texas A & M University	2	2	4	1.11%
<b>Totals</b>	<b>249</b>	<b>112</b>	<b>361</b>	<b>100.00%</b>

**GRAYSON COLLEGE**  
**CAPITAL ASSET INFORMATION**  
**LAST SIX FISCAL YEARS (UNAUDITED)**

**Table 18**  
**Page 1 of 2**

	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Academic buildings</b>	22	22	22	22	22
Square footage (in thousands)	437,316	437,316	4,371,316	437,316	437,316
<b>Libraries</b>	1	1	1	1	1
Square footage (in thousands)	-	-	-	18,503	18,503
Number of Volumes (in thousands)	51,800	51,800	51,800	51,800	51,800
<b>Administrative and support</b>					
<b>buildings</b>	4	4	4	4	4
Square footage (in thousands)	61,385	61,385	61,385	61,385	61,385
<b>Dormitories/Apartments</b>	1	2	2	3	3
Square footage (in thousands)	31,468	82,589	59,466	82,589	82,589
Number of Beds	99	379	379	379	379
<b>Golf Course</b>	2	2	2	2	2
Square footage (in thousands)	4,122	4,122	4,122	4,122	4,122
<b>Dining Facilities</b>	1	1	1	1	1
Square footage (in thousands)	9,750	9,750	9,750	9,750	9,750
Average daily customers	300	300	300	300	300
<b>Athletic Facilities</b>	4	4	4	4	4
Square footage (in thousands)	30,003	30,003	30,003	30,003	30,003
Gymnasiums	1	1	1	1	1
Baseball Field	1	1	1	1	1
Softball Field	1	1	1	1	1
Batting Cage	1	1	1	1	1
<b>Plant Facilities</b>	3	3	3	3	3
Square footage (in thousands)	6,797	6,797	6,797	6,797	6,797
<b>Transportation</b>					
Cars	1	6	1	1	1
Light Trucks/Vans	23	13	10	11	11
Buses	3	3	3	3	3

**GRAYSON COLLEGE**  
**CAPITAL ASSET INFORMATION**  
**LAST SIX FISCAL YEARS (UNAUDITED)**

**Table 18**  
**Page 2 of 2**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Academic buildings</b>	22	22	22	21
Square footage (in thousands)	437,316	433,260	433,260	426,515
<b>Libraries</b>	1	1	1	1
Square footage (in thousands)	18,503	18,503	18,503	18,503
Number of Volumes (in thousands)	51,800	51,800	51,800	51,800
<b>Administrative and support buildings</b>	4	4	3	3
Square footage (in thousands)	61,385	61,385	39,953	39,953
<b>Dormitories/Apartments</b>	3	3	3	2
Square footage (in thousands)	82,589	82,589	82,589	51,121
Number of Beds	379	379	379	180
<b>Golf Course</b>	2	2	2	2
Square footage (in thousands)	4,122	4,122	4,122	4,122
<b>Dining Facilities</b>	1	1	1	1
Square footage (in thousands)	9,750	9,750	9,750	9,750
Average daily customers	300	300	300	300
<b>Athletic Facilities</b>	4	4	4	4
Square footage (in thousands)	30,003	30,003	30,003	30,003
Gymnasiums	1	1	1	1
Baseball Field	1	1	1	1
Softball Field	1	1	1	1
Batting Cage	1	1	1	1
<b>Plant Facilities</b>	3	3	3	3
Square footage (in thousands)	6,797	6,797	6,797	6,797
<b>Transportation</b>				
Cars	1	1	1	3
Light Trucks/Vans	11	11	11	16
Buses	2	2	2	2



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



**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  
Grayson College

We have audited, 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 the business-type activities and the discretely presented component unit of Grayson College (the "College"), as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 12, 2025.

**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 opinion 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

To the Board of Trustees  
Grayson College

#### **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, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### **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*  
Plano, Texas  
December 12, 2025

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

To the Board of Trustees  
Grayson College

**Report on Compliance for Each Major Federal and State Program**

***Opinion On Each Major Program***

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

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

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the 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.

### ***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 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 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 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  
Grayson College

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*

Plano, Texas  
December 12, 2025

**GRAYSON COLLEGE*****SCHEDULE OF FINDINGS AND QUESTIONED COSTS******For the Year Ended August 31, 2025*****I. Summary of Auditors' Results****Financial Statements**

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

**Federal 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)?	No
Any audit findings disclosed that are required to be reported in accordance with Texas Grant Management Standards?	No

**Identification of major programs:**

<u>Name of Program or Cluster - Federal</u> <i>Student Financial Assistance cluster</i>	<u>Assistance Listing Number (ALN)</u> 84.007, 84.033, 84.063, 84.268
<u>Name of Program or Cluster - State</u> <i>Texas Educational Opportunity Grant</i>	N/A
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

Auditee qualified as low risk auditee? Yes

**GRAYSON COLLEGE**

***SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)***

***For the Year Ended August 31, 2025***

**II - Financial Statement Findings**

None noted.

**III - Federal Award Findings and Questioned Costs**

None noted.

**IV - State Award Findings and Questioned Costs**

None noted.

**GRAYSON COLLEGE****SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS****For the Year Ended August 31, 2025****Schedule E**

Grantor/Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass Through Grantor Number	Federal Expenditures
<b>U.S. Small Business Administration</b>			
<b>Passed through Dallas County Community College District:</b>			
Small Business Development Center (SBDC)	59.037	SBAOEDSB240124	\$ 59,170
Small Business Development Center (SBDC)	59.037	SBAOEDSB250192	89,053
Total ALN 59.037			148,223
<b>Total U.S. Small Business Administration</b>			<b>148,223</b>
<b>U.S. Department of Education</b>			
<b>Direct Programs:</b>			
Federal Supplemental Educational Opportunity Grant (FSEOG)	84.007	N/A	108,983
Federal Work study Program	84.033	N/A	182,872
Federal Pell Grant Program	84.063	N/A	8,368,724
Direct Student Loans	84.268	N/A	2,122,765
Total Student Financial Assistance Cluster (ALN 84.007, 84.033, 84.063, 84.268)			10,783,344
TRIO Student Support Services	84.042A	N/A	277,047
Total TRIO Cluster (ALN 84.042)			277,047
<b>Passed through University of Texas at Dallas:</b>			
North Texas Semiconductor Workforce Consortium	84.116Z	P116Z230261	102,616
<b>Passed through Texas Higher Education Coordinating Board:</b>			
Adult Education - Basic Grants	84.002A	2924ALA015	435,392
Adult Education - Basic Grants	84.002A	2924ALA015	113,303
Total ALN 84.002			548,695
Career and Technical Education - Basic Grants to States	84.048	2442020271	502,056
<b>Total U.S. Department of Education</b>			<b>12,213,758</b>
<b>U.S. Department of Labor</b>			
<b>Passed through Texas Workforce Commission:</b>			
WIOA Dislocated Worker Formula Grants - Manufacturing Consortium	17.278	2524UST001	2,557
WIOA Dislocated Worker Formula Grants - Texoma Medical Center	17.278	2524UST002	1,357
Total WIOA Cluster (ALN 17.278)			3,914
<b>Total U.S. Department of Labor</b>			<b>3,914</b>
<b>U.S. Department of Health and Human Services</b>			
<b>Passed through Texas Workforce Commission:</b>			
Temporary Assistance for Needy Families - Camp Code	93.558	2524TAN002	18,355
<b>Total U.S. Department of Health and Human Services</b>			<b>18,355</b>
<b>U.S. Department of Defense</b>			
<b>Passed through University of Texas at Dallas:</b>			
DOD-Beacons Grant	12.000	NEST-23-C-004	93,924
<b>Total U.S. Department of Defense</b>			<b>93,924</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 12,478,174</b>

**GRAYSON COLLEGE****NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS****For the Year Ended August 31, 2025****Note 1 - Federal Revenue Reconciliation**

Federal revenues for the year ended August 31, 2025 are reported in the basic financial statements as follows:

Federal grants and contracts revenue, Operating Schedule A	\$ 1,694,830
Federal grants and contracts revenue, Non-Operating Schedule C	8,660,579
Federal Direct Student Loans	2,122,765
<b>Total Per Schedule of Expenditures Federal Awards</b>	<b>\$ 12,478,174</b>

**Note 2 - Summary of Significant Accounting Policies**

The expenditures included in the schedule are reported for the College's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported represent funds that have been expended by the College for the purposes of the award. The expenditures reported may not have been reimbursed by the funding agencies as of the end of the fiscal year. Some amounts included in the schedule may differ from amounts used in preparation of the basic financial statements. 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 applicable guidelines issued by various entities in the preparation of the schedule. Since the College has agency approved Indirect Cost Recovery Rate, it has elected not to use the 10% de minimis cost rate as permitted in the Uniform Guidance, Section 200.414.

**GRAYSON COLLEGE****SCHEDULE OF EXPENDITURES OF STATE AWARDS***For the Year Ended August 31, 2025****Schedule F***

<b>Grantor/Pass-Through Grantor/</b> <b>Program Title</b>	<b>Grant</b> <b>Contract</b> <b>Number</b>	<b>State</b> <b>Expenditures</b>
<b>Texas Higher Education Coordinating Board</b>		
<i>College Work Study Program</i>	None	\$ 19,964
<i>Student Financial Aid (Texas Educational Opportunity Grant)</i>	None	694,701
<i>Student Financial Aid (Nursing Grant)</i>	None	59,000
<i>Nursing Shortage Reduction</i>	00889	137,297
<i>College Readiness</i>	29862	63,697
<i>Texas Reskilling and Upskilling</i>	000289	214,134
<i>Texas Reskilling and Upskilling</i>	000290	48,716
<i>Texas Reskilling and Upskilling</i>	01491	247,003
<i>Texas Reskilling and Upskilling</i>	01490	237,500
<i>SSAP Mental Health</i>	01355	50,685
<i>SSAP Pregnancy &amp; Parenting</i>	01355	30,934
<b>Total Passed Through Texas Higher Education Coordinating Board</b>		<b>1,803,631</b>
<b>Dallas County Community College District</b>		
<i>Small Business Development Center (SBDC)</i>		30,459
<i>Small Business Development Center (SBDC)</i>		56,886
<b>Total Passed Through Dallas County Community College District</b>		<b>87,345</b>
<b>Texas Workforce Commission</b>		
<i>Skills Development Fund</i>	2522SSF001	106,572
<i>JET Grant</i>	2524JET002	350,000
<i>Adult Education Professional Development</i>	2924ALA015	7,921
<b>Total Passed Through Texas Workforce Commission</b>		<b>464,493</b>
<b>Total Expenditures of State Awards</b>		<b>\$ 2,355,469</b>

**GRAYSON COLLEGE****NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS****For the Year Ended August 31, 2025****Note 1 - State Revenue Reconciliation**

State revenues for the year ended August 31, 2025 are reported in the basic financial statements as follows:

State Grants and Contracts per Schedule A	\$ 2,670,486
State Funding Not Subject to State Single Audit	(315,017)
<b>Total Per Schedule of State Expenditures</b>	<b><u>\$ 2,355,469</u></b>

**Note 2 - Summary of Significant Accounting Policies**

The accompanying schedule is presented using the accrual basis of accounting. See Note 2 to the financial statements for Grayson College's significant accounting policies. These expenditures are reported on Grayson College's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis.

## **GRAYSON COLLEGE**

### **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**Year Ended August 31, 2025**

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

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

The Summary Schedule of Prior Audit Findings for the year ended August 31, 2025 has been prepared to address these responsibilities.

#### **I. Prior Audit Findings**

**Finding 2024-001: Significant Deficiency in Internal Control over Compliance and Other Matters – Verification**

Status: No issues were noted in the current year.

**Finding 2024-001: Significant Deficiency in Internal Control over Compliance and Other Matters – Enrollment**

Status: No issues were noted in the current year.

**GRAYSON COLLEGE**  
**CORRECTIVE ACTION PLAN**  
**Year Ended August 31, 2025**

Federal regulations, Title 2 U.S. Code of Federal Regulations §200.511 states, "At the completion of the audit, the auditee must prepare, 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."

As part of this responsibility, the College's corrective action plans are presented below.

**I. Corrective Action Plan**

None Reported