



Northeast Texas Community College and Northeast Texas Community College Foundation

ANNUAL FINANCIAL REPORT

August 31, 2025 and 2024

Table of Contents



	Page
INTRODUCTORY SECTION	
Organizational Data.....	1
FINANCIAL SECTION	
Independent Auditor's Report.....	2
Management's Discussion and Analysis.....	6
FINANCIAL STATEMENTS	
Statements of Net Position (Exhibit 1)	13
Statements of Financial Position (Exhibit 1A)	14
Statements of Revenues, Expenses and Changes in Net Position (Exhibit 2)	15
Statements of Activities (Exhibit 2A)	16
Statements of Cash Flows (Exhibit 3)	17
Statements of Cash Flows (Exhibit 3A)	18
Notes to Financial Statements.....	19
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES	
Schedule of College's Share of the Net Pension Liability (Exhibit I)	50
Schedule of College's Contributions for Pension (Exhibit II).....	51
Schedule of College's Proportionate Share of Net OPEB Liability and Contributions (Exhibit III).....	52
Notes to the Required Supplementary Information.....	53
SUPPLEMENTAL SCHEDULES REQUIRED BY TEXAS HIGHER EDUCATION COORDINATING BOARD	
Schedule of Detailed Operating Revenues (Schedule A)	55
Schedule of Operating Expenses by Functional and Natural Classifications (Schedule B).....	56
Schedule of Non-Operating Revenues and Expenses (Schedule C)	57
Schedule of Net Position by Source and Availability (Schedule D).....	58
SINGLE AUDIT SECTION	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	59
Independent Auditor's Report on Compliance for Each Major Federal and State Program and on Internal Control Over Compliance Required by the Uniform Guidance and the State of Texas Single Audit Circular.....	60
Schedule of Findings and Questioned Costs	64

Table of Contents



	Page
SINGLE AUDIT SECTION	
Schedule of Expenditures of Federal Awards (Schedule E)	65
Schedule of Expenditures of State Awards (Schedule F)	67
Schedule of Prior Year Audit Findings and Questioned Costs	68

Northeast Texas Community College Organizational Data

BOARD OF TRUSTEES

		TITLE	TERMS
Mr. Robin Sharp	Mt. Pleasant, Texas	Board Chairman	2020-2026
Mr. Russell East	Daingerfield, Texas	Board Vice Chairman	2024-2030
Ms. Sondra Fowler	Daingerfield, Texas	Board Secretary	2020-2026
Mr. Brian Applegate	Pittsburg, Texas	Member	2025-2026
Mr. Chad Elledge	Pittsburg, Texas	Member	2022-2028
Ms. Stephanie Thurman	Mt. Pleasant, Texas	Member	2022-2028
Mr. Kerry Wootten	Mt. Pleasant, Texas	Member	2024-2026

PRINCIPAL ADMINISTRATIVE OFFICERS

Dr. Kevin Rose	President
Dr. Jon McCullough	Executive Vice President for Advancement
Ms. Brandi Cave	Vice President for Administrative Services
Dr. Anna Ingram	Vice President of Instruction
Ms. Kim Irvin	Vice President for Student Services



CARR, RIGGS & INGRAM, L.L.C.

Carr, Riggs & Ingram, L.L.C.
1307 South 1st Street
Lufkin, TX 75901

936.634.6621
CRIadv.com

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

Other Matter

The financial statements of Northeast Texas Community College and Foundation for the year ended August 31, 2024, were audited by another auditor who expressed an unmodified opinion on those financial statements on December 17, 2024.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 29, 2025 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.

Carr, Riggs & Ingram, L.L.C.
CARR, RIGGS & INGRAM, L.L.C.

Lufkin, Texas

December 29, 2025

Northeast Texas Community College Management's Discussion and Analysis

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 2023, 2024, and 2025. 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, 2025, 2024, and 2023

	2025	Change	2024	Change	2023
ASSETS					
Current	\$ 16,246,994	\$ 4,601,745	\$ 11,645,249	\$ 2,589,344	\$ 9,055,905
Net capital assets	45,339,062	(661,259)	46,000,321	(962,136)	46,962,457
Other non-current	2,187,705	235,975	1,951,730	(1,149,029)	3,100,759
TOTAL ASSETS	63,773,761	4,176,461	59,597,300	478,179	59,119,121
Deferred outflows of resources	5,012,738	(1,011,625)	6,024,363	(2,589,319)	8,613,682
LIABILITIES					
Current	5,718,228	414,274	5,303,954	(578,804)	5,882,758
Noncurrent	50,696,870	(616,361)	51,313,231	(2,704,153)	54,017,384
TOTAL LIABILITIES	56,415,098	(202,087)	56,617,185	(3,282,957)	59,900,142
Deferred inflows of resources	6,434,920	(1,640,363)	8,075,283	(491,630)	8,566,913
TOTAL NET POSITION	\$ 5,936,481	\$ 5,007,286	\$ 929,195	\$ 1,663,447	\$ (734,252)

Northeast Texas Community College Management's Discussion and Analysis

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, 2025, 2024 and 2023, the College's net positions were \$5,936,481, \$929,195, and \$(734,252), respectively. From the data presented, readers of the Statement of Net Position are able to determine the Net Position 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 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.

Northeast Texas Community College Management's Discussion and Analysis

Statement of Revenues, Expenses, and Changes in Net Position For the Years Ended August 31, 2025, 2024, and 2023

	2025	Change	2024	Change	2023
Summary of Revenues and Expenses:					
Total operating revenues	\$ 10,719,624	\$ 433,810	\$ 10,285,814	\$ (879,937)	\$ 11,165,751
Total operating expenses	30,591,705	790,105	29,801,600	2,093,709	27,707,891
TOTAL OPERATING (LOSS)	<u>(19,872,081)</u>	<u>(356,295)</u>	<u>(19,515,786)</u>	<u>(2,973,646)</u>	<u>(16,542,140)</u>
Net non-operating revenues and expenses					
Capital contributions	24,301,058	3,252,451	21,048,607	3,446,034	17,602,573
	578,309	447,683	130,626	(2,325,154)	2,455,780
INCREASE (DECREASE) IN NET POSITION	5,007,286	3,343,839	1,663,447	(1,852,766)	3,516,213
Net position at beginning of year	929,195	1,663,447	(734,252)	3,516,213	(4,250,465)
NET POSITION - END OF YEAR	<u>\$ 5,936,481</u>	<u>\$ 5,007,286</u>	<u>\$ 929,195</u>	<u>\$ 1,663,447</u>	<u>\$ (734,252)</u>

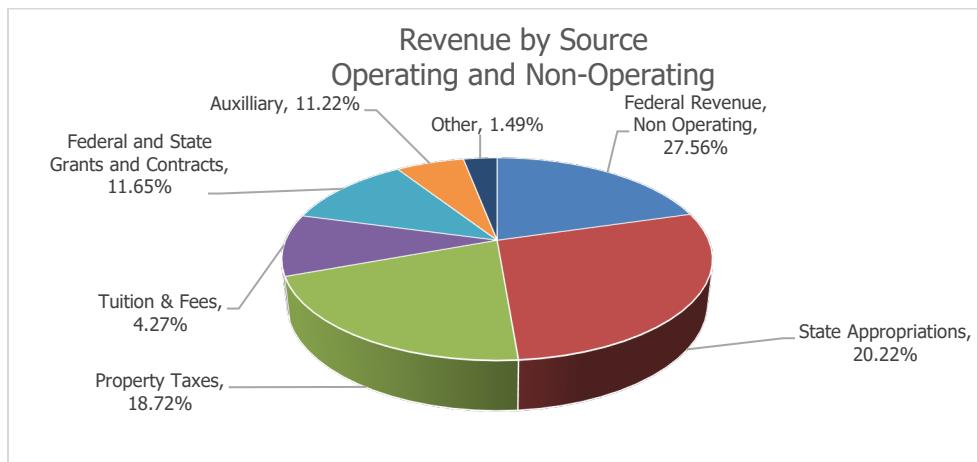
Operating and Non-Operating Revenues

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, 2025, 2024, and 2023

	2025	Change	2024	Change	2023
Operating Revenues:					
Tuition and fees (net)	\$ 3,880,656	\$ 217,604	\$ 3,663,052	\$ (289,658)	\$ 3,952,710
Federal grants and contracts	2,418,401	(479,232)	2,897,633	(770,217)	3,667,850
State grants and contracts	1,358,905	525,474	833,431	332,888	500,543
Non-governmental grants and contracts	10,597	(51,299)	61,896	(34,822)	96,718
Sales and services of educational activities	110,362	26,276	84,086	19,363	64,723
Auxiliary enterprises (net)	2,026,486	88,144	1,938,342	(291,113)	2,229,455
Other operating revenues	914,217	106,843	807,374	153,622	653,752
TOTAL OPERATING REVENUES	<u>10,719,624</u>	<u>433,810</u>	<u>10,285,814</u>	<u>\$ (879,937)</u>	<u>11,165,751</u>
Net Non-Operating Revenues:					
State appropriations	10,238,581	1,208,505	9,030,076	2,499,819	6,530,257
Property taxes	7,214,828	534,474	6,680,354	332,607	6,347,747
Federal revenue, non-operating	7,558,160	996,711	6,561,449	789,737	5,771,712
Investment and other income	219,587	164,125	55,462	15,778	39,684
TOTAL NON-OPERATING REVENUES	<u>25,231,156</u>	<u>2,903,815</u>	<u>22,327,341</u>	<u>3,637,941</u>	<u>18,689,400</u>
Capital contributions	578,309	434,197	144,112	(2,311,668)	2,455,780
TOTAL REVENUES, OPERATING AND NON-OPERATING	<u>\$ 36,529,089</u>	<u>\$ 3,771,822</u>	<u>\$ 32,757,267</u>	<u>\$ 446,336</u>	<u>\$ 32,310,931</u>

Northeast Texas Community College Management's Discussion and Analysis



In comparing the fiscal periods ended August 31, 2025 and 2024:

- Net Tuition and fee revenues increased \$217,604 or 6%. This was a result of an increase in enrollment.
- Net Auxiliary Enterprises increased \$88,144 or 5% mainly as a result of rising costs of course materials and food services.
- Federal Grants and Contracts decreased \$479,232 or 17% primarily as a result of Title V grants expiring.
- State Grants and Contracts increased \$525,474 or 63% largely as a result of increased awards for workforce.
- State Allocations increased \$1,208,505 or 13% primarily as a result of an increase in state performance based funding as a result of House Bill 8.
- Federal Revenue Non-Operating increased \$996,711 or 15% as a result of changes in Pell Grant award guidelines.

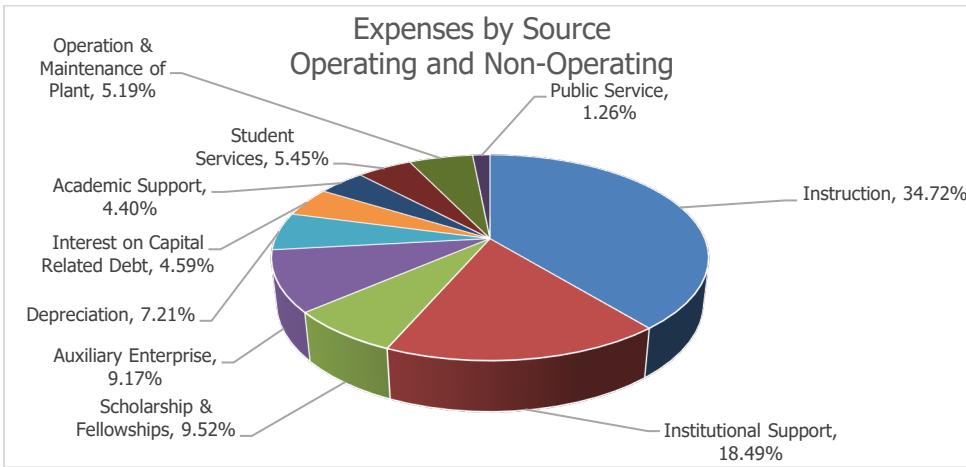
In comparing the fiscal periods ended August 31, 2024 and 2023:

- Net Tuition and fee revenues increased \$289,658 or 7%. This was a result of increased in allowances and discounts.
- Net Auxiliary Enterprises increased \$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.

Northeast Texas Community College Management's Discussion and Analysis

	2025	Change	2024	Change	2023
Operating Expenses:					
Instruction	\$ 11,431,188	\$ (476,023)	\$ 11,907,211	\$ 65,715	\$ 10,901,568
Public service	530,118	49,325	480,793	57,795	415,078
Academic support	1,551,073	35,501	1,515,572	59,161	1,457,777
Student services	1,552,947	27,600	1,525,347	341,171	1,466,186
Institutional support	5,839,110	319,520	5,519,590	1,666,659	5,178,419
Operation and maintenance of plant	1,729,733	(29,999)	1,759,732	349,395	1,877,049
Scholarship and fellowships	2,705,399	478,955	2,226,444	184,152	2,833,469
Auxiliary enterprise	3,257,682	240,061	3,017,621	(62,396)	1,911,686
Depreciation	1,994,455	145,165	1,849,290		
TOTAL OPERATING EXPENSES	30,591,705	790,105	29,801,600	2,093,709	27,707,891
 Non-Operating Expenses:					
Interest on capital related debt	927,248	(336,541)	1,263,789	187,067	1,076,722
(Gain) loss on disposal of capital assets	-	(12,245)	12,245	5,040	7,205
Other non-operating expenses	2,850	150	2,700	(200)	2,900
TOTAL NON-OPERATING EXPENSES	930,098	(348,636)	1,278,734	191,907	1,086,827
 TOTAL EXPENSES, OPERATING AND NON-OPERATING	\$ 31,521,803	\$ 441,469	\$ 31,080,334	\$ 2,285,616	\$ 28,794,718

Additionally, the same methodology is being presented for the operating and non-operating expenses to illustrate the use of the College's resources:



In comparing the fiscal periods ended August 31, 2025 and 2024:

- Instruction decreased \$476,023 or 4% primarily due to decreased instructional salaries.
- Academic Support increased \$35,501 or 2% as a result of increased contracted service expenditures.
- Institutional Support increased \$319,520 or 6% as a result of an increase in salary and related benefits.
- Total other non-operating decreased \$150 or 6% due to decrease on interest expense.

Northeast Texas Community College Management's Discussion and Analysis

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.

Analysis of Net Position

Total Net Position of \$5,936,481 is comprised of the investment in capital assets net of related debt of \$15,954,345, restricted for debt service of \$291,411, and unrestricted net position of \$(10,309,275). 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, 2025, 2024, and 2023

	2025	Change	2025	Change	2024
Net Investment in capital assets	\$ 15,954,345	\$ 1,063,697	\$ 14,890,648	\$ 464,885	\$ 14,425,763
Restricted for debt service	291,411	77,694	213,717	(390,205)	603,922
Unrestricted	(10,309,275)	3,865,895	(14,175,170)	1,588,767	(15,763,937)
TOTAL NET POSITION	\$ 5,936,481	\$ 5,007,286	\$ 931,220	\$ 1,663,447	\$ (732,228)

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, 2025 and 2025.

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, 2025, the College expended \$364,761 to purchase many miscellaneous pieces of equipment and replace items throughout the campus. The completion of the pavilion was also recognized during this fiscal period at a cost of \$264,267.

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.

Northeast Texas Community College Management's Discussion and Analysis

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 2025 by \$5,171,704 primarily due to an increase in state allocations in non-operating revenues of \$10,238,581. Given the current investment strategy, we expect continued moderate increases in interest earnings on temporary investments. Operating maintenance and operations tax revenues are projected to grow modestly over the next two to three years. As the outcomes-based funding model adopted during the 88th legislative session continues to mature, we anticipate steady growth supported by strong enrollment and completion trends. The college is well-positioned to expand into new program areas aligned with regional business and industry needs. Additionally, the upcoming strategic plan, scheduled for deployment in spring 2026, will incorporate community and workforce engagement to strengthen program pipelines. These efforts are expected to support continued increases in outcomes-based funding.

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.

Northeast Texas Community College
Statements of Net Position
Exhibit 1

	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	\$ 9,673,837	\$ 6,000,052
Investments short-term Note 4)	2,504,466	2,396,594
Accounts receivable (Note 16)	3,062,422	2,037,493
Inventories	178,333	132,893
Prepaid expense	756,461	839,645
Due from component unit	71,475	238,572
Total Current Assets	<u>16,246,994</u>	<u>11,645,249</u>
Noncurrent Assets		
Restricted cash and cash equivalents (Note 4)	1,043,571	841,810
Short-term investments (Note 4)	1,056,710	1,012,770
Prepaid bond insurance	75,049	83,325
Other assets	12,375	13,825
Capital assets, net of accumulated depreciation (Note 7)	45,339,062	46,000,321
Total Noncurrent Assets	<u>47,526,767</u>	<u>47,952,051</u>
Total Assets	<u><u>\$ 63,773,761</u></u>	<u><u>\$ 59,597,300</u></u>
Deferred Outflows of Resources		
Deferred outflows pension related (Note 10)	3,149,999	3,862,123
Deferred outflows OPEB related (Note 15)	1,827,992	2,109,270
Deferred charge on bond refunding (Note 6)	34,747	52,970
Total Deferred Outflows of Resources	<u><u>\$ 5,012,738</u></u>	<u><u>\$ 6,024,363</u></u>
LIABILITIES		
Current Liabilities		
Accounts payable (Note 16)	\$ 1,250,395	\$ 1,179,697
Accrued liabilities (Note 16)	454,564	460,055
Accrued compensated absences (Note 13)	122,681	101,965
Deposits payable (Note 16)	13,650	23,650
Funds held for others	135,661	134,505
Unearned revenues	1,659,135	1,367,943
Notes, leases, SBITA payable - current portion (Note 8 and 9)	149,605	136,256
Bonds payable - current portion (Note 8 and 9)	1,454,431	1,473,309
Net OPEB liability- current portion (Note 8 and 15)	478,106	426,574
Total Current Liabilities	<u><u>5,718,228</u></u>	<u><u>5,303,954</u></u>
Noncurrent Liabilities		
Bonds payable (Note 8 and 9)	26,929,814	28,717,143
Premium on Bonds Payable	338,643	393,313
Notes, leases, SBITA payable (Note 8 and 9)	505,769	295,000
Net pension liability (Note 8 and 10)	6,557,805	7,083,990
Net OPEB liability (Note 8 and Note 15)	16,364,839	14,823,785
Total Noncurrent Liabilities	<u><u>50,696,870</u></u>	<u><u>51,313,231</u></u>
Total Liabilities	<u><u>\$ 56,415,098</u></u>	<u><u>\$ 56,617,185</u></u>
Deferred Inflows of Resources		
Deferred inflows pension related (Note 10)	\$ 1,807,445	\$ 1,672,246
Deferred inflows OPEB related (Note 15)	4,627,475	6,403,037
Total Deferred Outflows of Resources	<u><u>\$ 6,434,920</u></u>	<u><u>\$ 8,075,283</u></u>
NET POSITION		
Net investment in capital assets	\$ 15,954,345	\$ 14,890,648
Restricted for debt service - Expendable	291,411	213,717
Unrestricted	(10,309,275)	(14,175,170)
Total Net Position	<u><u>\$ 5,936,481</u></u>	<u><u>\$ 929,195</u></u>

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

**Northeast Texas Community College Foundation
Component Unit
Statements of Financial Position
Exhibit 1A**

	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	\$ 3,431,263	\$ 2,975,490
Accounts receivable (Note 16)	8,154	8,154
Total Current Assets	<u>3,439,417</u>	<u>2,983,644</u>
Noncurrent Assets		
Long - term investments (Note 4)	8,430,775	8,173,233
Property, plant, and equipment, net of accumulated depreciation (Note 7)	732,236	745,935
Other assets	16,472	15,965
Total Noncurrent Assets	<u>9,179,483</u>	<u>8,935,133</u>
Total Assets	<u><u>\$ 12,618,900</u></u>	<u><u>\$ 11,918,777</u></u>
LIABILITIES		
Current Liabilities		
Deferred revenue	\$ 1,312,692	\$ 1,129,989
Due to Northeast Texas Community College	108,611	299,032
Total Current Liabilities	<u>1,421,303</u>	<u>1,429,021</u>
Net Assets		
With Donor Restrictions	10,769,632	10,061,791
Without Donor Restriction	427,965	427,965
Total Net Assets	<u><u>\$ 11,197,597</u></u>	<u><u>\$ 10,489,756</u></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
Exhibit 2

	2025	2024
REVENUES		
Operating Revenues		
Tuition and fees (net of allowances and discounts of \$5,979,246 and \$5,522,148)	\$ 3,880,656	\$ 3,663,052
Federal grants and contracts	2,418,401	2,897,633
State grants and contracts	1,358,905	833,431
Non-Governmental grants and contracts	10,597	61,896
Sales and services of educational activities	110,362	84,086
Auxiliary enterprises (net of discounts of \$1,180,990 and \$949,463)	2,026,486	1,938,342
Other operating revenues	914,217	807,374
Total Operating Revenues (Schedule A)	10,719,624	10,285,814
EXPENSES		
Operating Expenses		
Instruction	11,431,188	11,907,211
Public service	530,118	480,793
Academic support	1,551,073	1,515,572
Student services	1,552,947	1,525,347
Institutional support	5,839,110	5,519,590
Operation and maintenance of plant	1,729,733	1,759,732
Scholarships and fellowships	2,705,399	2,226,444
Auxiliary enterprises	3,257,682	3,017,621
Depreciation	1,994,455	1,849,290
Total Operating Expenses (Schedule B)	30,591,705	29,801,600
Operating Income (Loss)	(19,872,081)	(19,515,786)
NON-OPERATING REVENUES (EXPENSES)		
State allocations	10,238,581	9,030,076
Ad-valorem taxes:		
Taxes for maintenance & operations	5,166,338	4,665,825
Taxes on general obligations bonds	2,048,490	2,014,529
Federal revenue, non operating	7,558,160	6,561,449
Investment income (net of investment expenses)	61,346	55,462
Interest on capital related debt	(927,248)	(1,263,789)
Gain (Loss) on disposal of fixed assets	158,241	(12,245)
Other non - operating expenses	(2,850)	(2,700)
Net non-operating revenues (Schedule C)	24,301,058	21,048,607
Capital Contributions		
Component Unit	95,914	(13,486)
Federal grants capital contributions	482,395	144,112
	578,309	130,626
Increase (Decrease) in Net Position	5,007,286	1,663,447
Net Position - Beginning of Year	929,195	(734,252)
Net Position - End of Year	\$ 5,936,481	\$ 929,195

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

**Northeast Texas Community College Foundation
Component Unit
Statements of Activities
Exhibit 2A**

	2025	2024
REVENUES		
Operating Revenues		
Federal Grants and Contracts	\$ 131,193	\$ 131,682
State Grants and Contracts	1,122,839	1,193,913
Local Grants and Contracts	927,383	1,760,140
Total Operating Revenues	<u>2,181,415</u>	<u>3,085,735</u>
EXPENSES		
Operating Expenses		
Public Service	2,602,983	3,559,370
Scholarships	454,372	396,501
Depreciation	13,698	8,015
Total Operating Expenses	<u>3,071,053</u>	<u>3,963,886</u>
Operating (Loss)	<u>(889,638)</u>	<u>(878,151)</u>
Non-Operating Revenues		
Investment income	89,164	101,791
Net non-operating revenues	<u>89,164</u>	<u>101,791</u>
(Loss) Before Other Revenues, Expenses, Gains, Losses	<u>(800,474)</u>	<u>(776,360)</u>
OTHER REVENUES, (EXPENSES), GAINS, LOSSES		
Additions to Endowments	364,520	274,166
Gains (loss) on investments	(147,298)	826,572
Contributions	1,291,092	1,034,465
Total Other Revenues, Expenses, Gains, Losses	<u>1,508,314</u>	<u>2,135,203</u>
Increase (Decrease) in Net Position	707,840	1,358,843
Net Position - Beginning of Year	<u>10,489,757</u>	<u>9,130,914</u>
Net Position - End of Year	<u>\$ 11,197,597</u>	<u>\$ 10,489,757</u>

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

Northeast Texas Community College
Statements of Cash Flows
Exhibit 3

	2025	2024
Cash Flows From Operating Activities		
Receipts from students and other customers	\$ 7,989,166	\$ 9,622,144
Receipts of grants and contracts for operating activities	4,133,835	4,120,007
Other receipts	914,217	807,376
Payments to or on behalf of employees	(12,963,714)	(11,740,273)
Payments to suppliers for goods or services	(15,025,857)	(15,150,511)
Payments of scholarships	(2,705,399)	(2,226,444)
Net cash provided (used) by operating activities	<u>(17,657,752)</u>	<u>(14,567,701)</u>
Cash Flows From Non-capital Financing Activities		
State allocations	9,892,649	8,703,029
Federal revenues	7,558,160	6,561,449
Ad valorem tax revenues	7,214,828	6,620,139
Net cash provided (used) by non-capital financing activities	<u>24,665,637</u>	<u>21,884,617</u>
Cash Flows From Capital and Related Financing Activities		
Interest and other expense on capital related debt	(611,605)	(1,557,237)
Purchases of capital assets	(1,193,343)	(747,301)
Capital contributions	578,309	130,626
Proceeds from sale of fixed assets	158,241	(12,245)
Payments on capital debt and leases	(1,806,207)	(1,335,805)
Other non-operating expenses	(2,850)	(2,700)
Net cash provided (used) by capital and related financing activities	<u>(2,877,455)</u>	<u>(3,524,662)</u>
Cash Flows From Investing Activities		
Investment earnings	61,346	55,462
Purchases of investments	<u>(151,812)</u>	<u>(161,165)</u>
Net cash provided (used) by investing activities	<u>(90,466)</u>	<u>(105,703)</u>
Increase (Decrease) in cash and cash equivalents	4,039,964	3,686,551
Cash and cash equivalents - September 1,	6,841,862	3,155,311
Cash and cash equivalents - August 31,	<u>\$ 10,881,826</u>	<u>\$ 6,841,862</u>
Non-cash investing, capital, and financing activities		
Contributions of Capital Assets	95,914	(13,486)
Total Non-cash investing, capital, and financing activities	<u>95,914</u>	<u>(13,486)</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	(19,872,081)	(19,557,074)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	1,979,589	1,834,424
Gain (loss) on disposal of assets	(124,987)	(124,987)
Payments made directly by state for benefits	345,932	237,047
Changes in assets and liabilities		
Receivables, net	(1,024,929)	1,961,040
Inventories	(45,440)	5,564
Prepaid expense	91,460	(30,257)
Due from component unit	167,097	530,919
Other assets	1,450	350
Accounts payable	70,698	(243,284)
Accrued liabilities	15,225	(11,597)
Deposits payable	(10,000)	(7,800)
Funds held for others	1,156	2,604
Pension and OPEB Related	455,886	1,016,168
Deferred revenue	291,192	(250,818)
Net cash provided (used) by operating activities	<u>(17,657,752)</u>	<u>(14,567,701)</u>

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

**Northeast Texas Community College Foundation
Component Unit
Statements of Cash Flows
Exhibit 3A**

	2025	2024
Cash Flows From Operating Activities		
Receipts from grants and contracts for operating activities	\$ 2,342,959	\$ 2,639,911
Payments of scholarships and support of college	(645,300)	(865,696)
Payments on grants and contract costs	(2,581,824)	(2,804,873)
Net cash provided (used) by operating activities	<u>(884,165)</u>	<u>(1,030,658)</u>
Cash Flows From Non-capital Financing Activities		
Additions to permanent and term endowment and other contributions	1,655,612	1,308,631
Net cash provided (used) by non-capital financing activities	<u>1,655,612</u>	<u>1,308,631</u>
Cash Flows From Investing Activities		
Investment income (loss)	(58,134)	928,363
Purchase of capital assets	-	(54,321)
Purchase of investments	(257,540)	(2,181,529)
Net cash provided (used) by investing activities	<u>(315,674)</u>	<u>(1,307,487)</u>
Net increase (decrease) in cash and cash equivalents	455,773	(1,029,514)
Cash and cash equivalents at beginning of year	2,975,490	4,005,004
Cash and cash equivalents at end of year	<u>\$ 3,431,263</u>	<u>\$ 2,975,490</u>
 Non-cash investing, capital, and financing activities		
Inkind contributions	<u>\$ 785,583</u>	<u>\$ 743,982</u>
 Reconciliation of operating loss to net cash used by operating activities		
Operating loss	\$ (889,638)	\$ (878,152)
Adjustments to reconcile operating income (loss) to net cash		
Depreciation	13,698	8,015
Gain (loss) on disposal	-	182,751
Change in assets and liabilities		
Accounts receivable	-	(174)
Change in other assets	(507)	1,264
Due to college	(190,421)	(470,459)
Deferred revenue	182,703	126,097
Net cash provided (used) by operating activities	<u>\$ (884,165)</u>	<u>\$ (1,030,658)</u>

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**

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.

**Northeast Texas Community College
and Northeast Texas Community College Foundation
Notes to Financial Statements (Continued)**

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

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 to 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 at lower of cost or market using the first-in, first-out (FIFO) method and are charged to expense as consumed.

**Northeast Texas Community College
and Northeast Texas Community College Foundation
Notes to Financial Statements (Continued)**

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 \$1,338,905 and \$1,121,498 and federal, state, and local grants of \$320,230 and \$246,445, have been reported as unearned revenues at August 31, 2025 and 2024, respectively.

**Northeast Texas Community College
and Northeast Texas Community College Foundation
Notes to Financial Statements (Continued)**

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

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

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:

	2025	2024
Demand Deposits	\$ 8,963,414	\$ 5,164,261
Time Deposits	3,561,176	3,409,364
Petty Cash	10,051	10,050
Total Cash and Deposits	\$ 12,534,641	\$ 8,583,675

**Northeast Texas Community College
and Northeast Texas Community College Foundation
Notes to Financial Statements (Continued)**

Note 4: DEPOSITS AND INVESTMENTS (Continued)

Cash and Deposits Reconciliation of Deposits and Investments to Exhibit 1

Type of Security	Fair Value August 31, 2025	Fair Value August 31, 2024
Investment Pool	\$ 1,743,943	\$ 1,667,551
Total	1,743,943	1,667,551
Total Cash and Deposits	12,534,641	8,583,675
Total Deposits and Investments	\$ 14,278,584	\$ 10,251,226
Cash and Equivalents (Exhibit 1)	\$ 9,673,837	\$ 6,000,052
Restricted Cash and Equivalents (Exhibit 1)	1,043,571	841,810
Investments (Exhibit 1)	2,504,466	2,396,594
Restricted Investments (Exhibit 1)	1,056,710	1,012,770
Total Deposits and Investments	\$ 14,278,584	\$ 10,251,226

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

	August 31,	
	2025	2024
Demand Deposits	\$ 3,431,263	\$ 2,975,490
Total Cash and Deposits	<u>\$ 3,431,263</u>	<u>\$ 2,975,490</u>

Reconciliation of Deposits and Investments to Exhibit 1A

Type of Security	Fair Value	
	August 31, 2025	August 31, 2024
Mutual Funds	\$ 8,430,775	\$ 5,646,178
Total Investment	8,430,775	5,646,178
Total Cash and Deposits	3,431,263	2,975,490
Total Deposits and Investments	<u>\$ 11,862,038</u>	<u>\$ 8,621,668</u>
Cash and Cash Equivalents	3,431,263	2,975,490
Long-term investments	8,430,775	8,173,233
Total Deposits and Investments	<u>\$ 11,862,038</u>	<u>\$ 11,148,723</u>

As of August 31, 2025, 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
Certificate of Deposits		\$ 3,561,176	\$ 3,561,176	\$ -	\$ -
Investment Pool	N/A	1,743,943	1,743,943	-	-
Total Market Value	AAA	<u>\$ 5,305,119</u>	<u>\$ 5,305,119</u>	<u>\$ -</u>	<u>\$ -</u>

**Northeast Texas Community College
and Northeast Texas Community College Foundation
Notes to Financial Statements (Continued)**

Note 4: DEPOSITS AND INVESTMENTS (Continued)

As of August 31, 2025, the Foundation had the following investments and maturities:

Investment Type	Credit Rating	Market Value	Investment Maturities (in years)		
			Less than 1	1-2	2-3
Mutual funds	N/A	\$ 8,430,775	\$ 8,430,775	\$ -	\$ -
Total Market Value	AAA	\$ 8,430,775	\$ 8,430,775	\$ -	\$ -

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, 2025 and 2024, the College had money on deposit at two banks. The carrying amount of the College's and the Foundation's bank deposits was \$15,954,839 and \$8,812,230, and total bank balances equaled \$16,358,033 and \$9,552,531, respectively. Bank balances of \$500,000 are covered by federal depository insurance and \$13,000,000 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 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.

**Northeast Texas Community College
and Northeast Texas Community College Foundation
Notes to Financial Statements (Continued)**

Note 5: DERIVATIVES

The College had no derivatives at August 31, 2025 or 2024.

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 or the life on the new debt, whichever is shorter.

	Balance			
	August 31,	Increases	Decreases	August 31,
	2024			2025
Deferred charge on bond refunding	\$ 52,970	\$ -	\$ 18,223	\$ 34,747
	Balance			Balance
	August 31,	Increases	Decreases	August 31,
	2023			2024
Deferred charge on bond refunding	\$ 112,694	\$ -	\$ 59,724	\$ 52,970

Note 7: CAPITAL ASSETS

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

	Balance August 31, 2024	Increases	Decreases	Balance August 31, 2025
Not Depreciated:				
Land	\$ 1,748,209	\$ -	\$ -	\$ 1,748,209
Construction in Process	8,250	42,378	(8,250)	42,378
Total not depreciated	\$ 1,756,459	\$ 42,378	\$ (8,250)	\$ 1,790,587
Other Capital Assets:				
Buildings	55,296,170	394,498	(30,684)	55,659,984
Equipment Purchased with Capital Lease	250,348	364,761	(55,453)	559,656
Furniture, Machinery, Vehicles, and other equipment	9,091,738	-	-	9,091,738
Library Books	616,085	22,061	(15,905)	622,241
Subscription assets	-	528,861	-	528,861
Telecommunications and Peripheral Equipment	3,927,998	-	-	3,927,998
Total other capital assets	69,182,339	1,310,181	(102,042)	70,390,478
Accumulated Depreciation:				
Buildings	13,531,725	1,305,532	(24,596)	14,812,661
Equipment Purchased with Capital Lease	250,348	-	-	250,348
Furniture, Machinery, Vehicles, and other equipment	6,862,346	514,879	(50,427)	7,326,798
Library Books	472,526	16,678	(15,905)	473,299
Subscription assets	-	107,372	-	107,372
Telecommunications and Peripheral Equipment	3,821,532	49,993	-	3,871,525
Total accumulated depreciation	24,938,477	1,994,454	(90,928)	26,842,003
Net Other Capital Assets	44,243,862	(684,273)	(11,114)	43,548,475

**Northeast Texas Community College
and Northeast Texas Community College Foundation
Notes to Financial Statements (Continued)**

Note 7: CAPITAL ASSETS (Continued)

Foundation

Foundation

	Balance August 31, 2024	Increases	Decreases	Balance August 31, 2025
Not Depreciated:				
Land	\$ 227,580	\$ -	\$ -	\$ 227,580
Works of Art, Antiques	311,033	-	-	311,033
Total not depreciated	538,613	-	-	538,613
Other Capital Assets:				
Biggers Mural	112,611	-	-	112,611
Buildings	109,894	-	-	109,894
Furniture, Equipment and vehicles	54,321	-	-	54,321
Total other Capital Assets	276,826	-	-	276,826
Accumulated Depreciation:				
Biggers Mural	36,599	5,631	-	42,230
Buildings	32,906	2,635	-	35,541
Furniture, Equipment and vehicles	-	5,432	-	5,432
Total Accumulated Depreciation	69,505	13,698	-	83,203
Net other Capital Assets	\$ 207,321	\$ (13,698)	\$ -	\$ 193,623

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

	Balance August 31, 2023	Increases	Decreases	Balance August 31, 2024
Not Depreciated:				
Land	\$ 1,748,209	\$ -	\$ -	\$ 1,748,209
Construction in Process	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	1,189,573	-	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	\$ 1,704,923	\$ (138,220)	\$ 69,182,339
Accumulated Depreciation:				
Buildings	12,439,644	1,270,680	(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	489,418	-	(16,892)	472,526
Telecommunications and Peripheral Equipment	3,752,311	69,221	-	3,821,532
Total accumulated depreciation	23,392,141	1,834,419	(288,083)	24,938,477
Net Other Capital Assets	\$ 44,223,495	\$ (129,496)	\$ 149,863	\$ 44,243,862
Net Capital Assets	\$ 46,962,455	\$ (121,246)	\$ (840,888)	\$ 46,000,321

**Northeast Texas Community College
and Northeast Texas Community College Foundation
Notes to Financial Statements (Continued)**

Note 7: CAPITAL ASSETS (Continued)

Foundation (continued)

	Balance August 31, 2023	Increases	Decreases	Balance August 31, 2024
Not Depreciated:				
Land	\$ 227,580	\$ -	\$ -	\$ 227,580
Works of Art, Antiques	493,534	-	(182,501)	311,033
Total not depreciated	721,114	-	(182,501)	538,613
Other Capital Assets:				
Biggers Mural	112,611	-	-	112,611
Buildings	109,894	-	-	109,894
Furniture, Equipment and vehicles	-	54,321	-	54,321
Total other Capital Assets	222,505	54,321	-	276,826
Accumulated Depreciation:				
Biggers Mural	31,538	5,061	-	36,599
Buildings	29,700	3,205	-	32,905
Furniture, Equipment and vehicles	-	-	-	-
Total Accumulated Depreciation	61,238	8,266	-	69,504
Net other Capital Assets	\$ 161,267	\$ 46,055	\$ -	\$ 207,322
Net Capital Assets	\$ 882,381	\$ 46,055	\$ (182,501)	\$ 745,935

Note 8: NONCURRENT LIABILITIES

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

	Balance August 31, 2024	Increases	Decreases	Balance August 31, 2025	Current Portion
Leases, bonds, and notes					
Revenue bonds	\$ 5,525,000		\$ 380,000	\$ 5,145,000	\$ 390,000
General obligation bonds	24,501,880	-	1,093,309	23,408,571	1,064,431
Notes payable	431,256	-	136,256	295,000	40,000
SBITA payables	-	528,861	168,421	360,440	109,605
Net pension liability	7,084,060	3,619,713	-	10,703,773	-
Net OPEB Liability	15,250,361	-	3,479,858	11,770,503	478,106
Total long-term obligations	\$ 52,792,557	\$ 4,148,574	\$ 5,257,844	\$ 51,683,287	\$ 2,082,142

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	\$ 5,525,000	\$ 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	\$ 3,366,361	\$ 52,792,557	\$ 2,036,139

**Northeast Texas Community College
and Northeast Texas Community College Foundation
Notes to Financial Statements (Continued)**

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, 2025 and 2024. 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,	Total		
	Principal	Interest	Requirements
2026	\$ 1,064,431 (A)	\$ 949,544	\$ 2,013,975
2027	1,028,873 (A)	982,477	2,011,350
2028	999,796 (A)	1,013,876	2,013,672
2029	1,101,053 (A)	910,194	2,011,247
2030	1,250,000 (A)	762,550	2,012,550
2031-2035	7,095,000 (A)	2,970,181	10,065,181
2036-2040	8,750,000 (A)	1,362,369	10,112,369
2041	1,955,000 (A)	65,981	2,020,981
Total	<u>\$ 23,244,153</u>	<u>\$ 9,017,172</u>	<u>\$ 32,261,325</u>

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.

**Northeast Texas Community College
and Northeast Texas Community College Foundation
Notes to Financial Statements (Continued)**

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, 2025 and 2024 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, 2025 and 2024 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, 2025 and 2024 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, 2025 and 2024 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, 2025 and 2024 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,	Total		
	Principal	Interest	Requirements
2026	\$ 390,000	\$ 181,137	\$ 571,137
2027	405,000	168,172	573,172
2028	420,000	154,462	574,462
2029	430,000	140,819	570,819
2030	445,000	126,481	571,481
2031-2035	2,495,000	367,997	2,862,997
2036	560,000	11,200	571,200
Total	<u>\$ 5,145,000</u>	<u>\$ 1,150,268</u>	<u>\$ 6,295,268</u>

**Northeast Texas Community College
and Northeast Texas Community College Foundation
Notes to Financial Statements (Continued)**

Note 9: BONDS AND NOTES PAYABLE (Continued)

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, 2025 and 2024 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, 2024 and 2022 was \$4,220,000 and \$4,430,000, respectively.

The economic gain resulting from the refunding transaction was \$232,086.

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, 2025 and 2024 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, 2025 and 2024 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, 2024.

Debt service requirements for the notes payable are as follows:

Years Ending August 31,	Total		
	Principal	Interest	Requirements
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	45,000	3,881	48,881
2031-2032	90,000	3,151	93,151
Total	\$ 295,000	\$ 35,384	\$ 330,384

**Northeast Texas Community College
and Northeast Texas Community College Foundation
Notes to Financial Statements (Continued)**

Note 9: BONDS AND NOTES PAYABLE (Continued)

SBITA Payables

The college has several contracts for right-to-use subscriptions. The IRS applicable federal rates were used to determine the amortization for the agreements which varied between 1.25% and 3.82%, depending on the year the subscription started. The subscriptions are related to data analytics, student payments, and point of sale services with Transact Student, Hello POS, Transact Mobile, and ZogoTech.

Years Ending August 31,	Total		
	Principal	Interest	Requirements
2026	\$ 109,605	\$ 10,466	\$ 120,071
2027	115,482	7,124	122,606
2028	102,153	3,611	105,764
2029	33,200	664	33,864
Total	<u>\$ 360,440</u>	<u>\$ 21,865</u>	<u>\$ 382,305</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.

**Northeast Texas Community College
and Northeast Texas Community College Foundation
Notes to Financial Statements (Continued)**

Note 10: DEFINED BENEFIT PENSION PLAN

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.

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	2025
Member	8.25%	8.25%
Non-Employer Contributing Entity (State)	8.25%	8.25%
Employers	8.25%	8.25%
Employer Contributions	\$ 632,196	
Member Contributions	\$ 978,398	
NECE On-behalf Contributions	\$ 316,935	

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).

**Northeast Texas Community College
and Northeast Texas Community College Foundation
Notes to Financial Statements (Continued)**

Note 10: DEFINED BENEFIT PENSION PLAN (Continued)

The District's contributions to the TRS pension plan in 2025 were \$604,919, 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 2025 were \$316,935.

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, 2025 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2025
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."

**Northeast Texas Community College
and Northeast Texas Community College Foundation
Notes to Financial Statements (Continued)**

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, 2025 was developed using a roll-forward method from the August 31, 2024 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, 2025.

Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.

The discount rate was unchanged at 7.00 percent as of August 31, 2025.

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, 2024, are summarized below:

**Northeast Texas Community College
and Northeast Texas Community College Foundation
Notes to Financial Statements (Continued)**

Note 10: DEFINED BENEFIT PENSION PLAN (Continued)

ASSET CLASS		TARGET**	LONG-TERM	EXPECTED CONTRIBUTION TO LONG-TERM PORTFOLIO
			EXPECTED GEOMETRIC REAL RATE OF RETURN***	
Global Equity	U.S.A.	18%	4.0%	1.0%
	Non-U.S. Developed	13%	4.5%	0.9%
	Emerging Markets	9%	4.8%	0.7%
	Private Equity*	14%	7.0%	1.5%
Stable Value	Government Bonds	16%	2.5%	0.5%
	Absolute Return*	- %	3.6%	- %
	Stable Value Hedge Funds	5%	4.1%	0.2%
Real Return	Real Estate	15%	4.9%	1.1%
	Energy, Natural Resources, and Infrastructure	6%	4.8%	0.4%
	Commodities	- %	4.4%	- %
Risk Parity	Risk Parity	8%	4.5%	0.4%
Asset Allocation Leverage	Cash	2%	3.7%	- %
	Asset Allocation Leverage	(6)%	4.4%	(0.1)%
	Inflation Expectation			2.3%
	Volatility Drag****			(0.9)%
Expected Return		<u>100%</u>		<u>8.0%</u>

* Absolute Return includes Credit Sensitive Investments.

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

*** Capital Market Assumptions come from Aon Hewitt (as of 06/30/2024).

**** The volatility drag results from the conversion between arithmetic and geometric mean returns.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.00%) in measuring the 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	\$ 10,474,588	\$ 6,557,805	\$ 3,312,600

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

At August 31, 2025, the College reported a liability of \$6,557,805 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:

College's proportionate share of the collective net pension liability	6,557,805
State's proportionate share that is associated with the District	3,435,401
TOTAL	<u>9,993,206</u>

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

**Northeast Texas Community College
and Northeast Texas Community College Foundation
Notes to Financial Statements (Continued)**

Note 10: DEFINED BENEFIT PENSION PLAN (Continued)

At August 31, 2025, the College's proportion of the collective net pension liability was 0.0107%, which was an increase of 0.0004% from its proportion measured as of August 31, 2024.

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, 2025, the College recognized pension expense of \$410,588 and revenue of \$410,588 for support provided by the State.

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.

At August 31, 2025, 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	\$ 361,461	\$ 51,201
Changes in actuarial assumptions	338,597	45,394
Difference between projected and actual investment earnings	1,570,685	1,534,730
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	247,060	176,120
Contributions paid to TRS subsequent to the measurement date	632,196	-
TOTAL	\$ 3,149,999	\$ 1,807,445

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:

Note 11: DEFINED CONTRIBUTION PENSION PLAN

YEAR ENDED AUGUST 31,	PENSION EXPENSE AMOUNT
2026	\$ 57,917
2027	\$ 696,110
2028	\$ 64,861
2029	\$ (151,918)
2030	\$ 43,388
Thereafter	\$ -

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.

**Northeast Texas Community College
and Northeast Texas Community College Foundation
Notes to Financial Statements (Continued)**

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 \$316,935, \$297,727, and \$273,917 for the fiscal years ended August 31, 2025, 2024, and 2023, 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 \$11,863,943, \$12,920,364, and \$11,919,982 for fiscal years 2025, 2024, and 2023, respectively. The total payroll of employees covered by the TRS was \$11,864,533, \$10,459,975, and \$9,613,833 and the total payroll of employees covered by the Optional Retirement Program was \$2,005,716, \$1,952,983, and \$2,306,149 for fiscal years 2025, 2024, and 2023, 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, 2025 and 2024 were 17 and 17, respectively. During fiscal years ended August 31, 2025 and 2024, NTCC employee contributions amounting to 129,905 and \$119,706, 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 \$122,681 and \$101,965 for August 31, 2025 and 2024, 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.

**Northeast Texas Community College
and Northeast Texas Community College Foundation
Notes to Financial Statements (Continued)**

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, 2025 and 2024, respectively, and totaled \$882,745 for 2025 and \$882,745 for 2024. The cost of providing those benefits for 73 retirees in the year ended fiscal year 2025 was \$373,761 (retirees benefits for 79 retirees cost \$401,945 in fiscal year 2024). For 221 active employees, the cost of providing benefits was \$1,362,039 for the fiscal year ended 2025 (active employee benefits for 221 employees cost \$1,350,253 for the fiscal year 2024).

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.)

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.

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.

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.

**Northeast Texas Community College
and Northeast Texas Community College Foundation
Notes to Financial Statements (Continued)**

Note 15: OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

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			
	2025	2024	
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.

	CONTRIBUTION RATES	
	2024	2025
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	\$ 210,062	
Member Contributions	\$ 27,877	
NECE On-behalf Contributions	\$ 132,319	

Source: ERS FY24 Comprehensive Annual Financial Report

Actuarial Assumptions

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

**Northeast Texas Community College
and Northeast Texas Community College Foundation
Notes to Financial Statements (Continued)**

Note 15: OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Actuarial Methods and Assumptions:

Valuation Date	August 31, 2024
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	3.87%
Projected Annual Salary Increase	2.30 to 8.95%, including inflation
Annual Healthcare Trend Rate	<i>HealthSelect</i> 5.60% for FY26, 5.60% for FY27, 5.25% for FY28, 5.00% for FY29, 4.75% for FY30, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY33 and later years
	<i>HealthSelect Medicare Advantage</i> 36.00% for FY26, 8.00% for FY27, 5.00% for FY28, 5.25% for FY29, 5.00% for FY30, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY33 and later years
	<i>Pharmacy</i> 11.50% for FY26, 11.00% for FY27, 10.00% for FY28, 8.50% for FY29, 7.00% for FY30, decreasing 100 basis points per year to 5.00% for FY32 and 4.30% for FY33 and later years
Inflation Assumption Rate	2.30%
Ad hoc Postemployment Benefit Changes	None
Mortality Rate	<i>State Agency Members</i> <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.
	<i>Higher Education Members</i> <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 May 2020 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 3.87%.

**Northeast Texas Community College
and Northeast Texas Community College Foundation
Notes to Financial Statements (Continued)**

Note 15: OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Discount Rate

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

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%)	DISCOUNT RATE (3.81%)	1% INCREASE IN DISCOUNT RATE (4.81%)
College's proportionate share of the net OPEB liability	\$ 19,596,864	\$ 16,842,945	\$ 14,632,895

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 (4.6%)	HEALTHCARE TREND RATE (5.6%)	1% INCREASE IN HEALTHCARE TREND RATE (4.81%)
College's proportionate share of the net OPEB liability	\$ 14,452,094	\$ 16,842,945	\$ 19,890,636

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

At August 31, 2025, the College reported a liability of \$16,842,945 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 pension liability	\$ 16,842,945
State's proportionate share that is associated with the District	8,482,840
TOTAL	<u>\$ 25,325,785</u>

**Northeast Texas Community College
and Northeast Texas Community College Foundation
Notes to Financial Statements (Continued)**

Note 15: OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

The Net OPEB Liability was measured as of August 31, 2024 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The 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, 2023 thru August 31, 2024.

At August 31, 2024 the College's proportion of the collective Net OPEB Liability was 0.05747349%, which was 0.00039351% lower than the same proportion measured as of August 31, 2023.

For the year ended August 31, 2025, the College recognized OPEB expense of \$309,340 and revenue of \$309,340 for support provided by the State.

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.

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.

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.

**Northeast Texas Community College
and Northeast Texas Community College Foundation
Notes to Financial Statements (Continued)**

Note 15: OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

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 2024, 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.

**Northeast Texas Community College
and Northeast Texas Community College Foundation
Notes to Financial Statements (Continued)**

Note 15: OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

At August 31, 2025, 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	\$ -	\$ 277,889
Changes in actuarial assumptions	922,143	3,355,242
Difference between projected and actual investment earnings	-	644
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	695,788	993,700
Contributions paid to TRS subsequent to the measurement date	210,061	-
TOTAL	\$ 1,827,992	\$ 4,627,475

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:

Note 16: DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

YEAR ENDED AUGUST 31,	PENSION EXPENSE AMOUNT
2026	\$ (965,588)
2027	\$ (1,112,588)
2028	\$ (864,932)
2029	\$ (130,936)
2030	\$ 64,500
Thereafter	\$ -

Receivables were as follows:

	COLLEGE		FOUNDATION	
	AUGUST 31,		AUGUST 31,	
	2025	2024	2025	2024
Tuition and fees receivable	\$ 3,667,481	\$ 2,951,078	\$ -	\$ -
Taxes receivable	791,580	696,936	-	-
Contracts and grants receivable	1,104,683	641,214	8,154	8,154
Other receivables	75,721	74,311	-	-
Allowance for doubtful accounts	(2,577,043)	(2,326,046)	-	-
TOTAL RECEIVABLES	\$ 3,062,422	\$ 2,037,493	\$ 8,154	\$ 8,154

**Northeast Texas Community College
and Northeast Texas Community College Foundation
Notes to Financial Statements (Continued)**

Note 16: DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES (Continued)

Payables and accrued liabilities were as follows:

	COLLEGE		FOUNDATION	
	AUGUST 31,		AUGUST 31,	
	2025	2024	2025	2024
Accounts Payable:				
Vendors payable	\$ 1,250,395	\$ 1,179,697	\$ -	\$ -
Accrued Liabilities:				
Accrued payroll liabilities	\$ 46,884	\$ 46,276	\$ -	\$ -
Interest payable	407,680	413,779	-	-
TOTAL ACCRUED				
LIABILITIES	<u>\$ 454,564</u>	<u>\$ 460,055</u>	<u>\$ -</u>	<u>\$ -</u>
Deposits Payable:				
Student deposits payable	\$ 13,650	\$ 23,650	\$ -	\$ -

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 2025 and 2024 for the College and Foundation are as follows:

	2025	2024
College:		
Federal	\$ 1,423,000	\$ 2,433,227
State	926,190	387,778
TOTAL	<u>\$ 2,349,190</u>	<u>\$ 2,821,005</u>
Foundation:		
Federal	\$ 136,600	\$ 131,193
State	1,030,578	1,025,454
TOTAL	<u>\$ 1,167,178</u>	<u>\$ 1,156,647</u>

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.

**Northeast Texas Community College
and Northeast Texas Community College Foundation
Notes to Financial Statements (Continued)**

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.

	<u>At August 31,</u>	
	<u>2025</u>	<u>2024</u>
Assessed Valuation	\$ 7,717,172,614	\$ 7,131,948,491
Less Exemptions and Abatements	1,283,381,320	1,062,405,411
Net Taxable Assessed Value	\$ 6,433,791,294	\$ 6,069,543,080

	<u>Current</u>	<u>Debt</u>	
	<u>Operations</u>	<u>Service</u>	<u>Total</u>
Tax rate authorized per \$100 valuation - Authorized			<u>\$ 0.1300</u>
Tax rate authorized per \$100 valuation - Assessed:			
FYE August 31, 2025	\$ 0.0787	\$ 0.0313	\$ 0.1100
FYE August 31, 2024	<u>\$ 0.0769</u>	<u>\$ 0.0331</u>	<u>\$ 0.1100</u>

Taxes levied for the year ended August 31, 2025 were \$8,363,929 (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 - 2025	CURRENT OPERATIONS	DEBT SERVICE	TOTAL
Current taxes	\$ 4,954,562	\$ 1,964,200	\$ 6,918,762
Delinquent taxes	111,517	44,385	155,902
Penalties and interest	99,018	39,411	138,429
Other fees	1,240	494	1,734
TOTAL TAX REVENUES	\$ 5,166,337	\$ 2,048,490	\$ 7,214,827

Taxes levied for the year ended August 31, 2024 were \$7,890,406 (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	\$ 6,377,760
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	\$ 6,620,139

Current tax levy collections for the years ended August 31, 2025 and 2024 were 97.8% and 95.5%, 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.

**Northeast Texas Community College
and Northeast Texas Community College Foundation
Notes to Financial Statements (Continued)**

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, 2025 and 2024, 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, 2025 and 2024.

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.

**Northeast Texas Community College
and Northeast Texas Community College Foundation
Notes to Financial Statements (Continued)**

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, 2024, 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, 2025, 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 2025. 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 2025 and 2024, respectively to the college. All Trustees of the District are also on the Board of Directors of the Foundation.

**Northeast Texas Community College
and Northeast Texas Community College Foundation
Notes to Financial Statements (Continued)**

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 29, 2025.

Note 29: PRIOR PERIOD ADJUSTMENTS

During the fiscal year, the college implemented GASB 101 which changes how compensable absences should be accounted for. The implementation of GASB 101 requires a retroactive restatement for all periods presented for the change in accounting principal. Additionally, the college corrected an error for a receivable amount not recorded in prior year. The effects of the changes are as follows:

Statement Line:	2024		2024 As restated
	As previously Reported	Adjustment	
Accrued compensable absences	\$ 163,253	\$ (61,288)	\$ 101,965
Accounts receivable	1,977,278	60,215	2,037,493
Taxes for maintenance and operations	4,605,610	60,215	4,665,825
Instruction	12,330,705	(61,288)	12,269,417
Net Position	807,695	121,500	929,195

**Northeast Texas Community College and Northeast Texas Community College Foundation
Schedule of the College's Proportionate Share of the Net Pension Liability
Teacher Retirement System
Required Supplementary Schedule I**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the NPL	0.0107%	0.0103%	0.0107%	0.0108%	0.0110%	0.0103%	0.0144%	0.0102%	0.0101%	0.0152%
District's proportionate share of the NPL	\$ 6,557,875	\$ 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
State share of the NPL associated with the district	\$ 3,435,401	\$ 3,978,602	\$ 3,484,937	\$ 1,547,377	\$ 3,373,878	\$ 3,043,321	\$ 3,360,848	\$ 1,887,439	\$ 2,199,339	\$ 2,194,512
TOTAL	\$ 9,993,276	\$ 11,062,662	\$ 9,857,582	\$ 4,300,309	\$ 9,267,201	\$ 8,384,155	\$ 9,108,005	\$ 5,153,799	\$ 6,004,055	\$ 5,912,945
District's covered-employee payroll	\$ 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
Proportionate share/covered payroll	50.76%	59.43%	66.29%	28.64%	61.81%	63.66%	69.63%	42.09%	51.52%	51.16%
Plan fiduciary net position/total pension liability	77.51%	73.15%	75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%

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

See independent auditor's report.

**Northeast Texas Community College and Northeast Texas Community College Foundation
Schedule of the College's Pension Contributions
Teacher Retirement System of Texas
Required Supplementary Schedule II**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 604,919	\$ 506,082	\$ 529,981	\$ 501,077	\$ 461,449	\$ 454,013	\$ 360,087	\$ 351,746	\$ 334,778	\$ 319,900
Contributions to required contribution	<u>(604,919)</u>	<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>
CONTRIBUTION DEFICIENCY (EXCESS)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Current Fiscal Year TRS Gross	\$ 11,863,943	\$ 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
Contributions to covered payroll	5.10%	3.92%	4.45%	4.26%	4.80%	4.76%	4.29%	4.26%	4.31%	4.33%

*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.

See independent auditor's report.

**Northeast Texas Community College and Northeast Texas Community College Foundation
Schedule of the College's Share of Net OPEB Liability
Employees Retirement System of Texas
Required Supplementary Schedule III**

Fiscal year ending August 31 **	2024	2023	2022	2021	2020	2019	2018	2017
Colleges' proportion of collective net OPEB liability (%)	0.0574735%	0.0570800%	0.0600381%	0.0573731%	0.0555049%	0.4826415%	0.0510925%	0.0354645%
College's proportionate share of collective net OPEB liability (\$)	\$ 16,842,945	\$ 15,250,361	\$ 17,103,019	\$ 20,582,876	\$ 18,341,396	\$ 16,681,382	\$ 15,142,653	\$ 12,083,816
State's proportionate share of net OPEB liability associated with the College	8,482,840	7,487,061	8,073,953	171,379,645	9,365,621	11,406,193	9,285,987	7,490,251
Total	\$ 25,325,785	\$ 22,737,422	\$ 25,176,972	\$ 191,962,521	\$ 27,707,017	\$ 28,087,575	\$ 24,428,640	\$ 19,574,067
The College's covered payroll amount in the year of measurement	\$ 12,920,365	\$ 11,919,985	\$ 11,762,625	\$ 11,365,465	\$ 11,365,440	\$ 10,579,162	\$ 10,644,405	\$ 10,341,867
College's proportionate share of collective net OPEB liability as a percentage of covered-employee payroll	130.36%	127.94%	145.40%	181.10%	161.38%	157.68%	142.26%	116.84%
Plan fiduciary net position as percentage of the total OPEB liability	0.47%	0.63%	0.57%	0.38%	0.32%	0.17%	1.27%	2.04%
Fiscal year ending August 31 *	2025	2024	2023	2022	2021	2020	2019	2018
Contractually required contributions	\$ 210,062	\$ 195,424	\$ 188,706	\$ 166,478	\$ 392,425	\$ 375,914	\$ 359,717	\$ 340,703
Actual Contributions	210,062	195,424	188,706	166,478	392,425	375,914	359,717	340,703
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The College's covered payroll amount in the current fiscal year	\$ 11,863,943	\$ 12,920,365	\$ 11,919,985	\$ 11,762,625	\$ 11,365,465	\$ 11,365,440	\$ 10,579,162	\$ 10,644,405
Ratio of: Actual contributions / NTCC's covered payroll amount	1.77%	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 eight 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.

See independent auditor's report.

**Northeast Texas Community College
and Northeast Texas Community College Foundation
Notes to Required Supplementary Schedules**

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, 2023.
- 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 7.0 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.

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.

**Northeast Texas Community College
and Northeast Texas Community College Foundation
Notes to Required Supplementary Schedules (Continued)**

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.

Northeast Texas Community College
Schedule of Operating Revenues
Schedule A

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	2025 Total	Memorandum 2024 Total
Tuition						
State funded courses						
In-district resident tuition	\$ 1,742,131	\$ -	\$ 1,742,131	\$ -	\$ 1,742,131	\$ 1,619,278
Out-of-district resident tuition	1,110,563	-	1,110,563	-	1,110,563	1,022,551
TPEG (set aside)*	171,645	-	171,645	-	171,645	263,791
Non-resident tuition	245,748	-	245,748	-	245,748	214,187
State funded continuing education	187,670	-	187,670	-	187,670	188,830
Non-state funded continuing education	39,424	-	39,424	-	39,424	39,667
Total Tuition	3,497,181	-	3,497,181	-	3,497,181	3,348,304
Fees						
General fees	3,330,497	-	3,330,497	-	3,330,497	3,065,704
Out-of-district fees	1,679,796	-	1,679,796	-	1,679,796	1,546,673
Non-resident fees	657,739	-	657,739	-	657,739	573,266
Course fees	553,674	-	553,674	-	553,674	514,118
Other fees	141,015	-	141,015	-	141,015	137,135
Total Fees	6,362,721	-	6,362,721	-	6,362,721	5,836,896
Allowances and Discounts						
Bad debt allowance	(250,319)	-	(250,319)	-	(250,319)	(253,663)
Scholarship allowances	(634,821)	-	(634,821)	-	(634,821)	(605,019)
Remissions and exemptions	(349,575)	-	(349,575)	-	(349,575)	(285,546)
TPEG allowances	(149,237)	-	(149,237)	-	(149,237)	(250,465)
Federal and state grants to students	(4,595,294)	-	(4,595,294)	-	(4,595,294)	(4,127,455)
Total Allowances and Discounts	(5,979,246)	-	(5,979,246)	-	(5,979,246)	(5,522,148)
Total Net Tuition and Fees	3,880,656	-	3,880,656	-	3,880,656	3,663,052
Other Operating Revenues						
Federal grants and contracts	-	2,418,401	2,418,401	-	2,418,401	2,897,633
State grants and contracts	-	1,358,905	1,358,905	-	1,358,905	833,431
Nongovernmental grants and contracts	-	10,597	10,597	-	10,597	61,896
Sales and services of educational activities	110,362	-	110,362	-	110,362	84,086
Other operating revenues	746,284	-	746,284	167,933	914,217	807,374
Total Other Operating Revenues	856,646	3,787,903	4,644,549	167,933	4,812,482	4,684,420
Auxiliary Enterprises						
Residential life	-	-	-	1,408,598	1,408,598	1,289,324
Less discounts	-	-	-	(404,373)	(404,373)	(323,644)
Bookstore	-	-	-	1,798,878	1,798,878	1,598,481
Less discounts	-	-	-	(776,617)	(776,617)	(625,819)
Total Net Auxiliary Enterprises	-	-	-	2,026,486	2,026,486	1,938,342
Total Operating Revenues (Exh.2)	\$ 4,737,302	\$ 3,787,903	\$ 8,525,205	\$ 2,194,419	\$ 10,719,624	\$ 10,285,814

* In accordance with Education Code 56.033, \$203,547 and \$187,908 for years August 31, 2025 and 2024, respectively, of tuition was set aside for Texas Public Education Grants (TPEG).

Northeast Texas Community College
Schedule of Operating Expenses by Object
Schedule B

	Operating Expenses				Memorandum Total 08/31/24
	Salaries and Wages	State Benefits	Local Benefits	Other Expenses	
Unrestricted - Educational Activities					
Instruction	6,816,453	-	1,715,625	694,844	9,226,922
Public Service	32,085	-	8,075	136,255	176,415
Academic Support	903,885	-	227,498	319,729	1,451,112
Student Services	799,701	-	201,276	170,846	1,171,823
Institutional Support	2,156,927	-	542,874	2,045,454	4,745,255
Operation and Maintenance of Plant	248,564	-	62,561	1,391,119	1,702,244
Total Unrestricted Educational Activities	10,957,615	-	2,757,909	4,758,247	18,473,771
Restricted - Educational Activities					
Instruction	758,061	753,837	119,337	573,031	2,204,266
Public Service	277,206	3,548	-	72,949	353,703
Academic Support	-	99,961	-	-	99,961
Student Services	152,295	88,440	-	140,389	381,124
Institutional Support	623,698	238,536	-	231,621	1,093,855
Operation and Maintenance of Plant	-	27,489	-	-	27,489
Scholarships and Fellowships	-	-	-	2,705,399	2,705,399
Total Restricted Educational Activities	1,811,260	1,211,811	119,337	3,723,389	6,865,797
Total Educational Activities	12,768,875	1,211,811	2,877,246	8,481,636	25,339,568
Auxiliary Enterprises					
Depreciation & Amortization Expense	650,725	-	155,117	2,451,840	3,257,682
Building & Improvements	-	-	-	-	1,412,905
Equipment & Furniture	-	-	-	-	564,872
Library Books	-	-	-	-	16,678
Total	13,419,600	1,211,811	3,032,363	10,933,476	30,591,705
					(Exhibit 2) (Exhibit 2)

See independent auditor's report.

Northeast Texas Community College
Schedule of Non-Operating Revenues and Expenses
Schedule C

	Unrestricted	Restricted	Auxiliary Enterprises	Total 08/31/25	Memorandum Total 2024
Non - Operating Revenues					
State appropriations:					
Education and general state support	\$ 9,011,653	\$ -	\$ -	\$ 9,011,653	\$ 7,598,092
State group insurance	-	880,996	-	880,996	1,104,937
State retirement matching	-	345,932	-	345,932	327,047
Ad-valorem taxes	5,166,338	2,048,490	-	7,214,828	6,680,354
Federal revenue, non operating	-	7,558,160	-	7,558,160	6,561,449
Investment income	-	61,346	-	61,346	55,462
Contribution from Foundation	-	-	-	-	-
Total Non - Operating Revenues	14,177,991	10,894,924	-	25,072,915	22,327,341
Non - Operating Expenses					
Interest on capital related debt	927,248	-	-	927,248	1,263,789
(Gain) Loss on disposal of fixed assets	(158,241)	-	-	(158,241)	12,245
Other non operating expense	2,850	-	-	2,850	2,700
Total Non - Operating Expenses	771,857	-	-	771,857	1,278,734
Net Non - Operating Revenues	\$ 13,406,134	\$ 10,894,924	\$ -	\$ 24,301,058	\$ 21,048,607

Exhibit 2 Exhibit 2

See independent auditor's report.

Northeast Texas Community College
Schedule of Net Position by Source and Availability
Schedule D

	Detail By Source						Capital Assets Net of Depreciation & Related Debt	Total 08/31/25	Available for Current Operations		Memorandum Total 08/31/24		
	Restricted			Unrestricted	Expendable	Non Expendable			Yes	No			
Current													
Unrestricted	\$ (10,824,992)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (10,824,992)	\$ 14,032,687	\$ (24,857,679)	\$ (14,690,890)			
Board Designated Reserve	515,717	-	-	-	-	-	515,717	515,717	-	515,717			
Plant													
Investment in plant	-	291,411	-	15,954,345	16,245,756	-	-	16,245,756	16,245,756	15,104,365			
Total Net Assets, August 31, 2025	(10,309,275)	291,411	-	15,954,345	5,936,481	-	14,548,404	(8,611,923)	929,192				
Total Net Assets, as restated, August 31, 2024	(14,175,170)	213,717	-	14,890,648	929,195	-	10,141,569	(9,333,874)	(4,250,555)				
Net Increase (Decrease) in Net Assets	\$ 3,865,895	\$ 77,694	\$ -	\$ 1,063,697	\$ 5,007,286	\$ -	\$ 4,406,835	\$ 721,951	\$ 5,179,747				

See independent auditor's report.



CARR, RIGGS & INGRAM, L.L.C.

Carr, Riggs & Ingram, L.L.C.
1307 South 1st Street
Lufkin, TX 75901

936.634.6621
CRIady.com

**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, 2025 and 2024, 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 29, 2025.

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.

Carr, Riggs & Ingram, L.L.C.
CARR, RIGGS & INGRAM, L.L.C.

Lufkin, Texas

December 29, 2025



CARR, RIGGS & INGRAM, L.L.C.

Carr, Riggs & Ingram, L.L.C.
1307 South 1st Street
Lufkin, TX 75901

936.634.6621
CRIadv.com

**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, 2025. 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, 2025.

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.

Carr, Riggs & Ingram, L.L.C.
CARR, RIGGS & INGRAM, L.L.C.

Lufkin, Texas

December 29, 2025

**Northeast Texas Community College
and Northeast Texas Community College Foundation
Schedule of Findings and Questioned Costs**

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: UNMODIFIED

Internal control over financial reporting:

Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X	None Reported
Significant deficiencies identified that are not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X	None Reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X	No

Federal and State Awards

Internal control over major programs:

Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X	No
Significant deficiencies identified that are not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X	None Reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) Uniform Guidance or TSAC?

Yes X 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: \$750,000

Auditee qualified as low-risk auditee? X 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 of Expenditures of Federal Awards
Schedule E**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT NUMBER	PASS THROUGH		
			AND EXPENDITURES	TO SUBRECIPIENTS	PROVIDED
U.S. Department of Education:					
Direct Programs:					
Student Financial Assistance Cluster:					
Federal Supplemental Educational Opportunity Grants	84.007A	P007A196964	\$ 158,874	\$ -	-
Federal Work Study Program	84.033A	P033A196964	84,717	-	-
Federal Pell Grant Program	84.063P	P063P194174	7,399,286	-	-
Direct Loans	84.268	P268K204174	2,416,285	-	-
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER			<u>10,059,162</u>		-
TRIO - Upward Bound	84.047A	P047A170049	<u>295,280</u>		-
Title V	84.031S	P031S170133	1,718,175		-
Passed Through Texas Workforce Commission:					
Passed Through Tyler Junior College:					
Adult Education and Family Leave Act (AEFLA)-LCOT	84.002A	2924ALA020-1	46,243	-	-
Passed Through Paris Junior College:					
Adult Education and Family Leave Act (AEFLA)	84.002A	0817ALA000-005	16,535	-	-
Adult Education and Family Leave Act (AEFLA)	84.002A	0718ALA000	45,319	-	-
Adult Education and Family Leave Act (AEFLA)	84.002A	0720AEL001	<u>72,529</u>		-
TOTAL PASSED THROUGH TEXAS WORKFORCE COMMISSION			<u>180,626</u>		-
Passed Through Texas Higher Education Coordinating Board:					
Vocational Education - Allocated	84.048	204253	<u>331,663</u>		-
TOTAL PASSED THROUGH TEXAS HIGHER EDUCATION COORDINATING BOARD			<u>331,663</u>		-
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>12,584,906</u>		-
U.S. Department of Agriculture	10.215		<u>2,130</u>		-
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>2,130</u>		-
U.S. Department of Health and Human Services:					
Passed Through Texas Education Agency:					
Temporary Assist to Needy Families (A)	93.558	203630027110020	<u>131,193</u>		-
Passed Through Texas Workforce Solutions:					
Passed Through Tyler Junior College:					
Temporary Assist to Needy Families	93.558		5,346	-	-
Passed Through Paris Junior College:					
Temporary Assist to Needy Families	93.558	0718ALA000	327	-	-
Temporary Assist to Needy Families	93.558	0818ALA000	<u>11,907</u>		-
TOTAL PASSED THROUGH TEXAS WORKFORCE SOLUTIONS			<u>17,580</u>		-
TOTAL U.S. DEPARTMENT OF HEATH AND HUMAN SERVICES			<u>148,773</u>		-
U.S. Small Business Administration:					
Passed Through Dallas Community College:					
SBDC	59.037	N/A	<u>270,625</u>		-
TOTAL U.S. SMALL BUSINESS ADMINISTRATION			<u>270,625</u>		-
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 13,006,434</u>	\$ -	-

See independent auditor's report.

**Northeast Texas Community College
and Northeast Texas Community College Foundation
Schedule of Expenditures of Federal Awards
Schedule E (Continued)**

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	\$ 2,418,401
Add: Federal grants and contracts revenue - Per Exhibit 2 - College	<u>7,558,160</u>
TOTAL FEDERAL REVENUES PER SCHEDULE A AND C	<u>9,976,561</u>
Reconciling items:	
Add: Funds passed through to others	482,395
Add: Federal grant capital contributions - Per Exhibit 2 - College	2,416,285
Add: Direct loans	<u>131,193</u>
Add: Federal grants and contracts revenue - Foundation	<u>\$ 13,006,434</u>
TOTAL FEDERAL REVENUES PER SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	<u>\$ 13,006,434</u>

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	ADMININSTRATIVE 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 of Expenditures of State Awards
Schedule F**

GRANTOR/PROGRAM/TITLE	PASS THROUGH		
	GRANT	DISBURSEMENTS	
		CONTRACT NUMBER	AND EXPENDITURES
Texas Education Agency:			
Temporary Assistance to Needy Families	(A) 240958027110021	\$ 1,025,454	
TOTAL TEXAS EDUCATION AGENCY		<u>1,025,454</u>	
U.S. Small Business Administration:			
Passed through Dallas Community College:			
SBDC	N/A	58,516	
TOTAL U.S. SMALL BUSINESS ADMINISTRATION		<u>58,516</u>	
Texas Higher Education Coordinating Board:			
Texas Education Opportunity Grant		N/A	708,023
NIGP Rider 64			145,730
NSRP			145,166
NTCC TRUE Grant			83,883
TRUE Grant 24/25	305		68,483
TOTAL TEXAS HIGHER EDUCATION COORDINATING BOARD		<u>1,151,285</u>	
Texas College Workstudy			19,861
Texas Workforce Commission:			
Skills Development Fund		0725SDF001	50,900
Passed through Paris Junior College:			
State AEFLA		2924ALA025-1	16,037
State AEFLA		2924ALA025-1	18,283
Professional Development		2924ALA025-1	1,981
Passed through Tyler Junior College:			
State AEFLA		2924ALA020-1	14,181
State AEFLA		2924ALA020-2	136
Professional Development		2924ALA020-1	938
TOTAL TEXAS WORKFORCE COMMISSION		<u>102,456</u>	
Texas Nursing Grant			26,787
HOGG Foundation Grant:			
HOGG Foundation Grant	(A)	WRC-040	
			<u>97,385</u>
TOTAL STATE FINANCIAL ASSISTANCE		\$ 2,481,744	

(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	\$ 1,358,905
State Grants and Contracts - Foundation - Per Exhibit 2A	<u>1,122,839</u>
TOTAL STATE FINANCIAL ASSISTANCE	\$ 2,481,744

See independent auditor's report.

**Northeast Texas Community College
and Northeast Texas Community College Foundation
Schedule of Prior Year Audit Findings and Questioned Costs**

None

See independent auditor's report.