

CONTENTS

	Page
INTRODUCTORY SECTION	
Organizational Data	i
FINANCIAL SECTION	
<u>Independent Auditors' Report</u>	
Independent Auditors' Report on Financial Statements	1 - 3
<u>Management's Discussion and Analysis</u>	
Management's Discussion and Analysis (required supplementary information)	4 - 11
<u>Financial Statements</u>	
Exhibit 1 Statements of Net Position	12
Exhibit 1A Statements of Financial Position	13
Exhibit 2 Statements of Revenues, Expenses, and Changes In Net Position	14
Exhibit 2A Statements of Activities	15
Exhibit 3 & 3A Statements of Cash Flows	16-17
Notes to Financial Statements	18- 54
<u>Required Supplemental Information</u>	
Schedule 1 Schedule of College's Share of Net Pension Liability	55
Schedule 2 Schedule of College's Contributions for Pension	56
Schedule 2 Schedule of College's Contributions for Pension	57

Northwest Texas Community College

Mt. Pleasant, Texas
Organizational Data
For the Fiscal Year 2020

Board of Trustees

Officers

INDEPENDENT AUDITORS' REPORT

Opinions

In our opinion, the financial statements referred to above present fairly in all material aspects the financial position of the College as of August 31, 2020, and 2019, and the changes in financial position and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

position of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc. as of August 31, 2020, and 2019, and the changes in financial position and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 4-11, schedule of College's share of net pension liability page 55, schedule of College's contribution to the pension plan on pages 56-61, and schedule of College's contribution to the pension plan on pages 62-63 be presented as required supplementary information.

The supplemental schedules required by Texas Higher Education Coordinating Board section, schedule of

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MD&A)

This section contains the Management's Discussion and Analysis (MD&A) for the period ending 31/12/2019.

11

12

13

14

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

equipment and telecommunications and peripheral equipment. In determining the net capital assets, the

Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2020, 2019, and 2018

	<u>2020</u>	<u>2019</u>	<u>2018</u>
SUMMARY OF REVENUES AND EXPENSES			
Total, Operating Revenues	\$ 8,882,411	\$ 9,573,528	\$ 8,476,643
Total, Operating Expenses	<u>27,455,001</u>	<u>26,303,322</u>	<u>25,136,859</u>
Total Operating (Loss)	(18,572,590)	(16,729,794)	(16,660,216)
<hr/>			
Net Non-Operating Revenues	17,315,201	15,012,314	15,012,314
<hr/>			
Capital Contributions	<u>74,132</u>	<u>346,837</u>	<u>632,902</u>
Increase (Decrease) in Net Position	(1,283,257)	(470,643)	(180,662)
Net Position at Beginning of Year	(2,821,175)	(2,350,532)	11,935,481
Cumulative Effect of Change in Accounting Principle			(11,187,253)

Revenue by Source

Operating & Non-Operating

	Capital Contribution	
	Investments	0%
Property Taxes	0%	State Appropriations
		21.7%

Additionally the same methodology is being presented for the operating and non operating expenses to

illustrate the use of the College's resources

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating Expenses:			
Instruction	\$ 10,127,455	\$ 9,777,151	\$ 9,293,654
Public service	432,143	479,263	479,392
Academic support	1,444,330	1,140,629	1,237,086
Student services	1,418,974	1,504,403	1,424,558
Institutional support	5,100,946	4,754,138	4,493,271
Operation and maintenance of plant	1,438,835	1,475,267	1,510,014

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

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.

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 activities of the institution.

Part 1 deals with operating cash flows and shows the net cash used in the operating activities.

FINANCIAL STATEMENTS

NORTHEAST TEXAS COMMUNITY COLLEGE
 EXHIBIT 1
 STATEMENTS OF NET POSITION
 August 31, 2020 and 2019

ASSETS	2020	2019
Current Assets		
Cash and cash equivalents (Note 4)	\$ 4,104,110	\$ 3,508,204
Investments short-term Note 4)	627,608	535,729
Accounts receivable (Note 16)	1,430,953	1,805,427
Inventories	127,102	142,484
	218,380	212,969
Due from component unit	218,380	212,969
Total Current Assets	6,841,464	6,711,402
Noncurrent Assets		
Restricted cash and cash equivalents (Note 4)	685,619	774,529
Notes receivable (net of allowance for doubtful accounts of \$77,952 in 2020 and 2019)	-	-
Prepaid bond insurance	133,705	150,744
Other assets	41,640	41,640

NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION, INC.
COMPONENT UNIT
EXHIBIT 1A

STATEMENTS OF FINANCIAL POSITION
August 31, 2020 and 2019

ASSETS	2020	2019
Current Assets		
Cash and cash equivalents (Note 4)	\$ 1,592,264	\$ 1,021,486
Accounts receivable (Note 16)	18,387	23,696
Due from Northeast Texas Community College		
Total Current Assets	<u>1,610,651</u>	<u>1,045,182</u>
Noncurrent Assets		
Long - term investments (Note 4)	5,751,079	5,261,116
Depreciable plant and equipment, net of		
accumulated depreciation (Note 7)	476,726	484,263
Other assets	41,305	40,655
Total Noncurrent Assets	<u>6,269,110</u>	<u>5,786,034</u>
Total Assets	<u><u>7,879,761</u></u>	<u><u>6,831,216</u></u>

LIABILITIES

Current Liabilities

Deferred revenue	527,713	293,803
Due to Northeast Texas Community College	218,380	212,969

NORTHEAST TEXAS COMMUNITY COLLEGE
 EXHIBIT 2
 STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	<u>2020</u>	<u>2019</u>
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REVENUES
 Operating Revenues

of \$4,566,196, 2020 and \$4,648,942, 2019)	\$ 3,921,721	\$ 3,852,180
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Federal grants and contracts

State grants and contracts	670,157	1,148,606
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Non-Governmental grants and contracts

COMPONENT UNIT
EXHIBIT 2A
STATEMENTS OF ACTIVITIES
For the Years Ended August 31, 2020 and 2019

	<u>2020</u>		<u>2019</u>
REVENUES			
Operating Revenues			
Federal Grants and Contracts	\$ 130,656	\$	141,907
State Grants and Contracts	1,049,967		628,915

NORTHEAST TEXAS COMMUNITY COLLEGE

EXHIBIT 3

STATEMENTS OF CASH FLOWS

For the Years Ended September 30, 2020 and 2019

	<u>2020</u>		<u>2019</u>
Cash Flows From Operating Activities			
Receipts from students and other customers	\$ 5,600,095	\$	5,472,584
Receipts of grants and contracts for operating activities	2,687,847		3,334,566
Other receipts	547,704		632,945

NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION, INC.
COMPONENT UNIT
EXHIBIT 3A
STATEMENTS OF CASH FLOWS
For the Years Ended August 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Receipts from grants and contracts for operating activities	\$ 1,812,846	\$ 1,090,578
Payments of scholarships and support of college	(357,549)	(106,578)
Payments on grants and contract costs	<u>(1,734,817)</u>	<u>(1,284,076)</u>
Net cash provided (used) by operating activities	<u>(279,520)</u>	<u>(300,076)</u>
Cash Flows From Non-capital Financing Activities		
Additions to permanent and term endowment and other contributions	<u>880,406</u>	<u>831,156</u>
Net cash provided (used) by non-capital financing activities	<u>880,406</u>	<u>831,156</u>
Cash Flows From Investing Activities		
Proceeds from sale of investments		
Investment income (loss)	166,783	253,284
Purchase of capital assets	(30,109)	(30,032)
Purchase of investments	<u>(166,782)</u>	<u>(745,416)</u>
Net cash provided (used) by investing activities	<u>(30,108)</u>	<u>(522,164)</u>
Net increase (decrease) in cash and cash equivalents	570,778	8,916
Cash and cash equivalents at beginning of year	<u>1,021,486</u>	<u>1,012,570</u>
Cash and cash equivalents at end of year	\$ <u><u>1,592,264</u></u>	\$ <u><u>1,021,486</u></u>
Non-cash investing, capital, and financing activities		
In-kind contributions	\$ <u><u>429,016</u></u>	\$ <u><u>612,127</u></u>
Reconciliation of operating loss to net cash used by by operating activities		
Operating loss	\$ (594,747)	\$ (611,461)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation	7,537	7,537
Non-cash transfer to college	30,109	30,032
Amortization and expense of in-kind contributions	<u>32,050</u>	<u>15,041</u>

NORTHEAST TEXAS COMMUNITY COLLEGE

*NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019*

Note 1 - Reporting Entity

Northeast Texas Community College (the College) was formed in January 1984 within a voter approved tax

*AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019*

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

Basis of Accounting

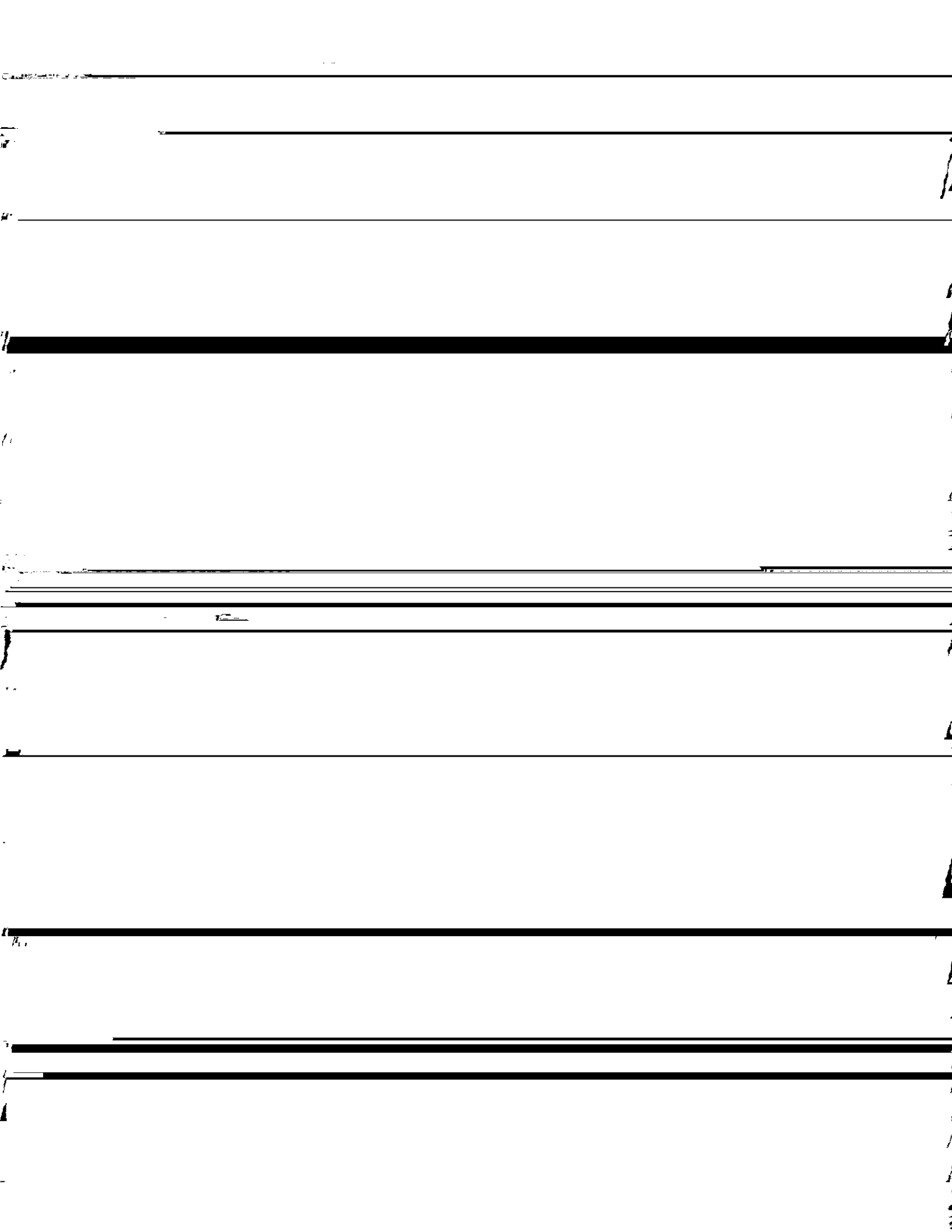
*NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION*

AUGUST 31, 2020 AND 2019

*AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019*

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

The preparation of the financial statements, in conformity with generally accepted accounting principles, requires



AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION

2010-2011

Note 4 - Deposits and Investments

Cash and Deposits included on Exhibit 4 - Statement of Cash Resources

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019**

Note 4 - Deposits and Investments (Continued)

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

	<u>2020</u>	<u>2019</u>
Demand Deposits	1,592,264	1,021,486

Reconciliation of Deposits and Investments to Exhibit 1

Type of Security	Fair Value August 31, 2020	Fair Value August 31, 2019

NORTHEAST TEXAS COMMUNITY COLLEGE

AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

Note 4 - Deposits and Investments (Continued)

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**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019**

Note 7- Capital Assets

Capital assets activity for the year ended August 31, 2020 was as follows:

For the Year Ended August 31, 2020

	Balance Aug 31, 2019	Increases	Decreases	Balance Aug 31, 2020
<u>Net Donations:</u>				
Land	\$ 1,748,209	-		\$ 1,748,209
Construction in Process	27,474	6,500	27,474	6,500
Subtotal	<u>\$ 1,775,683</u>	<u>\$ 6,500</u>	<u>\$ 27,474</u>	<u>\$ 1,754,709</u>
<u>Other Capital Assets:</u>				
Buildings	52,460,103	12,644	-	52,472,747
Equipment Purchased				
Capital Lease	217,218			217,218
Furniture, Machinery, Vehicles, and other equipment	8,257,288	107,730	38,978	8,326,040
Library Books	646,710	16,894	3,055	660,549
Telecommunications and Peripheral Equipment	3,626,298	103,426	-	3,729,724

*NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019*

	For the Year Ended August 31, 2020			
	Balance Aug 31, 2019	Increases	Decreases	Balance Aug 31, 2020
<u>Not Depreciated:</u>				
Land	\$ 205,480	-	-	\$ 205,480
Works of Art, Antiques	101,234	-	-	101,234

<u>Other Capital Assets:</u>				
Buildings	\$ 207,911	-	-	\$ 207,911
Accumulated Depreciation:				

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019**

Note 7 – Capital Assets – (continued)

Capital assets activity for the year ended August 31, 2019 was as follows:

	Balance Aug 2019			Balance Aug 2018
<u>Not Depreciated:</u>				
Land	\$ 1,748,209	\$ -	\$ -	\$ 1,748,209
Construction in Process	321,259	6,715	300,500	27,474
Subtotal	<u>\$ 2,069,468</u>	<u>\$ 6,715</u>	<u>\$ 300,500</u>	<u>\$ 1,775,683</u>
<u>Other Capital Assets:</u>				
Buildings	52,385,443	74,660	-	52,460,103
Equipment Purchased with Capital Lease	342,348	-	-	342,348
Furniture, Machinery, Vehicles and other equipment	7,660,280	669,700	71,900	8,257,000

*AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS*

Note 7 – Capital Assets – (continued)

	For the Year Ended			August 31, 2019
	Balance Aug 31, 2018	Increases	Decreases	Balance Aug 31, 2019
<u>Not Depreciated:</u>				
Land	\$ 120,480	85,000	-	\$ 205,480
Works of Art, Antiques	101,234	-	-	\$ 101,234
Subtotal	\$ 221,714	85,000	-	\$ 306,714

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019**

Note 8 – Noncurrent Liabilities (Continued)

Long-term liability activity for the year ended August 31, 2019 was as follows:

	Balance August 31, 2018	Increase	Decrease	Balance August 31, 2019	Current Portion
Leases, bonds, and notes					
Revenue bonds	\$ 7,595,000	\$ -	\$ 325,000	\$ 7,270,000	\$ 330,000

*NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION*

*NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019*

Note 9 – Bonds and Notes Payable – (continued)

The orders authorizing the issuance of the tax obligation bonds require the Board of Trustees to annually levy ad

*NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019*

Note 9 – Bonds and Notes Payable – (continued)

The College entered into a 4.34% maintenance tax note payable dated April 27, 2010 to a bank in the amount of

*NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019*

Note 10 – Defined Benefit Pension Plan-(continued)

Benefits Provided. TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

NORTHEAST TEXAS COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

Note 10. Defined Benefit Pension Plan (continued)

11

NORTHEAST TEXAS COMMUNITY COLLEGE

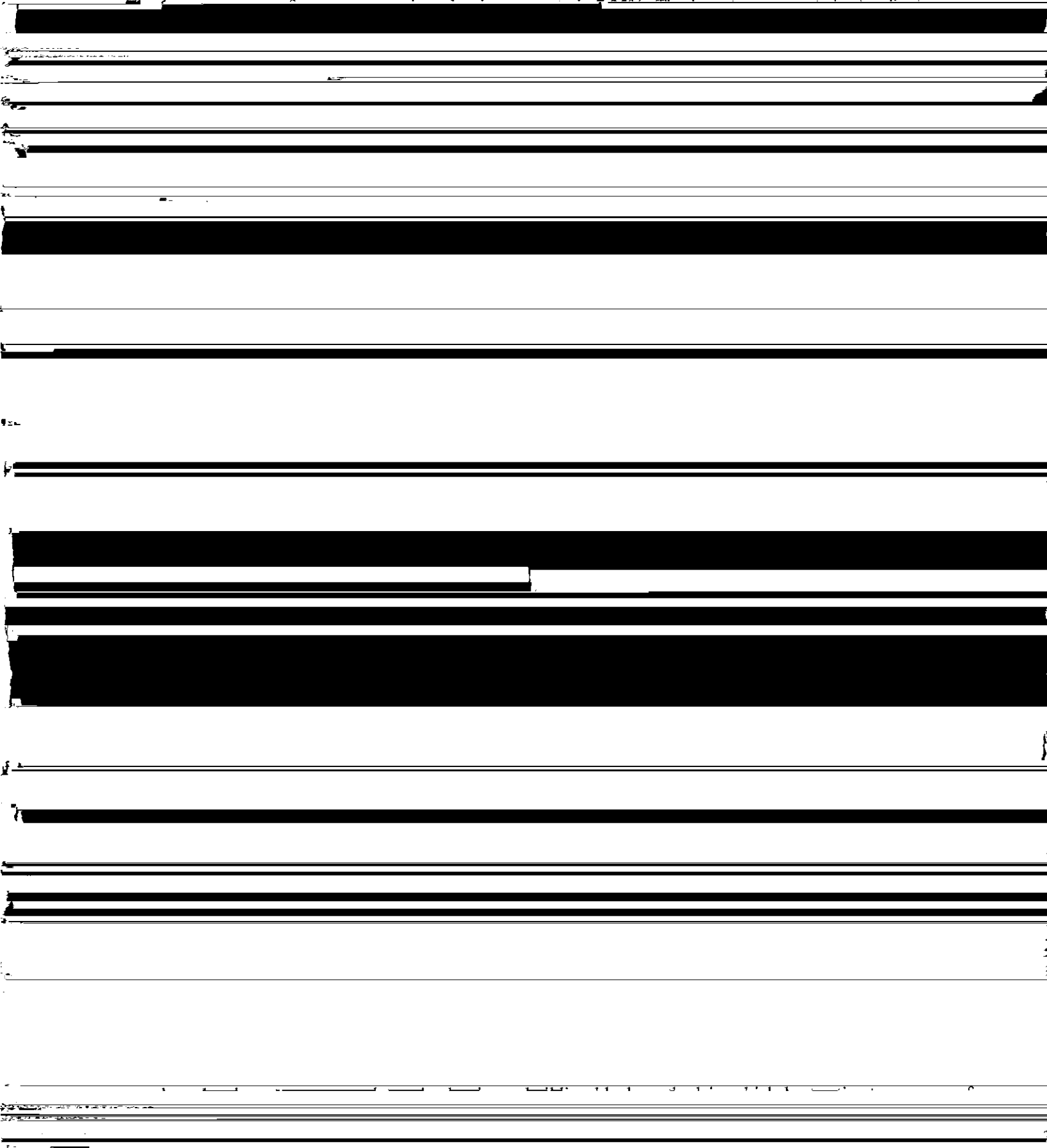
*NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019*

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 of the TRS Actuarial Consultants. The Board of Trustees has authorized to determine the actuarial

*NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019*

Note 10 – Defined Benefit Pension Plan-(continued)

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NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION

Note 10 – Defined Benefit Pension Plan-(continued)

*NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019*

Note 10 – Defined Benefit Pension Plan-(continued)

Changes Since the Prior Actuarial Valuation

The following table shows the changes in the pension liability since the prior measurement period:

	2020	2019
Balance at beginning of period		
Service cost		
Interest cost		
Contributions		
Actuarial gain (loss)		
Balance at end of period		

pension liability since the prior measurement period.

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION**

AUGUST 31, 2020 AND 2019

Note 10 – Defined Benefit Pension Plan-(continued)

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

Year ended August 31:		
2021	\$	131,137
2022		90,073
2023		73,135

2025		72,278
Thereafter		(40,532)
	\$	<u>709,948</u>

Note 11 – Defined Contribution Pension Plan

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION**

AUGUST 31, 2020 AND 2019

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.

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019**

Note 15 – Other Post-Employment Benefits (OPEB) - (continued)

Net OPEB Liability		Total
Total OPEB Liability	\$	34,622,611,079
Less: Plan Fiduciary Net Position		<u>59,936,464</u>
Net OPEB Liability	\$	<u>34,562,674,615</u>

Net Position as a percentage of Total OPEB Liability 0.17%

Benefits Provided. Retiree health benefits offered through the GBP are available to most State of Texas retirees and their eligible dependents. Participants need not be employed by the institution to be eligible for benefits.

NORTHEAST TEXAS COMMUNITY COLLEGE

*AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019*

Note 15. Other Post-Employment Benefits (OPEB) (Continued)

The following table summarizes the maximum monthly employer contribution toward eligible retirees' health

NORTHEAST TEXAS COMMUNITY COLLEGE

*AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS*

Actuarial Assumptions The total OPEB liability was determined by an actuarial valuation as of August 31, 2019

*NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS*

Note 15 – Other Post-Employment Benefits (OPEB)-continued

NECC and NECCF Financial Statements for the years ended 2011 and 2010

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019**

Note 15 – Other Post-Employment Benefits (OPEB)-continued

Healthcare Trend Rate Sensitivity Analysis. The initial healthcare trend rate is 7.30% and the ultimate rate is 4.50%. The following table shows the impact of the College's assumptions of the healthcare OPEB

*NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019*

Note 15 – Other Post-Employment Benefits (OPEB)-continued

Changes in Actuarial Assumptions

Since the last valuation was prepared for this plan, demographic assumptions (including rates of retirement, disability, termination, and mortality, and assumed salary increases) for Higher Education members have been updated to reflect assumptions recently adopted by the 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.

In addition, assumed Expenses, assumed Per Capita Health Benefit Costs and assumed Health Benefit Cost, Pension Contributions and Expenses are based on the latest available data from the TRS actuaries.

*NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019*

Note 15 – Other Post-Employment Benefits (OPEB)-(continued)

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 to be reported by the employer

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

Note 15 – Other Post-Employment Benefits (OPEB)-(continued)

The components of the employer's liability for defined pension and health plans are as follows:

[REDACTED]

[REDACTED]

[REDACTED]

*NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019*

Note 16 – Disaggregation of Receivables and Payables Balances-continued

Accounts Payable:		
Vendors Payable	<u>\$ 559,955</u>	<u>\$ -</u>
Accrued Liabilities:		
Accrued payroll liabilities	\$ 19,350	\$ -
Interest payable	481,500	-
Total Accrued Liabilities	<u>500,850</u>	<u>-</u>
Deposits payable:		
Student deposits payable	<u>\$ 138,581</u>	<u>\$ -</u>

Receivables at August 31, 2019 were as follows:

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019**

Note 17 - Contract and Grant Awards

Contract awards are reported for in accordance with the requirements of the AICPA Inspector Audit

AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION

AUGUST 31, 2020 AND 2019

Page 18 Ad Valorem Tax (continued)

	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Tax rate authorized per \$100 valuation	N/A	N/A	\$ 0.1300
Tax rate assessed per \$100 valuation for 2020	\$ 0.0821	\$ 0.0480	\$ 0.1300

*NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019*

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

*AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019*

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 seamless academic and administrative process.

REQUIRED SUPPLEMENTAL INFORMATION

3270%

30,678

32,893

3,571

19,697

6.01%

3.25%

	16	2015
	19,900	\$ 311,480
	19,900	311,480
	-	\$ -
	5,543	\$ 7,268,137
	4.33%	4.29%

*SCHEDULE OF COLLEGE'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
For the Year Ended August 31, 2020*

	Measurement Year Ended August 31,		
	2019	2018	2017
College's proportion of collective net OPEB liability (%)	0.04826415%	0.051092460%	0.035464480%
College's proportionate share of net OPEB liability (%)			

State's proportionate share of net OPEB liability associated with the OPEB plan: \$1,100,000

NORTHEAST TEXAS COMMUNITY COLLEGE
SCHEDULE 4

For the Year Ended August 31, 2020

<u>For the Year Ending August 31</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Legally required contributions	\$ 375,914	\$ 359,717	\$ 340,703
Contribution in Relation to the Contractually Required Contributuion	<u>(375,914)</u>	<u>(359,717)</u>	<u>(340,703)</u>
Contributions defieny (excess)			

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended August 31, 2020

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:

***SUPPLEMENTAL SCHEDULES
REQUIRED BY TEXAS HIGHER EDUCATION
COORDINATING BOARD***

NORTHEAST TEXAS COMMUNITY COLLEGE
SCHEDULE G

7 NUMBER OF FEDERAL AWARDS

For the Year Ended August 31, 2020
Page 1 of 2

<u>Federal Grantor/Pass Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant #</u>	<u>Provided to Subrecipients</u>	<u>Pass Through Disbursements and Expenditures</u>
U.S. Department of Education Direct Programs				

SCHEDULE A

For the Year Ended August 31, 2020 (With Memorandum Totals for the Year Ended August 31, 2019)

	Total	Memorandum
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[REDACTED]		
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[REDACTED]		
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[REDACTED]		
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[REDACTED]		
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[REDACTED]		
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NORTHEAST TEXAS COMMUNITY COLLEGE
 SCHEDULE B
 SCHEDULE OF OPERATING EXPENSES BY FUNCTIONAL AND NATURAL CLASSIFICATIONS
 For the Year Ended August 31, 2020 (with Memorandum Totals for the Year Ended August 31, 2019)

	Operating Expenses					Memorandum Total 8/31/2019
	Salaries and Wages	Benefits		Other Expenses	Total 8/31/2020	
		State Benefits	Local Benefits			
Instruction	\$ 6,331,469		2,042,296	339,661	\$ 8,713,426	\$ 7,992,228
Public Service	59,796		19,288	106,129	185,213	192,094
Academic Support	794,688		256,337	307,432	1,358,457	1,062,520
Student Services	799,031		257,738	106,276	1,163,045	1,130,964
Institutional Support	1,750,457		564,633	1,296,968	3,612,058	3,430,559
Operation and Maintenance of Plant	314,691		101,508	988,632	1,404,831	1,435,553
Scholarships and Fellowships					-	-
Total Unrestricted Educational Activities:	\$ 10,050,132	\$ -	\$ 3,241,800	\$ 3,145,098	\$ 16,437,030	\$ 15,243,918
Restricted - Educational Activities						
Instruction	\$ 377,919	\$ 684,173		\$ 406,027	\$ 1,468,119	\$ 1,781,000

Public Service	183,565	6,462		56,903	246,930	287,169
Academic Support		85,873			85,873	78,109
Student Services	131,049	86,343		38,537	255,929	373,439
Institutional Support	277,011	100,178		100,178	477,367	477,367

NORTHEAST TEXAS COMMUNITY COLLEGE

SCHEDULE C

SCHEDULE OF NON-OPERATING REVENUES

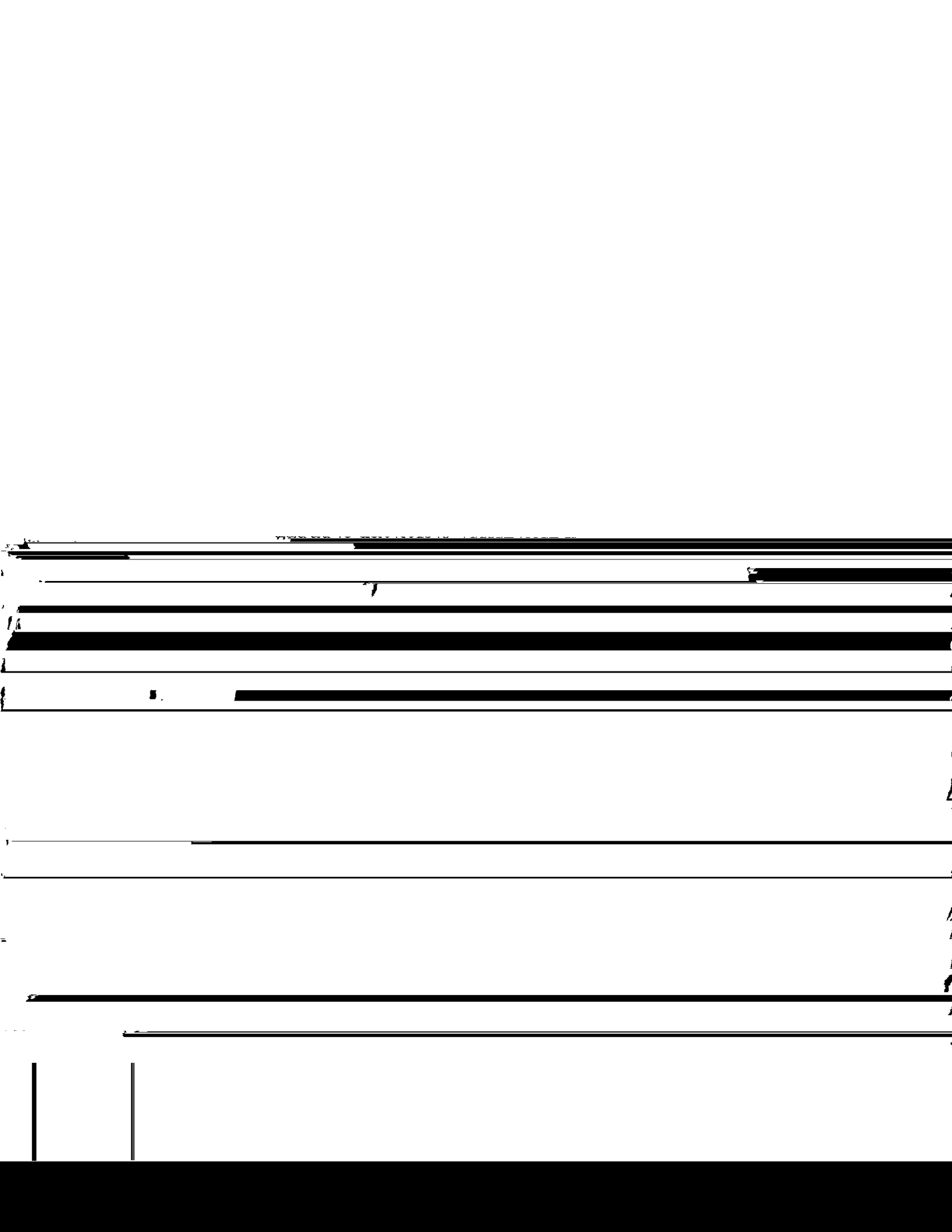
For the Year Ended August 31, 2020 (With Memorandum totals for the Year Ended August 31, 2019)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>Total 8/31/2020</u>	<u>Total 8/31/2019</u>
Non - Operating Revenues					
State appropriations:					
Education and general state support	\$ 4,969,145			\$ 4,969,145	4,734,253
State group insurance		752,771		752,771	922,709

NORTHEAST TEXAS COMMUNITY COLLEGE
 SCHEDULE D
 SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY
 For the Year Ended August 31, 2020 (With Memorandum totals for the Year Ended August 31, 2019)

Days

	Unrestricted	Restricted	Capital Assets Net of Depreciation	Total	Available for Current Operations	Memorandum Total
Unrestricted	\$ (16,298,691)	\$ -	\$ -	\$ (16,298,691)	\$ 4,059,838	\$ (15,602,390)
Board Designated Reserve	515,717	-	-	515,717	515,717	515,717
Plant	-	-	-	-	-	-
Investment in plant	-	583,089	11,095,453	11,678,542	11,678,542	12,265,498
Total Net Assets, August 31, 2020	(15,782,974)	583,089	11,095,453	(4,104,432)	4,575,555	(2,821,175)
Total Net Assets, August 31, 2019	(15,086,673)	531,535	11,733,963	(2,821,175)	4,091,616	(2,350,532)
Net Increase (Decrease) in Net Assets	\$ (696,301)	\$ -	\$ 51,554	\$ (1,283,257)	\$ 483,939	\$ (470,643)





WILF & HENDERSON, P.C.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northeast Texas Community College and Northeast

Texas Community College Foundation, Inc.'s financial statements are free of 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 these provisions was not an objective of our audit



WILF & HENDERSON, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Member of American Institute of Certified Public Accountants
Member of Private Company Practice Section
Member of AICPA Governmental Audit Quality Center

Independent Auditors' Report on Compliance for each Major Federal Program and on Internal Control

*Board of Trustees
Northeast Texas Community College and*

Mt. Pleasant, Texas

Members of the Board:

Opinion on Each Major Federal Program

In our opinion, Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.

federal programs for the year ended August 31, 2020.

Report on Internal Control over Compliance

NORTHEAST TEXAS COMMUNITY COLLEGE
SCHEDULE G

7 NUMBER OF FEDERAL AWARDS

For the Year Ended August 31, 2020
Page 1 of 2

<u>Federal Grantor/Pass Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant #</u>	<u>Provided to Subrecipients</u>	<u>Pass Through Disbursements and Expenditures</u>
U.S. Department of Education Direct Programs				

NORTHEAST TEXAS COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2020

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
FEDERAL SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2020**

A: Summary of Audit Results

Financial Statements

The auditor's report expresses an unqualified opinion on the financial statements of Northeast Texas Community

STATE FINANCIAL ASSISTANCE INFORMATION



WILE & HENDERSON D C

Board of Trustees
Page 2
December 3, 2020

Opinion on Each Major State Programs

In our opinion, Northeast Texas Community College and Northeast Texas Community College

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 result of that testing based on the requirements of *Uniform Grant Management Standards* issued by the State of Tennessee.

this report is not suitable for any other purpose.

Wilf & Henderson, P.C.

WILF & HENDERSON, P. C.

Certified Public Accountants

*NORTHEAST TEXAS COMMUNITY COLLEGE
 SCHEDULE H
 SCHEDULE OF EXPENDITURES OF STATE AWARDS
 For the Year Ended August 31, 2020
 Page 1 of 2*

Grantor/Program/Title	Grant Contract Number	Pass Through Disbursements and Expenditures
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Texas Education Agency		
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Total Texas Education Agency		<u>973,752</u>
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U.S. Small Business Administration		
Passed through Dallas Community College		
SBDC	N/A	<u>81,026</u>
Total U.S. Business Administration		<u>81,026</u>

N/A

973,752

81,026

81,026

**NORTHEAST TEXAS COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF STATE AWARDS**

~~Fiscal Year 2014-2015~~

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 fiscal year.~~

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION, INC.
STATE AWARDS SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2020**

A: Summary of Audit Results

Financial Statements

The auditor's report expresses an unqualified opinion on the financial statements of Northeast Texas Community College and Northeast Texas Community College Foundation.

STATE SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED AUGUST 31, 2020

Findings and Questioned Costs - Major State Award Programs Audit

2019-1 Texas Educational Opportunity Grant

Matching

Type of Finding – Material Weakness over Compliance

Description:

Northeast Texas Community College charged nine students an amount of tuition and required fees in excess of the amount of TEOG or other awards excluding Pell and other aid received by the student

Recommendation:

It is recommended that Northeast Texas Community College implement the following corrective actions: