

NORTHEAST TEXAS COMMUNITY COLLEGE
AND
NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
ANNUAL FINANCIAL REPORT
For the Fiscal Years Ended August 31, 2024 and 2023

PREPARED BY:

ADMINISTRATIVE SERVICES DEPARTMENT
NORTHEAST TEXAS COMMUNITY COLLEGE

MOUNT PLEASANT, TEXAS

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NORTHEAST TEXAS COMMUNITY COLLEGE
MT. PLEASANT, TEXAS
ORGANIZATIONAL DATA
For the Fiscal Year 2024

BOARD OF TRUSTEES

		<u>TITLE</u>	<u>TERMS</u>
Mr. Chuck Johns	Pittsburg, Texas	Board Chairman	2020-2026
Mr. Robin Sharp	Mt. Pleasant, Texas	Board Vice Chairman	2020-2026
Ms. Sondra Fowler	Daingerfield, Texas	Board Secretary	2020-2026
Mr. Russell East	Daingerfield, Texas	Member	2024-2030
Mr. Chad Elledge	Pittsburg, Texas	Member	2023-2028
Ms. Stephanie Thurman	Mt. Pleasant, Texas	Member	2023-2028
Mr. Kerry Wootten	Mt. Pleasant, Texas	Member	2024-2030

PRINCIPAL ADMINISTRATIVE OFFICERS

Dr. Ron Clinton	President
Dr. Jon McCullough	Executive Vice President for Advancement
Dr. Kevin Rose	Senior Vice President for Student Success
Ms. Brandi Cave	Vice President for Administrative Services

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Northeast Texas Community College and
Northeast Texas Community College Foundation
Mt. Pleasant, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component unit of Northeast Texas Community College (the college) and Northeast Texas Community College Foundation, Inc. (the Foundation), as of and for the year ended August 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northeast Texas Community College and Northeast Texas Community College Foundation, as of August 31, 2024 and 2023, and the changes in financial position, and cash flows, thereof for the years then ended in accordance with accounting principles general 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* that 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement 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.
- Obtaining 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 judgement, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of College's share of net pension liability, schedule of College's contributions for pensions, schedule of College's proportionate share of Net OPEB liability, and schedule of College's contributions for OPEB be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's and the Foundation's basic financial statements. The supplemental schedules required by Texas Higher Education Coordinating Board section are presented for purposes of additional analysis as required by the Coordinating Board and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is not a required part of the basic financial statements. The schedule of expenditures of state awards is presented for purposes of additional analysis as required by *State of Texas Single Audit Circular* and is not a required part of the basic financial statements.

The supplemental schedules required by Texas Higher Education Coordinating Board section, schedule of expenditures of federal awards, and the schedule of expenditures of state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the schedules referenced to in this paragraph are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2024 on our consideration of Northeast Texas Community College and Northeast Texas Community College Foundation Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering Northeast Texas Community College and Northeast Texas Community College Foundation Inc.'s internal control over financial reporting and compliance.

Lufkin, Texas
December 17, 2024

Axley & Rode LLP
CERTIFIED PUBLIC ACCOUNTANTS



Management's Discussion and Analysis
August 31, 2024

This section of Northeast Texas Community College's Annual Financial Report presents management's discussion and analysis of the College's financial activity during fiscal years ending 2022, 2023, and 2024. Since this management's discussion and analysis is designed to focus on current activities, resulting change, decisions or conditions of facts, please read it in conjunction with the College's basic financial statements and the footnotes. The College endeavors to present an objective and easily readable analysis of the overall financial activities to students and the public. Responsibility for the completeness and fairness of this information rests with the College.

Using This Annual Report

Management Discussion and Analysis (MD&A) compares the current year to the previous year and the previous year to the preceding year based on information presented in the financial statements.

College Foundation Reported as a Discrete Component Unit

The College is considered to be a special purpose primary government according to the definition of GASB 14, and therefore, the College is the prime focus for this financial presentation. However, the Northeast Texas Community College Foundation is organized for the exclusive support of the Northeast Texas Community College. For this reason, the College's Foundation is included in this report, albeit as a discrete component. Any management discussion relating to the College's Foundation is considered for its significance in articulating the College's Annual Financial Report.

Statement of Net Position (Balance Sheet)

The Statement of Net Position is a point of time financial statement. The purpose of the Statement of Net Position is to present to the readers a fiscal snapshot of the College for the current fiscal year ended. The Statement of Net Position combines and consolidates current financial resources (short-term spendable resources) with capital assets. It presents end-of-year data concerning:

- Assets (current, capital and other non-current), deferred outflows,
- Liabilities (current and non-current), deferred inflows, and
- Net Position.

Statement of Net Position
For the Years Ended August 30, 2024, 2023, and 2022

	2024	2023	2022
ASSETS			
Current	\$ 11 585 34	\$ 9 055 905	\$ 8 090 206
Net capital assets	46 000 321	46 962 457	45 211 911
Other non-current	1 951 730	3 100 759	3 255 737
TOTAL ASSETS	59 537 085	59 119 121	56 557 854
Deferred outflows of resources	6 024 363	8 613 682	5 938 498
LIABILITIES			
Current	5 365 239	5 882 758	6 295 390
Noncurrent	51 313 231	54 017 384	55 555 956
TOTAL LIABILITIES	56 678 470	59 900 142	61 851 346
Deferred inflows of resources	8 075 283	8 566 913	4 895 471
TOTAL NET POSITION	\$ 807 695	\$ (734 252)	\$ (4 250 465)

The definition of current assets means the ability of the College to pay obligations out of the proceeds of current operations. The total assets include the College's capital assets (net of depreciation). The capital assets include buildings, facilities and other improvements, furniture, machinery, vehicles and other equipment, and telecommunications and peripheral equipment. In determining the net capital assets, the College went into considerable detail in identifying the historical costs and the net accumulated depreciation of each asset category based on its useful life and residual values. In following the above guidelines, the College can provide more useful information about the long-term effects of short-term decisions, primarily by including the cost of consuming the capital assets used in providing services.

Net Position is divided into three major categories:

- The first asset category, invested in capital assets and reserve for debt service, provides the College's equity in property, plant, and equipment.
- The next asset category is restricted net assets, which is divided into two categories, permanent and temporary. Restricted permanent is maintained only in the College's Foundation, is non-expendable and used only for investment purposes. Temporary restricted assets are maintained both by the College and the Foundation and are used for purposes determined by donors and/or external entities.

- The third asset category is the unrestricted assets and is available to both the College and the Foundation for any lawful purpose.

As of August 31, 2024, 2023 and 2022, the College's net positions were \$807,695, \$(734,252), and \$(4,250,465), respectively. From the data presented, readers of the Statement of Net Position are able to determine the Net Assets available to continue the operations of the institution. They are also able to determine how much the College owes vendors, investors, and lending institutions.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position focus on both the gross costs and the net costs of College activities that are supported mainly by state appropriation, property taxes, tuition and fees, and other revenues. The outcome of the total activities presented in the Statement of Revenues, Expenses, and Changes in Net Position influenced the above Statement of Net Position. The purpose of the statement is to present the revenues earned by the institution, both operating and non-operating, and the expenses incurred by the institution, operating and non-operating, and any other revenues, expenses, gains and losses earned or incurred by the College.

Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the College. Non-operating revenues are revenues received for which goods and services are not provided. For example, Ad Valorem taxes for maintenance and operations of the College and for payment of general obligation bonds are non-operating revenues because there is no direct correlation between these revenues and the goods and services that the College provides.

Statement of Revenues, Expenses, and Changes in Net Position For the Years Ended August 31, 2024, 2023, and 2022

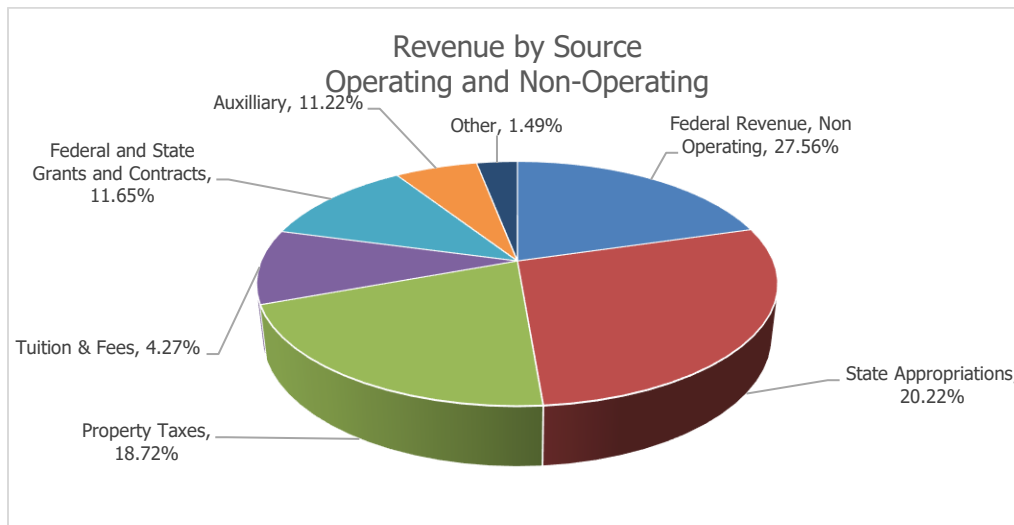
	2024	2023	2022
Summary of Revenues and Expenses:			
Total operating revenues	\$ 10 285 814	\$ 11 165 751	\$ 10 577 259
Total operating expenses	29 862 888	27 707 891	30 238 063
TOTAL OPERATING (LOSS)	(19 577 074)	(16 542 140)	(19 660 804)
Net non-operating revenues and expenses	20 988 392	17 602 573	19 732 528
Capital contributions	130 626	2 455 780	315 595
INCREASE (DECREASE) IN NET POSITION	1 541 944	3 516 213	387 319
Net position at beginning of year	(734 252)	(4 250 465)	(4 637 784)
NET POSITION - END OF YEAR	\$ 807 695	\$ (734 252)	\$ (4 250 465)

Operating and Non-Operating Revenues

In an effort to further expand and enhance the interpretation of the College's financial reports, we recapped the operating and non-operating revenues to show, graphically, the significance of revenue sources and how it relates to the overall revenue presentation:

Revenues: Operating and Non-Operating For the Years Ended August 31, 2024, 2023, and 2022

	2024	2023	2022
Operating Revenues:			
Tuition and fees (net)	\$ 3 663 052	\$ 3 952 710	\$ 3 790 774
Federal grants and contracts	2 897 633	3 667 850	3 680 789
State grants and contracts	833 431	500 543	456 955
Non-governmental grants and contracts	61 896	96 718	90 166
Sales and services of educational activities	84 086	64 723	83 570
Auxiliary enterprises (net)	1 938 342	2 229 455	2 004 506
Other operating revenues	807 374	653 752	470 499
TOTAL OPERATING REVENUES	10 285 814	11 165 751	10 577 259
Net Non-Operating Revenues:			
State appropriations	9 030 076	6 530 257	6 391 501
Property taxes	6 620 139	6 347 747	5 916 516
Federal revenue, non-operating	6 561 449	5 771 712	8 710 084
Investment and other income	55 462	39 684	(1 295 074)
TOTAL NON-OPERATING REVENUES	22 267 126	18 689 400	19 732 528
Capital contributions	130 626	2 455 780	315 595
TOTAL REVENUES, OPERATING AND NON-OPERATING	\$ 32 683 566	\$ 32 310 931	\$ 30 625 382



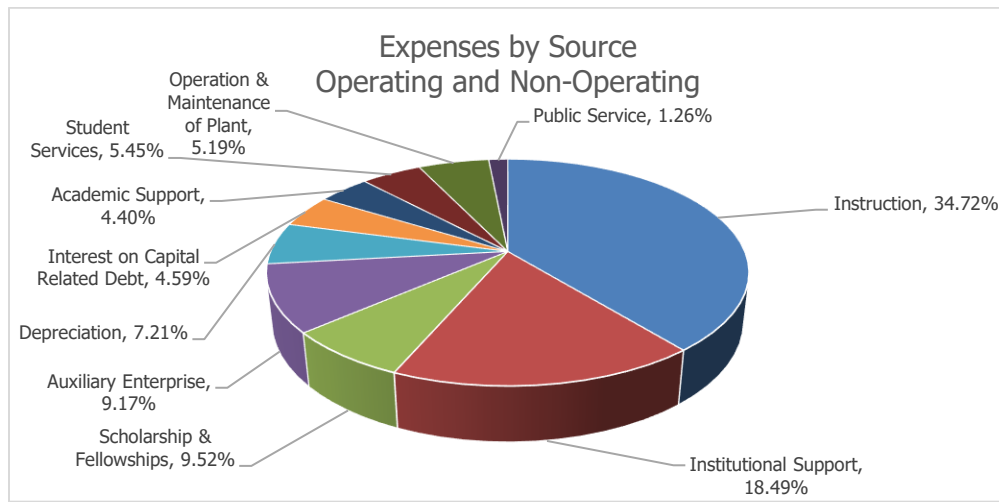
In comparing the fiscal periods ended August 31, 2024 and 2023:

- Net Tuition and fee revenues decreased \$289,658 or 7%. This was a result of an increase in allowances and discounts.
- Net Auxiliary Enterprises decreased \$291,113 or 13% mainly as a result of decreased housing occupancy.
- Federal Grants and Contracts decreased \$770,217 or 21% primarily as a result of decreases in federal funding.
- State Grants and Contracts increased \$332,888 or 58% largely as a result of increased awards through the Texas Workforce Commission specifically for workforce.
- State Allocations increased \$2,499,819 or 38% primarily as a result of an increase in the state funding model changes as a result of House Bill 8.
- Federal Revenue Non-Operating decreased \$789,737 or 14% as a result of decrease in CARES money.

In comparing the fiscal periods ended August 31, 2023 and 2022:

- Net Tuition and fee revenues increased \$161,936 or 4%. This was a result of increased enrollment.
 - Net Auxiliary Enterprises increased \$224,949 or 11% mainly as a result of increased housing occupancy and a increase in Whatley program revenues.
 - Federal Grants and Contracts decreased \$12,939 or 0.35% primarily as a result of decreases in HEERF federal funding.
 - State Grants and Contracts increased \$43,588 or 10% largely as a result of decreased awards through the Texas Workforce Commission and Nursing Shortage Reduction Program (NSRP).
 - State Allocations increased \$138,756 or 2% as a result of need-based supplement increase in State appropriations.
 - Federal Revenue Non-Operating decreased \$2,938,372 or 34% as a result of HEERF federal funding.
- Additionally, the same methodology is being presented for the operating and non-operating expenses to illustrate the use of the College's resources:

	2024	2023	2022
Operating Expenses:			
Instruction	\$ 11 968 499	\$ 10 901 568	\$ 9 848 046
Public service	480 793	415 078	474 978
Academic support	1 515 572	1 457 777	1 175 362
Student services	1 525 347	1 466 186	1 513 208
Institutional support	5 519 590	5 178 419	6 127 989
Operation and maintenance of plant	1 759 732	1 666 659	1 528 151
Scholarship and fellowships	2 226 444	1 877 049	4 728 106
Auxiliary enterprise	3 017 621	2 833 469	2 882 204
Depreciation	1 849 290	1 911 686	1 960 019
TOTAL OPERATING EXPENSES	29 862 888	27 707 891	30 238 063
Non-Operating Expenses:			
Interest on capital related debt	1 263 789	1 076 722	1 289 816
(Gain) loss on disposal of capital assets	12 245	7 205	2 958
Other non-operating expenses	2 700	2 900	2 300
TOTAL NON-OPERATING EXPENSES	1 278 734	1 086 827	1 295 074
TOTAL EXPENSES, OPERATING AND NON-OPERATING	\$ 31 141 622	\$ 28 794 718	\$ 31 533 137



In comparing the fiscal periods ended August 31, 2024 and 2023:

- Instruction increased \$1,429,137 or 13% primarily due to increased instructional salaries.
- Academic Support decreased \$159,003 or 11% as a result of lower contracted service expenditures.
- Institutional Support increased \$251,211 or 5% as a result of an increase in salary and related benefits.
- Total other non-operating increased \$191,907 or 80% due to gains on disposal of assets.

In comparing the fiscal periods ended August 31, 2023 and 2022:

- Instruction increased \$1,053,522 or 11% primarily due to increased instructional salaries.
- Academic Support increased \$282,415 or 24% as a result of higher contracted service expenditures.
- Institutional Support decreased \$949,570 or 16% as a result of a decrease expenditures through HEERF federal funds.
- Total other non-operating increased \$600 or 26% due to gains on disposal of assets.

Analysis of Net Position

Total Net Position of \$807,695 is comprised of the investment in capital assets net of related debt of \$14,890,648, restricted for debt service of \$213,717, and unrestricted net position of \$(14,296,670). The debt service reserve is set-aside in the event the pledged revenues in interest and sinking fund are not sufficient to pay the debt service payment in the future. The unrestricted net position is the inception-to-date net of current and non-current revenues and expenses.

Net Position
For the Years Ended August 31, 2024, 2023, and 2022

	2024	2023	2022
Investment in capital assets, net of related debt	\$ 14 890 648	\$ 14 425 763	\$ 11 097 070
Restricted for debt service	213 717	603 922	580 912
Unrestricted	(14 296 670)	(15 763 937)	(15 928 447)
TOTAL NET POSITION	\$ 807 695	\$ (734 252)	\$ (4 250 465)

Long Term Debt

The College has revenue bonds, general obligation bonds, and other notes payable for which contractual payments have been made in the fiscal periods ended August 31, 2024 and 2023.

See Note 9 - Bonds and Notes Payable of the financial statements for further information about long-term debt activity.

Capital Assets

In the fiscal period ended August 31, 2024, the College expended \$106,177 in Federal grant funds to purchase equipment for use in our workforce education program. The completion of the SIM Center was also recognized during this fiscal period at a cost of \$1,087,125.

See Note 7 - Capital Assets of the financial statements for further information about capital asset activity.

Standard & Poor's affirmed the College's Revenue Financing debt rating at BBB and rated the college's General Obligation Financing debt at AA. Management does not believe it has any debt limitations that may affect the financing of planned facilities or services.

Statement of Cash Flows

The final statement presented by the Northeast Texas Community College is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the institution during the year. The statement is divided into five parts:

Part 1 deals with operating cash flows and shows the net cash used in the operating activities of the institution. The bulk of receipts from students and other customers, appropriations, grants and contracts, and other proceeds help the College cover its payments for payroll, scholarships, loans, and other cash payments.

Part 2 shows the cash flow from non-capital and related financing activities. Part of the ad-valorem local tax revenues pays for maintenance and operations of the College and the rest is for the settlement of general obligation bonds.

Part 3 reflects the cash flows from capital and related financing activities. It shows payments made on expenses and interest on capital related debt, purchase of capital assets, and payments on capital debt and leases.

Part 4 shows the cash flows from investing activities where proceeds from the sale and purchase of investments including investment earnings are reflected.

Part 5 reconciles the net cash used in the operating income or loss that is reflected on the Statement of Net Position under the line item "Cash and Cash Equivalents".

Financial Condition and Outlook

Net position increased in fiscal year 2024 by \$1,541,944 primarily due to an increase in state allocations in non-operating revenues of \$2,499,819. Given our current investment plan, we anticipate ongoing moderate increases in earnings of interest on our temporary investments. We anticipate modest increases in operating maintenance and operations tax revenues over the next two to three years. Due to recent changes to the current community college state funding model passed by the 88th Legislature, we anticipate substantial increases in outcomes-based funding over the next two years. We will continue to adjust ongoing operating spending to compensate for the projected changes in revenue. The College also anticipates increased enrollments going forward as we implement new workforce programs and short-term credentials for retraining and reskilling the area's regional workforce in response to the new performance-based funding model.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, students, and creditors with a general overview of the College's finances and to demonstrate the College's accountability for the funds it receives. If you have any questions about this report or need additional financial information, contact Northeast Texas Community College Business Office, 2886 FM 1735, Chapel Hill Road, Mt. Pleasant, Texas 75455.

FINANCIAL STATEMENTS

NORTHEAST TEXAS COMMUNITY COLLEGE
STATEMENTS OF NET POSITION
For the Years Ended August 31, 2024 and 2023

EXHIBIT 1

	2024	2023
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 6 000 052	\$ 1 127 674
Investments short-term	2 396 594	2 281 731
Accounts receivable (net)	1 977 278	3 938 318
Inventories	132 893	138 457
Prepaid expense	839 645	800 234
Due from component unit	238 572	769 491
TOTAL CURRENT ASSETS	11 585 034	9 055 905
Noncurrent Assets:		
Restricted cash and cash equivalents	841 810	2 027 637
Short-term investments	1 012 770	966 468
Prepaid bond insurance	83 325	92 479
Other assets	13 825	14 175
Capital assets, net of accumulated depreciation	46 000 321	46 962 457
TOTAL NONCURRENT ASSETS	47 952 051	50 063 216
TOTAL ASSETS	59 537 085	59 119 121
DEFERRED OUTFLOWS OF RESOURCES		
Pension related	3 862 123	4 477 196
OPEB related	2 109 270	4 023 792
Change on bond refunding	52 970	112 694
TOTAL DEFERRED OUTFLOWS OF RESOURCES	6 024 363	8 613 682
LIABILITIES		
Current Liabilities:		
Accounts payable	1 179 694	1 422 978
Accrued liabilities	460 055	494 899
Accrued compensable absences	163 253	140 006
Deposits payable	23 650	31 450
Funds held for others	134 505	131 901
Unearned revenues	1 367 943	1 618 761
Notes payable - Current portion	136 256	178 744
Bonds payable - Current portion	1 473 309	1 419 377
Net OPEB liability - Current portion	426 574	444 642
TOTAL CURRENT LIABILITIES	5 353 795	5 882 758
Noncurrent Liabilities:		
Bonds payable	28 717 143	30 106 880
Premium on bonds payable	393 313	448 296
Notes payable	295 000	431 256
Net pension liability	7 083 990	6 372 575
Net OPEB liability	14 823 785	16 658 377
TOTAL NONCURRENT LIABILITIES	51 324 675	54 017 384
TOTAL LIABILITIES	56 678 470	59 900 142
DEFERRED INFLOWS OF RESOURCES		
Pension related	1 672 246	2 392 780
OPEB related	6 403 037	6 174 133
TOTAL DEFERRED INFLOWS OF RESOURCES	8 075 283	8 566 913
NET POSITION		
Invested in capital assets, net of related debt	14 890 648	14 425 763
Restricted:		
Expendable:		
Debt service	213 717	603 922
Unrestricted	(14 296 670)	(15 763 937)
TOTAL NET POSITION (SCHEDULE D)	\$ 807 695	\$ (734 252)

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

NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
 COMPONENT UNIT
 STATEMENTS OF FINANCIAL POSITION
 August 31, 2024 and 2023

EXHIBIT 1A

	<u>2024</u>	<u>2023</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 2 975 490	\$ 4 005 004
Accounts receivable	8 154	7 980
TOTAL CURRENT ASSETS	<u>2 983 644</u>	<u>4 012 984</u>
Noncurrent Assets:		
Long-term investments	8 173 233	5 991 704
Property, plant, and equipment, net of accumulated depreciation	723 835	860 281
Other assets	38 065	39 329
TOTAL NONCURRENT ASSETS	<u>8 935 133</u>	<u>6 891 314</u>
TOTAL ASSETS	<u>11 918 777</u>	<u>10 904 298</u>
LIABILITIES		
Current Liabilities:		
Deferred revenue	1 129 989	1 003 892
Due to Northeast Texas Community College	299 032	769 491
TOTAL CURRENT LIABILITIES	<u>1 429 021</u>	<u>1 773 383</u>
TOTAL LIABILITIES	<u>1 429 021</u>	<u>1 773 383</u>
NET POSITION		
With donor restrictions	10 061 791	8 702 949
Without donor restrictions	427 965	427 966
TOTAL NET POSITION	<u>\$ 10 489 756</u>	<u>\$ 9 130 915</u>

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

NORTHEAST TEXAS COMMUNITY COLLEGE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Years Ended August 31, 2024 and 2023

EXHIBIT 2

	2024	2023
Operating Revenue:		
Tuition and fees (net allowances and discounts of \$5,522,148 and \$4,845,966)	\$ 3 663 052	\$ 3 952 710
Federal grants and contracts	2 897 633	3 667 850
State grants and contracts	833 431	500 543
Non-governmental grants and contracts	61 896	96 718
Sales and services of educational activities	84 086	64 723
Auxiliary enterprises (net of discounts of \$930,463 and \$712,419)	1 938 342	2 229 455
Other operating revenues	807 374	653 752
TOTAL OPERATING REVENUES (SCHEDULE A)	10 285 814	11 165 751
Operating Expenses:		
Instruction	11 968 499	10 901 568
Public service	480 793	415 075
Academic support	1 515 572	1 457 777
Student services	1 525 347	1 466 186
Institutional support	5 519 590	5 178 419
Operation and maintenance of plant	1 759 732	1 666 659
Scholarships and fellowships	2 226 444	1 877 049
Auxiliary enterprises	3 017 621	2 833 469
Depreciation	1 849 290	1 911 686
TOTAL OPERATING EXPENSES (SCHEDULE B)	29 862 888	27 707 891
OPERATING LOSS	(19 577 074)	(16 542 140)
Non-Operating Revenues (Expenses):		
State allocations	9 030 076	6 530 257
Ad-valorem Taxes:		
Taxes for maintenance and operations	4 605 610	4 313 936
Taxes on general obligations bonds	2 014 529	2 033 811
Federal revenue, non-operating	6 561 449	5 771 712
Investment income (net of investment expenses)	55 462	39 684
Interest on capital related debt	(1 263 789)	(1 076 722)
Gain (loss) on disposal of fixed assets	(12 245)	(7 205)
Other non-operating expenses	(2 700)	(2 900)
TOTAL NON-OPERATING REVENUES (EXPENSES) (SCHEDULE C)	20 988 392	17 602 573
Capital Contributions:		
Component unit	(13 486)	270 455
Federal grants capital contributions	144 112	2 185 325
TOTAL CAPITAL CONTRIBUTIONS	130 626	2 455 780
INCREASE (DECREASE) IN NET POSITION	1 541 944	3 516 213
Net position - Beginning of year	(734 252)	(4 250 465)
NET POSITION - END OF YEAR	\$ 807 695	\$ (734 252)

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

NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
 COMPONENT UNIT
 STATEMENTS OF ACTIVITIES
 For the Years Ended August 31, 2024 and 2023

EXHIBIT 2A

	2024	2023
Operating Revenue:		
Federal grants and contracts	\$ 131 682	\$ 132 251
State grants and contracts	1 193 913	1 244 965
Local grants and contracts	1 760 140	1 404 178
TOTAL OPERATING REVENUES	3 085 735	2 781 394
Operating Expenses:		
Public service	3 559 371	3 142 253
Scholarships	396 501	407 887
Depreciation	8 015	8 266
TOTAL OPERATING EXPENSES	3 963 887	3 558 406
OPERATING LOSS	(878 152)	(777 012)
Non-Operating Revenues:		
Investment income	101 791	86 692
TOTAL NON-OPERATING REVENUES (EXPENSES)	101 791	86 692
(LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS, LOSSES	(776 361)	(690 320)
Other Revenues, (Expenses), Gains, Losses:		
Additions to endowments	274 166	513 162
Gains (loss) on investments	826 572	147 861
Contributions	1 034 465	838 730
TOTAL OTHER REVENUES, (EXPENSES), GAINS, LOSSES	2 135 203	1 499 753
INCREASE (DECREASE) IN NET POSITION	1 358 842	809 433
Net position - Beginning of year	9 130 914	8 321 481
NET POSITION - END OF YEAR	\$ 10 489 756	\$ 9 130 914

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

NORTHEAST TEXAS COMMUNITY COLLEGE
STATEMENTS OF CASH FLOWS
For the Years Ended August 31, 2024 and 2023

EXHIBIT 3

	2024	2023
Cash Flows from Operating Activities:		
Receipts from students and other customers	\$ 9 622 144	\$ 5 825 488
Receipts from grants and contracts	4 120 007	4 526 889
Other receipts	807 376	653 754
Payments to or on behalf of employees	(11 740 273)	(10 778 400)
Payments to suppliers for goods or services	(15 150 511)	(14 594 165)
Payments of scholarships	(2 226 444)	(1 877 049)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(14 567 701)	(16 243 483)
Cash Flows from Noncapital Financing Activities:		
State allocations	8 703 029	6 268 479
Federal revenues	6 561 449	5 771 712
Ad valorem tax revenues	6 620 139	6 347 747
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	21 884 617	18 387 938
Cash Flows from Capital and Related Financing Activities:		
Interest and other expense on capital related debt	(1 557 237)	(1 372 858)
Purchase of capital assets	(747 301)	(1 881 444)
Capital contributions	130 626	2 455 780
Proceeds from sale of fixed assets	(12 245)	(7 205)
Proceeds from issuance of debt	-	-
Payments on capital debt and leases	(1 335 805)	(1 510 000)
Other non-operating expense	(2 700)	(2 900)
NET CASH PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES	(3 524 662)	(2 318 627)
Cash Flows from Investing Activities:		
Investment earnings	55 462	39 684
Purchase of investments	(161 165)	(105 972)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(105 703)	(66 288)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3 686 551	(240 460)
Cash and cash equivalents - September 1	3 155 311	3 395 771
CASH AND CASH EQUIVALENTS - AUGUST 31	\$ 6 841 862	\$ 3 155 311
Non-Cash investing, Capital, and Financing Activities:		
Contributions of capital assets	\$ (13 486)	\$ 270 455
TOTAL NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES	\$ (13 486)	\$ 270 455
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income (loss)	\$ (19 557 074)	\$ (16 542 140)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation expense	1 834 424	1 911 686
Gain (loss) on disposal of assets	(124 987)	(1 780 788)
Bad debts	327 047	261 778
Changes in Assets and Liabilities:		
Receivables, net	1 961 040	(1 651 319)
Inventories	5 564	(1 979)
Prepaid expense	(30 257)	(203 175)
Due from component unit	530 919	912 139
Other assets	350	(875)
Accounts payable	(243 284)	273 267
Accrued liabilities	(11 597)	30 735
Deposits payable	(7 800)	(8 500)
Funds held for others	2 604	3 198
Pension and OPEB related	1 016 168	1 199 618
Deferred revenue	(250 818)	(647 128)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (14 567 701)	\$ (16 243 483)

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

NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
 COMPONENT UNIT
 STATEMENTS OF CASH FLOWS
 For the Years Ended August 31, 2024 and 2023

EXHIBIT 3A

	2024	2023
Cash Flows from Operating Activities:		
Receipts from grants and contracts	\$ 2 369 911	\$ 2 138 060
Payments of scholarships	(865 696)	(1 320 154)
Payments of grants and contract costs	(2 804 873)	(2 483 287)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(1 030 658)	(1 665 381)
Cash Flows from Noncapital Financing Activities:		
Additions to permanent and term endowment and other contributions	1 308 631	1 351 892
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	1 308 631	1 351 892
Cash Flows from Investing Activities:		
Investment income (loss)	928 363	234 553
Purchase of capital assets	(54 321)	(47 094)
Purchase of investments	(2 181 529)	(345 527)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(1 307 487)	(158 068)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1 029 514)	(471 557)
Cash and cash equivalents - September 1	4 005 004	4 476 561
CASH AND CASH EQUIVALENTS - AUGUST 31	\$ 2 975 490	\$ 4 005 004
Non-Cash investing, Capital, and Financing Activities:		
In-kind contributions	\$ 743 982	\$ 640 020
Reconciliation of Operating Loss to Net Cash Used by Operating Activities		
Operating income (loss)	\$ (878 152)	\$ (777 012)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	8 015	8 266
Gain/loss on disposal	182 751	-
Changes in Assets and Liabilities:		
Accounts receivable	(174)	(5 701)
Other assets	1 264	(130)
Due to college	(470 459)	(912 137)
Deferred revenue	126 097	21 333
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (1 030 658)	\$ (1 665 381)

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

NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
August 31, 2024 and 2023

NOTE 1 - REPORTING ENTITY

Northeast Texas Community College (the College) was formed in January 1984, within a voter approved tax district encompassing Camp, Morris, and Titus Counties in Northeast Texas, in accordance with the laws of the State of Texas. A seven-member Board of Trustees elected at large from the three counties serves as the oversight unit. The College is considered to be a special purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement 14. 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.

In defining the College's reporting entity for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles. The following is a brief summary of the potential component unit addressed in defining the College's reporting entity.

Northeast Texas Community College Foundation - The Foundation is organized for the exclusive support of Northeast Texas Community College. The Foundation is a thirty-two member board and the members of the College Board of Trustees are members of the Board of Directors of the Foundation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Guidelines

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

Tuition Discounting

Texas Public Education Grants (TPEG) - Certain tuition amounts are required to be set aside for use as scholarships by qualifying students. This set aside, called the Texas Public Education Grant (TPEG), is shown with tuition and fee revenue amounts as a separate set aside amount (Texas Education Code Sed. §56.033). When funds are awarded to students and used for tuition and fees, the amounts are recorded as revenue, and a corresponding amount is recorded as a tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

Title IV, Higher Education Act (HEA) Program Funds - Certain Title IV HEA Program funds are received by the College to pass through to the student. These funds are initially received by the College and recorded as restricted revenue. When funds are awarded to students, and used for tuition and fees, the amounts are recorded as revenue and a corresponding amount is recorded as a tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

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

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 reduced to a legal or contractual obligation to pay.

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. A copy of the approved budget and subsequent amendments must be filed with the Texas Higher Education Coordinating Board, Legislative Budget Board, Legislative Reference Library, and Governor's Office of Budget and Planning by December 1.

Cash and Cash Equivalents

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

Restricted Cash

The College's restricted cash consists of cash not available for operations, such as cash reserves for bond requirements.

NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 2024 and 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expenses) until then. Governments are only permitted to report deferred outflows in circumstances specifically authorized by the GASB. A typical deferred outflow for community colleges is a deferred charge on refunding debt and/or charges relating pension benefits.

Investments

In accordance with GASB Statement No 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments are reported at fair value. Fair values are based on published market rates. Short-term investments have an original maturity of greater than one year at the time of purchase. Non-current investments include investments that are current but not available for operations.

Inventories

Inventories consisting of consumable office supplies, and bookstore stock. Inventories are stated a lower of cost or market using the first-in, first-out (FIFO) method and are charged to expense as consumed.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenues) until that time. Governments are only permitted to report deferred inflows in circumstances specifically authorized by the GASB. A typical deferred inflow for community colleges is pension or OPEB related.

Capital Assets

Capital assets are recorded at cost at the date of acquisition or fair value at the date of donation. For equipment, the District's capitalization policy includes all items with a unit cost of \$5,000 or more and estimated useful life in excess of one year. Renovations of \$50,000 to buildings, infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are charged to operating expense in the year in which the expense is incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings, 20 years for land improvements, 15 years for library books, 10 years for furniture, machinery, vehicles and other equipment, and 5 years for telecommunications and peripheral equipment.

Other Post-Employment Benefits

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 postemployment benefits; OPEB expense; and information about assets, liabilities and additions to/deductions from SRHP's net position. Benefit payments are recognized when due and are payable in accordance with the benefit terms.

Pensions

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

Unearned Revenues and Expenditure

Tuition and fees of \$1,073,116 and \$1,369,093 and federal, state, and local grants of \$545,645 and \$896,796, have been reported as unearned revenues at August 31, 2024 and 2023, respectively.

Estimates

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

NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 2024 and 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Operating and Non-Operating Revenues and Expenses

The College distinguishes operating revenues and expenses from non-operating items. The College reports as a business type activity (BTA) 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 federal revenue, and property tax collections. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. The operation of food service is not performed by the College.

Prior Period Adjustment and Reclassifications

Certain reclassifications have been made to the prior year to conform with the current year presentation.

NOTE 3 - AUTHORIZED INVESTMENTS

Northeast Texas Community College and Northeast Texas Community College Foundation are 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.

NOTE 4 - DEPOSITS AND INVESTMENTS

Cash and deposits included on Exhibit 1, Statements of Net Position, consist of the items reported below:

	AUGUST 31,	
	2024	2023
Demand deposits	\$ 5 164 261	\$ 1 583 065
Time deposits	3 409 364	3 248 199
Petty cash	10 050	10 050
TOTAL CASH AND DEPOSITS	\$ 8 583 675	\$ 4 841 314

Cash and Deposits Reconciliation of Deposits and Investments to Exhibit 1

TYPE OF SECURITY	FAIR VALUE AUGUST 31,	
	2024	2023
Investment pool	\$ 1 667 551	\$ 1 562 196
TOTAL	1 667 551	1 562 196
TOTAL CASH AND DEPOSITS	8 583 675	4 841 314
TOTAL DEPOSITS AND INVESTMENTS	\$ 10 251 226	\$ 6 403 510
Cash and cash equivalents (Exhibit 1)	\$ 6 000 052	\$ 1 127 674
Restricted cash and equivalents (Exhibit 1)	841 810	2 027 637
Investments (Exhibit 1)	2 396 594	2 281 731
Restricted investments (Exhibit 1)	1 012 770	966 468
TOTAL DEPOSITS AND INVESTMENTS	\$ 10 251 226	\$ 6 403 510

Cash and Deposits for Northeast Texas Community College Foundation reported on Exhibit 1A consist of the following:

	AUGUST 31,	
	2024	2023
Demand deposits	\$ 2 975 490	\$ 4 005 004
TOTAL CASH AND DEPOSITS	\$ 2 975 490	\$ 4 005 004

Reconciliation of Deposits and Investments to Exhibit 1A

TYPE OF SECURITY	FAIR VALUE AUGUST 31,	
	2024	2023
U. S. government agencies	\$ -	\$ -
Corporate bond/note	-	-
Mutual funds	5 646 178	5 646 178
TOTAL INVESTMENTS	5 646 178	5 464 178
Total cash and deposits	2 975 490	4 005 004
TOTAL DEPOSITS AND INVESTMENTS	\$ 8 621 668	\$ 9 651 182
Cash and cash equivalents	\$ 2 975 490	\$ 4 005 004
Long-term investments	8 173 233	5 991 704
TOTAL DEPOSITS AND INVESTMENTS	\$ 11 148 723	\$ 9 996 708

NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 2024 and 2023

NOTE 4 - DEPOSITS AND INVESTMENTS - CONTINUED

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

Investment Type	CREDIT RATING	MARKET VALUE	INVESTMENT MATURITIES (IN YEARS)		
			LESS THAN 1	1-2	2-3
Certificates of Deposits		\$ 3 409 364	\$ 3 409 364	\$ -	\$ -
Investment Pool	N/A	1 667 551	1 667 551	-	-
TOTAL MARKET VALUE	AAA	\$ 5 076 915	\$ 5 076 915	\$ -	\$ -

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

Investment Type	CREDIT RATING	MARKET VALUE	NO MATURITY	INVESTMENT MATURITIES (IN YEARS)		
				LESS THAN 1	1-2	2-3
Mutual Funds	N/A	\$ 5 646 178	\$ 5 646 178	\$ -	\$ -	\$ -
TOTAL MARKET VALUE		\$ 5 646 178	\$ 5 646 178	\$ -	\$ -	\$ -

Interest Rate Risk - In accordance with state law and Northeast Texas Community College policy, the College does not purchase any investments with maturities greater than 10 years.

Credit Risk - In accordance with state law and the College's investment policy, investments in mutual funds and investment 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, as well.

Concentration of Credit Risk - The College does not place a limit on the amount that may be invested in any one issuer. More than 47% of the College's investments are in investment pools (62.0%) and certificates of deposit (38.0%).

Custodial Credit Risk - At August 31, 2024 and 2023, the College had money on deposit at two banks. The carrying amount of the College's and the Foundation's bank deposits was \$7,885,357 and \$7,862,281, and total bank balances equaled \$7,114,256 and \$8,337,383, respectively. Bank balances of \$715,334 are covered by federal depository insurance and \$7,635,357 was covered by collateral pledged in Northeast Texas Community College's name. The collateral was held in the safekeeping departments of banks which act as agents for the College.

Fair Value of Investments - Accounting standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets that the government can access at the measurement date, Level 2 inputs consist of inputs other than quoted prices that are observable for identical assets, and Level 3 inputs are unobservable inputs for the assets. All investments are valued using Level 1 inputs.

Distributions from endowment investments are required to be spent for the purposes for which the endowment was established. Scholarship distributions are made pursuant to the investment policy. The policy for distribution of investment income designates an annual spending rate of no more than 5% as applied to a 36 month moving average of market value less current year contributions as measured at August 31 of each year.

NOTE 5 - DERIVATIVES

The College had no derivatives at August 31, 2024 or 2023.

NOTE 6 - DEFERRED OUTFLOWS OF RESOURCES BOND REFUNDING

The College was required to reclassify refunded debt, the difference between the reacquisition price and the net carrying amount of the old debt, as a deferred outflow of resources or a deferred inflow of resources and recognize this as a component of interest expense in a systematic and rational manner over the remaining life of the old debt of the life on the new debt, whichever is shorter.

	BALANCE AUGUST 31, 2023	INCREASES	DECREASES	BALANCE AUGUST 31, 2024
Deferred charge on bond refunding	\$ 112 694	\$ -	\$ 59 724	\$ 52 970
	BALANCE AUGUST 31, 2022	INCREASES	DECREASES	BALANCE AUGUST 31, 2023
Deferred charge on bond refunding	\$ 176 196	\$ -	\$ 63 502	\$ 112 694

NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 2024 and 2023

NOTE 7 - CAPITAL ASSETS

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

	BALANCE AUGUST 31, 2023	INCREASES	DECREASES	BALANCE AUGUST 31, 2024
Not Depreciated:				
Land	\$ 1 748 209	\$ -	\$ -	\$ 1 748 209
Construction in progress	990 751	8 250	(990 751)	8 250
TOTAL NOT DEPRECIATED	2 738 960	8 250	(990 751)	1 756 459
Other Capital Assets:				
Buildings	54 106 597	1 196 622	-	55 296 170
Equipment purchased with capital lease	250 348	-	-	250 348
Furniture, machinery, vehicles and other equipment	8 699 043	496 017	(103 322)	9 091 738
Library books	631 650	19 333	(34 898)	616 085
Telecommunications and peripheral equipment	3 927 998	-	-	3 927 998
TOTAL OTHER CAPITAL ASSETS	67 615 636	1 711 972	(145 269)	69 182 339
Accumulated Depreciation:				
Buildings	12 439 644	1 270 685	(178 599)	13 531 725
Equipment purchased with capital lease	250 348	-	-	250 348
Furniture, machinery, vehicles and other equipment	6 460 420	494 518	(92 592)	6 862 346
Library books	489 416	-	(16 890)	472 526
Telecommunications and peripheral equipment	3 752 311	69 221	-	3 821 532
TOTAL ACCUMULATED DEPRECIATION	23 392 139	1 834 424	(288 081)	24 938 477
NET OTHER CAPITAL ASSETS	44 223 497	(122 452)	(433 350)	44 243 862
NET CAPITAL ASSETS	\$ 46 962 457	\$ (114 202)	\$ (847 939)	\$ 46 000 321

Foundation

	BALANCE AUGUST 31, 2023	INCREASES	DECREASES	BALANCE AUGUST 31, 2024
Not Depreciated:				
Land	\$ 205 480	\$ -	\$ -	\$ 205 480
Works of art, antiques	493 534	-	(182 501)	311 033
TOTAL NOT DEPRECIATED	699 014	-	(182 501)	516 513
Other Capital Assets:				
Biggers Mural	112 611	-	-	112 611
Buildings	109 894	-	-	109 894
Furniture, machinery, vehicles and other equipment	-	54 321	-	54 321
TOTAL OTHER CAPITAL ASSETS	225 505	54 321	-	276 826
Accumulated Depreciation:				
Biggers Mural	31 538	5 061	-	36 599
Buildings	29 700	3 205	-	32 906
TOTAL ACCUMULATED DEPRECIATION	61 238	8 266	-	69 504
NET OTHER CAPITAL ASSETS	161 267	46 055	-	207 322
NET CAPITAL ASSETS	\$ 860 281	\$ 46 055	\$ (182 501)	\$ 723 835

NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 2024 and 2023

NOTE 7 - CAPITAL ASSETS - CONTINUED

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

	BALANCE AUGUST 31, 2022	INCREASES	DECREASES	BALANCE AUGUST 31, 2023
Not Depreciated:				
Land	\$ 1 748 209	\$ -	\$ -	\$ 1 748 209
Construction in progress	28 808	984 251	(22 308)	990 751
TOTAL NOT DEPRECIATED	1 777 017	984 251	(22 308)	2 738 960
Other Capital Assets:				
Buildings	53 493 383	613 214	-	51 106 597
Equipment purchased with capital lease	250 348	-	-	250 348
Furniture, machinery, vehicles and other equipment	8 411 728	363 911	(76 596)	8 699 043
Library books	612 677	21 956	(2 983)	631 650
Telecommunications and peripheral equipment	3 927 998	-	-	3 927 998
TOTAL OTHER CAPITAL ASSETS	66 696 134	999 081	(79 579)	67 615 636
Accumulated Depreciation:				
Buildings	12 929 283	1 227 957	(1 737 596)	12 439 644
Equipment purchased with capital lease	250 348	-	-	250 348
Furniture, machinery, vehicles and other equipment	5 988 990	511 639	(40 209)	6 460 420
Library books	472 608	19 791	(2 983)	489 416
Telecommunications and peripheral equipment	3 600 011	152 300	-	3 752 311
TOTAL ACCUMULATED DEPRECIATION	23 261 240	1 911 687	(1 780 788)	23 392 139
NET OTHER CAPITAL ASSETS	43 434 894	(912 606)	1 701 209	44 223 497
NET CAPITAL ASSETS	\$ 45 211 911	\$ 71 645	\$ 1 678 901	\$ 46 962 457

Foundation

	BALANCE AUGUST 31, 2022	INCREASES	DECREASES	BALANCE AUGUST 31, 2023
Not Depreciated:				
Land	\$ 205 480	\$ -	\$ -	\$ 205 480
Works of art, antiques	461 034	32 500	-	493 534
TOTAL NOT DEPRECIATED	666 514	32 500	-	699 014
Other Capital Assets:				
Biggers Mural	112 611	-	-	112 611
Buildings	95 300	14 594	-	109 894
TOTAL OTHER CAPITAL ASSETS	207 911	14 594	-	225 505
Accumulated Depreciation:				
Biggers Mural	25 338	6 200	-	31 538
Buildings	27 634	2 066	-	29 700
TOTAL ACCUMULATED DEPRECIATION	52 972	8 266	-	61 238
NET OTHER CAPITAL ASSETS	154 939	6 328	-	161 267
NET CAPITAL ASSETS	\$ 821 453	\$ 60 928	\$ -	\$ 860 281

NOTE 8 - NONCURRENT LIABILITIES

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

	BALANCE AUGUST 31, 2023	INCREASES	DECREASES	BALANCE AUGUST 31, 2024	CURRENT PORTION
Leases, Bonds, and Notes:					
Revenue bonds	\$ 5 895 000	\$ -	\$ 370 000	\$ 5 155 000	\$ 380 000
General obligation bonds	25 466 839	-	964 959	24 501 880	1 093 309
Notes payable	610 000	-	178 744	431 256	136 256
Net pension liability	6 372 575	711 485	-	7 084 060	-
Net OPEB liability	17 103 019	-	1 852 658	15 250 361	426 574
TOTAL LONG-TERM OBLIGATIONS	\$ 55 447 433	\$ 711 485	\$ 5 163 813	\$ 55 447 433	\$ 2 036 139

NORTHEAST TEXAS COMMUNITY COLLEGE
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NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 2024 and 2023

NOTE 8 - NONCURRENT LIABILITIES - CONTINUED

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

	BALANCE AUGUST 31, 2022	INCREASES	DECREASES	BALANCE AUGUST 31, 2023	CURRENT PORTION
Leases, Bonds, and Notes:					
Revenue bonds	\$ 6 250 000	\$ -	\$ 370 000	\$ 5 895 000	\$ 370 000
General obligation bonds	26 621 839	-	1 155 000	25 466 839	1 049 377
Notes payable	783 955	-	173 955	610 000	178 744
Net pension liability	2 752 862	3 619 713	-	6 372 575	-
Net OPEB liability	20 582 874	-	3 479 858	17 103 019	444 642
TOTAL LONG-TERM OBLIGATIONS	\$ 56 991 530	\$ 3 619 713	\$ 5 163 813	\$ 55 447 433	\$ 2 042 763

NOTE 9 - BONDS AND NOTES PAYABLE

General Obligation Bonds

The 2012 Series Limited Tax Refunding Bonds are due in annual installments varying from \$31,582 to \$1,130,200 with interest rates from 1.08% to 2.4%. The 2013 Series Limited Tax Refunding Bonds are due in annual installments from \$530,000 to \$1,130,000 with interest rates from 3.03% to 3.38%. Of the original \$18,000,000 bonds authorized by the November 5, 2002 election, there were un-issued but approved bonds totaling \$5,518,457 at August 31, 2024 and 2023. The 2015 Series Limited Tax Bonds are due in annual installments varying from \$35,122 to \$1,055,600 with interest rates from 4% to 4.25%. The 2016 Series Limited Tax Bonds are due in annual installments varying from \$75,000 to \$1,955,000. The 2016 refunding bonds are due in annual installments varying from \$5,000 to \$90,000 with interest rates from 1.69% to 3.22%. The principal and interest expense for the next five years and beyond for the tax obligation bonds are as follows:

YEARS ENDING AUGUST 31,	PRINCIPAL		INTEREST	TOTAL REQUIREMENTS
2024	\$ 1 093 309	(A)	\$ 918 291	\$ 2 011 600
2025	1 064 431	(A)	949 544	2 013 975
2026	1 028 873	(A)	982 477	2 011 350
2027	999 796	(A)	1 013 873	2 013 669
2028	1 101 053	(A)	910 194	2 011 247
2029-2033	6 805 000	(A)	3 259 231	10 064 231
2034-2038	8 400 000	(A)	1 699 756	10 099 756
2039-2041	4 009 418	(A)	202 094	4 211 512
TOTAL	\$ 24 501 880		\$ 9 935 460	\$ 36 283 996

2013 and 2016(A) Series Limited Tax Refunding Bonds are stated at their current accreted value.

The orders authorizing the issuance of the tax obligation bonds require the Board of Trustees to annually levy ad valorem taxes which will be sufficient to raise and produce the money required to pay the interest and principal of the bonds as they mature. The tax collections that are restricted for payment of the bond principal and interest are to be deposited into the Retirement of Indebtedness Fund.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED
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NOTE 9 - BONDS AND NOTES PAYABLE - CONTINUED

General information related to bonds payable is summarized below:

Limited Tax Refunding Bonds, Series 2012

To advance refund a portion of the 2003 Series Limited Tax Bonds
Issued January 20, 2012
Total authorized and issued \$9,293,154
Source of revenue for debt service is ad valorem taxes
Outstanding principal balance at August 31, 2024 and 2023 was \$-0- and \$175,000, respectively.
The economic gain resulting from the refunding transaction was \$1,948,388

Limited Tax Refunding Bonds, Series 2013

To advance refund the remaining 2003 Series Limited Tax Bonds
Issued January 25, 2013
Total authorized and issued \$3,912,171
Source of revenue for debt service is ad valorem taxes
Outstanding accredited principal balance at August 31, 2024 and 2023 was \$4,441,880 and \$5,286,257, respectively.
The economic gain resulting from the refunding transaction was \$1,791,192

Limited Tax Bonds, Series 2015

To construct and equip school buildings
Issued August 11, 2015
Total authorized and issued \$9,470,000
Source of revenue for debt service is ad valorem taxes
Outstanding principal balance at August 31, 2024 and 2023 was \$9,470,000 and \$9,470,000, respectively.

Limited Tax Bonds, Series 2016

To construct and equip school buildings
Issued May 24, 2016
Total authorized and issued \$9,960,000
Source of revenue for debt service is ad valorem taxes
Outstanding principal balance at August 31, 2024 and 2023 was \$9,710,000 and \$9,710,000, respectively.

Limited Tax Refunding Bonds, Series 2016 A

To advance refund the 2010 Series Limited Tax Bonds
Issued December 8, 2016
Total authorized and issued \$1,225,000
Source of revenue for debt service is ad valorem taxes
Outstanding principal balance at August 31, 2024 and 2023 was \$910,000 and \$990,000, respectively.

Revenue Bonds

The 2016 Revenue Financing System Refunding and Improvement Bonds, Series 2016 are due in annual installments varying from \$140,000 to \$205,000. The 2016(A) Revenue Financing System Bonds are due in annual installments of \$180,000 to \$560,000 with interest at 2%.

Debt service requirements for the revenue bonds are as follows:

YEARS ENDING AUGUST 31,	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
2024	\$ 380 000	\$ 192 688	\$ 572 688
2025	390 000	181 137	571 137
2026	405 000	168 172	573 172
2027	420 000	154 462	574 462
2028	430 000	140 819	5 70 819
2029-2033	2 400 000	461 278	2 861 278
2034-2038	1 100 000	44 400	1 144 400
TOTAL	\$ 5 525 000	\$ 1 342 956	\$ 6 867 956

Revenue Financing System Refunding and Improvement Bonds, Series 2016

To advance refund 2006 Revenue Bonds, which refunded 1992 Series Dormitory System Revenue Bonds
Issued May 24, 2016
Total authorized and issued \$2,510,000
Sources of revenue for debt service is dorm fees.
Outstanding principal balance at August 31, 2024 and 2023 was \$1,305,000 and \$1,465,000, respectively.
The economic gain resulting from the refunding transaction was \$204,988.

Revenue Financing System Refunding and Improvement Bonds, Series 2016A

To advance refund 2010 Revenue Bonds
Issued December 8, 2016
Total authorized and issued \$5,545,000
Source of revenue for debt service is dorm fees.
Outstanding principal balance at August 31, 2023 and 2022 was \$4,220,000 and \$4,430,000, respectively.
The economic gain resulting from the refunding transaction was \$232,086.

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NOTE 9 - BONDS AND NOTES PAYABLE - CONTINUED

Notes Payable

The College entered into a 4.34% maintenance tax note payable dated April 27, 2010 to a bank in the amount of \$1,100,000. The note is due in 30 semi-annual payments of \$50,129. The balance of the note at August 31, 2024 and 2023 was \$278,086 and \$363,243, respectively.

The College entered into a 3.95% maintenance tax note dated December 12, 2016 to a bank in the amount of \$560,000. The note is due in 15 annual payments of \$45,000 to \$50,000. The balance of the note at August 31, 2024 and 2023 was \$405,000 and \$440,000, respectively.

The College entered into a 1.79% note payable dated January 4, 2022 to a bank in the amount of \$150,000. The note is due in three annual payments of \$51,816 beginning January 4, 2023.

Debt service requirements for the notes payable are as follows:

YEARS ENDING AUGUST 31,	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
2025	\$ 136 256	\$ 13 335	\$ 149 590
2026	40 000	8 913	48 913
2027	40 000	7 713	47 713
2028	40 000	6 488	46 488
2029	40 000	5 238	45 238
2030-2032	135 000	7 031	142 031
TOTAL	\$ <u>431 256</u>	\$ <u>48 717</u>	\$ <u>479 973</u>

NOTE 10 - DEFINED BENEFIT PENSION PLAN

Plan Description - The College participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan 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 work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Pension Plan Fiduciary Net Position - Detailed information about TRS's fiduciary net position is available in a separately-issued Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at: <http://www.trs.state.tx.us/about/documents/cafr.pdf#cafr>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

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

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. 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.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED
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NOTE 10 - DEFINED BENEFIT PENSION PLAN - CONTINUED

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2022 through 2025.

	CONTRIBUTION RATES	
	2024	2023
Member	8.25%	8.0%
Non-Employer Contributing Entity	8.25%	8.0%
Employers	8.25%	8.0%
Employer Contributions	\$ 604 919	
Member Contributions	\$ 932 127	
NECE On-behalf Contributions	\$ 297 727	

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 the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

The District's contributions to the TRS pension plan in 2024 were \$506,082, as reported in the Schedule of the District's Contributions in the Required Supplementary Information section of these financial statements. Estimated state of Texas on-behalf contributions for 2024 were \$297,727.

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any 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, there are two additional surcharges an employer is subject to.
- 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.

Actuarial Assumptions:

The total pension liability in the August 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2023
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Fair Value
Actuarial Assumptions:	
Single Discount Rate	7.00%
Long-term Expected Investment Rate of Return	7.00%
Inflation	2.30%
Payroll Growth Rate	2.30%
Salary Increases Including Inflation	2.95% to 8.95% including inflation
Benefit Changes During the Year	None
Ad Hoc Post-Employment Benefit Changes	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."

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NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 2024 and 2023

NOTE 10 - DEFINED BENEFIT PENSION PLAN - CONTINUED

The actuarial methods and assumptions were selected by the TRS 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 three-year period ending August 31, 2017 and were adopted in July 2018. There were no changes to the actuarial assumptions or other inputs that affected the measurement of the total pension liability since the prior measurement period. Assumptions, methods, and plan changes were updated from the prior year's report. The net pension liability increased significantly since the prior measurement date due to a change in the following actuarial assumptions:

- The total pension liability as of August 31, 2023 was developed using a roll-forward method from the August 31, 2022 valuation.
- Demographic assumptions including postretirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2023.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate decreased to 7.0 percent as of August 31, 2023.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the net pension liability.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Discount Rate:

The discount rate used to measure the total pension liability was 7.00 percent. The single discount rate was based on the expected rate of return on pension plan investments of 7.00 percent and a municipal bond rate of 3.91 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. The long-term rate of return on pension plan investments is 7.25 percent. 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' target asset allocation as of August 31, 2023, are summarized below:

<u>ASSET CLASS</u>	<u>TARGET ALLOCATION*</u>	<u>LONG-TERM EXPECTED GEOMETRIC REAL RATE OF RETURN</u>	<u>EXPECTED CONTRIBUTION TO LONG-TERM PORTFOLIO RETURNS**</u>
Global Equity			
U.S.	18%	4.60%	1.12%
Non-U.S. Developed	13%	4.90%	0.90%
Emerging Markets	9%	5.40%	0.75%
Private Equity	14%	7.70%	1.55%
Stable Value			
U.S. Treasuries	16%	1.00%	0.22%
Absolute Return	-	3.70%	-
Stable Value Hedge Funds	5%	3.40%	0.18%
Cash	2%	3.00%	0.01%
Real Return			
Global Inflation Linked Bonds	3%	0.70%	0.02%
Real Assets	15%	4.10%	0.94%
Energy and Natural Resources	6%	5.10%	0.37%
Commodities	-	3.60%	-
Risk Parity			
Risk Parity	8%	4.60%	0.43%
Inflation Expectation			2.70%
Alpha			(0.91)%
Total	<u>100%</u>		<u>8.19%</u>

* Target allocations are based on the FY2016 policy model.

** The Expected Contribution to Long-Term Portfolio Returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

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NOTE 10 - DEFINED BENEFIT PENSION 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 2023 Net Pension Liability.

	1% DECREASE IN DISCOUNT RATE (6.00%)	DISCOUNT RATE (7.00%)	1% INCREASE IN DISCOUNT RATE (8.00%)
College's proportionate share of the net pension liability	\$ 10 591 062	\$ 7 083 990	\$ 4 167 986

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

At August 31, 2024, the College reported a liability of \$7,082,060 for its proportionate share of 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:

District's proportionate share of the collective net pension liability	\$	7 083 990
State's proportionate share that is associated with the District		3 978 602
TOTAL		\$ 11 062 592

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

At August 31, 2023, the College's proportion of the collective net pension liability was 0.0103%, which was an increase (decrease) of (0.0004) from its proportion measured as of August 31, 2022.

Changes Since the Prior Actuarial Valuation - There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

For the year ended August 31, 2024, the College recognized pension expense of \$600,734 and revenue of \$600,734 for support provided by the State.

For the year ended August 31, 2023, the College recognized pension expense of \$333,121 and revenue of \$333,121 for support provided by the State.

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

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Differences between expected and actual economic experience	\$ 252 407	\$ 85 780
Changes in actuarial assumptions	670 013	163 968
Difference between projected and actual investment earnings		
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	2 211 175	1 182 652
Contributions paid to TRS subsequent to the measurement date	123 609	239 846
	604 919	-
TOTAL	\$ 3 862 123	\$ 1 672 246

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

YEAR ENDED AUGUST 31,	PENSION EXPENSE AMOUNT
2024	\$ 349 731
2025	\$ 205 680
2026	\$ 817 486
2027	\$ 210 958
2028	\$ 1 103
Thereafter	\$ -

NOTE 11 - DEFINED CONTRIBUTION PENSION PLAN

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

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NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 2024 and 2023

NOTE 11 - DEFINED CONTRIBUTION PENSION PLAN - CONTINUED

Funding Policy - Contribution requirements are not actuarially determined but are established and amended by the Texas Legislature. The percentages of participant salaries currently contributed by the state and each participant are 3.3% and 6.0%, respectively. The College contributes 5.2% for employees who were participating in the optional retirement program prior to September 1, 1995 and 3.3% for all others. 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 (SB) 1812, 83rd Texas Legislature, Regular Session, effective September 1, 2013, limits the amount of the state's contribution to 50% of eligible employees in the reporting district.

The retirement expense of the state for the College, for both the defined benefit plan and the defined contribution plan, was \$280,063, \$273,917, and \$259,298 for the fiscal years ended August 31, 2024, 2023, and 2022, respectively. This amount represents the portion of expended appropriations made by the Texas Legislature on behalf of the College.

The total payroll for the College employees was \$12,920,364, \$11,919,982, and \$11,805,184 for fiscal years 2024, 2023, and 2022, respectively. The total payroll of employees covered by the TRS was \$10,459,975, \$9,613,833, and \$11,762,626 and the total payroll of employees covered by the Optional Retirement Program was \$1,952,983, \$2,306,149, and \$2,177,421 for fiscal years 2024, 2023, and 2022, respectively.

NOTE 12 - DEFERRED COMPENSATION PROGRAM

College employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government Code 609.001. Both a 403(b) plan and a 457(b) plan are available. These plans are funded by employee contributions such that the System is not liable for the diminution in value or loss of all or part of the participating employees' deferred amounts or investment income due to market conditions or the failure, insolvency, or bankruptcy of a qualified vendor.

The total number of NTCC employees participating in these plans at August 31, 2024 and 2023 were 17 and 15, respectively. During fiscal years ended August 31, 2024 and 2023, NTCC employee contributions amounting to 119,706 and \$133,315, respectively, were invested in the plans.

NOTE 13 - COMPENSABLE ABSENCES

Full-time College employees earn vacation of 5 to 15 days per year based on years of service and sick leave benefits of 8 hours per month. Employees are required to take all of their vacation by the anniversary date of their employment. The College has accrued \$163,253 and \$140,006 for August 31, 2024 and 2023, respectively, in the financial statements for vacation to be carried over to the next fiscal year. Administration believes that all of the accrued vacation will be taken or paid out in the next fiscal year. Sick leave can be accumulated up to 480 hours but cannot be redeemed in pay. Accordingly, no accrual for sick leave has been made.

NOTE 14 - HEALTH CARE AND LIFE INSURANCE BENEFITS

Certain health care and life insurance benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The State recognizes the cost of providing these benefits by expending the annual insurance premiums. The State's contribution per insured was \$312.41 and \$312.41 for the years ended August 31, 2024 and 2023, respectively, and totaled \$882,745 for 2024 and \$734,601 for 2023. The cost of providing those benefits for 79 retirees in the year ended fiscal year 2024 was \$401,945 (retirees benefits for 76 retirees cost \$396,383 in fiscal year 2023). For 221 active employees, the cost of providing benefits was \$1,350,253 for the fiscal year ended 2024 (active employee benefits for 206 employees cost \$1,309,428 for the fiscal year 2023).

NOTE 15 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

(SB 1812, 83rd Texas Legislature, Regular Session, effective September 1, 2013, limits the amount of the State's contribution to the 50 percent of eligible employees in the reporting district.)

A. Plan Description

The College participates in a cost-sharing, multiple-employer defined benefit, other postemployment benefit (OPEB) plan with a special funding situation. The Texas Employees Group Benefits Program (GBP) 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.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 2024 and 2023

NOTE 15 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) - CONTINUED

B. OPEB Plan Fiduciary Net Positions

Detailed information about the GBP's fiduciary net position is available in the separately issued ERS Annual Financial Report (AFR) 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/AboutERS/Reports-and-Studies/Reports-on-Overall-ERS-Operations-and-Financial-Management>; or by writing to ERS at: 200 East 18th Street, Austin, TX 78701; or by calling (877) 275-4377.

C. 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.

D. 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.

Maximum Monthly Employer Contribution Retiree Health and Basic Life Premium				
	2023		2022	
Retiree*	\$	625	\$	625
Retiree and Spouse	\$	1 341	\$	1 341
Retiree* and Children	\$	1 104	\$	1 104
Retiree and Family	\$	1 820	\$	1 820

**or surviving spouse*

Contributions to the GBP plan by source is summarized in the following table.

	<u>Contribution Rates</u>	
	<u>2023</u>	<u>2024</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
Employer Contributions	\$ 195 424	
Member Contributions	\$ 24 585	
NECE On-behalf Contributions	\$ 106 904	

Source: ERS FY23 Comprehensive Annual Financial Report

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NOTES TO FINANCIAL STATEMENTS - CONTINUED
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NOTE 15 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) - CONTINUED

E. Actuarial Assumptions

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

Actuarial Methods and Assumptions:

Valuation Date	August 31, 2023
Methods and Assumptions:	
Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll, Open
Last Experience Study	<i>State Agency Members:</i> 5-year period from September 1, 2014 to August 31, 2019 <i>Higher Education Members:</i> 7-year period from September 1, 2010 to August 31, 2017
Actuarial Assumptions:	
Discount Rate	3.81%
Projected Annual Salary Increase	2.30 to 8.95%, including inflation
Annual Healthcare Trend Rate	<u>HealthSelect</u> 5.60% for FY25, 5.30% for FY26, 5.00% for FY27, 4.75% for FY28, 4.60% for FY29, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY31 and later years <u>HealthSelect Medicare Advantage</u> 16.40% for FY25, 8.40% for FY26, 5.00% for FY27, 4.75% for FY28, 4.60% for FY29, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY29 and alter years <u>Pharmacy</u> 10.00% for FY25 and FY26, decreasing 100 basis points per year to 5.00% for FY31 and 4.30% for FY32 and later years
Inflation Assumption Rate	2.30%
Ad hoc Postemployment Benefit Changes	None
Mortality Rate	<u>State Agency Members</u> <ul style="list-style-type: none"> • <i>Service Retirees, Survivors and other Inactive Members (Regular, Elected, CPO/CO and JRS I and II Employee Classes):</i> 2020 State Retirees of Texas Mortality table with a 1 year set forward for male CPO/CO members and Ultimate MP Projection Scale projected from the year 2020. • <i>Disability Retirees (Regular, Elected, CPO/CO and JRS I and II Employee Classes):</i> 2020 State Retirees of Texas Mortality table with a 3 year set forward for males and females with minimum rates at all ages of 3.0% for males and 2.5% for females, respectively, and Ultimate MP Projection Scale projected from the year 2020. • <i>Active Members:</i> Pub-2010 General Employees Active Member Mortality table for non-CPO/CO members and Pub-2010 Public Safety Active Member Mortality table for CPO/CO members with Ultimate MP Projection scale from the year 2010. <u>Higher Education Members</u> <ul style="list-style-type: none"> • <i>Service Retirees, Survivors and other Inactive Members:</i> Tables based on TRS experience with Ultimate MP Projection Scale from the year 2021. • <i>Disability Retirees:</i> Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members. • <i>Active Members:</i> 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 have been updated based on the results of actuarial experience studies recently adopted by Teacher Retirement System (TRS) trustees for higher education members.

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 adopted the amendment to the investment policy in August 2017 to require that all funds in the plan be invested in short-term fixed income securities and specify that the expected rate of return on these investments is 2.4%.

F. 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 2.14%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 3.81%, which amounted to an increase of 0.22%. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp's AA rating. Projected cash flows into the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you-go (PAYGO) basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets and therefore the years of projected benefit payments to which the long-term expected rate of return is applicable is zero years.

NORTHEAST TEXAS COMMUNITY COLLEGE
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NOTES TO FINANCIAL STATEMENTS - CONTINUED
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NOTE 15 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) - CONTINUED

G. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.81%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.81%)	Current Single Discount Rate (3.81%)	1% Increase in Discount Rate (4.81%)
College's proportionate share of the net OPEB liability	\$ 17 695 852	\$ 15 250 361	\$ 13 283 329

H. Healthcare Trend Rate Sensitivity Analysis.

The initial healthcare trend rate is (5.60%) and the ultimate rate is (4.3%). The following schedule shows the impact on the College's proportionate share of the collective net OPEB Liability if the healthcare cost trend rate used was 1 percent less than and 1 percent greater than the healthcare cost trend rate that was used (5.6%) in measuring the net OPEB liability.

	1% Decrease in Healthcare Trend Rate (4.60%)	Current Single Healthcare Trend Rate (5.60%)	1% Increase in Healthcare Trend Rate (6.60%)
College's proportionate share of the net OPEB liability	\$ 13 117 430	\$ 15 250 361	\$ 17 959 193

I. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At August 31, 2024, the College reported a liability of \$15,250,361 for its proportionate share of the TRS'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:

College's proportionate share of the collective net OPEB liability	\$ 15 250 361
State's proportionate share that is associated with the College	7 487 061
TOTAL	\$ 22 737 422

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

At August 31, 2023 the College's proportion of the collective Net OPEB Liability was .05707998%, which was .00295807% lower than the same proportion measured as of August 31, 2022.

For the year ended August 31, 2024, the College recognized OPEB expense of \$222,193 and revenue of \$222,193 for support provided by the State.

For the year ended August 31, 2023, the College recognized OPEB expense of \$294,093 and revenue of \$294,093 for support provided by the State.

J. Changes in Actuarial Assumptions

Changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period were as follow:

- Demographic assumptions (including rates of retirement, disability, termination, mortality, and assumed salary increases) for higher education members have been updated to reflect assumptions recently adopted by the trustees from the Teachers Retirement System of Texas.
- Assumed expenses, assumed per capita health benefit costs, and assumed health benefit cost, retiree contribution, and expense trends have been updated to reflect recent experience and its effects on our short-term expectations.
- The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence
- The percentage of future retirees assumed to be married and electing coverage for their spouse have been updated to reflect recent plan experience and expected trends.
- The discount rate assumption was decreased from 3.96% to 3.81% to utilize the updated yield or index rate for 20-year, tax-exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED
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NOTE 15 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) - CONTINUED

K. Changes to Term Benefits

The only benefit change for Fiscal Year 2022 for HealthSelect retirees and dependents for whom Medicare is not primary, is an increase in the out-of-pocket maximum for both HealthSelect and Consumer Directed HealthSelect (CDHP) from \$6,650 to \$6,750 for individuals and from \$13,300 to \$13,500 for families in order to remain consistent with Internal Revenue Service maximums. This minor benefit change is provided for in the Fiscal Year 2020 Assumed Per Capita Health Benefit Costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is Primary.

High-Cost Plan Excise Tax. Consistent with the prior valuation, the effects of the High-Cost Plan Excise Tax imposed by the ACA under Internal Revenue Code Section 49801 (sometimes referred to as the "Cadillac Tax"), have been included in this valuation. The Excise Tax becomes effective in 2023, but the plan is not expected to be subject to the tax until 2072 based on current plan provisions, assumptions and participant demographics. The Net OPEB Liability is increased by the \$251 million present value of the estimated Excise Taxes in future years and associated increase to the ADC is \$8 million.

Medicare Part D. The Medicare Prescription Drug Improvement and Modernization Act of 2003 introduced a prescription drug benefit under Medicare (Medicare Part D) as well as a federal subsidy to sponsors of retiree healthcare benefit plans that provide a prescription drug benefit that is at least actuarially equivalent to the basic coverage provided under Medicare Part D (the Retiree Drug Subsidy).

The valuation of future OPEB may not reflect the anticipated receipt of future federal government subsidy payments under the Medicare Part D Prescription Drug Program as required under GASB Technical Bulletin No. 2006-1. The bulletin requires that Retiree Drug Subsidy payments to an employer are to be reported by the employer as revenue, rather than being netted against the employer's OPEB cost for prescription drug coverage.

ERS implemented an Employer Group Waiver Plan plus Commercial Wrap (EGWP plus Wrap) on January 1, 2013 in order to provide the plan with the benefit of increased subsidies and discounts available under such an arrangement. The Retiree Drug Subsidy has been significantly reduced as a result of the implementation of the EGWP plus Wrap. The Retiree Drug Subsidies are excluded from this valuation in accordance with GASB Technical Bulletin No. 2006-1.

The projected cost of the EGWP plus Wrap reflects the subsidies which are expected to be provided by the Federal government under Medicare Part D and the discounts expected to be provided by drug manufacturers as required under the ACA.

Variability in Future Actuarial Measurement. Future actuarial measurements may differ significantly from the current measurements due to such factors as the following:

- Plan experience differing from that anticipated by the economic or demographic assumptions.
- Changes in economic or demographic assumptions.
- Increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and
- Changes in plan provisions, applicable law, or applicable accounting standards.

At August 31, 2023, the College reported its proportionate share of the GBP's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 403 380
Changes in actuarial assumptions	508 735	4 762 891
Difference between projected and actual investment earnings	1 232	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1 403 879	1 236 766
Contributions paid to ERS subsequent to the measurement date	195 424	-
TOTAL	\$ 2 109 270	\$ 6 403 037

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NOTES TO FINANCIAL STATEMENTS - CONTINUED
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NOTE 15 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) - CONTINUED

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

YEAR ENDED AUGUST 31,	OPEB EXPENSE AMOUNT
2025	\$ (961 774)
2026	\$ (1 075 991)
2027	\$ (1 223 747)
2028	\$ (978 555)
2029	\$ (249 124)
Thereafter	\$ -

NOTE 16 - DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables were as follows:

	COLLEGE		FOUNDATION	
	AUGUST 31,		AUGUST 31,	
	2024	2023	2024	2023
Tuition and fees receivable	\$ 2 968 815	\$ 3 045 301	\$ -	\$ -
Taxes receivable	696 936	659 554	-	-
Scholarship and pledges receivable	-	-	-	-
Contracts and grants receivable	641 214	2 246 560	8 154	7 980
Other receivables	(3 641)	(2 646)	-	-
Allowance for doubtful accounts	(2 326 046)	(2 010 451)	-	-
TOTAL RECEIVABLES	\$ 1 977 278	\$ 3 938 318	\$ 8 154	\$ 7 980

Payables and accrued liabilities were as follows:

	COLLEGE		FOUNDATION	
	AUGUST 31,		AUGUST 31,	
	2024	2023	2024	2023
Accounts Payable:				
Vendors payable	\$ 1 179 694	\$ 1 422 978	\$ -	\$ -
Accrued Liabilities:				
Accrued payroll liabilities	\$ 46 276	\$ 77 809	\$ -	\$ -
Interest payable	413 779	417 090	-	-
TOTAL ACCRUED LIABILITIES	\$ 460 055	\$ 494 899	\$ -	\$ -
Deposits Payable:				
Student deposits payable	\$ 23 650	\$ 31 450	\$ -	\$ -

NOTE 17 - CONTRACT AND GRANT AWARDS

Contract and grant awards are accounted for in accordance with the requirements of the American Institute of Certified Public Accountants (AICPA industry audit guide, *Audits of Colleges and Universities*). Revenues are recognized on Exhibit 2, Schedule A, and Schedule C. 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.

Contracts and grant award funds already committed or funds awarded during fiscal years 2024 and 2023 for the College and Foundation are as follows:

	2024	2023
College:		
Federal	\$ 2 433 227	\$ 2 986 662
State	387 778	315 965
TOTAL	\$ 2 821 005	\$ 3 302 627
Foundation:		
Federal	\$ 131 193	\$ 161 382
State	1 025 454	1 029 282
TOTAL	\$ 1 156 647	\$ 1 190 664

NORTHEAST TEXAS COMMUNITY COLLEGE
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August 31, 2024 and 2023

NOTE 18 - SELF INSURED PLANS

The College self-insures for coverage in the areas of workers' compensation and unemployment compensation. These plans are on a pay-as-you-go basis, in which no assets are set aside. Accrued liabilities are generally based on actuarial valuation and represent the present value of unpaid expected claims. Estimated future payments for incurred claims are charged to current operations. Management has determined the liability to be less than \$10,000.

NOTE 19 - AD VALOREM TAX

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

	AUGUST 31,	
	2024	2023
Assessed valuation of the college	\$ 7 131 948 491	\$ 6 575 539 629
Less: Exemptions and abatements	1 062 405 411	1 396 780 507
NET TAXABLE ASSESSED VALUE	\$ 6 069 543 080	\$ 5 178 759 122

	CURRENT OPERATIONS	DEBT SERVICE	TOTAL
Tax rate per \$100 valuation - Authorized			\$ 0.1300
Tax rate per \$100 valuation - Assessed:			
FYE August 31, 2024	\$ 0.07689	\$ 0.03311	\$ 0.1100
FYE August 31, 2023	\$ 0.08112	\$ 0.03888	\$ 0.1200

Taxes levied for the year ended August 31, 2024 were \$6,676,497 (which includes any penalty and interest assessed if applicable). Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the following year in which imposed.

TAX REVENUES - 2024	CURRENT OPERATIONS	DEBT SERVICE	TOTAL
Current taxes	\$ 4 435 775	\$ 1 941 985	\$ 6 378 382
Delinquent taxes	93 100	39 859	132 959
Penalties and interest	74 825	31 869	106 694
Other fees	1 910	816	2 726
TOTAL TAX REVENUES	\$ 4 605 610	\$ 2 014 529	\$ 6 620 761

Taxes levied for the year ended August 31, 2023 were \$6,347,586 (which includes any penalty and interest assessed if applicable). Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the following year in which imposed.

TAX REVENUES - 2023	CURRENT OPERATIONS	DEBT SERVICE	TOTAL
Current taxes	\$ 4 143 613	\$ 1 952 177	\$ 6 095 790
Delinquent taxes	91 482	43 846	135 328
Penalties and interest	76 260	76 260	112 811
Other fees	2 581	1 237	3 818
TOTAL TAX REVENUES	\$ 4 313 936	\$ 2 033 811	\$ 6 347 747

Current tax levy collections for the years ended August 31, 2024 and 2023 were 95.53% and 96.34%, respectively. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to maintenance and operations and/or general obligation debt service.

NOTE 20 - TAX ABATEMENT

Northeast Texas Community College has upheld county property tax abatement agreements with local businesses under the State of Texas Property Tax Abatement Act, Tax Code Chapter 312. Under the Act, localities may grant property tax abatements of all or a part of an increase in the value of business' real property and/or tangible personal property for attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the service area of Northeast Texas Community College.

For the fiscal years ended August 31, 2024 and 2023, Northeast Texas Community College did not have any abatement agreements.

NOTE 21 - INCOME TAXES

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

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NOTES TO FINANCIAL STATEMENTS - CONTINUED
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NOTE 22 - NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION, INC. - DISCRETE COMPONENT UNIT

Northeast Texas Community College Foundation, Inc. (the Foundation) was established in 1984 as a separate non-profit organization to raise funds to provide student scholarships and assistance in the development and growth of the College. Under Government Standards Board Statement No. 39, Determining Whether Certain Organizations are Component Units, an organization should report as a discretely presented component unit those organizations that raise and hold economic resources for the direct benefit of a government unit.

Accordingly, the Foundation financial statements are included in the College's annual report as a discrete component unit. Complete financial statements of Northeast Texas Community College Foundation, Inc. can be obtained from the administrative office of the Foundation.

NOTE 23 - RISK MANAGEMENT - CLAIMS AND JUDGMENTS

In the normal course of operations, the College is exposed to risks of loss from a number of sources including fire and casualty, errors and omissions by board members and employees, and injuries to employees during the course of performing their duties.

The College attempts to cover these losses by purchase of insurance. Significant risks are covered by commercial insurance for property and liability programs. There has been no significant reduction in coverage and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

In management's estimation there are no current loss claims that exceed the maximum coverage or any material unfunded claim benefit obligation for self-funded programs.

NOTE 24 - COMMITMENTS AND CONTINGENCIES

Litigation - The College may be subjected to loss contingencies arising principally in the normal course of operations. In the opinion of the administration, the outcome of these lawsuits will not have a material adverse effect on the accompanying financial statements and accordingly, no provision for losses has been recorded.

Grant Programs - The College participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the college has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at August 31, 2023, may be impaired. In the opinion of the College, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

NOTE 25 - TC³ CONSORTIUM

The purpose of this strategic partnership with 7 community colleges is to utilize a common Student Information System to facilitate a growing number of "shared services" in a manner that reduces administrative overhead and supports growth without an increase in administrative costs. The members include Northeast Texas Community College, Texarkana College, Kilgore College, Paris Junior College, and Angelina College. TC³ members have formally adopted an interlocal agreement, appointed officers, and secured private start-up funding as well as a special-item appropriation from the state of Texas for \$2.375 million.

NOTE 26 - PENDING LAWSUITS AND CLAIMS

As of August 31, 2024, there are no lawsuits pending against the College.

NOTE 27 - RELATED PARTY TRANSACTIONS

Under 34 C.F.R. 668.23(d)(1), any transaction between related parties must be disclosed. The regulation went into effect in July 2024. The following related party transactions occurred during the fiscal year:

Payments: Northeast Texas Community College Foundation (the "Foundation"), an independent corporation organized for the purpose of fund raising to benefit the District received \$95,544 Title V Endowment matching funds for the five year Title V Increasing Hispanic and Underserved Enrollment and Retention Grant initially awarded 10-1-23 from college grant funds received. Endowed portion represents up to 20% of the cumulative award amount.

Receipts: Northeast Texas Community College Foundation (the "Foundation"), an independent corporation organized for the purpose of fund raising to benefit the District, made contributions of \$3,687,747 and \$2,808,201 in fiscal years 2024 and 2023, respectively to the college. All Trustees of the District are also on the Board of Directors of the Foundation.

NOTE 28 - SUBSEQUENT EVENTS

Management has considered and reviewed all subsequent events through the date the financial statements were available to be released, which was December 17, 2024.

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES

For the Fiscal Years Ended
August 31, 2024 and 2023

NORTHEAST TEXAS COMMUNITY COLLEGE AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
 REQUIRED SUPPLEMENTARY SCHEDULE I
 SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 TEACHER RETIREMENT SYSTEM
 LAST TEN FISCAL YEARS

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
TRS net position as a percentage of total pension liability	73.15%	75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%
The College's proportionate share of collective net pension liability (%)	0.0103%	0.0107%	0.0108%	0.0110%	0.0103%	0.0144%	0.0102%	0.0101%	0.0152%	0.0118%
The College's proportionate share of of collective net pension liability (\$) \$	7 084 060	\$ 6 372 645	\$ 2 752 932	\$ 5 893 323	\$ 5 340 834	\$ 5 747 157	\$ 3 266 360	\$ 3 804 716	\$ 3 718 433	\$ 3 160 678
Portion of non-employer contributing entities (NECE) total proportionate share of NPL associated with the College	<u>3 978 602</u>	<u>3 484 937</u>	<u>1 547 377</u>	<u>3 373 878</u>	<u>3 043 321</u>	<u>3 360 848</u>	<u>1 887 439</u>	<u>2 199 339</u>	<u>2 194 512</u>	<u>1 782 893</u>
TOTAL	<u>\$ 11 062 662</u>	<u>\$ 9 857 582</u>	<u>\$ 4 300 309</u>	<u>\$ 9 267 201</u>	<u>\$ 8 384 155</u>	<u>\$ 9 108 005</u>	<u>\$ 5 153 799</u>	<u>\$ 6 004 055</u>	<u>\$ 5 912 945</u>	<u>\$ 4 943 571</u>
The College's covered payroll amount in the year of measurement \$	11 919 982	\$ 11 762 626	\$ 9 613 833	\$ 9 534 215	\$ 8 390 035	\$ 8 254 074	\$ 7 759 509	\$ 7 385 543	\$ 7 268 137	\$ 6 869 697
Ratio of College's proportionate share of collective NPL/ College's covered payroll amount	59.43%	66.29%	28.64%	61.81%	63.66%	69.63%	42.09%	51.52%	51.16%	46.01%

*The amounts presented for each fiscal year were determined as of the measurement date which is August 31 of the prior fiscal year.

NORTHEAST TEXAS COMMUNITY COLLEGE AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
 REQUIRED SUPPLEMENTARY SCHEDULE II
 SCHEDULE OF THE COLLEGE'S PENSION CONTRIBUTIONS
 TEACHER RETIREMENT SYSTEM OF TEXAS
 LAST TEN FISCAL YEARS

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 506 082	\$ 529 981	\$ 501 077	\$ 461 449	\$ 454 013	\$ 360 087	\$ 351 746	\$ 334 778	\$ 319 900	\$ 311 480
Actual contributions	<u>(506 082)</u>	<u>(529 981)</u>	<u>(501 077)</u>	<u>(461 449)</u>	<u>(454 013)</u>	<u>(360 087)</u>	<u>(351 746)</u>	<u>(334 778)</u>	<u>(319 900)</u>	<u>(311 480)</u>
CONTRIBUTION DEFICIENCY (EXCESS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The College's covered payroll amount in the current fiscal year	\$ 12 920 365	\$ 11 919 982	\$ 11 762 626	\$ 9 613 833	\$ 9 534 215	\$ 8 390 035	\$ 8 254 074	\$ 7 759 509	\$ 7 385 543	\$ 7 268 137
Ratio of: actual contributions/College's covered payroll amount	3.92%	4.45%	4.26%	4.8%	4.76%	4.29%	4.26%	4.31%	4.33%	4.29%

*Note: GASB 68, Paragraph 81.2b requires that the data in this schedule be presented as of the College's current fiscal year as opposed to the time period covered by the measurement date of the prior fiscal year.

NORTHEAST TEXAS COMMUNITY COLLEGE AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
 REQUIRED SUPPLEMENTARY SCHEDULE III
 SCHEDULE OF THE COLLEGE'S SHARE OF NET OPEB LIABILITY
 EMPLOYEES RETIREMENT SYSTEM OF TEXAS
 LAST TEN FISCAL YEARS

<u>College's Proportionate Share of Liability</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
College's proportion of the OPEBL	0.0570800%	0.0600381%	0.0573731%	0.0555049%	0.04826415%	0.0510925%	0.0354645%
College's proportionate share of the OPEBL	\$ 15 250 361	\$ 17 103 019	\$ 20 582 876	\$ 18 341 396	\$ 16 681 382	\$ 15 142 653	\$ 12 083 816
State share of the OPEBL associated with the College	7 487 061	8 073 953	171 379 645	9 365 621	11 406 193	9 285 987	7 490 251
TOTAL	<u>\$ 22 737 422</u>	<u>\$ 25 176 972</u>	<u>\$ 191 962 521</u>	<u>\$ 21 707 017</u>	<u>\$ 28 087 575</u>	<u>\$ 24 428 640</u>	<u>\$ 19 574 067</u>
College's covered-employee payroll* <i>Prior FY TRS Gross - September through August</i>	\$ 11 919 985	\$ 11 762 625	\$ 11 365 465	\$ 11 365 440	\$ 10 579 162	\$ 10 644 405	\$ 10 341 867
Proportionate share/covered payroll	127.94%	145.40%	181.10%	161.38%	157.68%	142.26%	116.84%
Plan fiduciary net position/total OPEB liability	0.63%	0.57%	0.38%	0.32%	0.17%	1.27%	2.04%
<u>College Contributions</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 195 424	\$ 188 706	\$ 166 478	\$ 392 425	\$ 375 914	\$ 359 717	\$ 340 703
Actual contribution	(195 424)	(188 706)	(166 478)	(392 425)	(375 914)	(359 717)	(340 703)
CONTRIBUTION DEFICIENCY (EXCESS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The College's covered payroll amounts in the current fiscal year	\$ 12 920 365	\$ 11 919 985	\$ 11 762 625	\$ 11 365 465	\$ 11 365 440	\$ 10 579 162	\$ 10 644 405
Contributions to covered payroll	1.51%	1.58%	1.42%	3.45%	3.31%	3.40%	3.20%

* The amounts presented for each fiscal year were determined as of the measurement date which is August 31 of the prior fiscal year.

**Only five years of data are presented in accordance with GASB 75, paragraph 245. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement.

A. Notes to Schedules for the TRS Pension Plan

Changes of Benefit Terms

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes of Assumptions

Assumptions, methods, and plan changes which are specific to the Pension Trust Fund were updated from the prior year's report. The Net Pension Liability increased significantly since the prior measurement date due to a change in the following actuarial assumptions:

- The total pension liability as of August 31, 2024 was developed using a roll-forward method from August 31, 2012.
- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated on the experience study performed for TRS for the period ending August 31, 2022.
- Economic assumptions including rates of salary increase for individual participants were updated based on the same experience study.
- The discount rate remained unchanged.
- The long term assumed rate of return changed from 8.0 to 7.25 percent.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the net pension liability.

B. Notes to Schedule for the ERS OPEB Plan

Other Post-Employment Benefit Plan

Changes of Benefit Terms

Under Q/A #4.107 of GASB's Implementation Guide No. 2017-2, Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans, any plan changes that have been adopted and communicated to plan members by the time the valuation is prepared must be included in the valuation. Accordingly, this valuation reflects the benefit changes that will become effective January 1, 2020, since these changes were communicated to plan members in advance of the preparation of this report. The only benefit change for Fiscal Year 2020 for Health Select retirees and dependents for whom Medicare is not primary is an increase in the out-of-pocket maximum for both HealthSelect and Consumer Directed HealthSelect (CDHP) from \$6,650 to \$6,750 for individuals and from \$13,300 to \$13,500 for families in order to remain consistent with Internal Revenue Service maximums. This minor benefit change is provided for in the Fiscal Year 2020 Assumed Per Capita Health Benefit Costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is Primary.

Changes in Actuarial Assumptions

Since the last valuation was prepared for this plan, demographic assumptions (including rates of retirement, disability, termination, and mortality, assumed salary increases and assumed age difference for future retirees and their spouses for selected classes of State Agency employees), assumed aggregate payroll increases and the assumed rate of general inflation have been updated to reflect assumptions recently adopted by the Teacher Retirement System (TRS) Trustees. These new assumptions were adopted to reflect an experience study on the TRS retirement plan performed by the TRS retirement plan actuary.

SUPPLEMENTAL FINANCIAL INFORMATION

For the Fiscal Years Ended
August 31, 2024 and 2023

NORTHEAST TEXAS COMMUNITY COLLEGE
SCHEDULE A
SCHEDULE OF OPERATING REVENUES
For the Year Ended August 31, 2024
With Memorandum Totals for the Year Ended August 31, 2023

	UNRESTRICTED	RESTRICTED	TOTAL EDUCATIONAL ACTIVITIES	AUXILIARY ENTERPRISES	TOTALS	
					2024	2023
Tuition:						
State Funded Credit Courses:						
In-district resident tuition	\$ 1 619 278	\$ -	\$ 1 619 278	\$ -	\$ 1 619 278	\$ 1 620 135
Out-of-district resident tuition	1 022 551	-	1 022 551	-	1 022 551	1 050 756
Non-resident tuition	214 187	-	214 187	-	263 791	207 123
TPEG (set aside)*	263 791	-	263 791	-	214 187	213 625
State funded continuing education	188 830	-	188 830	-	188 830	165 706
Non-state funded continuing education	39 667	-	39 667	-	39 667	34 809
TOTAL TUITION	3 348 304	-	3 348 304	-	3 348 304	3 292 154
Fees:						
General institutional service fee	3 065 704	-	3 065 704	-	3 065 704	2 840 368
Out-of-district fees	1 546 673	-	1 546 673	-	1 546 673	1 589 335
Non-resident fees	573 266	-	573 266	-	573 266	571 761
Course fees	514 118	-	514 118	-	514 118	396 164
Other fees	137 135	-	137 135	-	137 135	108 924
TOTAL FEES	5 836 896	-	5 836 896	-	5 836 896	5 506 552
Allowances and Discounts:						
Bad debt allowance	(253 663)	-	(253 663)	-	(253 663)	(71 268)
Scholarship allowances	(605 019)	-	(605 019)	-	(605 019)	(654 472)
Remission and exemptions	(285 546)	-	(285 546)	-	(285 546)	(297 390)
TPEG allowances	(250 465)	-	(250 465)	-	(250 465)	(132 421)
Federal and state grants to students	(4 127 455)	-	(4 127 455)	-	(4 127 455)	(3 690 445)
TOTAL ALLOWANCES AND DISCOUNTS	(5 522 148)	-	(5 522 148)	-	(5 522 148)	(4 845 996)
TOTAL NET TUITION AND FEES	3 663 0525	-	3 663 052	-	3 663 052	3 952 710
Other Operating Revenues:						
Federal grants and contracts	-	2 897 633	2 897 633	-	2 897 633	3 667 850
State grants and contracts	-	833 431	833 431	-	833 431	500 543
Non-governmental grants and contracts	-	61 896	61 896	-	61 896	96 718
Sales and services of educational activities	84 086	-	84 086	-	84 086	64 723
Other operating revenues	617 963	-	617 963	189 411	807 374	653 752
TOTAL OTHER OPERATING REVENUES	702 049	3 792 960	4 495 009	189 411	4 684 420	4 983 586
Auxiliary Enterprises:						
Residential life	-	-	-	1 289 324	1 289 324	1 323 631
Less discounts	-	-	-	(323 644)	(323 644)	(206 689)
Bookstore	-	-	-	1 598 481	1 598 481	1 618 243
Less discounts	-	-	-	(625 819)	(625 819)	(505 730)
TOTAL NET AUXILIARY ENTERPRISES	-	-	-	1 938 342	1 938 342	2 229 455
TOTAL OPERATING REVENUES	\$ 4 365 101	\$ 3 792 960	\$ 8 158 061	\$ 2 127 753	\$ 10 285 814	\$ 11 165 751

* In accordance with Education Code 56.033, \$187,908 and \$175,825 for years August 31, 2024 and 2023, respectively, of tuition was set aside for Texas Public Education Grants (TPEG).

NORTHEAST TEXAS COMMUNITY COLLEGE
SCHEDULE B
SCHEDULE OF OPERATING EXPENSES BY OBJECT
For the Year Ended August 31, 2024
With Memorandum Totals for the Year Ended August 31, 2023

	SALARIES AND WAGES	STATE BENEFITS	LOCAL BENEFITS	OTHER EXPENSES	TOTALS	
					2024	2023
Unrestricted - Educational Activities:						
Instruction	\$ 6 752 818	\$ -	\$ 2 168 294	\$ 641 302	\$ 9 562 414	\$ 9 112 336
Public service	30 851	-	9 906	142 111	182 868	160 295
Academic support	790 704	-	253 891	361 037	1 405 632	1 397 309
Student services	747 078	-	239 883	150 895	1 137 856	1 134 660
Institutional support	1 843 260	-	591 861	1 727 009	4 162 130	4 091 331
Operation and maintenance of plant	331 787	-	106 535	1 275 278	1 713 600	1 643 992
TOTAL UNRESTRICTED EDUCATIONAL ACTIVITIES	<u>10 496 498</u>	<u>-</u>	<u>3 370 369</u>	<u>4 297 632</u>	<u>18 164 500</u>	<u>17 539 923</u>
Restricted - Educational Activities:						
Instruction	620 545	938 920	111 445	735 175	2 406 085	1 804 767
Public service	224 260	4 290	-	69 375	297 920	254 783
Academic support	-	109 940	-	-	109 940	50 628
Student services	144 418	103 875	-	139 198	387 491	331 455
Institutional support	669 923	256 289	-	431 248	1 357 460	1 081 464
Operation and maintenance of plant	-	46 132	-	-	46 132	22 667
Scholarships and fellowships	-	-	-	2 226 444	2 226 444	1 877 049
TOTAL RESTRICTED EDUCATIONAL ACTIVITIES	<u>1 659 146</u>	<u>1 459 446</u>	<u>111 445</u>	<u>3 601 440</u>	<u>6 831 477</u>	<u>5 422 813</u>
TOTAL EDUCATIONAL ACTIVITIES	12 167 150	1 459 446	3 481 814	7 899 072	24 995 977	22 962 736
Auxiliary enterprises	589 291	-	151 622	2 267 878	3 017 621	2 833 469
Depreciation Expense:						
Buildings and improvements	-	-	-	-	1 165 560	1 227 956
Equipment and furniture	-	-	-	-	663 939	663 939
Library books	-	-	-	-	19 791	19 791
TOTAL OPERATING EXPENSES	<u>\$ 12 753 765</u>	<u>\$ 1 459 446</u>	<u>\$ 3 633 436</u>	<u>\$ 10 166 950</u>	<u>\$ 29 862 888</u>	<u>\$ 27 707 891</u>

See independent Auditor's report.

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

	UNRESTRICTED	RESTRICTED	AUXILIARY ENTERPRISES	TOTALS	
				2024	2023
Non-Operating Revenues:					
State Appropriations:					
Educational and general state support	\$ 7 598 092	\$ -	\$ -	\$ 7 598 092	\$ 5 726 868
State group insurance	-	1 104 937	-	1 104 937	541 611
State retirement matching	-	327 047	-	327 047	261 778
Ad-valorem taxes	4 605 610	2 014 529	-	6 620 139	6 347 747
Federal revenue, non-operating	-	6 561 449	-	6 561 449	5 771 712
Investment income	-	55 462	-	55 462	39 684
TOTAL NON-OPERATING REVENUES	12 203 702	10 063 424	-	22 267 126	18 689 400
Non-Operating Expenses:					
Interest on capital related debt	1 263 789	-	-	1 263 789	1 076 722
(Gain) loss on disposal of fixed assets	12 245	-	-	12 245	7 205
Other non-operating expense	2 700	-	-	2 700	2 900
TOTAL NON-OPERATING EXPENSES	1 278 734	-	-	1 278 734	1 086 827
NET NON-OPERATING REVENUES	\$ 10 924 968	\$ 10 063 424	\$ -	\$ 20 988 392	\$ 17 602 573

See independent Auditor's report.

NORTHEAST TEXAS COMMUNITY COLLEGE
SCHEDULE D
SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY
For the Year Ended August 31, 2024
With Memorandum Totals for the Year Ended August 31, 2023

	DETAIL BY SOURCE					AVAILABLE FOR CURRENT OPERATIONS		MEMORANDUM TOTAL 08/31/2023
	UNRESTRICTED	RESTRICTED		NET INVESTMENT IN CAPITAL ASSETS	TOTAL 08/31/2023	YES	NO	
	EXPENDABLE	NON- EXPENDABLE						
Current:								
Unrestricted	\$ (14 812 387)	\$ -	\$ -	\$ -	\$ (14 812 387)	\$ 9 625 852	\$ (24 438 239)	\$ (16 444 164)
Board designated reserve	515 717	-	-	-	515 717	515 717	-	515 717
Plant:								
Investment in plant	-	213 717	-	14 890 648	15 104 365	-	15 104 365	11 677 892
TOTAL NET POSITION, AUGUST 31, 2024	(14 296 670)	213 717	-	14 890 648	807 695	10 141 569	(9 333 874)	(4 250 555)
TOTAL NET POSITION, AUGUST 31, 2023	(15 763 937)	603 922	-	14 425 763	(734 252)	7 777 582	(8 511 834)	(4 250 465)
NET INCREASE (DECREASE) IN NET POSITION	\$ 1 467 267	\$ (390 205)	\$ -	\$ 464 885	\$ 1 541 947	\$ 2 363 987	\$ (822 040)	\$ (90)

See independent Auditor's report.

SINGLE AUDIT SECTION

Annual Financial Report

For the Fiscal Years Ended
August 31, 2024 and 2023

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

Board of Trustees
Northeast Texas Community College and
Northeast Texas Community College Foundation
Mt. Pleasant, Texas

Members of the Board of Trustees:

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 Northeast Texas Community College and Northeast Texas Community College Foundation, Inc. as of and for the year ended August 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s basic financial statements, and have issued our report thereon dated December 19, 2024.

Report on Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 may exist that have not been identified.

Report on Compliance and Other Matters

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

Public Funds Investment Act Compliance

We performed tests designed to verify Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s compliance with the Public Funds Investment Act. The results of our tests disclosed no instances of noncompliance with the Public Funds Investment Act.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Conclusion

This report is intended for the information and use of management, the audit committee, Board of Trustees, others within the entity, the Texas Higher Education Coordinating Board, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Lufkin, Texas
December 17, 2024

Axley & Rode LLP
CERTIFIED PUBLIC ACCOUNTANTS



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE OF TEXAS SINGLE AUDIT CIRCULAR

Board of Trustees
Northeast Texas Community College and
Northeast Texas Community College Foundation
Mt. Pleasant, Texas

Members of the Board of Trustees:

Reports on Compliance for Each Major Federal and State Program

Opinions on Each Major Federal and State Program

We have audited Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the State of Texas Single Audit Circular, Uniform Grant Management Standards which could have a direct and material effect on each of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s major federal and state programs for the year ended August 31, 2024. Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'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, Northeast Texas Community College and Northeast Texas Community College Foundation, Inc., complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2024.

Basis for Opinions 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States; and 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 State of Texas Single Audit Circular, issued by the Comptroller General of the United States. Our responsibilities under those standards, the Uniform Guidance and State of Texas Circular are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Northeast Texas Community College and Northeast Texas Community College Foundation and to meet our other 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 and the foundation'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 Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'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 Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'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 generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and State Single Audit Circular 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 Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, Uniform Guidance, and the Texas State Single Audit Circular, 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 Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'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 Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Texas State Single Audit Circular, but not for the purpose of expressing an opinion on the effectiveness of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

Reports 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 and state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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 Texas State Single Audit Circular. Accordingly, this report is not suitable for any other purpose.

Conclusion

This report is intended for the information and use of management, the audit committee, Board of Trustees, others within the entity, the Texas Higher Education Coordinating Board, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas
December 17, 2024



NORTHEAST TEXAS COMMUNITY COLLEGE AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 August 31, 2024

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: UNMODIFIED

Internal control over financial reporting:

Material weakness(es) identified? Yes None Reported

Significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal and State Awards

Internal control over major programs:

Material weakness(es) identified? Yes No

Significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) Uniform Guidance or TSAC? Yes No

Identification of major programs:

<u>ALN Number(s)</u>	<u>Name of Federal or State Program or Cluster*</u>
84.007/84.063/84.033	Student Financial Assistance Cluster
State	Temporary Assistance to Needy Families

Dollar threshold used to distinguish between Type A and Type B Federal programs: \$750,000

Dollar threshold used to distinguish between Type A and Type B State programs: \$300,000

Auditee qualified as low-risk auditee? Yes No

B. Financial Statements Findings

None

C. Findings and Questioned Costs - Major Federal and State Award Programs Audit

None

NORTHEAST TEXAS COMMUNITY COLLEGE AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
SCHEDULE E
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2024

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL ALN NUMBER	GRANT NUMBER	PASS THROUGH DISBURSEMENTS AND EXPENDITURES
U.S. Department of Education:			
Direct Programs:			
Student Financial Assistance Cluster:			
Federal Supplemental Educational Opportunity Grants	84.007A	P007A196964	\$ 110 388
Federal Work Study Program	84.033A	P033A196964	86 334
Federal Pell Grant Program	84.063P	P063P194174	6 451 061
Direct Loans	84.268	P268K204174	2 744 205
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER			<u>9 391 988</u>
TRIO - Upward Bound	84.047A	P047A170049	<u>289 145</u>
Title V	84.031S	P031S150251	<u>1 782 126</u>
TOTAL TITLE V			<u>1 782 126</u>
Passed Through Texas Workforce Commission:			
Passed Through Tyler Junior College:			
Adult Education and Family Leave Act (AEFLA)-LCOT	84.002	2924ALA020	23 567
Adult Education and Family Leave Act (AEFLA)-LCOT	84.002A	0818ALA006	62 889
Passed Through Paris Junior College:			
Adult Education and Family Leave Act (AEFLA)	84.002A	0718ALA000-8	29 542
Adult Education and Family Leave Act (AEFLA)	84.002A	0718ALA000-012	169 137
Adult Education and Family Leave Act (AEFLA)	84.002A	2924ALA025-1	24 649
TOTAL PASSED THROUGH TEXAS WORKFORCE COMMISSION			<u>309 784</u>
Passed Through Texas Higher Education Coordinating Board:			
Vocational Education - Allocated	84.048	204253	<u>322 311</u>
TOTAL PASSED THROUGH TEXAS HIGHER EDUCATION COORDINATING BOARD			<u>322 311</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>12 095 354</u>
U.S. Department of Health and Human Services:			
Passed Through Texas Education Agency:			
Temporary Assist to Needy Families	93.558	(A) 243630027110021	<u>131 682</u>
TOTAL PASSED THROUGH TEXAS EDUCATION AGENCY			<u>131 682</u>
Passed Through Texas Workforce Solutions:			
Passed Through Paris Junior College:			
Temporary Assist to Needy Families	93.558	0718ALA000	<u>23 658</u>
TOTAL PASSED THROUGH TEXAS WORKFORCE SOLUTIONS			<u>23 658</u>
TOTAL U.S. DEPARTMENT OF HEATH AND HUMAN SERVICES			<u>155 340</u>
U.S. Small Business Administration:			
Passed Through Dallas Community College:			
SBDC	59.037	N/A	<u>228 391</u>
TOTAL U.S. SMALL BUSINESS ADMINISTRATION			<u>228 391</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 12 479 085</u>

NORTHEAST TEXAS COMMUNITY COLLEGE AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
 SCHEDULE E - CONTINUED
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended August 31, 2024

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	PASS THROUGH DISBURSEMENTS AND EXPENDITURES
<u>NOTE 1 - FEDERAL FINANCIAL ASSISTANCE RECONCILIATION</u>	
Revenue - Federal grants and contracts revenue - Per Schedule A - College	\$ 2 897 633
Add: Federal grants and contracts revenue - Per Schedule C - College	6 561 449
TOTAL FEDERAL REVENUES PER SCHEDULE A AND C	9 439 562
Reconciling Items:	
Add: Federal grant capital contributions - Per Exhibit 2 - College	144 112
Add: Direct loans	2 774 209
Add: Federal grants and contracts revenue - Foundation - Exhibit 2A	131 682
TOTAL FEDERAL REVENUES PER SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	\$ 12 479 085

NOTE 2 - 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 which 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. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. Some amounts reported in the schedule may differ from amounts used in the preparation of the basis financial statements. The College has followed all applicable guidelines issued by various entities in the preparation of the schedule. Since the College has agency approved Indirect Recovery Rate it has elected not to use the 10 percent de minimis cost rate as permitted in the UG, section 200.414.

NOTE 3 - STUDENT LOANS PROCESSED AND ADMINISTRATIVE COSTS RECOVERED

FEDERAL GRANTOR CFDA NUMBER/PROGRAM NAME	NEW LOANS PROCESSED	ADMINISTRATIVE COST RECOVERED	TOTAL
U.S. Department of Education: All direct loans processed are included in the schedule.			

(A) Denotes federal financial assistance program for the Component Unit - Northeast Texas Community College Foundation.

NORTHEAST TEXAS COMMUNITY COLLEGE AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
SCHEDULE F
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended August 31, 2024

GRANTOR/PROGRAM/TITLE	GRANT CONTRACT NUMBER	PASS THROUGH DISBURSEMENTS AND EXPENDITURES
Texas Education Agency: Temporary Assistance to Needy Families TOTAL TEXAS EDUCATION AGENCY	(A) 200958027110020	\$ <u>1 027 042</u> <u>1 027 042</u>
U.S. Small Business Administration: Passed through Dallas Community College: SBDC TOTAL U.S. SMALL BUSINESS ADMINISTRATION	N/A	<u>65 827</u> <u>65 827</u>
Texas Higher Education Coordinating Board: Texas Education Opportunity Grant NTCC TRUE Grant TOTAL TEXAS HIGHER EDUCATION COORDINATING BOARD	N/A 00305	<u>542 393</u> <u>145 810</u> <u>688 203</u>
Texas Workforce Commission: Skills Development Fund Passed through Paris Junior College: State AEFLA Professional Development Passed through Tyler Junior College: State AEFLA Professional Development TOTAL TEXAS WORKFORCE COMMISSION	0720COS001 0718ALA000 0718ALA000	<u>54 749</u> <u>5 792</u> <u>2 531</u> <u>15 482</u> <u>847</u> <u>79 383</u>
HOGG Foundation Grant: HOGG Foundation Grant TOTAL STATE FINANCIAL ASSISTANCE	(A) WRC-040	<u>166 871</u> <u>\$ 2 027 344</u>

(A) Denotes state financial assistance program for the Component Unit
Northeast Texas Community College Foundation

Note 1 - Significant Accounting Policies

The accompanying schedule of expenditures of state awards has been prepared on the accrual basis of accounting. 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 which 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. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The college has followed all applicable guidelines issued by various entities in the preparation of the schedule.

Note 2 - State Financial Assistance Reconciliation

	EXPENDITURES
State Grants and Contracts Revenue - Per Schedule A - College	\$ <u>833 431</u>
State Grants and Contracts - Foundation - Per Exhibit 2A	<u>1 193 913</u>
TOTAL STATE FINANCIAL ASSISTANCE	<u>\$ 2 027 344</u>

NORTHEAST TEXAS COMMUNITY COLLEGE AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2024

None