

TABLE OF CONTENTS

	<u>PAGE</u>	
Introductory Section:		
Organizational Data.....	3	
Financial Section:		
Independent Auditors' Report.....	5	
Management's Discussion and Analysis (Required Supplementary Information).....	7	
Financial Statements:		<u>EXHIBITS</u>
Statements of Net Position	14	1
Statements of Financial Position	15	1A
Statements of Revenues, Expenses and Changes in Net Position	16	2
Statements of Activities.....	17	2A
Statements of Cash Flows	18	3 & 3A
Notes to Financial Statements	20	
Required Supplementary Information Schedules:		<u>RSI</u>

NORTHEAST TEXAS COMMUNITY COLLEGE
MT. PLEASANT, TEXAS
ORGANIZATIONAL DATA
For the Fiscal Year 2021

BOARD OF TRUSTEES

		<u>TITLE</u>	<u>TERMS</u>
Mr. Chuck Johns	Pittsburg, Texas	Board Chairman	2020-2026
Mr. Robin Sharp	Mt. Pleasant, Texas	Board Vice Chairman	2020-2026
Ms. Sondra Fowler	Daingerfield, Texas	Board Secretary	2020-2026
Mr. Sid Greer	Daingerfield, Texas	Member	2018-2024
Mr. Frankie King	Pittsburg, Texas	Member	2019-2022
Dr. Dan McCauley	Mt. Pleasant, Texas	Member	2018-2024
Ms. Stephanie Thurman	Mt. Pleasant, Texas	Member	2019-2022

PRINCIPAL ADMINISTRATIVE OFFICERS

Dr. Ron Clinton	President
Dr. Jon McCullough	Executive Vice President for Advancement
Dr. Kevin Rose	Vice President for Instruction
Dr. Josh Stewart	Vice President for Student and Outreach Services
Mr. Jeff Chambers	Vice President for Administrative Services

INDEPENDENT AUDITORS' REPORT



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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 years ended August 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the College's and the Foundation's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States o



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion



Management's Discussion and Analysis
August 31, 2021

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 2019, 2020, and 2021. 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

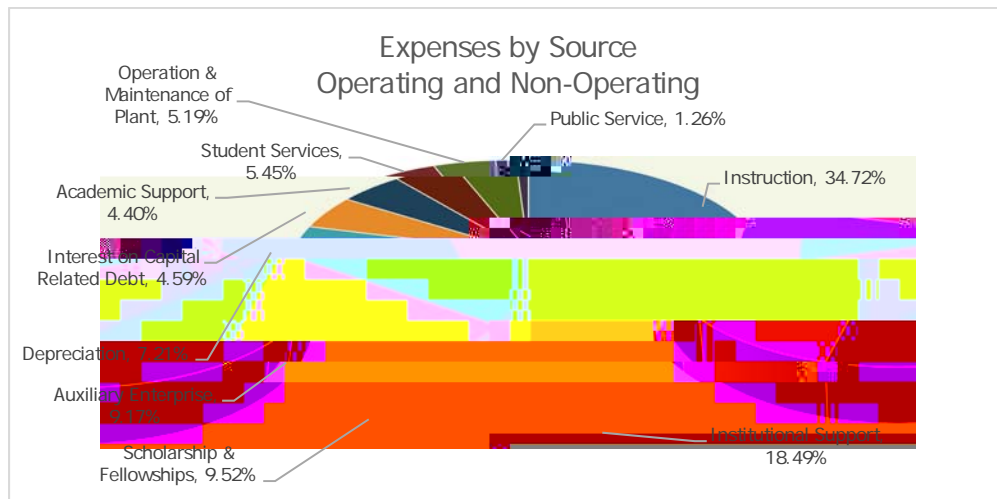
Management Discussion and Analysis (MD&A) compares the current year to the previous year and the previous year to the preceding year based on information presented in the financial statements.

College Foundation 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 ma

In comparing the fiscal periods ended August 31, 2021 and 2020:

Net Tuition and fee revenues decreased \$590,761 or 15.06%. This was a result of lower enrollment due to the COVID-19 pandemic.



In comparing the fiscal periods ended August 31, 2021 and 2020:

Instruction decreased \$4,988 or 0.05% primarily due to fewer instructional positions, lower adjunct and overload cost, and lower restricted grant salaries.

Academic Support decreased \$162,387 or 11.24% as a result of not refilling one position from 2020, reallocating one position, and lower other cost for academic support.

Institutional Support increased \$268,494 or 5.26% as a result of an increase in restricted salary cost from increased grant positions from COVID related support.

Total other non-operating decreased \$65,450 or 5.03% due to gains on disposal of assets and lower interest expense.

In comparing the fiscal periods ended August 31, 2020 and 2019:

Instruction increased \$350,304 or 3.58% primarily due to increased allocation for GASB 68 & 75 expenditures.

Academic Support increased \$303,701 or 26.63% as a result of two positions unfilled for the prior year being filled in 2019-2020 and increased allocation for GASB 68 & 75 expenditures.

Institutional Support increased \$346,808 or 7.29% as a result of an increase expenditures due to the Title V Grants increased allocation for GASB 68 & 75 expenditures.

Total other non-operating decreased \$88,134 or 6.32% due to gains on disposal of assets and lower interest expense.

Analysis of Net Position

Total Net Position of \$(4,637,784) is comprised of the investment in capital assets net of related debt of \$10,917,861, restricted for debt service of \$164,422, and unrestricted net position of \$(15,720,067). 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, 2021, 2020, and 2019

	2021	2020	2019
Investment in capital assets, net of related debt	\$ 10,917,861	\$ 11,095,453	\$ 11,733,963
Restricted for debt service	164,422	583,089	531,535
Temporarily restricted	-	-	-
Unrestricted	(15,720,067)	(15,782,974)	(15,086,673)
TOTAL NET POSITION	\$ (4,637,784)	\$ (4,104,432)	\$ (2,821,175)

Long Term Debt

In the fiscal period ended August 31, 2017, the College issued \$560,000 in Maintenance Tax Notes for energy retrofit projects.

In the fiscal period ended August 31, 2017, the College issued \$1,225,000 in Limited Tax Refunding Bonds to be used to advance refund the remaining 2010 Series Limited Tax Bonds.

In the fiscal period ended August 31, 2017, the College issued \$5,545,000 in Revenue Financing System Refunding Bonds to be used to advance refund a portion of the 2010 Series Revenue Bonds.

In the fiscal period ended August 31, 2016, the College issued \$9,960,000 in limited tax bonds to finance repairs and renovations of the main campus and issued \$2,540,000 in revenue bonds to be used to advance refund the remaining 2006 Revenue Bonds.

In the fiscal period ended August 31, 2015, the College issued \$9,470,000 in limited tax bonds to finance repairs and renovations of the main campus.

In the fiscal period ended August 31, 2014, the College issued \$86,000 in equipment financing notes for the purchase of a college bus.

In the fiscal period ended August 31, 2013, the College issued \$2,138,638 in limited Tax Refunding Bonds to be used to advance refund the remaining 2003 Series Limited Tax Bonds.

In the fiscal period ended August 31, 2012, the College issued \$5,741,765 in Limited Tax Refunding Bonds to be used to advance refund a portion of the 2003 Series Limited Tax Bonds.

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, 2021 and 2020.

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, 2021, the College expended \$104,830 in Federal grant funds to purchase equipment for use in our workforce education program. The College also expend

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

Financial Condition and Outlook

Net position decreased in fiscal year 2021 by \$533,352 primarily due to the current year effect of GASB 68 and 75 (See Note

FINANCIAL STATEMENTS

NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
 COMPONENT UNIT
 STATEMENTS OF FINANCIAL POSITION
 August 31, 2021 and 2020

EXHIBIT 1A

	2021	2020
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 2 235 345	\$ 1 592 264
Accounts receivable	12 306	18 387
TOTAL CURRENT ASSETS	2 247 651	1 610 651
Noncurrent Assets:		
Long-term investments	6 634 658	5 751 079
Property, plant, and equipment, net of accumulated depreciation	828 989	476 726
Other assets	39 217	41 305
TOTAL NONCURRENT ASSETS	7 502 864	6 269 110
TOTAL ASSETS	9 750 515	7 879 761

NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
COMPONENT UNIT
STATEMENTS OF ACTIVITIES
For the Years Ended August 31, 2021 and 2020

EXHIBIT 2A

	<u>2021</u>	<u>2020</u>
Operating Revenue:		

NORTHEAST TEXAS COMMUNITY COLLEGE
STATEMENTS OF CASH FLOWS
For the Years Ended August 31, 2021 and 2020

EXHIBIT 3

	<u>2021</u>		<u>2020</u>
Cash Flows from Operating Activities:			
Receipts from students and other customers	\$ 6 969 658	\$	5 600 095
Receipts from grants and contracts	4 318 461		2 687 847

NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
August 31, 2021 and 2020

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

NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Deferred Outflows of Resources

In addition to assets, the statement of net position will somet

NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 2021 and 2020

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.

Pending Pronouncements

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The College is currently evaluating the impact of this Statement on its financial statements.

NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - An Amendment of GASB Statement No. 14 and 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this statement are the following: (1) increase consistency and comparability in the reporting of fiduciary component units where the potential component unit does not have a governing board and the primary government performs those duties; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and other employee benefit plans as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The requirements of reporting defined contribution plans, defined contribution OPEB plans, or other employee benefit plans that are administered through trusts are effective immediately. The requirements related to reporting on fiduciary component units and 457 plans are effective for reporting periods beginning after June 15, 2021. The College has not yet determined the impact this statement will have on the financial statements.

Prior Period Adjustment and Reclassifications

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

NOTE 3 - AUTHORIZED INVESTMENTS

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

	AUGUST 31,	
	2021	2020
Demand deposits	\$ 2 333 151	\$ 2 272 930
Time deposits	1 618 022	1 457 310
Petty cash	10 050	10 850
TOTAL CASH AND DEPOSITS	\$ 3 961 222	\$ 3 741 090

Cash and Deposits Reconciliation of Deposits and Investments to Exhibit 1

TYPE OF SECURITY	FAIR VALUE AUGUST 31,	
	2021	2020
Investment pool	\$ 2 590 010	\$ 2 588 771
TOTAL	2 590 010	2 588 771
TOTAL CASH AND DEPOSITS	3 961 223	3 741 090
TOTAL DEPOSITS AND INVESTMENTS	\$ 6 551 233	\$ 6 329 861
Cash and cash equivalents (Exhibit 1)	\$ 4 187 241	\$ 4 104 110
Restricted cash and equivalents (Exhibit 1)	745 971	685 619
Investments (Exhibit 1)	699 208	627 608
Restricted investments (Exhibit 1)	918 813	912 524
TOTAL DEPOSITS AND INVESTMENTS	\$ 6 551 233	\$ 6 329 861

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

	AUGUST 31,	
	2021	2020
Demand deposits	\$ 2 235 345	\$ 1 592 264
TOTAL CASH AND DEPOSITS	\$ 2 235 345	\$ 1 592 264

NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 2021 and 2020

NOTE 4 - DEPOSITS AND INVESTMENTS - CONTINUED

Reconciliation of Deposits and Investments to Exhibit 1A

TYPE OF SECURITY	FAIR VALUE AUGUST 31,	
	2021	2020
U. S. government agencies	\$ 1 047 705	\$ 835 273
Corporate bond/note	1 636 381	1 360 942
Mutual funds	3 951 572	3 554 864
TOTAL INVESTMENTS	6 634 658	5 751 079
Total cash and deposits	2 235 345	1 592 264
TOTAL DEPOSITS AND INVESTMENTS	\$ 8 870 003	\$ 7 343 343
Cash and cash equivalents	\$ 2 235 345	\$ 1 592 264
Long-term investments	6 634 658	5 751 079
TOTAL DEPOSITS AND INVESTMENTS	\$ 8 870 003	\$ 7 343 343

As of August 31, 2021, the College had the following investments and maturities:

Investment Type	CREDIT RATING	MARKET VALUE	INVESTMENT MATURITIES (IN YEARS)		
			LESS THAN 1	1-2	2-3
Certificates of Deposits		\$ 1 618 021	\$ 1 467 422	\$ -	\$ 150 599
Investment Pool	N/A	2 590 010	2 590 010	-	-
TOTAL MARKET VALUE	AAA	\$ 4 208 031	\$ 4 057 432	\$ -	\$ 150 599

As of August 31, 2021, the Foundation had the following investments and maturities:

Investment Type	CREDIT RATING	MARKET VALUE	NO MATURITY	INVESTMENT MATURITIES (IN YEARS)		
				LESS THAN 1	1-2	2-3
Mutual Funds	N/A	\$ 6 634 658	\$ 6 634 658	\$ -	\$ -	\$ -
TOTAL MARKET VALUE		\$ 6 634 658	\$ 6 634 658	\$ -	\$ -	\$ -

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 5% of the College's investments are in investment pools (62.0%) and certificates of deposit (38.0%).

Custodial Credit Risk - At August 31, 2021, the College had money on deposit at two banks. The carrying amount of the College's and the Foundatio

NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 2021 and 2020

NOTE 6 - DEFERRED OUTFLOWS OF RESOURCES BOND REFUNDING

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

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. Endowment net position is classified as restricted nonexpendable student aid in the Statement of Net Position except for \$564,708 which is included in unrestricted.

	BALANCE AUGUST 31, 2020	INCREASES	DECREASES	BALANCE AUGUST 31, 2021
Deferred charge on bond refunding	\$ 308 992	\$ -	\$ 67 421	\$ 241 571
	BALANCE AUGUST 31, 2019	INCREASES	DECREASES	BALANCE AUGUST 31, 2020
Deferred charge on bond refunding	\$ 378 844	\$ -	\$ 69 852	\$ 308 992

NOTE 7 - CAPITAL ASSETS

Capital assets activity for the year ended August 31, 2021 was as follows:

	BALANCE AUGUST 31, 2020	INCREASES	DECREASES	BALANCE AUGUST 31, 2021
Not Depreciated:				
Land	\$ 1 748 209	\$ -	\$ -	\$ 1 748 209
Construction in progress	6 500	208 048	-	214 548
TOTAL NOT DEPRECIATED	1 754 709	208 048	-	1 962 757
Other Capital Assets:				
Buildings	52 472 747	242 631	13 953	52 701 425
Equipment purchased with capital lease	342 348	-	92 000	250 348
Furniture, machinery, vehicles and other equipment	8 326 040	67 620	40 218	8 353 442
Library books	660 549	19 903	1 968	678 484
Telecommunications and peripheral equipment	3 729 724	15 020	-	3 744 744
TOTAL OTHER CAPITAL ASSETS	65 531 408	345 174	148 139	65 728 443
Accumulated Depreciation:				
Buildings	10 943 093	1 190 803	99 793	12 034 103
Equipment purchased with capital lease	307 848	-	57 500	250 348
Furniture, machinery, vehicles and other equipment	4 854 107	668 787	34 800	5 488 094
Library books	517 489	18 964	1 943	534 510
Telecommunications and peripheral equipment				

NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 2021 and 2020

NOTE 7 - CAPITAL ASSETS - CONTINUED

Foundation

	BALANCE AUGUST 31, 2020	INCREASES	DECREASES	BALANCE AUGUST 31, 2021
Not Depreciated:				
Land	\$ 205 480	\$ -	\$ -	\$ 205 480
Works of art, antiques	101 234	359 800	-	461 034
TOTAL NOT DEPRECIATED	<u>306 714</u>	<u>359 800</u>	<u>-</u>	<u>666 514</u>
Other Capital Assets:				
Biggers Mural	112 611	-	-	112 611
Buildings	95 300	-	-	95 300
TOTAL OTHER CAPITAL ASSETS	<u>207 911</u>	<u>-</u>	<u>-</u>	<u>207 944</u>
Accumul AO				

NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 2021 and 2020

NOTE 8 - NONCURRENT LIABILITIES

Long-term liability activity for the year ended August 31, 2021 was as follows:

BALANCE

BALANCE

NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 2021 and 2020

NOTE 9 - BONDS AND NOTES PAYABLE - CONTINUED

Notes Payable

The College entered into a 4.34% maintenance tax note payable dated April 27, 2010 to a bank in the amount of \$1,100,000. The note is due in 30 semi-annual payments of \$50,129. The balance of the note at August 31, 2021 and 2020 was \$363,243 and \$444,965, 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, 2021 and 2020 was \$475,000 and \$475,000, respectively.

The College entered into a 1.79% note payable dated January 4, 2021 to a bank in the amount of \$150,000. The note is due in three annual payments of \$51,816 beginning January 4, 2022.

Debt service requirements for the notes payable are as follows:

YEARS ENDING AUGUST 31,	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
2022	\$ 169 288	\$ 31 123	\$ 200 411
2023	173 956	25 405	199 361
2024	178 744	19 566	198 310
2025	136 255	13 335	149 590
2026	40 000	8 913	48 913
2027-2031	210 000	25 681	235 681
2032	45 000	788	45 788
TOTAL	\$ 953 243	\$ 124 811	\$ 1 078 054

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

NORTHEAST TEXAS COMMUNITY COLLEGE
 AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 August 31, 2021 and 2020

NOTE 10 - DEFINED BENEFIT PENSION PLAN - CONTINUED

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2021 through 2025.

	CONTRIBUTION RATES	
	2021	2020
Member	7.7%	7.7%
Non-Employer Contributing Entity	7.5%	7.5%
Employers	7.5%	7.5%
Employer Contributions - 2021	\$ 461 449	
Member Contributions - 2021	\$ 740 267	
NECE On-behalf Contributions - 2020	\$ 259 918	

Contributors to the plan include members, employers, and the State of Texas as the only non-employer contributing entity. The S

NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 2021 and 2020

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, 2020 was developed using a roll-forward method from the August 31, 2019 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, 2018.

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

The discount rate remained unchanged at 7.25 percent as of August 31, 2020.

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 7.25 percent. The single discount rate was based on the expected rate of return on pension plan investments of 7.25 percent and a municipal bond rate of 2.63 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 u

NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 2021 and 2020

NOTE 10 - DEFINED BENEFIT PENSION PLAN - CONTINUED

NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 2021 and 2020

NOTE 15 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

A. Plan Description

The College participates in a cost-sharing, multiple-employer defined benefit, other postemployment benefit (OPEB) plan with a special funding situation. The Texas Employees Group Benefits Program (GBP) is administered by the Employees Retirement System of Texas (ERS). The GBP provides certain postemployment health care, life and dental insurance benefits to retired employees of participating universities, community colleges, and State agencies in accordance with Chapter 1551, Texas Insurance Code. Almost all employees may become eligible for those benefits if they reach normal retirement age while working for the State

NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 2021 and 2020

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

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

	<u>Contribution Rates</u>	
	<u>2020</u>	<u>2021</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
Employer Contributions - 2020	\$ 392 425	
Member Contributions - 2020	\$ 731 700	
NECE On-behalf Contributions - 2021	\$ 852 018	

Source: ERS FY20 Comprehensive Annual Financial Report

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of August 31, 2020 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Methods and Assumptions:

NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 2021 and 2020

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

Investment Policy. The State Retiree Health Plan is a pay-as-you-go plan and does not accumulate funds in advance of retirement. The System's Board of Trustees adopted the amendment to the investment policy in August 2017 to require that all funds in the plan be invested in short-term fixed income securities and specify that the expected rate of return on these investments is 2.4%.

F. Discount Rate

Because the GBP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bonds rate. The discount rate used to determine the total OPEB liability as of the beginning of the measurement year was 2.97%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 2.20%, which amounted to a decrease of 0.79%. 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.

G. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.2%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (1.2%)	Current Single Discount Rate (2.2%)	1% Increase in Discount Rate (3.2%)
College's proportionate share of the net OPEB liability	\$ 21 800 043	\$ 18 341 397	\$ 15 631 857

H. Healthcare Trend Rate Sensitivity Analysis.

The initial healthcare trend rate is (8.5%) and the ultimate rate is (4.5%). 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 (4.5%) in measuring the net OPEB liability.

	1% Decrease in Healthcare Trend Rate (3.5%)	Current Single Healthcare Trend Rate (4.5%)	1% Increase in Healthcare Trend Rate (5.5%)
College's proportionate share of the net OPEB liability	\$ 27 656 183	\$ 18 341 397	\$ 40 108 325

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

At August 31, 2021, the College reported a liability of \$18,341,397 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 por%	S e a r s	O ~ M	M
, r	M s O c	M E	M M M
			—1 e s4

NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 2021 and 2020

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

At August 31, 2020, 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ 717 341
Changes in actuarial assumptions	1 061 839	3 951 817
Difference between projected and actual investment earnings	5 474	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	3 099 607	(1 394 755)
Contributions paid to ERS subsequent to the measurement date	189 489	-
TOTAL	<u>\$ 4 356 409</u>	<u>\$ 3 274 403</u>

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:

<u>YEAR ENDED AUGUST 31,</u>		<u>OPEB EXPENSE AMOUNT</u>
2022	\$	(208 727)
2023	\$	317 279
2024	\$	525 875
2025	\$	186 665
2026	\$	71 427
Thereafter	\$	-

NOTE 16 - DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables were as follows:

	<u>COLLEGE</u>		<u>FOUNDATION</u>	
	<u>AUGUST 31,</u>		<u>AUGUST 31,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Tuition and fees receivable	\$ 1 897 249	\$ 2 294 050	\$ -	\$ -
Taxes receivable	579 700	563 897	-	-
Scholarship and pledges receivable	-	-	-	-
Contracts and grants receivable	1 642 306	515 048	12 306	18 387
Other receivables	7 774	7 805	-	-
Allowance for doubtful accounts	(2 005 111)	(1 949 847)	-	-
TOTAL RECEIVABLES	<u>\$ 2 121 918</u>	<u>\$ 1 430 953</u>	<u>\$ 12 306</u>	<u>\$ 18 387</u>

NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 2021 and 2020

NOTE 17 - CONTRACT AND GRANT AWARDS - CONTINUED

Contracts and grant award funds already committed or funds awarded during fiscal years 2021 and 2020 for the

NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 2021 and 2020

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, 2021 and 2020, 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, 2021 and 2020.

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 resource

NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 2021 and 2020

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 \$2.5 million.

NOTE 26 - PENDING LAWSUITS AND CLAIMS

As of August 31, 2021, there are no lawsuits pending against the College.

NOTE 27 - SUBSEQUENT EVENTS

On March 13, 2020, Texas Governor Greg Abbott declared Texas in a state of disaster as a result of the COVID-19 pandemic. The pandemic will most probably have a significant effect on governmental, non-profit, and private entities. The extent of the effect cannot, at this time, be estimated or qualified.

Management has considered and reviewed all subsequent events through the date the financial statements were available to be released, which was December 14, 2021.

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES

For the Fiscal Years Ended
August 31, 2021 and 2020

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

2020

2019

2018

2017

2016

2015

2014

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 461 449	\$ 454 013	\$ 360 087	\$ 351 746	\$ 334 778	\$ 319 900	\$ 311 480
Actual contributions	<u>(461 449)</u>	<u>(454 013)</u>	<u>(360 087)</u>	<u>(351 746)</u>	<u>(334 778)</u>	<u>(319 900)</u>	<u>(311 480)</u>
CONTRIBUTION DEFICIENCY (EXCESS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The College's covered payroll amount in the current fiscal year	\$ 9 613 833	\$ 9 534 215	\$ 8 390 035	\$ 8 254 074	\$ 7 759 509	\$ 7 385 543	\$ 7 268 137
Ratio of: actual contributions/College's covered payroll amount	4.8%	4.76%	4.29%	4.26%	4.31%	4.33%	4.29%

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

**Only seven years of data are presented in accordance with GASB 68, paragraph 138. "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 as of the end of the measurement period." m q _ rs cmb

A. Notes to Schedules for the TRS Pension Plan

Changes of Benefit Terms

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

Changes of Assumptions

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

The total pension liability as of August 31, 2020 was developed using a roll-forward method from August 31, 2019.

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, 2018.

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

The discount rate remained unchanged.

The long term assumed rate of return changed from 8.0 to 7.25 percent.

The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the net pension liability.

B. Notes to Schedule for the ERS OPEB Plan

Other Post-Employment Benefit Plan

Changes of Benefit Terms

SUPPLEMENTAL FINANCIAL INFORMATION

For the Fiscal Years Ended
August 31, 2021 and 2020

NORTHEAST TEXAS COMMUNITY COLLEGE
 SCHEDULE B
 SCHEDULE OF OPERATING EXPENSES BY OBJECT
 For the Year Ended August 31, 2021
 With Memorandum Totals for the Year Ended August 31, 2020

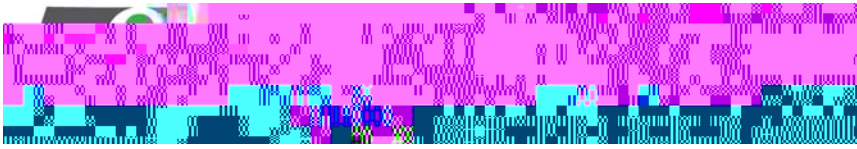
	SALARIES AND WAGES	STATE BENEFITS	LOCAL BENEFITS	OTHER EXPENSES	TOTALS	
					2021	2020
Unrestricted - Educational Activities:						

NORTHEAST TEXAS COMMUNITY COLLEGE
SCHEDULE D
SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY
For the Year Ended August 31, 2021
With Memorandum Totals for the Year Ended August 31, 2020

SINGLE AUDIT SECTION

Annual Financial Report

For the Fiscal Years Ended
August 31, 2021 and 2020

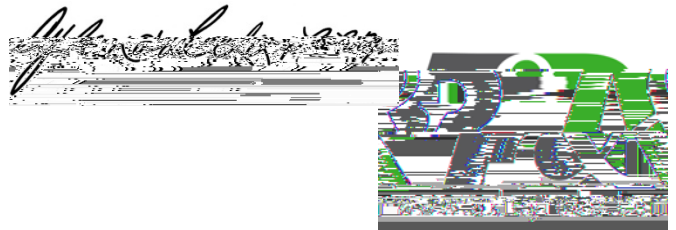


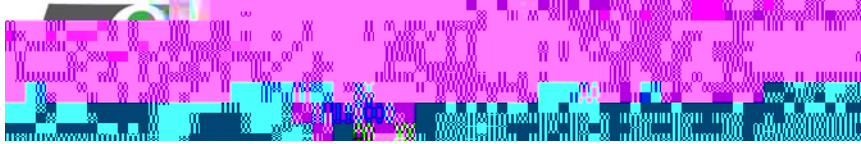
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

Members of the Board:

We have audited, in accordance with the auditing standards gen





INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Members of the Board of Trustees:

Report on Compliance for Each Major Federal 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*, 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 programs for the year ended August 31, 2021. Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, contracts, and the terms and conditions applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. 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 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). These standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s compliance.

Opinion on Each Major Federal Program

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 programs for the year ended August 31, 2021.

Report on Internal Control over Compliance

Management of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s internal control over coq



A deficiency in internal control over compliance exists when t



NORTHEAST TEXAS COMMUNITY COLLEGE AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
August 31, 2021

NORTHEAST TEXAS COMMUNITY COLLEGE AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
SCHEDULE E
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2021

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT NUMBER	PROVIDED TO SUBREC	PASS THROUGH DISBURSEMENTS AND
--	---------------------------	-----------------	--------------------------	--------------------------------------

NORTHEAST TEXAS COMMUNITY COLLEGE AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
 SCHEDULE E
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended August 31, 2021

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	\$ 3 318 769
Add: Federal grants and contracts revenue - Per Schedule C - College	<u>6 838 503</u>
TOTAL FEDERAL REVENUES PER SCHEDULE A AND C	<u>10 157 272</u>
Reconciling Items:	
Add: Funds passed through to others	414 079
Add: Federal grant capital contributions - Per Exhibit 2 - College	104 830
Add: Direct loans	2 397 686
Add: Federal grants and contracts revenue - Foundation	<u>132 048</u>
TOTAL FEDERAL REVENUES PER SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	<u>\$ 13 205 915</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	ADMINISTRATIVE COST RECOVERED	TOTAL
U.S. Department of Education: All direct loans processed are included in the schedule.			

NOTE 4 - AMOUNTS PASSED THROUGH BY THE COLLEGE

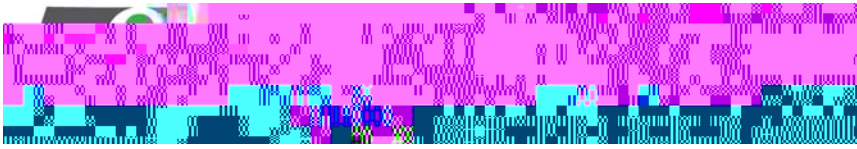
The following amounts were passed through to the listed sub-recipients by the College:

U.S. Department of Education: Title V:	
TAMUT - Texarkana	\$ <u>414 079</u>
TOTAL AMOUNT PASSED THROUGH BY THE COLLEGE	<u>\$ 414 079</u>

(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
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
August 31, 2021

None



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH 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:

Report on Compliance for Each Major State Program

We have audited the compliance of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc. with the types of compliance requirements described in the State of Texas Single Audit Circular, *Uniform Grant Management* Standards issued by the State of Texas that could have a direct and material effect on each of its major state programs for the year ended August 31, 2021. Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s major state programs are identified n



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 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 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 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 the 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 a material weakness or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. 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 *Uniform Grant Management Standards* issued by the State of Texas. Accordingly, this report is not suitable for any other purpose.

Lufkin, Texas
December 14, 2021



A handwritten signature in black ink is written over a rectangular stamp. The stamp contains the text "CERTIFIED PUBLIC ACCOUNTANTS" in a bold, sans-serif font. Below the stamp, there are some faint, illegible markings.



NORTHEAST TEXAS COMMUNITY COLLEGE
SCHEDULE E
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended August 31, 2021

GRANTOR/PROGRAM/TITLE	GRANT CONTRACT NUMBER	PASS THROUGH DISBURSEMENTS AND EXPENDITURES
Texas Education Agency:		
Temporary Assistance to Needy Families	(A) 200958027110020	\$ 900 226
TOTAL TEXAS EDUCATION AGENCY		<u>900 226</u>
U.S. Small Business Administration:		
Passed through Dallas Community College:		
SBDC	N/A	69 491
TOTAL U.S. SMALL BUSINESS ADMINISTRATION		<u>69 491</u>
Texas Higher Education Coordinating Board:		
Texas Education Opportunity Grant	N/A	376 362
Nursing Shortage	N/A	89 572
Governor's Emergency Relief (GEER)		29 215
TOTAL TEXAS HIGHER EDUCATION COORDINATING BOARD		<u>495 149</u>
Texas College Workstudy		<u>27 288</u>
Texas Workforce Commission:		
Skills Development Fund	0720C0S001	50 070
Passed through Paris Junior College:		
State AEFLA	0718ALAO00-002	29 197
State AEFLA - LCOT	0818ALAO00	24 521
Professional Development	0718ALAO00-002	2 225
TOTAL TEXAS WORKFORCE COMMISSION		<u>106 013</u>
HOGG Foundation Grant:		
HOGG Foundation Grant	(A) WRC-040	<u>75 650</u>
TOTAL STATE FINANCIAL ASSISTANCE		<u>\$ 1 673 817</u>

(A) Denotes state financial assistance program for the Component

NORTHEAST TEXAS COMMUNITY COLLEGE AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
STATE AWARDS SCHEDULE OF FINDINGS AND QUESTIONED COSTS

NORTHEAST TEXAS COMMUNITY COLLEGE
STATE SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
August 31, 2021

Findings and Questioned Costs - Major State Award Programs Audit

None