



NORTH CENTRAL TEXAS COLLEGE
ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEARS ENDED AUGUST 31, 2023 and 2022

**NORTH CENTRAL TEXAS COLLEGE
ANNUAL FINANCIAL REPORT
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022
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**NORTH CENTRAL TEXAS COLLEGE
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR 2022-2023**

ORGANIZATIONAL DATA

BOARD OF REGENTS AND OFFICERS

Officers

Karla Metzler
Richard Haayen
Christy Morris

Chair
Vice Chair
Secretary

Members

		Term Expires <u>in May of</u>
Jerry Don Henderson	Gainesville, Texas	2029
Jon Grime	Muenster, Texas	2027
Lisa Bellows, Ph.D.	Gainesville, Texas	2029
Dillon Ott	Gainesville, Texas	2025
Erica Sullivan	Gainesville, Texas	2027
Christy Morris	Gainesville, Texas	2025
Karla Metzler	Gainesville, Texas	2027

Principal Administrative Officers

Dr. Brent Wallace
Robbie Baugh
Debbie Sharp
Dr. Van Miller
Dr. Bruce King
Denise Cason
Melinda Carroll

Chancellor
Vice Chancellor Administrative Affairs
Vice Chancellor External Affairs
Vice Chancellor Fiscal Affairs
Vice Chancellor Instruction
Chief Information Officer
Vice Chancellor Enrollment Manager



LOTT, VERNON & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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American Institute & Texas Society of
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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
North Central Texas College
Gainesville, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position and the Statement of Cash Flows of North Central Texas College, as of and for the year ended August 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise North Central Texas 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 respective financial position of North Central Texas College, as of August 31, 2023 and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year 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 North Central Texas College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 5 and 7 to the financial statements, in fiscal year ending August 31, 2023, the College adopted new accounting guidance, GASB Statement No. 96, Subscription-Based Information Technology Arrangements. Our opinion is not modified with respect to this matter.

Prior Period Financial Statements

The financial statements of North Central Texas College as of August 31, 2022 were audited by other auditors whose report dated December 12, 2022, expressed an unmodified opinion on those statements.

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 North Central Texas 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* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of North Central Texas College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about North Central Texas College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of College's Share of Net Pension Liability, the Schedule of College's Contributions for Pensions, the Schedule of College's Share of Net OPEB Liability, the Schedule of College's Contributions for OPEB, Notes to Required Supplementary Information (RSI) Schedules for Pensions, and Notes to Required Supplementary Information (RSI) Schedules for OPEB as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise North Central Texas College's basic financial statements. The Supplementary Schedules (Schedules A-F), which include the Schedule of Expenditures of Federal Awards (Schedule E) and the Schedule of Expenditures of State Awards (Schedule F), as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards, and the State of Texas Single Audit Circular*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Supplementary Schedules (Schedules A-F), which include the Schedule of Expenditures of Federal Awards (Schedule E) and the Schedule of Expenditures of State Awards (Schedule F) are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Organizational Data but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our reports dated December 13, 2023, on our consideration of North Central Texas College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of North Central Texas College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Central Texas College's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Jett, Vernon & Co. P.C." The signature is written in a cursive, flowing style.

Temple, Texas
December 13, 2023

Management's Discussion and Analysis

This section of North Central Texas College's annual financial report presents a discussion and analysis of the College's financial performance during the fiscal years ended August 31, 2021, 2022 and 2023. 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.

Overview of the Financial Statements

This annual report consists of four parts – management discussion and analysis, the basic financial statements, required supplementary information, and schedules of federal and state grant and contract expenditures.

The basic financial statements, according to GASB 34, Par. 138, under Business-type Activity include two kinds of statements that present different views of the College.

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position are College-wide financial statements that provide both long-term and short-term information about the College's overall financial status. The remaining financial statements are Statement of Cash Flows, Schedule of Operating Revenues, Schedule of Operating Expenses by Object, Schedule of Non-Operating Revenues and Expenses, Schedule of Net Position by Source and Availability, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Awards that provide more detail on the specific revenue generated and expenditures made during the past year of operation.

The Statement of Net Position reports the total net position available to finance future services (GASB 34, Par. 430). As a business-type activity, the College reports in a single column, entity-wide format. GASB 34 specifies the elements of the statement of net position to be classified as current assets, non-current assets, current liabilities, non-current liabilities, and net position. Net Position is to be classified as invested in capital assets, net of related debt.

The Statement of Revenues, Expenses and Changes in Net Position is a statement of activities and reports the effect of non-operating (general maintenance ad-valorem tax) revenues, defined as the amounts of the functions that are not supported by charges to users (state appropriations and student tuition and fees). Revenues are presented as operating (program) revenue, non-operating (general) revenue, and other revenues, expenses, gains and losses. Expenses are reported by function, except those that meet the definition of special or extraordinary items (GASB 34, Par. 41). Functional expenses

are defined as the “direct” expenses specifically associated with a function and would not include allocations of indirect expenses. The functional categories for expenses are instruction, research, public service, academic support, institutional support, operation and maintenance of plant, scholarships and fellowships, auxiliary enterprises, and depreciation expense.

The primary purpose of the Statement of Cash Flows is to provide relevant information about the cash receipts and cash payments of an entity during the fiscal period. The statement explains the changes during the period in cash and cash equivalents regardless of whether there are restrictions on their use. The total amount of cash and cash equivalents at the beginning and end of the period shown in the statement are easily traceable to similarly titled items or subtotals shown on the statement of net position. First, the statement reports the effects during the period of operations, capital financing, non-capital financing, and investing transactions.

Secondly, related information reports the investing, capital, and financing transactions that affect financial position but do not directly affect cash flows during the period. Finally, a reconciliation of operating income to net cash from operating activities is provided.

The Schedule of Operating Revenues provides a detailed presentation of all operating revenues regardless of source. Source of operating revenues are state appropriations, tuition, fees, scholarship allowances and discounts, other operating revenues from grants and contracts, and auxiliary enterprises.

The Schedule of Operating Expenses by Object displays operating expenses split between restricted and unrestricted categories. Educational activities are reported as instruction, research, public service, academic support, student services, institutional support, operation and maintenance of plant, and scholarship and fellowships. Auxiliary enterprises’ expenses and depreciation expenses are also reported on this schedule.

The Schedule of Non-Operating Revenues and Expenses shows M&O ad valorem taxes, investment income, and other non-operating revenues as well as, interest on capital related debt, loss on disposal of capital assets and other non-operating revenues.

The Schedule of Net Position by Source and Availability shows details by source for unrestricted, restricted expendable, restricted non-expendable, and capital assets net of depreciation and related debt for current funds, endowment funds, and plant funds. The schedule also shows net increase or decrease by category.

The Schedule of Expenditures of Federal Awards and the Schedule of Expenditures of State Awards are schedules that satisfy the A-133 requirements and the State of Texas Single Audit Circular requirements.

Financial information for the component unit, North Central Texas College Foundation, Inc., is reported separately from the financial information presented for the primary government. Complete financial statements for the component unit are available from the Office of the Vice Chancellor Fiscal Services, North Central Texas College, upon request.

Condensed Comparative Financial Information

A comparative analysis of financial statement data is presented for the College.

Analysis of the College's Overall Financial Position

The overall financial position of the College is very good. There have been significant changes in many critical areas during recent years. The combined fall credit and noncredit head count enrollment peaked at 10,525 in Fall 2018. Since then, it has declined to 7,621 in Fall 2022. Student tuition and fee revenue reached an all-time high in 2019-2020 at \$21,504,682 before declining this year to \$18,111,543. While the College has grown substantially over the past decade, the state appropriations have not grown at a comparable rate, thus the growth the College has experienced is not being funded through state appropriations. Although state funding has increased from \$13,289,564 in 2014 to \$14,370,281 in 2023, the portion of state funding has decreased from 28.2% of the total expenditures in 2014 to 23.7% in 2023.

But, a positive trend has been the growth of the tax base valuation of the district. The College taxing district is Cooke County, Texas. Ad valorem taxes are assessed and collected by the College based on the valuation of real property and minerals on January 1. The trend from 2000 until 2022 has been a continual increase in taxable assessed valuation from \$1,288,353,176 in 2000 to \$6,692,327,355 in 2023. The combined maintenance and operations and debt service tax rate was \$0.08510 for the fiscal year ended August 31, 2023. The approved maintenance and operation tax rate per \$100 of valuation decreased to \$0.0642 and the interest and sinking tax rate decreased to \$0.0209 for a total of \$0.08510 in 2023.

While the Texas Tax Code, Title 1 Property Tax Code, Chapter 26, Assessments section 26012 states "Maintenance and Operations Assessments" can be used for any lawful purpose other than debt service for which a taxing unit may spend property tax revenues, NCTC has chosen to more narrowly define what it considers maintenance and operations. NCTC has identified a group of maintenance and operational accounts (for the Gainesville Campus only) for which taxpayers are expected to provide the necessary support. Historically, the tax revenues have not been enough to cover the maintenance and operational costs for the Gainesville Campus, thus the balance has been paid for from other unrestricted funds. NCTC Board of Regents approved a tax freeze in 2005 for property tax owners over 65 or disabled.

Net position may serve over time as a useful indicator of an entity's financial position. In the case of the College, assets exceeded liabilities by \$27,951,496 as of August 31, 2023.

Table I
Net Assets

	Business-Type Activities 2023	Business-Type Activities 2022	Business-Type Activities 2021
Current and other assets	\$ 43,435,076	\$ 36,573,831	\$ 34,048,437
Capital assets	81,012,884	77,065,542	72,168,762
Total assets	<u>124,447,960</u>	<u>113,641,395</u>	<u>106,217,199</u>
Deferred Outflows of Resources	11,366,275	9,434,617	12,928,452
Non current liabilities	74,590,326	70,369,044	71,188,908
Other liabilities	19,126,535	9,601,480	9,218,396
Total liabilities	<u>93,716,861</u>	<u>79,970,524</u>	<u>80,407,304</u>
Deferred Inflows of Resources	14,145,878	12,031,149	8,768,420
Net Position:			
Net investment in capital assets	37,829,146	37,701,707	38,194,954
Restricted	6,469,042	3,708,290	1,891,263
Unrestricted	<u>(16,346,692)</u>	<u>(10,337,680)</u>	<u>(10,116,290)</u>
Total net position	<u>\$ 27,951,496</u>	<u>\$ 31,072,317</u>	<u>\$ 29,969,927</u>

Investments in capital assets, (e.g., land, buildings, furniture, and equipment) less any related debt used to acquire those assets that are still outstanding is \$37,829,146. The College uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the College's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. A significant portion of the College's Net Position (approximately 23.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted Net Position is a deficit of (\$16,346,692) as of August 31, 2023. The reason for this deficit was due to standards that required recording the College's proportionate share of the Employees Retirement System of Texas (ERS) net other post-employment benefits (OPEB) liability, as well as leasehold interests. The total net position is not an indication that the College has significant resources available to meet financial obligations next year, but rather the results of having long-term commitments that are less than currently available resources.

The College's total net position decreased by \$3,120,821 because of the current year's operation. The total cost of all business-type activities was \$63,803,855.

Table II
Changes in Net Assets

	Business-Type Activities 2023	Business-Type Activities 2022	Business-Type Activities 2021
Revenues:			
Operating Revenues:			
Tuition & Fees	\$ 18,111,543	\$ 18,119,617	\$ 20,844,482
Federal Grants & Contracts	2,360,028	18,267,809	14,483,581
State Grants & Contracts	4,411,515	3,284,002	1,428,565
Private Grants	641,931	607,744	451,671
Sales & Services of Educational Activities	91,695	94,929	80,026
Auxiliary Enterprises (net)	212,402	251,436	194,681
Other Operating Revenues	3,228,531	1,787,522	2,352,431
Non-operating Revenues:			
State Appropriations	14,370,281	14,043,433	15,804,046
Property Taxes	4,818,145	4,500,945	4,211,464
Federal Grants & Contracts	10,768,262	9,617,544	9,508,659
Gifts	-	-	-
Investment Income (net)	1,495,724	199,320	64,055
Gain on Disposal of Fixed Assets	135,600	188,118	1,724,542
Insurance Proceeds	-	-	4,226,238
Other Non-operating Revenues	37,377	15,036	15,040
Total Revenues:	60,683,034	70,977,455	75,389,481
Operating Expenses:			
Instruction	20,125,274	21,096,877	21,045,398
Research	-	-	-
Public Service	1,698,897	1,296,164	1,442,750
Academic Support	4,398,072	3,946,512	4,031,309
Student Services	7,286,780	10,779,742	9,582,209
Institutional Support	8,184,121	12,546,377	10,750,005
Operation & Maintenance of Plant	7,702,633	4,909,394	3,631,070
Scholarship & Fellowship	7,313,145	9,379,133	7,281,257
Auxiliary Enterprises	1,061,578	794,221	548,969
Depreciation	4,293,371	3,789,841	3,714,282
Non-operating Expense:			
Interest on Capital Related Debt	1,736,484	1,283,548	1,271,489
Other	3,500	53,256	3,800
Total Expenses	63,803,855	69,875,065	63,302,538
Increase in Net Position	(3,120,821)	1,102,390	12,086,943
Beginning Net Position	31,072,317	29,969,927	17,680,718
Prior Period Adjustment	-	-	202,266
Beginning Net Position, as Restated	31,072,317	29,969,927	17,882,984
Ending Net Position	\$ 27,951,496	\$ 31,072,317	\$ 29,969,927

Significant Capital Assets and Long-term Debt Activity

During the fiscal year 2023, the College issued the 2023 Maintenance Tax Notes in order to fund facility improvements on the Main Campus in Gainesville. The College's major capital asset purchases for 2023 included facility-related security enhancements; and workforce training equipment at the new Champion Center location, as well as other instructional sites across the district.

Discussion of Current Known Facts, Decisions, or Conditions

After peaking in Fall 2018, enrollment has dropped for four consecutive years to 7,621 in Fall 2022. Fundable contact hours dropped from 1,501,776 in Fall 2018 to 1,083,152 in Fall 2022.

Other Capital Assets and Long-term Debt Activity

For 2023, depreciation expense of \$4,293,371 was recorded. The College spent over \$4.75 million in capital outlay during the current fiscal year. The capitalization policy of recording capital assets when the item value is \$5,000 or greater and has a useful life of greater than one year became effective with the year ended August 31, 2002.

The College has four bonds/notes outstanding as of August 31, 2023, as follows:

- 1) 2013 Series Limited Tax General Obligation Bond in the amount of \$5,500,000. This bond was issued for the purpose of constructing the Health Science Building and adding on to the Industrial Technology Center. A principal payment of \$575,000 was made during the year and the balance outstanding at year-end was \$1,200,000. The bonds will mature in August 2025.
- 2) 2014 Series Limited Tax General Obligation Bond in the amount of \$8,730,000. This bond was issued for the purpose of constructing the Health Science Building and adding on to the Industrial Technology Center. A principal payment of \$115,000 was made during the year and the balance outstanding at year-end was \$7,740,000. The bonds will mature in August 2034.
- 3) 2022 Tuition and Combined Fee Revenue Bond in the amount of \$6,670,000. This bond was issued for the purpose of purchasing the Flower Mound campus. A principal payment of \$565,000 was made during the year and the balance outstanding at year-end was \$6,060,000. The bonds will mature in June 2032.
- 4) 2023 Maintenance Tax Notes in the amount of \$2,545,000. These notes were issued for the purpose of facility improvements on the Main Campus in Gainesville. No principal payments were made during the current fiscal year. The notes will mature in August 2033.

Revenues enough to make all required payments of principal and interest have been properly recorded. Moody's Investor Services has the College's bond rating at A1 for the revenue bonds and Aa3 for the general obligation bonds. S&P recently upgraded the College from A to A+. The College has never defaulted on any outstanding bond issue.

Economic Factors That Will Affect the Future

After four consecutive years of decline, student enrollment has begun to climb once again. Increases are now occurring in academic, as well as workforce education classes; credit, as well as non-credit. The service area continues to grow as Denton County recently surpassed 1 million residents. This growth is expected to continue and expand into adjacent counties, such as Cooke and Montague. The challenge for the College will be to meet that increased demand with the limited resources the College has available for use in Denton County. There will also be increasing competition from other higher ed providers such as University of North Texas, Texas Woman's University, Texas State Technical College, and adjacent community college districts. The College expects its recently-opened Champions Circle located in southwestern Denton County to provide workforce education opportunities in a rapidly-expanding area.

The State of Texas has dramatically changed the funding of community colleges with its recent passage of HB 8. The College expects this shift toward performance-based funding to provide opportunities for additional appropriation dollars, including state assistance for dual credit offerings.

Contacting the College's Financial Management

The financial report is designed to provide taxpayers, customers, investors and creditors with a general overview of the College's finances and to demonstrate the College's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Office of the Vice Chancellor Fiscal Affairs, North Central Texas College, 1525 West California St., Gainesville, Texas 76240.

Basic Financial Statements

NORTH CENTRAL TEXAS COLLEGE

Exhibit 1

STATEMENT OF NET POSITION AUGUST 31, 2023 AND AUGUST 31, 2022

	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents	26,699,371	\$ 27,788,892
Short term investments	5,164,928	5,113,519
Accounts receivable (net)	9,818,410	1,969,425
Inventories	70,076	31,119
Other assets	340,541	545,902
Total Current Assets	42,093,326	35,448,857
Noncurrent Assets		
Restricted cash and cash equivalents	1,341,750	1,124,974
Capital assets (net)	81,012,884	77,065,542
Total Noncurrent Assets	82,354,634	78,190,516
TOTAL ASSETS	124,447,960	113,639,373
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding	-	-
Deferred outflows related to OPEB	3,663,907	6,460,248
Deferred outflows related to pensions	7,702,368	2,974,369
TOTAL DEFERRED OUTFLOWS OF RESOURCES	11,366,275	9,434,617
 LIABILITIES		
Current Liabilities		
Accounts payable	2,005,374	1,577,287
Accrued liabilities	54,323	46,275
Funds held for others	-	-
Unearned revenue	14,352,517	6,034,352
Capital leases-current portion	883,443	688,566
SBITA liabilities - current portion	365,878	-
Bonds payable-current portion	1,465,000	1,255,000
Total Current Liabilities	19,126,535	9,601,480
Noncurrent Liabilities		
Net pension liability	11,320,666	4,787,325
Net OPEB liability	22,800,244	28,161,450
Capital leases	23,066,471	21,851,834
SBITA liabilities	768,241	-
Bonds payable	16,634,704	15,568,435
Total Noncurrent Liabilities	74,590,326	70,369,044
TOTAL LIABILITIES	93,716,861	79,970,524
 DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources related to Pensions	4,774,944	6,283,392
Deferred Inflows of Resources related to OPEB	9,370,934	5,747,757
TOTAL DEFERRED INFLOWS OF RESOURCES	14,145,878	12,031,149
 NET POSITION		
Net investment in capital assets	37,829,146	37,701,707
Restricted for		
Expendable		
Student aid	1,167,521	1,123,538
Instructional programs	3,309,874	2,579,449
Construction projects	-	-
Debt service	1,991,647	5,303
Unrestricted	(16,346,692)	(10,337,680)
TOTAL NET POSITION (Schedule D)	27,951,496	\$ 31,072,317

The Notes to Financial Statements are an integral part of this statement.

NORTH CENTRAL TEXAS COLLEGE
STATEMENT OF FIDUCIARY NET FINANCIAL POSITION
CUSTODIAL FUNDS
AUGUST 31, 2023 and AUGUST 31, 2022

	2023	2022
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 96,812	\$ 97,501
LIABILITIES & NET POSITION		
NET POSITION		
Restricted for:		
Individuals, organizations and other governments	96,812	97,501
TOTAL NET POSITION	96,812	97,501
TOTAL LIABILITIES AND NET POSITION	\$ 96,812	\$ 97,501

The Notes to Financial Statements are an integral part of this statement.

NORTH CENTRAL TEXAS COLLEGE FOUNDATION, INC.

A COMPONENT UNIT OF NORTH CENTRAL TEXAS COLLEGE

STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2022

With Comparative Totals for August 31, 2021

	<u>8/31/2022</u>	<u>8/31/2021</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 37,847	\$ 50,612
Investments	4,991,560	6,376,590
Unconditional Promises to Give	-	-
Interest Receivable	33,431	39,270
Total Current Assets	<u>5,062,838</u>	<u>6,466,472</u>
Permanently Restricted Endowment	<u>8,118,590</u>	<u>7,191,504</u>
TOTAL ASSETS	<u>\$ 13,181,428</u>	<u>\$ 13,657,976</u>
LIABILITIES & NET ASSETS		
Liabilities		
Accounts Payable	\$ -	\$ -
Scholarships Payable	367,649	408,439
Deferred Support	-	-
Total Liabilities/Current Liabilities	<u>367,649</u>	<u>408,439</u>
Net Assets		
Without Donor Restrictions	31,755	27,358
With Donor Restrictions	12,782,024	13,222,179
Total Net Assets	<u>12,813,779</u>	<u>13,249,537</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 13,181,428</u>	<u>\$ 13,657,976</u>

See accompanying notes and independent auditor's report.

NORTH CENTRAL TEXAS COLLEGE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED AUGUST 31, 2023 AND AUGUST 31, 2022

	<u>2023</u>	<u>2022</u>
REVENUES		
Operating Revenues		
Tuition and fees (net of discounts of \$7,191,924 and \$9,379,133 respectively)	18,111,543	\$ 18,119,617
Federal grants and contracts	2,360,028	18,267,809
State grants and contracts	4,411,515	3,284,002
Private gifts, grants and contracts	641,931	607,744
Sales and services of educational activities	91,695	94,929
Auxiliary enterprises (net of discounts \$397,700 and \$316,744 respectively)	212,402	251,436
Other operating revenues	3,228,531	1,787,522
Total Operating Revenues (Schedule A)	<u>29,057,645</u>	<u>42,413,059</u>
EXPENSES		
Operating Expenses		
Instruction	20,125,274	21,096,877
Research	-	-
Public service	1,698,897	1,296,164
Academic support	4,398,072	3,946,512
Student services	7,286,780	10,779,742
Institutional support	8,184,121	12,546,377
Operation and maintenance of plant	7,702,633	4,909,394
Scholarship and fellowships	7,313,145	9,379,133
Auxiliary enterprises	1,061,578	794,221
Depreciation	4,293,371	3,789,841
Total Operating Expenses (Schedule B)	<u>62,063,871</u>	<u>68,538,261</u>
OPERATING INCOME (LOSS)	<u>(33,006,226)</u>	<u>(26,125,202)</u>
NON-OPERATING REVENUES (EXPENSES)		
State appropriations	14,370,281	14,043,433
Maintenance ad-valorem taxes		
Taxes for maintenance and operations	3,592,903	3,472,468
Taxes for general obligation bonds	1,225,242	1,028,477
Federal Revenue, non-operating	10,768,262	9,617,544
Investment income (net of investment expenses)	1,495,724	199,320
Interest on capital related debt	(1,736,484)	(1,283,548)
Gain (Loss) Loss on disposal of fixed assets	135,600	188,118
Other non-operating revenues	37,377	15,036
Other non-operating expenses	(3,500)	(53,256)
Net Non-Operating Revenues (Schedule C)	<u>29,885,405</u>	<u>27,227,592</u>
INCREASE (DECREASE) IN NET POSITION	<u>(3,120,821)</u>	<u>1,102,390</u>
NET POSITION-BEGINNING OF YEAR	31,072,317	29,969,927
PRIOR PERIOD ADJUSTMENT		-
NET POSITION-END OF YEAR	<u>27,951,496</u>	<u>\$ 31,072,317</u>

The Notes to Financial Statements are an integral part of this statement.

NORTH CENTRAL TEXAS COLLEGE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEARS AUGUST 31, 2023 AND AUGUST 31, 2022

	2023	2022
ADDITIONS		
Contributions		
Students	\$ 4,185	\$ 4,061
Fundraising	4,837	8,016
Total Additions	9,022	12,077
 DEDUCTIONS		
Benefits paid to students	9,711	11,657
 NET DECREASE IN FIDUCIARY NET POSITION	(689)	420
NET POSITION AT BEGINNING OF YEAR	97,501	97,081
NET POSITION AT END OF YEAR	\$ 96,812	\$ 97,501

The Notes to Financial Statements are an integral part of this statement.

NORTH CENTRAL TEXAS COLLEGE FOUNDATION, INC.
A COMPONENT UNIT OF NORTH CENTRAL TEXAS COLLEGE
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2022
With Comparative Totals for Year Ended August 31, 2021

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTALS	8/31/2021
SUPPORT AND REVENUE:				
Support:				
Donations	\$ 8,825	\$ 1,079,171	\$ 1,087,996	\$ 1,039,839
Endowments Received	-	835,178	835,178	285,775
Fund Raising	-	187,803	187,803	54,712
Total Support	<u>8,825</u>	<u>2,102,152</u>	<u>2,110,977</u>	<u>1,380,326</u>
Revenue:				
Investment Income	762	509,368	510,130	434,460
Gain (Loss) on Sale of Assets	-	526,870	526,870	98,921
Unrealized Gain (Loss)	-	(2,123,080)	(2,123,080)	871,419
Investment Expenses	-	(57,541)	(57,541)	(52,534)
Amortization of Bond Premium	-	(15,487)	(15,487)	(14,743)
Net Assets Released from Restrictions-Satisfaction of Program Restrictions	<u>1,382,437</u>	<u>(1,382,437)</u>	<u>-</u>	<u>-</u>
Total Revenue	<u>1,383,199</u>	<u>(2,542,307)</u>	<u>(1,159,108)</u>	<u>1,337,523</u>
TOTAL SUPPORT AND REVENUE	<u>1,392,024</u>	<u>(440,155)</u>	<u>951,869</u>	<u>2,717,849</u>
EXPENSES:				
Program Services:				
Scholarships	837,699	-	837,699	922,030
Departmental Expenses	141,985	-	141,985	37,814
Total Program Services	<u>979,684</u>	<u>-</u>	<u>979,684</u>	<u>959,844</u>
Support Services:				
Management and General	338,988	-	338,988	307,308
Fund Raising	68,955	-	68,955	17,458
Total Support Services	<u>407,943</u>	<u>-</u>	<u>407,943</u>	<u>324,766</u>
TOTAL EXPENSES	<u>1,387,627</u>	<u>-</u>	<u>1,387,627</u>	<u>1,284,610</u>
EXCESS SUPPORT AND REVENUE OVER EXPENSES	<u>4,397</u>	<u>(440,155)</u>	<u>(435,758)</u>	<u>1,433,239</u>
NET ASSETS, BEGINNING OF YEAR	<u>27,358</u>	<u>13,222,179</u>	<u>13,249,537</u>	<u>11,816,298</u>
NET ASSETS, END OF YEAR	<u>\$ 31,755</u>	<u>\$ 12,782,024</u>	<u>\$ 12,813,779</u>	<u>\$ 13,249,537</u>

See accompanying notes and independent auditor's report.

NORTH CENTRAL TEXAS COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2023 AND AUGUST 31, 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from students and customers	\$ 21,721,599	\$ 16,544,715
Receipts of appropriations, grants and contracts	7,909,432	24,096,712
Payments to or on behalf of employees	(30,284,053)	(30,101,431)
Payments to suppliers	(23,157,355)	(31,698,365)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(23,810,377)	(21,158,369)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Ad valorem tax revenues	4,977,655	5,145,112
State appropriations	11,421,474	11,869,750
Non-operating federal revenue	10,768,262	9,617,544
Other cash receipts (payments)	37,745	15,036
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	27,205,136	26,647,442
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(6,548,473)	(8,713,579)
Sale of fixed assets	88,557	215,091
Insurance proceeds	-	-
Proceeds from Debt	2,545,000	7,212,208
Reclassification of custodial funds	-	-
Principal paid on debt	(1,255,000)	(1,829,964)
Interest paid on debt	(530,975)	(1,243,349)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(5,700,891)	(4,359,593)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment earnings	1,433,387	191,825
Purchases of investments	-	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	1,433,387	191,825
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(872,745)	1,321,305
CASH AND CASH EQUIVALENTS - SEPTEMBER 1	28,913,866	27,592,561
CASH AND CASH EQUIVALENTS - AUGUST 31	\$ 28,041,121	\$ 28,913,866
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (33,006,226)	\$ (26,125,202)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Payments made directly by state for benefits	2,948,807	2,173,683
Depreciation expense	4,293,371	3,789,841
OPEB expense	(5,361,206)	1,555,049
Bad debt expense	1,271,886	(673,519)
Pension expense	6,533,341	(808,282)
Changes in assets and liabilities:		
Receivables, net	(9,049,438)	(1,313,393)
Inventories	(38,957)	(7,912)
Other assets	205,361	154,063
Accounts payable	128,231	(272,934)
Deferred revenue	8,264,453	370,237
Deposits held for others	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (23,810,377)	\$ (21,158,369)
Cash Reconciliation:		
Cash and cash equivalents	\$ 26,699,371	\$ 27,788,892
Restricted cash	1,341,750	1,124,974
Total Cash	\$ 28,041,121	\$ 28,913,866

The Notes to Financial Statements are an integral part of this statement.

NORTH CENTRAL TEXAS COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 and 2022

1. REPORTING ENTITY

North Central Texas College (the College) was established in 1924 as Gainesville Junior College, in accordance with the laws of the State of Texas, to serve the educational needs of Cooke County and the surrounding area. The College is considered to be a special purpose, primary government, according to the definition in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. While the College receives funding from local, state, and federal sources, and must comply with the spending, reporting, and record keeping requirements of these entities, it is not a component unit of any other governmental entity.

The Board of Regents (the Board), a seven-member group constituting an on-going entity, is the level of government that has governance responsibilities over all activities, programs, and facilities of the College. The Board members are elected by the public and have decision-making authority, the power to designate management, the responsibility to significantly influence operation and primary accountability for fiscal matters.

The governmental reporting entity consists of the College and its component unit. Component units are legally separate organizations for which the Board is financially accountable or other organizations whose nature and significant relationship with the College are such that exclusion would cause the College's financial statements to be misleading. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the College's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the College.

The basic financial statements include both blended and discretely presented component units. The blended component unit, although a legally separate entity, is in substance, part of the College's operations and so data from this unit is combined with data of the primary government. The discretely presented component unit, on the other hand, is reported in a separate statement to emphasize it is legally separate from the government.

For financial reporting purposes, the College's basic financial statement includes all financial activities that are controlled by or are dependent upon actions taken by the College's board of regents. The financial statements of the component unit may be obtained by writing to North Central Texas College, 1525 W. California, Gainesville, TX 76240.

The facilities utilized in the College system are located on six distinct campuses, Gainesville in Cooke County, Corinth, FSB Exchange and Flower Mound in Denton County, Bowie in Montague County, and Graham in Young County. The College's primary campus rests on 132 acres of land located in the southwest section of Gainesville, Texas, on U.S. Highway 51. In January 2000, the College opened two extension centers located at Corinth and at Bowie. The Gainesville and Corinth campuses are capitalized assets of the College. The Bowie campus is operated under a lease with the Bowie 4B Sales Tax Corporation; the lease is discussed elsewhere in these disclosures. The fourth campus was opened in Graham, in Young County; citizens of Graham Independent School District passed a Branch Campus Maintenance Tax in November 2009 with tax revenue beginning in 2010-2011. The fifth campus Flower Mound opened in January 2011 in leased facilities and converted to a lease-to-own agreement which was purchased in 2022. The sixth campus, FSB Exchange, opened in September 2019 in leased facilities. The lease agreement terminates in 2043. The seventh campus, Champions Circle, opened in August 2022 in leased facilities. The lease agreement terminates in 2032.

The College offers academic and professional courses for students who plan to transfer to senior colleges and universities to continue to work toward a baccalaureate degree as well as technical and vocational courses to develop occupational skills and continuing education courses for adults. The College has several secondary instruction sites in North Texas.

NORTH CENTRAL TEXAS COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Guidelines

The significant accounting policies followed by the College 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.

Tuition Discounting

Texas Public Education Grants: Certain tuition amounts are required to be set aside for use as scholarships by qualifying students. This set aside amount, called the Texas Public Education Grant (TPEG), is shown with tuition and fee revenue amounts as a separate set aside amount (Texas Education Code §56.0333). When the student uses the award for tuition and fees, the amount is recorded as 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 the student uses the award for tuition and fees, the amount is recorded as 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 the student uses the award for tuition and fees, the amount is recorded as tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

Basis of Accounting

The financial statements of the College have been prepared on the accrual basis of accounting, whereby all revenues are recorded when earned, and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

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

Cash and Cash Equivalents

The College's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The College sets aside resources for the repayment of the bonds. The College has designated public funds investment pools comprised of \$21,177,787 and \$20,709,423 on August 31, 2023 and August 31, 2022 respectively, to be cash equivalents. The College also segregates bond proceeds to be used for capital projects. These assets are classified as restricted cash on the statement of net position because their use is limited by applicable bond covenants, and they are maintained in separate bank accounts.

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

NORTH CENTRAL TEXAS COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 and 2022

published market rates. Short-term investments have an original maturity greater than three months but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

Inventories

Inventories of the College consist of consumable fuel, cosmetology stock, and cattle. Consumable fuel and cosmetology stock inventories are valued at cost, using the average cost method of valuation and are charged to expense as consumed or sold. Cattle inventory are valued at fair market value. Inventory at year-end consisted of the following amounts:

	August 31, 2023	August 31, 2022
Fuel	\$ 2,743	\$ 2,696
Cosmetology Stock	45,656	28,423
Cattle	21,677	
	70,076	31,119

Capital Assets

Capital assets are recorded at cost at the date of acquisition or estimated fair market value at the date donated. The College’s capitalization policy includes all real or personal property with a value of \$5,000 or more and an estimated life of more than 2 years. Renovations of \$100,000 to buildings and 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 an asset’s life are charged to operating expense in the year in which the expense is incurred.

The right-to-use lease asset capitalization level is determined by the Board of Regents. The term of the lease must be the non-cancelable period during which the College has the right to use the tangible assets of another entity plus any periods in which either the lessee or the lessor has the sole option to extend the lease if it is reasonably certain the option will be exercised plus any periods in which either the lessee or the lessor has the sole option to terminate the lease if it is reasonably certain the option will not be exercised by that party and must not meet the definition of a short-term lease under GASB 87. Existing contracts were evaluated for this year of implementation and the recording of the lease assets and liability has been reported in the financial statements.

The College reports depreciation under a single-line item as a business-type unit. Depreciation is computed using the straight-line method over the estimated useful lives of the assets applying the half-year convention. The following lives are used:

Buildings	50 years
Facilities and Other Improvements	20 years
Furniture, Machinery, Other Equipment	10 years
Vehicles	7 years
Telecommunications and Peripheral Equipment	5 years
Library Books	15 years

Other Post-Employment Benefits (OPEB)

The fiduciary net position of the Employees retirement system of Texas (ERS) State retiree Health Plan (SRHP) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the net OPEB liability, deferred outflows of

NORTH CENTRAL TEXAS COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 and 2022

resources and deferred inflows of resources related to other post-employment benefits; OPEB expense; and information about assets, liabilities and additions to/deductions from SRHP's fiduciary net position. Benefit payments are recognized when due and are payable in accordance with the benefit terms.

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 the Teacher Retirement System of Texas (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

Unearned revenues on August 31, 2023 and 2022 were as follows:

	August 31, 2023	August 31, 2022
Tuition	\$ 13,920,893	\$ 5,247,082
State Grant	182,498	25,469
Federal Grant	33,454	600,015
Taxes	215,672	161,786
	\$ 14,352,517	\$ 6,034,352

Deferred Inflows

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 (revenue) until that time. Governments are only permitted to report deferred inflows in circumstances specifically authorized by the GASB. The College's deferred inflows consist of inflows related to pensions and other post-employment benefits.

Deferred Outflows

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 a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Governments are only permitted to report deferred outflows in circumstances specifically authorized by the GASB. The College's deferred outflows consist of deferred charges on refunding debt, deferred outflows related to pensions and other post-employment benefits.

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. Accordingly, actual results could differ from those estimates.

Operating and Non-Operating Revenue and Expense Policy

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

NORTH CENTRAL TEXAS COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 and 2022

revenues are state appropriations and property tax collections. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. As of July 17, 2011, the operation of the bookstore is no longer performed by the college.

Net Position

When the College incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first.

On August 31, 2023 and 2022, net position of the College consisted of the following:

	<u>August 31, 2023</u>	<u>August 31, 2022</u>
Net property, plant and equipment	\$ 81,012,884	\$ 77,065,542
Less:		
General obligation bonds payable, net	(18,099,704)	(16,823,435)
Capital Leases, net	(23,949,915)	(22,540,400)
SBITA	(1,134,119)	-
Amount of debt related to unspent proceeds	-	-
Total net investment in capital assets	<u>37,829,146</u>	<u>37,701,707</u>
Restricted for debt service	1,991,647	5,303
Restricted for student aid	1,167,521	1,123,538
Restricted for instructional programs	3,309,874	2,579,449
Restricted for construction projects	-	-
Unrestricted	<u>(16,346,692)</u>	<u>(10,337,680)</u>
Total net position	<u>\$ 27,951,496</u>	<u>\$ 31,072,317</u>

Bonds and Capital Leases

Long-term debt and capital leases are reported as liabilities on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable premium or discount. The College implemented GASB 87 for reporting leases during this reporting period. A right-to-use lease is defined as a contract that conveys control of another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. To be accounted for as a lease, the lease must meet the definition of a "long-term lease provided in GASB 87 and must meet the capitalization level set by the Board. The right to use lease liability is reported on the statement of net position. The lease liability is calculated as the present value of the reasonably certain expected payments to be made over the term of the lease and the interest included in the lease payment is recorded as an expense. For the year ended 8/31/2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset.

3. AUTHORIZED INVESTMENTS

The Board has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act. The investments of the College are in compliance with the adopted investment policies.

NORTH CENTRAL TEXAS COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 and 2022

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

4. DEPOSITS AND INVESTMENTS

Cash and Deposits

The College's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the College's agent bank approved pledged securities in an amount sufficient to protect College funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) assurance.

Custodial credit risk is the risk that, in the event of a bank failure, the College's deposits might not be recovered. The College does have a policy for custodial credit risk. On August 31, 2023 and 2022, the carrying amounts of the College's bank deposits were \$6,861,158 and \$8,202,218, respectively and total bank balances equaled \$6,640,290 and \$7,919,638. Bank balances of \$617,523 and \$751,981 were covered by FDIC, and \$6,022,767 and \$7,167,657 were covered by collateral pledged in the College's name for the years ended August 31, 2023 and 2022, respectively.

Public Funds Investment Pool

The College has cash equivalents that consist of balances held by the Texas Local Government Investment Pool (TexPool). The State Comptroller of Public Accounts exercises oversight responsibility of TexPool. Oversight includes the ability to significantly influence operations, designations of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other people who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. TexPool is rated AAAM by Standard & Poors. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poors, as well as the office of the Comptroller of Public Accounts for review.

TexPool operates in a manner consistent with SEC's Rule 2a-7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares. The College considers TexPool balances to be cash equivalents.

NORTH CENTRAL TEXAS COLLEGE
NOTES TO FINANCIAL STATEMENTS
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Cash and Cash Equivalents Cash, deposits, and cash equivalents consist of the following:

The College
(Pertiary Government)

	Assets - Exhibit 1	
	8/31/2023	8/31/2022
Bank Deposits		
Demand Deposits	\$ 6,861,159	\$ 8,202,218
Petty Cash and Cash on Hand	2,175	2,225
Total Cash and Deposits	6,863,334	8,204,443
Cash Equivalents		
TexPool	21,177,787	20,709,423
Total Cash, Deposits, and Cash Equivalents	\$ 28,041,121	\$ 28,913,866

Custodial credit risk for deposits is the risk that in the event of a bank failure, the College's deposits may not be returned, or the College will not be able to recover collateral securities in the possession of an outside party. The College's policy requires deposits to be 100% secured by collateral valued at market less the amount of the Federal Deposit Insurance Corporation (FDIC) limit. On August 31, 2023, the College's deposits are not exposed to custodial credit risk.

Investments

The College's investments consist of certificates of deposit located in several area banks. These certificates of deposit have maturity values of 1 year, and as such are considered short term investments. On August 31, 2023 and 2022, the College had the following investments:

Investment Type	Fair Value	Investment Maturities in Years			
	8/31/2023	1 or Less	1 to 5	5 to 10	10 to 15
Certificates of Deposit	\$ 2,012,123	\$ 1,012,123	\$ 1,000,000	\$ -	\$ -
FSB Investment Acct	\$ 3,152,805	\$ 986,150	\$ 2,166,655	\$ -	\$ -
Total	5,164,928	1,998,273	3,166,655	-	-
	8/31/2022	1 or Less	1 to 5	5 to 10	10 to 15
Certificates of Deposit	\$ 5,113,519	\$ 5,113,519	\$ -	\$ -	\$ -

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

Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the College was exposed to the following specific investment risks at year-end and, if so, the reporting of certain related disclosures:

- Credit Risk - Risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. For the years ended August 31, 2023 and 2022, the College was not exposed to credit risk.
- Concentration of Credit Risk - Risk of loss attributed to the magnitude of an entity's investment in a single issuer. For the years ended August 31, 2023 and 2022, the College was not significantly exposed to a concentration of credit risk.

NORTH CENTRAL TEXAS COLLEGE
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- Interest Rate Risk - Risk that changes in interest rates will adversely affect the fair value of an investment. For the years ended August 31, 2023 and 2022, the College was not significantly exposed to interest rate risk.
- Foreign Currency Risk - Risk that exchange rates will adversely affect the fair value of an investment. For the years ended August 31, 2023 and 2022, the College was not exposed to foreign currency risk.

Reconciliation of Deposits and Investments for the College (Primary Government) to Statement of Net Position - Exhibit 1

	Carrying Amounts	
	8/31/2023	8/31/2022
Total Cash and Deposits	\$ 6,863,334	\$ 8,204,443
TexPool	21,177,787	20,709,423
Certificates of Deposit	2,012,123	5,113,519
FSB Investment	3,152,805	-
Total Deposits and Investments	<u>\$ 33,206,049</u>	<u>\$ 34,027,385</u>
Per Statement of Net Assets - Exhibit 1:		
Cash and Cash Equivalents	\$ 26,699,371	\$ 27,788,892
Short-term Investments	5,164,928	5,113,519
Restricted Cash	1,341,750	1,124,974
Total Deposits and Investments	<u>\$ 33,206,049</u>	<u>\$ 34,027,385</u>

NORTH CENTRAL TEXAS COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 and 2022

5. CAPITAL ASSETS – COMPARATIVE

Capital assets activity for the years ended August 31, 2023 and 2022 was as follows:

<u>August 31, 2023</u>	Balance 9/1/2022	Increases	Decreases	Balance 8/31/2023
<u>Not Depreciated:</u>	.			
Land	\$ 989,786	\$ -	\$ -	\$ 989,786
Construction In Progress	832,206	3,308,022	(867,881)	3,272,347
Subtotal	1,821,992	3,308,022	(867,881)	4,262,133
<u>Other Capital Assets:</u>				
Buildings and Improvements	65,509,128	1,041,165	-	66,550,293
Equipment	15,611,457	1,259,407	(5,783)	16,865,081
Library Books	1,772,198	4,445	(144,063)	1,632,580
Automobiles	530,930	-	(258,029)	272,901
SBITA		1,134,119		1,134,119
Right of Use Buildings	24,444,915	2,089,523	(97,254)	26,437,184
Right of Use Vehicles	69,711	95,703		165,414
Right of Use Equipment	524,300	153,646	(407,134)	270,812
Subtotal	108,462,639	5,778,008	(912,263)	113,328,384
<u>Accumulated Depreciation:</u>				
Buildings and Improvements	(17,263,157)	(1,395,813)	-	(18,658,970)
Equipment	(10,360,436)	(1,109,650)	5,783	(11,464,303)
Library Books	(1,501,832)	(91,561)	191,105	(1,402,288)
Automobiles	(399,486)	(34,545)	233,551	(200,480)
SBITA		(63,007)		(63,007)
Right of Use Buildings	(3,234,426)	(1,446,415)	30,728	(4,650,113)
Right of Use Vehicles	(4,478)	(132,662)	106,295	(30,845)
Right of Use Equipment	(455,274)	(19,718)	367,364	(107,628)
Subtotal	(33,219,089)	(4,293,371)	934,826	(36,577,634)
Net Other Capital Assets	75,243,550	1,484,637	22,563	76,750,750
Net Capital Assets	\$ 77,065,542	\$ 4,792,659	\$ (845,318)	\$ 81,012,883

NORTH CENTRAL TEXAS COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 and 2022

<u>August 31, 2022</u>	Balance		Balance	
	9/1/2021	Increases	Decreases	8/31/2022
Not Depreciated:				
Land	\$ 989,786	\$ -	\$ -	\$ 989,786
Construction In Progress	4,923,593	762,714	(4,854,101)	832,206
Subtotal	5,913,379	762,714	(4,854,101)	1,821,992
Other Capital Assets:				
Buildings and Improvements	54,013,610	11,505,618	(10,100)	65,509,128
Equipment	14,859,441	757,140	(5,124)	15,611,457
Library Books	1,832,594	-	(60,396)	1,772,198
Automobiles	930,106	-	(399,176)	530,930
Right of Use Buildings	23,977,930	466,985	-	24,444,915
Right of Use Vehicles	-	69,711	-	69,711
Right of Use Equipment	518,788	5,512	-	524,300
Subtotal	96,132,469	12,804,966	(474,796)	108,462,639
Accumulated Depreciation:				
Buildings and Improvements	(16,041,499)	(1,229,918)	8,260	(17,263,157)
Equipment	(9,278,518)	(1,087,043)	5,125	(10,360,436)
Library Books	(1,524,011)	(47,043)	69,222	(1,501,832)
Automobiles	(700,897)	(63,820)	365,231	(399,486)
Right of Use Buildings	(1,978,711)	(1,255,715)	-	(3,234,426)
Right of Use Vehicles	-	(4,478)	-	(4,478)
Right of Use Equipment	(353,450)	(101,824)	-	(455,274)
Subtotal	(29,877,086)	(3,789,841)	447,838	(33,219,089)
Net Other Capital Assets	66,255,383	9,015,125	(26,958)	75,243,550
Net Capital Assets	\$ 72,168,762	\$ 9,777,839	\$ (4,881,059)	\$ 77,065,542

The depreciation expense for the year ended August 31, 2023 was \$4,293,371 and for the year ended August 31, 2022 was \$3,789,841.

6. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Current and noncurrent receivables on August 31, 2023 and 2022 were as follows:

	The College (Primary Government)	
	8/31/2023	8/31/2022
Taxes Receivable	227,750	156,316
Federal Receivable	319,337	1,131,447
State & Local Receivable	387,282	71,129
Student Receivable	17,603,780	9,031,536
Other Receivable	25,342	24,273
Subtotal	18,563,491	10,414,701
Allowance for Doubtful Accounts	(8,745,081)	(8,445,276)
Total Receivables	\$ 9,818,410	\$ 1,969,425

NORTH CENTRAL TEXAS COLLEGE
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AUGUST 31, 2023 and 2022

Accounts payables and accrued liabilities on August 31, 2023 and 2022, were as follows:

	The College (Primary Government)	
	8/31/2023	8/31/2022
Vendor Payable	\$ 1,237,475	\$ 1,075,245
Student Payable	108,564	219,578
Other Payable	298,577	229,612
Interest Payable	360,758	52,852
Total Accounts Payable	2,005,374	1,577,287
Accrued Liabilities		
Salary & Benefit Payable	54,323	46,275
Total Payables	\$ 2,059,697	\$ 1,623,562

7. LONG-TERM LIABILITIES

Bonds payable on August 31, 2023 were comprised of the following individual issues:

NCTC District Limited Tax General Obligation Bonds, Series 2013

- For the construction and renovation of College buildings on the Gainesville campus
- Issue date December 30, 2013
- Original amount authorized and issued \$5,500,000
- Source of revenue for debt service-Ad Valorem Tax
- Payable in annual installments varying from \$140,000 to \$610,000
- Interest rate 2.64%
- Final installment due August 2025

NCTC District Limited Tax General Obligation Bonds, Series 2014

- For the construction and renovation of College buildings on the Gainesville campus
- Issue date February 27, 2014
- Original amount authorized and issued \$8,730,000
- Source of revenue for debt service-Ad Valorem Tax
- Payable in annual installments varying from \$165,000 to \$1,025,000
- Interest rate 2.0% to 4.75%
- Final installment due August 2034

NCTC District Tuition and Combined Fee Revenue, Series 2022

- For the purchase of the Flower Mound facility
- Issue date April 28, 2022
- Original amount authorized and issued \$6,670,000
- Source of revenue for debt service-Tuition & Fees
- Payable in annual installments varying from \$45,000 to \$780,000
- Interest rate 2.2%
- Final installment due June 2032

NCTC District 2023 Tax Notes

- For the purchase of facility improvements on the Gainesville campus
- Issue date April 27, 2023
- Original amount authorized and issued \$2,545,000
- Source of revenue for debt service-Ad Valorem Tax and/or Tuition & Fees
- Payable in annual installments varying from \$190,000 to \$300,000
- Interest rate 3.57%
- Final installment due August 2033

NORTH CENTRAL TEXAS COLLEGE
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Capital Lease Obligations consist of the following:

Denton Campus Science Lab. In September 2021, the College entered into a lease agreement with Headliner Investments Ltd for the Denton Campus Science Lab located at 314 E. Hickory, Denton, TX. This lease terminates on August 31, 2031.

Corinth Campus Bookstore. In April 2019, the College entered into a lease agreement with J&A Capital Assets Ltd for the Corinth Campus Bookstore located at 1701 North Corinth, Suite 200, Denton, TX. This lease terminates in June 2024.

Pinnell Square, Suite 404A. In February 2021, the College entered into a lease agreement with Pinnell Square, LP for 1406 N Corinth Street, Suite 404A, Denton, TX. This lease terminates in January 2023.

Denton Campus. In June 2020, the College entered into a lease agreement with NCCD=North Central Properties LLC for 316 E Hickory, Denton, TX. This lease terminates in June 2043.

MSU Flower Mound. In July 2017, the College entered into a lease agreement with Midwestern State University for the Flower Mound campus located at 100 Parker Square, Flower Mound, TX. This lease terminates in June 2027.

Champion's Circle. In August 2022, the College entered into a lease agreement with TX Champions Industrial LP for Building 1 Champions Circle, Fort Worth, TX. This lease terminates in August 2032.

SBDC. In August 2019, the College entered into a lease agreement with First United Bank & Trust for the property located at 1517 Centre Pl Dr, Denton, TX. This lease terminates in August 2024.

Other Leases: The College leases various copiers and other equipment with terms in excess of one year. The College also entered into leases for vehicles with Enterprise Fleet Management.

SBITA: On 07/01/2023, North Central Texas College, TX entered into a 36-month subscription for the use of Remote Telehealth Consultations.

NORTH CENTRAL TEXAS COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 and 2022

Activity in long term liabilities for the years ended August 31, 2023 and 2022, was as follows:

<u>August 31, 2023</u>	Beginning Balance	Activity		Ending Balance	Current Portion
		Additions	Reductions		
Tax Notes:					
2023 Tax Note	-	2,545,000	-	2,545,000	190,000
Revenue Bonds:					
2022 Series	6,625,000	-	(565,000)	6,060,000	565,000
General Obligation Bonds:					
2013 Series	1,775,000	-	(575,000)	1,200,000	590,000
2014 Series	7,855,000	-	(115,000)	7,740,000	120,000
CAB Accretion	170,310	23,647	-	193,957	-
Premium on Bonds	398,125	-	(37,378)	360,747	-
Capital Leases Buildings	22,402,312	2,023,900	(777,640)	23,648,572	796,912
Capital Leases Equipment	73,119	139,101	(46,096)	166,124	47,871
Capital Leases Vehicles	64,969	95,702	(25,453)	135,218	38,660
SBITA Asset	-	1,134,119	-	1,134,119	365,878
Net Pension Liability	4,787,325	7,423,148	(889,807)	11,320,666	N/A
Net OPEB Liability	28,161,450	3,661,484	(9,022,690)	22,800,244	N/A
	<u>\$ 72,312,610</u>	<u>\$ 17,046,101</u>	<u>\$ (12,054,064)</u>	<u>\$ 77,304,647</u>	<u>\$ 2,714,321</u>

<u>August 31, 2022</u>	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Revenue Bonds:					
2022 Series	-	6,670,000	(45,000)	6,625,000	565,000
2011 Series	\$ 415,000	\$ -	\$ (415,000)	\$ -	\$ -
General Obligation Bonds:					
2013 Series	2,340,000	-	(565,000)	1,775,000	575,000
2014 Series	7,960,000	-	(105,000)	7,855,000	115,000
CAB Accretion	147,491	22,819	-	170,310	-
Premium on Bonds	441,414	-	(43,289)	398,125	-
Capital Leases Buildings	22,524,006	466,985	(588,679)	22,402,312	639,846
Capital Leases Equipment	174,150	5,512	(106,543)	73,119	32,930
Capital Leases Vehicles	-	69,712	(4,743)	64,969	15,790
Net Pension Liability	11,178,119	(802,223)	(5,588,571)	4,787,325	N/A
Net OPEB Liability	27,752,200	2,235,212	(1,825,962)	28,161,450	N/A
	<u>\$ 72,932,380</u>	<u>\$ 8,668,017</u>	<u>\$ (9,287,787)</u>	<u>\$ 72,312,610</u>	<u>\$ 1,943,566</u>

NORTH CENTRAL TEXAS COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 and 2022

Debt service requirements for bonds, capital leases, and SBITA on August 31, 2023 are summarized below:

Fiscal Year August 31,	BONDS			CAPITAL LEASES	SBITA
	Principal	Interest	Total Requirements	Right to Use	Right to Use
2024	1,465,000	617,038	2,082,038	1,715,423	372,641
2025	1,530,000	550,793	2,080,793	1,896,018	391,273
2026	1,325,000	779,871	2,104,871	1,904,069	410,837
2027	1,645,000	488,062	2,133,062	1,859,345	-
2028	1,710,000	431,380	2,141,380	1,647,472	-
2029-2033	8,845,000	1,214,777	10,059,777	8,766,384	-
2034-2038	1,025,000	48,687	1,073,687	7,659,499	-
2039-2043	-	-	-	7,636,430	-
2044-2048	-	-	-	-	-
Total Requirements	\$ 17,545,000	\$ 4,130,608	\$ 21,675,608	\$ 33,084,640	\$ 1,174,751

Accreted Interest Payable

A portion of the 2013 General Obligation Bond and the 2014 General Obligation Bonds consisted of capital appreciation bonds (CABS). These bonds are zero-coupon bonds with deep discounts. The difference between the initial price of the bonds plus the premium on the CABS and the maturity value represents interest. This interest is accreted over the term of the bonds and is recorded as a liability in the District's financial statements. The following schedule summarizes the changes in accreted interest payable during the years ended August 31, 2023 and 2022:

August 31, 2023	Balance 9/1/2022			Balance 8/31/2023
	Booked	Retired		
Accreted Interest Payable	\$ 170,310	\$ 23,647	\$ -	\$ 193,957

August 31, 2022	Balance 9/1/2021			Balance 8/31/2022
	Booked	Retired		
Accreted Interest Payable	\$ 147,491	\$ 22,819	\$ -	\$ 170,310

8. OPERATING LEASES

Bowie Campus Lease: The Bowie campus in Montague County is operated under a lease with Bowie 4B Sales Tax Corporation (the Corporation); sales tax revenues from the City of Bowie provide for the construction and maintenance of the facility. Per the lease agreement with the Corporation, the College leases the facility from the Corporation at a rate of \$1 per year until the debt associated with the facility is paid in full. At that time, the College has the option to purchase the facility at a cost of \$1. In addition to the rent, the College pays to the Corporation a "Building Usage Fee"; the amount is calculated based on student enrollment at the Bowie campus at \$25 per student. The Building Usage Fee is payable twice per year; on or before October 1 based on the Fall semester enrollment and on or before March 1 based on the Spring semester enrollment.

Graham Campus Lease: The Graham campus in Young County is operated under a lease with the City of Graham. Per the lease agreement with the City, the College leases the facilities at a rate of \$10 per year. The primary term of the lease is for a five-year period. The lease may be renewed and extended for three additional five-year periods. Payment of the \$10 lease rate is due before September 1st of each lease year.

The College entered into twelve leases for vehicles that are considered operating leases. The lease expense for these leases for the year ended August 31, 2023 and 2022 was \$31,327 and \$6,638 respectively. The minimum future requirements as of August 31, 2023 were as follows:

NORTH CENTRAL TEXAS COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 and 2022

<u>Fiscal Year</u> <u>August 31,</u>	<u>Future Minimum</u> <u>Lease Payments</u>
2024	\$ 21,593
2025	2,900
2026	-
2027	-
2028	-

9. ADVANCE REFUNDING BONDS

NCTC District Tuition and Combined Fee Revenue Refunding Bonds. Series 2011

- Refunded \$4,235,000 of District Revenue Bonds, Series 1998
- Issued refunding bonds on 10/1/2011
- \$4,065,000, all authorized bonds have been issued
- Average interest rate of bonds refunded—4.75%
- Net proceeds from Refunding Series \$4,011,276 after payment of \$53,724 in underwriting fees, insurance, and other issuance costs
- Additional \$292,930 of Series 1998 sinking fund monies were used to purchase U.S. Government securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the 1998 bonds.
- The 1998 Series bonds are considered fully defeased and the liability for those bonds has been removed from the Investment in Plant Fund Group.
- Advance refunding of the 1998 Series bonds reduced the college’s debt service payments over the next 12 years by approximately \$1,074,281
- Economic Gain--\$522,470, difference between the net present value of the old and new debt service payments, excluding the reserve fund contribution
- Accounting Loss-\$69,206 as a result of the advance refunding
- The loss on refunding was completely amortized during FY 2022

NCTC District Tuition and Combined Fee Revenue Refunding Bonds. Series 2013

- Refunded \$3,255,000 of District Revenue Bonds, Series 2004
- Issued refunding bonds on 11/15/2012
- \$3,505,000, all authorized bonds have been issued
- Average interest rate of bonds refunded—4.375%
- Net proceeds from Refunding Series \$3,453,563 after payment of \$51,437 in underwriting fees, insurance, and other issuance costs
- The 2004 Series bonds are considered partially defeased and the liability for the defeased coupons have been removed from the Investment in Plant Fund Group. The coupons due on 5/15/2013 and 5/15/2014 were not defeased.
- Advance refunding of the 2004 Series bonds reduced the college’s debt service payments over the next 9 years by approximately \$166,280
- Economic Gain-\$151,952, difference between the net present value of the old and new debt service payments
- Accounting Loss-\$198,563, as a result of the advance refunding
- The loss on refunding was completely amortized during FY 2022

NORTH CENTRAL TEXAS COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 and 2022

10. DEFEASED BONDS OUTSTANDING

Bond Issue	Year Refunded	Par Value Outstanding
Series 1998	2011	\$ 425,000

11. EMPLOYEES RETIREMENT PLAN

Defined Benefit Pension Plan

Plan Description. The College participates in a cost-sharing, multiple-employer defined benefit pension plan that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Sec 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 pensions' Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public state-supported educational institutions in Texas who are employed for one-half or more of the standard workload and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

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

Benefits Provided. TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees and their beneficiaries of public and higher education in Texas. The pension formula is calculated using 2.3% multiplier times the average of the five highest annual creditable salaries times year of credited service to arrive at the annual standard annuity except for members who are grandfathered, whose formulas use the three highest annual salaries. 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 members age and years or 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.

Texas Government Code Section 821.006 prohibits benefit improvements if, because 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. Actuarial implications of the funding provided in the manner are determined by the System's actuary.

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%

NORTH CENTRAL TEXAS COLLEGE
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and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025.

	2023	2022
Member	8.00%	8.00%
Non-Employer Contributing Entity (State)	8.00%	7.75%
Employers	8.00%	7.75%
Current fiscal year employer contributions		\$ 944,602
Current fiscal year member contributions		\$ 1,706,877
2022 measurement year NECE on-behalf contributions		\$ 707,964

Contributors to the plan include members, employers and the state of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the state contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation for all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code
- During a new member's first 90 days of employment
- When any part or all 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 of all other employees.

In addition to the employer contributions listed above, there is an additional surcharge an employer is subject to:

- All public schools, charter schools, and regional educational service centers must contribute 1.8% of the member's salary beginning in fiscal year 2022, gradually increasing to a 2% in fiscal year 2025.
- 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.

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Actuarial Assumptions. The total pension liability in the August 31, 2022, rolled forward from the August 31, 2021 actuarial valuation, was determined using the following actuarial assumptions:

Methods and Assumptions Used to Determine Contribution Rates

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term Expected Rate	7.00%
Municipal Bond Rate as of August 31, 2022	3.91%. Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."
Last year ending August 31 in Projection Period (100 Years)	2121
Inflation	2.30%
Salary Increases	2.95% to 8.95%, including inflation
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2021. For a full description of these assumptions please see the actuarial valuation report dated November 12, 2021.

Discount Rate. The single discount rate used to measure the total pension liability was 7.00%. The single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine the single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the Legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.5% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investments is 7.00%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates 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 the System's target asset allocation as of August 31, 2022 are summarized below:

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Asset Class*	Target Allocation**	Long-term Expected Geometric Real Rate of Return ***	Expected Contribution to Long-Term Portfolio Return ****
Global Equity			
USA	18.0%	4.6%	1.12%
Non-U. S. Developed	13.0%	4.9%	0.90%
Emerging Markets	9.0%	5.4%	0.75%
Private Equity	14.0%	7.7%	1.55%
Stable Value			
Government Bonds	16.0%	1.0%	0.22%
Absolute Return (Including Credit Sensitive)	0.0%	3.7%	0.00%
Stable Value Hedge Funds	5.0%	3.4%	0.18%
Real Return			
Real Estate	15.0%	4.1%	0.94%
Energy, Natural Resources and Infrastructure	6.0%	5.1%	0.37%
Commodities	0.0%	3.6%	0.00%
Risk Parity			
Risk Parity	8.0%	4.6%	0.43%
Asset Allocation Leverage			
Cash	2.0%	3.0%	0.01%
Asset Allocation Leverage	-6.0%	3.6%	-0.05%
Inflation Expectation			2.70%
Volatility Drag			-0.91%
Expected Return	100.0%		8.21%

* Absolute Return includes Credit Sensitive Investments

**Target Allocation based on the FY22 policy model

***Capital Market Assumptions come from AON Hewitt (as of 8/31/22)

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

Discount Rate Sensitivity Analysis. The following table presents the Net Pension Liability of the plan using the discount rate of 7.00%, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

	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	\$ 17,610,664	\$ 11,320,666	\$ 6,222,327

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. On August 31, 2023, the College reported a liability of \$11,320,666 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the College. The amount recognized by the College as its

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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	\$ 11,320,666
State's proportionate share that is associated with the College	9,007,147
Total	\$ 20,327,813

The net pension liability was measured as of August 31, 2021 and rolled forward to August 31, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2021 thru August 31, 2022.

At the measurement date of August 31, 2022, the employer's portion of the collective net pension liability was 0.0190688162% which was an increase of 0.0002702689% from its portion measured as of August 31, 2021.

For the year ended August 31, 2023, the College recognized pension expense of \$1,157,875 and revenue of \$860,981 for support provided by the State.

Changes Since the Prior Actuarial Valuation

The actuarial assumptions and methods have been modified since the determination of the prior year's Net Pension Liability. These new assumptions were adopted in conjunction with an actuarial experience study. The primary assumption change was the lowering of the single discount rate from 7.25 percent to 7.00 percent.

On August 31, 2023, the College reported its proportionate share of the TRS deferred outflows of resources and deferred inflows of resources related to pensions from the following sources: (The amounts shown below will be the cumulative layers for the current and prior years combined.)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 164,149	\$ 246,812
Changes in actuarial assumptions	2,109,408	525,724
Difference between projected and actual investment earnings	4,398,533	3,280,088
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	245,784	722,320
Subtotal	6,917,874	4,774,944
Contributions paid to TRS subsequent to the measurement date *	784,494	-
Total	\$ 7,702,368	\$ 4,774,944

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:

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Year Ended August 31,	Pension Expense
2024	\$ 625,630
2025	271,020
2026	(42,429)
2027	1,149,245
2028	139,466

Defined Contribution Plan

Plan Description. The State has also established an optional retirement program for institutions of higher education 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.

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. State law provides for a member contribution rate of 6.60% for fiscal year 2022 and 2023. The College contributes an additional 2.5% for employees who are participating in the optional retirement program. Benefits fully vest after one year plus one date of employment. Because these are individual annuity contracts, the State has no additional or unfunded liability for this program. Senate Bill (S.B.) 1812, 83rd Texas Legislation, 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 to the State for the College was \$780,724 and \$786,634 for the fiscal years ended August 31, 2023 and 2022 respectively. This amount represents the portion of expended appropriations made by the State Legislature on behalf of the College.

Summary of Combined Retirement Plans

The total payroll of all College employees was \$26,227,786 and \$27,470,735 for fiscal years August 31, 2023 and 2022, respectively. The total payroll of employees covered by the TRS was \$20,147,720 and \$20,300,242; and the total payroll of employees covered by the ORP was \$2,044,772 and \$2,336,030 fiscal years August 31, 2023 and 2022, respectively.

12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description. The College participates in a cost-sharing, multiple-employer, other post-employment benefit (OPEB) plan with a special funding situation. The Texas Employees Group Benefit Program (GBP) is administrated 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’ service to eligible entities. Surviving spouses and dependents of these retirees are also covered. Benefit and contribution provision of the GBP are authorized by State law and may be amended by the Texas Legislature.

OPEB Plan Fiduciary Net Position. Detailed information about the GBP’s fiduciary net position is available in the separately issued ERS Comprehensive Annual Financial report (CAFR) that includes financial statements, notes to the financial statements, and required supplementary information. That report may be obtained on the Internet at <https://ers.texas.gov/About-ERS/Reports-and-Studies/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.

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

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

The following table summarizes the maximum monthly employer contribution toward eligible retiree's 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**

	2022	2021
Retiree only	\$ 625	\$ 625
Retiree and spouse	1,340	1,340
Retiree and children	1,104	1,104
Retiree and family	1,819	1,817

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

**Premium Contributions by Source
Group Benefits Program Plan**

	Fiscal Year Ended 8/31/23	Fiscal Year Ended 8/31/22
Employers	\$ 560,262	\$ 587,453
Members (Employees)	152,599	180,663
Federal Revenue	90,539	87,210
Nonemployer Contributing Entity (State of Texas)	29,414	29,623
Total Contributions	\$ 832,814	\$ 884,948

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Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of August 31, 2022 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions	
ERS Group Benefits Program Plan	
Valuation Date	August 31, 2022
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll, Open
Amortization Period	30 Years
Asset Valuation Method	Not Applicable
Inflation Rate	2.30%
Healthcare cost trend rates	
Medical (Health Select)	5.60% for FY2024, 5.30% for FY2025, 5.00% for FY2026, 4.75% for FY2027, 4.60% for FY2028 decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2031 and later years
Medical (Health Select Medicare Advantage)	66.67% for FY2024, 24.00% for FY2025, 5.00% for FY2026, 4.75% for FY2027, 4.60% for FY2028 decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2031 and later years
Pharmacy	10.0% for FY2024 10%.0 for FY2025, decreasing 100 basis points per year to 5.0% for FY2030 and 4.3% for FY2031 and later years
Salary Increases	2.3%-8.95%, including inflation
Discount rate	3.59%
Retirement age	Experience-based tables of rates that are specific to the class of employee
Mortality	
1. State Agency Members	
a. Service Retirees, Survivors and Other Inactive Members (Regular, Elected, CPO/CO and JRS I and II Employee Classes)	2020 State Retirees of Texas Mortality table with a 1 year set forward for male CPO/CO members. Generational mortality improvements in accordance with the Ultimate MP-2019 Projection Scale are projected from the year 2020.
b. Disability Retirees (Regular, Elected, CPO,CO and JRS1 and II Employee Classes)	2020 State Retirees of Texas Mortality table three years for males and females. Generational mortality improvements in accordance with the Ultimate MP-2018 Projection Scale are projected from the year 2020. Minimum rates of 3.0% and 2.5% apply at all ages for males and females, respectively.
c. Active Members	Pub-2010 General Employees Active Member Mortality table for non-CPO/CO members. Pub-2010 Public Safety Active Member Mortality table for CPO/CO members. Generational mortality improvements in accordance with the Ultimate MP-2019 Projections Scale are projected from the year 2010.
2. Higher Education Members	
a. Service Retirees, Survivors and Other Inactive Members	Tables based on TRS experience with Ultimate MP-2021 Projection Scale from the year 2021.
b. Disability Retirees	Tables based on TRS experience with Ultimate MP-2021 Projection Scale from year 2021 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members.
c. Active Members	Sex Distinct Pub-2010 Amount-Weighted Bleow-Median Income Teacher Moratility with a 2-year set forward for males with Ultimate MP-2021 Projection Scale form the year 2010.

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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 2022 to require that all funds in the plan be invested in cash and equivalent securities. The expected rate of return on these investments is currently 4.1%, in line with the prevailing returns on 90-day US treasury bills.

Discount Rate. Because the State Retiree Health Plan does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bonds rate. The discount rate used to determine the total OPEB liability as of the beginning of the measurement year was 2.14%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 3.59%, which amounted to an increase of 1.45%. 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 Investor Service's Aa2 rating and Standard & Poor's Corp's AA rating.

Discount Rate Sensitivity Analysis. The following schedule shows the impact on the College's proportionate share of the collective net OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used in measuring the net OPEB liability.

	1% Decrease in Discount Rate (2.59)	Discount Rate (3.59)	1% Increase in Discount Rate (4.59)
College's proportionate share of the net OPEB liability	\$ 26,591,975	\$ 22,800,244	\$ 19,767,771

Healthcare Trend Rate Sensitivity Analysis. The initial healthcare trend rate is 5.60% for HealthSelect and the ultimate rate is 4.30%. 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% lower or 1% greater than the healthcare cost trend rate that was used (5.60%) in calculating the net OPEB Liability.

	Healthcare Cost Trend		
	1% Decrease Rates 4.6% Decreasing to 3.3%	Current Trend Rates 5.6% Decreasing to 4.3%	1% Increase Rates 6.6% Decreasing to 5.3%
College's proportionate share of the net OPEB liability	\$ 19,525,276	\$ 22,800,244	\$ 26,981,495

OPEB Liabilities, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB. For the Plan Year ended On August 31, 2023. The College reported a liability of \$22,800,244 for its proportionate share of the ERS's net OPEB liability. This liability reflects a reduction for State support provided to the college for OPEB. 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 was as follows:

College's proportionate share of the collective net OPEB liability	\$ 22,800,244
State's proportionate share that is associated with the College	19,360,816
Total	\$ 42,161,060

The net OPEB liability was measured as of August 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer's

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proportion of the net OPEB liability was based on the employer’s contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2021 thru August 31, 2022.

At the measurement date of August 31, 2022, the employer’s proportion of the collective net OPEB liability was .08003746% which was an increase of .00153975% from its proportion measured as of August 31, 2021.

For the year ended August 31, 2023, the district recognized total OPEB expense of \$354,368 and revenue for support provided by state and federal sources of \$703,944.

On August 31, 2023, the College reported its proportionate share of the ERS’ plans collective deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 719,375
Changes in actuarial assumptions	1,339,605	7,047,771
Difference between projected and actual investment earnings	3,933	-
Changes in proportion and difference between the employer’s contributions and the proportionate share of contributions	1,921,678	1,603,788
Total as of August 31, 2019 measurement date	3,265,216	9,370,934
Contributions paid to ERS subsequent to the measurement date *	398,691	-
Total	\$ 3,663,907	\$ 9,370,934

*The \$398,691 reported as Deferred Outflows of Resources resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability in the year ended August 31, 2023.

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

Year Ended August 31,	Pension Expense
2024	(538,384)
2025	(1,763,390)
2026	(1,731,971)
2027	(1,407,698)
2028	(664,276)

13. DEFERRED COMPENSATION PLAN

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. This plan is funded by employee contributions such that the College 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 of deferred salaries of employees since the inception of the program is not determinable.

As of August 31, 2023, the College had 23 employees participating in the program. A total of \$206,648 in payroll deductions were invested in approved plans during the fiscal year.

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As of August 31, 2022, the College had 30 employees participating in the program. A total of \$280,661 in payroll deductions were invested in approved plans during the fiscal year.

14. COMPENSATED ABSENCES

Full-time employees earn vacation leave at the rate of 1.00 day per month (96 hours per year) for each month of employment with the College. The College's policy is that an employee may not carry vacation leave forward from one fiscal year to another fiscal year. Accordingly, the College did not recognize an accrued liability for the unpaid vacation leave in the financial statements.

A liability for accrued sick leave, which is earned at a rate of 104 hours per year and can be accumulated up to 45 days (60 days after 10 years of service), is not recorded. It is the policy of the College to not record accrued sick leave as a component of compensation expense because the benefits become compensation when the sick leave is utilized, not when accumulated. Upon termination, an employee does not receive payment for any accumulated sick leave.

15. PENDING LAWSUITS AND CLAIMS

None

16. CONTRACT AND GRANT AWARDS

Contracts and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, *State and Local Governments*, 8.99). For Federal Contract and Grant Awards, funds expended but not collected are reported as Federal Receivables on Exhibit 1. Non-federal contracts and grant awards for which funds are expended, but not collected, are reported as Accounts Receivable on Exhibit 1. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements. Contract and grant awards funds already committed (e.g., multi-year awards) or funds awarded during fiscal years 2023 and 2022 for which monies have not been received nor funds expended, totaled \$2,130,081 and \$1,255,372 respectively. Of this amount, \$1,789,220 and \$988,879 were from Federal Contract and Grant awards, respectively and \$340,861 and \$266,493 were from State Contract and Grant awards.

17. SELF-INSURED PLANS

The College maintains a self-insured arrangement for coverage in the area of unemployment compensation. The unemployment compensation plan is on a pay-as-you-go basis. Payments for incurred claims are charged to current funds expenditures. Prior to 1998, the College maintained a self-insured arrangement for coverage in the area of workers' compensation insurance. The College has funds available to cover claims incurred in the period the institution was in this plan. Claims Administrative Services, Inc. of Tyler, Texas administers the plan.

18. 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 full-time employee was \$625 and \$625 per month for employee-only coverage for the years ended August 31, 2023 and 2022, respectively. The cost of providing these benefits and the total number of employees participating in the plan and contributions were as follows:

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	August 31, 2023		August 31, 2022	
	Number of Employees	Contribution	Number of Employees	Contribution
Active Employees	385	\$ 1,483,670	381	\$ 1,368,494
Retired Employees	135	520,258	130	509,813
	520	\$ 2,003,928	511	\$ 1,878,307

S.B. 1812, effective September 1, 2013, limits the amount of the state's contribution to 50% of eligible employees in the reporting district.

19. AD VALOREM TAX

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

Net assessed valuation on August 31 was as follows:

	Fiscal Year 2023	Fiscal Year 2022
Assessed Valuation	6,692,327,355	5,421,679,423
Less: Exemptions & Abatements	(1,561,546,354)	(1,358,767,173)
Net Assessed Valuation	5,130,781,001	4,062,912,250

The tax rates per \$100 valuation were as follows:

	Fiscal Year 2023		Fiscal Year 2022	
	Current Operations	Debt Service	Current Operations	Debt Service
Authorized	0.065200	0.020000	0.075700	0.020000
Assessed	0.064200	0.020900	0.073100	0.021800

Taxes levied for the years ended August 31, 2023 and 2022, were \$4,818,145 and \$4,429,685, respectively. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

Tax collections for the years ended August 31, 2023 and 2022, were 98.99% and 98.77%, respectively, of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to either maintenance and operations or interest and sinking expenditures.

	Current Operations	Debt Service	Total
<u>Fiscal Year Ended August 31, 2023</u>			
Current Taxes Collected	\$ 3,634,840	\$ 1,183,305	\$ 4,818,145
Delinquent Taxes Collected	111,755	35,832	147,587
Penalties & Interest Collected	18,894	6,105	24,999
Total Collections	\$ 3,765,489	\$ 1,225,242	\$ 4,990,731
<u>Fiscal Year Ended August 31, 2022</u>			
Current Taxes Collected	\$ 3,370,051	\$ 1,005,022	\$ 4,375,073
Delinquent Taxes Collected	59,095	15,077	74,172
Penalties & Interest Collected	18,446	5,584	24,030
Total Collections	\$ 3,447,592	\$ 1,025,683	\$ 4,473,275

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20. BRANCH CAMPUS MAINTENANCE TAX

A branch campus maintenance tax established by election has been levied by Graham Independent School District in Young County, Texas. It 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 Graham Independent School District. Collections are transferred to the College to be used for the operation of a Branch Campus at Graham. This revenue is reported under Local Grants and Contracts.

	Collections (including penalties and interest)	
	August 31, 2023	August 31, 2022
Young County	\$ 507,453	\$ 461,330

21. INCOME TAXES

The College is exempt from income taxes under Internal Revenue Service 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 tax liability for the years ended August 31, 2023 and 2022.

22. BLENDED COMPONENT UNIT

Mary Josephine Cox Estate Trust: The Mary Josephine Cox Estate (the Trust) is a Trust that has been granted tax-exempt status pursuant to the provisions of the Internal Revenue Code Section 501(c)(3). The resources of the Trust are to be used to provide scholarships to North Central Texas College for Cooke County, Texas residents that meet certain specified criteria. The Trust owns real property located in Texas and Oklahoma. The Texas property is the site of an agricultural experiment farm. The Oklahoma property is leased to a farmer/rancher.

For the fiscal years 2023 and 2022, the Trust was totally managed by the Administration of the College and falls under the direct oversight of the College’s Board of Regents. For the years ended August 31, 2023 and 2022, the Trust is presented using the blended method of inclusion.

Condensed component unit information for Mary Josephine Cox Estate Trust, the College's blended component for the year ended August 31, 2023 and 2022 is as follows:

NORTH CENTRAL TEXAS COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 and 2022

Condensed Statement of Net Position

	Fiscal Year Ended	
	<u>8/31/2023</u>	<u>8/31/2022</u>
Assets		
Current assets	\$ 1,167,521	\$ 1,123,538
Capital assets, net	135,831	139,250
Total Assets	<u>1,303,352</u>	<u>1,262,788</u>
Liabilities		
Current liabilities	-	-
Net Position		
Net investment in capital assets	135,831	139,250
Restricted		
Expendable	1,167,521	1,123,538
Total Net Position	<u>\$ 1,303,352</u>	<u>\$ 1,262,788</u>

**Condensed Statement of Revenues,
Expenses and Changes in Net Position**

Operating Expense		
Scholarship	\$ 6,000	\$ 6,000
Other	-	-
Depreciation	-	15
Total Operating Expense	<u>6,000</u>	<u>6,015</u>
Nonoperating Revenues/Expense		
Investment income	48,564	6,703
Gain on Sale of Assets	-	(1,855)
Total Nonoperating Revenues/Expense	<u>48,564</u>	<u>4,848</u>
Income Before Transfers	42,564	(1,167)
Transfers Out	<u>(2,000)</u>	<u>(164,522)</u>
Change in Net Position	40,564	(165,689)
Net Position, Beginning of Year	<u>1,262,788</u>	<u>1,428,477</u>
Net Position, End of Year	<u>\$ 1,303,352</u>	<u>\$ 1,262,788</u>

Condensed Statement of Cash Flows

Net Cash Provided (Used) by Operating Activities	\$ (6,000)	\$ (6,000)
Net Cash Provided (Used) by Investing Activities	49,983	(157,818)
Net increase/(decrease) in cash	<u>43,983</u>	<u>(163,818)</u>
Cash, Beginning of Year	<u>1,123,538</u>	<u>1,287,356</u>
Cash, End of Year	<u>\$ 1,167,521</u>	<u>\$ 1,123,538</u>

23. COMMITMENTS AND CONTINGENT LIABILITIES

Grants: The College participates in grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by 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 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

NORTH CENTRAL TEXAS COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 and 2022

respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

24. RISK MANAGEMENT

The College is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2023 and 2022, the College purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

25. TAX ABATEMENTS

North Central Texas College has entered into property tax abatement agreements with local businesses under the Property Redevelopment and tax Abatement Act, Chapter 312, V.T.C.A, Tax Code. Localities may grant property tax abatements of up to 50% of a business' property tax bill for attracting or retaining businesses within their jurisdictions. Abatements may be granted to any business located within or promising to relocate to the service area of the College.

For the fiscal year ended August 31, 2023, the College abated property taxes totaling \$67,971 under this program, including the following tax abatement agreements that each exceeded 10% of the total amount abated:

- A 50% property tax abatement to a wind farm to stimulate investment and economic development. The abatement amounted to \$6,505.
- A 50% property tax abatement to a solar farm to stimulate investment and economic development. The abatement amounted to \$13,559.
- A 50% property tax abatement to a banking institution to stimulate investment and economic development. The abatement amounted to \$36,598.
- A 50% tax abatement to a building materials company to stimulate investment and economic development. The abatement amounted to \$15,703.

For the fiscal year ended August 31, 2022, the College abated property taxes totaling \$68,950 under this program, including the following tax abatement agreements that each exceeded 10% of the total amount abated:

- A 50% property tax abatement to a wind farm to stimulate investment and economic development. The abatement amounted to \$42,762.
- A 50% property tax abatement to a solar farm to stimulate investment and economic development. The abatement amounted to \$22,236.
- A 50% property tax abatement to a banking institution to stimulate investment and economic development. The abatement amounted to \$14,284.

26. PRIOR PERIOD ADJUSTMENT

None.

27. SUBSEQUENT EVENTS

The College's management has evaluated subsequent events through December 13, 2023, the date which the financial statements were available for issue.

28. NORTH CENTRAL TEXAS COLLEGE FOUNDATION – DISCRETE COMPONENT UNIT

The North Central Texas College Foundation, Inc., (formerly Cooke County College Endowment Foundation, Inc.), a non-profit corporation, organized and existing under the laws of the State of Texas, with its principal office at 1525 California, Gainesville, Texas, 76240, was created on October 17, 1984.

NORTH CENTRAL TEXAS COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 and 2022

The Foundation's purpose is two-fold: to receive, hold, and manage private gifts and bequests of money for the benefit and advancement of North Central Texas College and its students and to promote a positive public image for North Central Texas College. The Foundation is organizationally and fiscally separate from North Central Texas College, but it utilizes the name and mission of the College and operates only under the approval and sanction of the College's Board of Trustees.

Accordingly, the Foundation financial statements are included in the College's annual report as a discrete component unit (see table of contents). Fiscal year 2023 financial statements were not included, as the audit for 2023 was not completed by the date the College's financial statements were audited and submitted. Complete financial statements of North Central Texas College Foundation, Inc. can be obtained from the administrative office of the Foundation.

Required Supplementary Information

NORTH CENTRAL TEXAS COLLEGE
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM

Exhibit 4

	Measurement Year Ended August 31,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.0190688162%	0.0187985473%	0.0208711%	0.0211282%	0.0206199%	0.0197348%	0.0197982%	0.0189342%	0.0203348%
District's proportion share of the net pension liability	\$ 11,320,666	\$ 4,787,325	\$ 11,178,119	\$ 10,983,077	\$ 11,349,689	\$ 6,310,110	\$ 7,481,446	\$ 6,692,988	\$ 5,431,706
States proportionate share of the net pension liability associated with the District	9,007,147	4,025,356	9,143,933	8,727,990	9,049,608	5,305,618	6,277,519	5,831,190	4,623,508
Total	20,327,813	8,812,681	20,322,052	19,711,067	20,399,297	11,615,728	13,758,965	12,524,178	10,055,214
District's covered employee payroll	20,147,720	20,300,242	18,311,260	19,433,025	18,330,433	16,986,236	15,928,660	15,354,615	14,102,654
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	56.19%	23.58%	61.05%	56.52%	61.92%	37.15%	46.97%	43.59%	38.52%
Plan fiduciary net position as a percentage of total pension liability	75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

The amounts presented above are as of the measurement date of the collective net pension liability. This Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

NORTH CENTRAL TEXAS COLLEGE
SCHEDULE OF THE DISTRICT PENSION CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM

Exhibit 5

	Fiscal Year Ended August 31,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 944,602	\$ 889,751	\$ 801,701	\$ 860,898	\$ 737,547	\$ 691,205	\$ 646,627	\$ 629,202	\$ 560,648
Contributions in relation to the contractually required contribution	(944,602)	(889,751)	(801,701)	(860,898)	(737,547)	(691,205)	(646,627)	(629,202)	(560,648)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	20,147,720	20,300,242	18,311,260	19,433,025	18,330,433	16,986,236	15,928,660	15,354,615	14,102,654
Contributions as a percentage of covered-employee payroll	4.69%	4.38%	4.38%	4.43%	4.02%	4.07%	4.06%	4.10%	3.98%

The amounts presented above are as the Employer's most recent fiscal year-ends. This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

NORTH CENTRAL TEXAS COLLEGE
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
EMPLOYEE RETIREMENT SYSTEM OF TEXAS
STATE RETIREE HEALTH PLAN

	Measurement Year Ended August 31, 2023	Measurement Year Ended August 31, 2022	Measurement Year Ended August 31, 2021	Measurement Year Ended August 31, 2020	Measurement Year Ended August 31, 2019	Measurement Year Ended August 31, 2018
District's proportion of the Net OPEB Liability	0.08003746%	0.07849771%	0.08398399%	0.08443645%	0.0841585%	0.0494826%
District's proportion share of the Net OPEB Liability	\$ 22,800,244	\$ 28,161,450	\$ 27,752,200	\$ 29,183,496	\$ 24,942,682	\$ 16,860,212
States proportionate share of the Net OPEB Liability associated with the District	19,360,816	24,267,035	22,387,933	24,151,892	19,087,781	14,506,619
Total	42,161,060	52,428,485	50,140,133	53,335,388	44,030,463	31,366,831
District's covered employee payroll	20,287,989	19,617,851	19,383,512	20,251,517	19,192,608	18,182,296
District's proportionate share of the Net OPEB Liability as a percentage of its covered-employee payroll	112.38%	143.55%	143.17%	144.11%	129.96%	92.73%
Plan fiduciary net position as a percentage of total OPEB liability	0.38%	0.32%	0.32%	0.17%	1.27%	2.04%

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

NORTH CENTRAL TEXAS COLLEGE
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS FOR OPEB
EMPLOYEE RETIREMENT SYSTEM OF TEXAS
STATE RETIREE HEALTH PLAN

	Fiscal Year Ended August 31, 2023	Fiscal Year Ended August 31, 2022	Fiscal Year Ended August 31, 2021	Fiscal Year Ended August 31, 2020	Fiscal Year Ended August 31, 2019	Fiscal Year Ended August 31, 2018
Contractually required contributions	\$ 621,741	\$ 578,461	\$ 551,309	\$ 547,930	\$ 526,884	\$ 496,120
Contributions in relation to the contractually required contribution	(621,741)	(578,461)	(551,309)	(547,930)	(526,884)	(496,120)
Contribution deficiency (excess)	-	-	-	-	-	-
District's covered employee payroll	20,287,989	19,617,851	19,383,512	20,251,517	19,192,608	18,182,296
Contributions as a percentage of covered-employee payroll	3.06%	2.95%	2.84%	2.71%	2.75%	2.73%

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

NORTH CENTRAL TEXAS COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2023

NOTES TO SCHEDULES FOR THE TRS PENSION

Changes in Actuarial Assumptions.

The actuarial assumptions and methods have been modified since the determination of the prior year's Net Pension Liability. These new assumptions were adopted in conjunction with an actuarial experience study. The primary assumption change was the lowering of the single discount rate from 7.25% to 7.00 %.

Changes of Benefit Terms.

There have been no changes.

NOTES TO SCHEDULES FOR OPEB

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 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 Per Capita Health Benefit Costs and assumed Health Benefit Cost and Retiree Contribution trends have been updated to reflect recent experience and its effects on our short-term expectations. Furthermore, (a) 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, (b) the percentage of future retirees assumed to cover dependent children, (c) the proportion of future retirees assumed to elect health coverage at retirement and the proportion of future retirees expected to receive the Opt-Out Credit at retirement, and (d) the Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act have been updated to reflect recent plan experience and expected trends.

Lastly, the discount rate was changed from 2.14% as of August 31, 2021 to 3.59% as of August 31, 2022 as a result of requirements by GASB No. 75 to utilize the 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 of Benefit Terms.

Minor benefit changes became effective September 1, 2022. These changes were not expected to have a significant impact on plan costs for FY2023, are provided for in the FY2023 assumed Per Capita Health Benefit Costs.

Schedules

NORTH CENTRAL TEXAS COLLEGE
SCHEDULE OF OPERATING REVENUES
FOR THE YEAR ENDED AUGUST 31, 2023
(With Memorandum Totals for the Year Ended August 31, 2022)

	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	<u>TOTAL EDUCATIONAL ACTIVITIES</u>	<u>AUXILIARY ENTERPRISES</u>	<u>2023</u>	<u>2022</u>
TUITION						
State funded credit courses						\$ -
In-district resident tuition	\$ 1,086,878	\$ -	\$ 1,086,878	\$ -	\$ 1,086,878	1,331,896
Out-of-district resident tuition	12,017,584	-	12,017,584	-	12,017,584	13,818,404
TPEG credit (set aside)*	480,326	-	480,326	-	480,326	487,569
State funded continuing education	168,797	-	168,797	-	168,797	61,361
Non-resident tuition	929,664	-	929,664	-	929,664	1,233,444
Non-state funded continuing education	310,405	-	310,405	-	310,405	289,179
TOTAL TUITION	<u>14,993,654</u>	<u>-</u>	<u>14,993,654</u>	<u>-</u>	<u>14,993,654</u>	<u>17,221,853</u>
FEES						
General fees	10,309,813	-	10,309,813	-	10,309,813	10,276,897
Laboratory fees	-	-	-	-	-	-
TOTAL FEES	<u>10,309,813</u>	<u>-</u>	<u>10,309,813</u>	<u>-</u>	<u>10,309,813</u>	<u>10,276,897</u>
SCHOLARSHIP ALLOWANCES AND DISCOUNTS						
Scholarship allowances	(34,524)	(6,000)	(40,524)	(986,648)	(1,027,172)	(3,196,522)
Remissions and exemptions-state	(1,330,096)	-	(1,330,096)	-	(1,330,096)	(1,246,975)
TPEG allowances	-	(209,995)	(209,995)	-	(209,995)	(239,778)
Federal grants to students	-	(4,335,824)	(4,335,824)	-	(4,335,824)	(4,410,868)
Texas grants	-	(288,837)	(288,837)	-	(288,837)	(284,990)
TOTAL SCHOLARSHIP ALLOWANCES AND DISCOUNTS	<u>(1,364,620)</u>	<u>(4,840,656)</u>	<u>(6,205,276)</u>	<u>(986,648)</u>	<u>(7,191,924)</u>	<u>(9,379,133)</u>
TOTAL NET TUITION AND FEES	<u>23,938,847</u>	<u>(4,840,656)</u>	<u>19,098,191</u>	<u>(986,648)</u>	<u>18,111,543</u>	<u>18,119,617</u>
ADDITIONAL OPERATING REVENUES						
Federal grants and contracts	-	2,360,028	2,360,028	-	2,360,028	18,267,809
State grants and contracts	-	4,411,515	4,411,515	-	4,411,515	3,284,002
Private grants	517,454	124,477	641,931	-	641,931	607,744
Sales and services of educational activities	91,695	-	91,695	-	91,695	94,929
Other operating revenues	2,778,531	450,000	3,228,531	-	3,228,531	1,787,522
TOTAL OTHER OPERATING REVENUES	<u>3,387,680</u>	<u>7,346,020</u>	<u>10,733,700</u>	<u>-</u>	<u>10,733,700</u>	<u>24,042,006</u>
AUXILIARY ENTERPRISES						
Residential life	-	-	-	498,027	498,027	423,184
Scholarship allowances and discounts	-	-	-	(397,700)	(397,700)	(316,744)
Net Residential Life	-	-	-	100,327	100,327	106,440
Bookstore	-	-	-	112,075	112,075	144,996
Scholarship allowances and discounts	-	-	-	-	-	-
Net Bookstore	-	-	-	112,075	112,075	144,996
TOTAL NET AUXILIARY ENTERPRISE	<u>-</u>	<u>-</u>	<u>-</u>	<u>212,402</u>	<u>212,402</u>	<u>251,436</u>
TOTAL OPERATING REVENUES	<u>\$ 27,326,527</u>	<u>\$ 2,505,364</u>	<u>\$ 29,831,891</u>	<u>\$ (774,246)</u>	<u>\$ 29,057,645</u> (Exhibit 2)	<u>\$ 42,413,059</u> (Exhibit 2)

* In accordance with Education Code 56.033, \$480,326 and \$487,569 for years ended August 31, 2023 and 2022 respectively, of tuition was set aside for Texas Public Education Grants (TPEG).

NORTH CENTRAL TEXAS COLLEGE
SCHEDULE OF OPERATING EXPENSES BY OBJECT
FOR THE YEAR ENDED AUGUST 31, 2023
(With Memorandum Totals For the Year Ended August 31, 2022)

	OPERATING EXPENSE				2023	2022	
	SALARIES AND WAGES	BENEFITS					OTHER EXPENSE
		STATE	LOCAL				
UNRESTRICTED EDUCATIONAL ACTIVITIES							
Instruction	\$ 12,856,935	\$ -	\$ 1,915,858	\$ 2,926,234	\$ 17,699,027	\$ 17,601,140	
Research	-	-	-	-	-	-	
Public service	124,640	-	18,573	252,470	395,683	515,299	
Academic support	1,837,430	-	273,802	1,981,229	4,092,461	3,661,532	
Student services	4,223,658	-	629,382	784,276	5,637,316	4,410,841	
Institutional support	5,373,022	-	800,653	852,363	7,026,038	11,228,638	
Operation and maintenance of plant	504,287	-	128,868	7,030,446	7,663,601	4,794,743	
Scholarship and fellowships	-	-	-	-	-	-	
TOTAL UNRESTRICTED EDUCATIONAL ACTIVITIES	24,919,972	-	3,767,136	13,827,018	42,514,126	42,212,193	
RESTRICTED EDUCATIONAL ACTIVITIES							
Instruction	74,711	2,157,819	-	193,717	2,426,247	3,495,737	
Research	-	-	-	-	-	-	
Public service	412,072	146,068	-	745,074	1,303,214	780,865	
Academic support	-	305,611	-	-	305,611	284,980	
Student services	427,552	867,598	-	354,314	1,649,464	6,368,901	
Institutional support	-	939,719	-	218,364	1,158,083	1,317,739	
Operation and maintenance of plant	-	-	-	39,032	39,032	114,651	
Scholarship and fellowships	362,588	60,308	-	6,890,249	7,313,145	9,379,133	
TOTAL RESTRICTED EDUCATIONAL ACTIVITIES	1,276,923	4,477,123	-	8,440,750	14,194,796	21,742,006	
AUXILIARY ENTERPRISES	30,891	-	9,963	1,020,724	1,061,578	794,221	
DEPRECIATION EXPENSE							
Buildings and other real estate improvements	-	-	-	2,787,305	2,787,305	2,485,635	
Equipment and furniture	-	-	-	1,443,059	1,443,059	1,304,206	
SBITA amortization	-	-	-	63,007	63,007	-	
TOTAL OPERATING EXPENSES	\$ 26,227,786	\$ 4,477,123	\$ 3,777,099	\$ 27,581,863	\$ 62,063,871	\$ 68,538,261	
					(Exhibit 2)	(Exhibit 2)	

NORTH CENTRAL TEXAS COLLEGE
SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2023
(With Memorandum Totals for the Year Ended August 31, 2022)

	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	<u>AUXILIARY ENTERPRISES</u>	<u>2023</u>	<u>2022</u>
NON-OPERATING REVENUES					
State Appropriations:					
Education and general state support	\$ 11,578,511	\$ -	\$ -	\$ 11,578,511	\$ 11,421,474
State group insurance	-	2,003,958	-	2,003,958	1,878,307
State retirement matching	-	787,812	-	787,812	743,652
Other	-	-	-	-	-
Total State Appropriations	<u>11,578,511</u>	<u>2,791,770</u>	<u>-</u>	<u>14,370,281</u>	<u>14,043,433</u>
Maintenance ad valorem taxes	3,592,903	-	-	3,592,903	3,472,468
Debt service ad valorem taxes	-	1,225,242	-	1,225,242	1,028,477
Federal Revenue, non-operating	-	10,768,262	-	10,768,262	9,617,544
Gifts	-	-	-	-	-
Investment income	1,171,954	323,770	-	1,495,724	199,320
Gain on disposal of capital assets	135,600	-	-	135,600	188,118
Insurance Proceeds	-	-	-	-	-
Other non-operating revenues	-	37,377	-	37,377	15,036
TOTAL NON-OPERATING REVENUES	<u>16,478,968</u>	<u>15,146,421</u>	<u>-</u>	<u>31,625,389</u>	<u>28,564,396</u>
NON-OPERATING EXPENSES					
Interest on capital related debt	-	1,736,484	-	1,736,484	1,283,548
Loss on disposal of capital assets	-	-	-	-	-
Other non-operating expenses	-	3,500	-	3,500	53,256
TOTAL NON-OPERATING EXPENSES	<u>-</u>	<u>1,739,984</u>	<u>-</u>	<u>1,739,984</u>	<u>1,336,804</u>
NET NON-OPERATING REVENUES	<u>\$ 16,478,968</u>	<u>\$ 13,406,437</u>	<u>\$ -</u>	<u>\$ 29,885,405</u> (Exhibit 2)	<u>\$ 27,227,592</u> (Exhibit 2)

NORTH CENTRAL TEXAS COLLEGE
SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY
FOR THE YEAR ENDED AUGUST 31, 2023
 (With Memorandum Totals For the Year Ended August 31, 2022)

	DETAIL BY SOURCE				AVAILABLE FOR CURRENT OPERATIONS	
	UNRESTRICTED	RESTRICTED		TOTAL	YES	NO
		EXPENDABLE	NON-EXPEND			
CURRENT						
Unrestricted	\$ (31,597,817)	\$ -	\$ -	\$ -	\$ (31,597,817)	\$ -
Board Designated	-	-	-	-	-	-
Restricted	-	3,309,874	-	-	-	3,309,874
Auxiliary Enterprises	-	-	-	-	-	-
ENDOWMENT						
Restricted	-	1,167,521	-	-	-	1,167,521
Investment in Plant	-	-	135,831	-	-	135,831
PLANT						
Unexpended	-	-	-	-	-	-
Renewals	15,251,125	-	-	-	-	15,251,125
Debt Service	-	1,991,647	-	-	-	1,991,647
Investment in Plant	-	-	37,693,315	-	-	37,693,315
TOTAL NET POSITION AUGUST 31, 2023	<u>(16,346,692)</u>	<u>6,469,042</u>	<u>37,829,146</u>	<u>27,951,496</u>	<u>(31,597,817)</u>	<u>59,549,313</u>
				(Exhibit 1)		
TOTAL NET POSITION AUGUST 31, 2022	<u>(10,337,680)</u>	<u>3,708,290</u>	<u>37,701,707</u>	<u>31,072,317</u>	<u>(25,046,511)</u>	<u>56,118,828</u>
				(Exhibit 1)		
CHANGE IN NET POSITION	<u>\$ (6,009,012)</u>	<u>\$ 2,760,752</u>	<u>\$ 127,439</u>	<u>\$ (3,120,821)</u>	<u>\$ (6,551,306)</u>	<u>\$ 3,430,485</u>
				(Exhibit 2)		

NORTH CENTRAL TEXAS COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2023

Schedule E

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	Assistance Listing NUMBER	PASS-THROUGH DISBURSEMENTS & EXPENDITURES
U.S. Department of Education		
Direct Programs:		
*SEOG	84.007	447,741
*Federal College Work-Study Program	84.033	160,276
*Federal Pell Grant Program	84.063	10,160,245
*Direct Student Loans	84.268	10,863,477
Total Financial Assistance Cluster		<u>21,631,739</u>
Student Support Services (TRIO)	84.042A	<u>555,992</u>
Coronavirus Aid, Relief, and Economic Security (CARES) Act		
Collin County Community College		
Operation Degree Completion	84.425C	76,500
Geer Funds	84.425C	293,315
University of North Texas		
GEER Funds	84.425C	75,090
Total Coronavirus Aid Relief and Economic Security (CARES)		<u>444,905</u>
Texas Higher Education Coordinating Board		
Carl Perkins-Career & Technical Education	84.048A	355,488
Total U.S. Department of Education		<u>22,988,124</u>
U. S. Department of Treasury		
Coronavirus State Fiscal Recovery Fund (SRF)		
Texas Higher Education Coordinating Board		
Reskilling and Upskilling Through Education	21.027	349,251
Total U.S. Department of Treasury		<u>349,251</u>
U. S. Department of Labor		
Employment Services Wagner/Peyser		
	17.207	184,501
Pass-through from:		
Texas Workforce Commission		
WIOA Adult Program	17.258	33,682
WIOA Teen Program	17.258	91,233
Total Texas Workforce Commission		<u>124,915</u>
Total U.S. Department of Labor		<u>309,416</u>
Small Business Administration		
Pass-through From:		
Dallas County Community College District		
Small Business Development Grant	59.037	344,976
TOTAL FEDERAL FINANCIAL ASSISTANCE		<u><u>23,991,767</u></u>
* Cluster Program		

See notes to schedule on following page.

NORTH CENTRAL TEXAS COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2023

Note 1: Federal Financial Assistance Reconciliation:

Federal Grants and Contracts Revenue per Schedule A	2,360,028
Federal Revenue, Non Operating per Schedule C	10,768,262
Add: Direct Student Loans	10,863,477
Total Federal Revenues per Schedule of Federal Awards	23,991,767

Note 2: Significant Accounting Policies Used in Preparing the Schedule:

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 above represent funds that have been expended by the College for the purposes of the award. The expenditures reported above may not have been reimbursed by the funding agencies as of the end of the fiscal year. Some amounts reported in the schedule may differ from amounts used in the preparation of the general purpose financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed 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% de minimis cost rate as permitted in the UG, section 200.414.

Note 3: Expenditures Not Subject to Single Audit

None

Note 4: Student Loans Processed and Administrative Costs Recovered - If Not Included in Schedule

Federal Grantor & CFDA Number-Program Name	New Loans Processed	Total Loans Processed and Administrative Costs Recovered
None		

Note 5: Nonmonetary Federal Assistance Received

None

Note 6: Amounts Passed-Through by the College

None

NORTH CENTRAL TEXAS COLLEGE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED AUGUST 31, 2023

STATE GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	PASS-THROUGH GRANTOR'S NUMBER	PASS-THROUGH DISBURSEMENTS AND EXPENDITURES
Pass-through From:		
Texas Higher Education Coordinating Board		
Texas Grant	N/A	574,343
State Work Study	11838	29,722
CAL Loan	N/A	-
CRSM	N/A	-
CRCM	N/A	50,235
		<u>654,300</u>
Texas Department of Transportation		
SBI Alcohol Misuse		1,125
		<u>1,125</u>
Texas Workforce Commission		
Jobs and Education Training Nursing	2522JET002	325,247
Jobs and Education Training Welding	2522JET003	297,251
Subtotal		<u>622,497</u>
High Demand Job Training	2523HJT001	232,521
Skills Development Fund-Sally's Beauty	0422SDF001	161,359
Dual Credit	0422DCR001	162,511
		-
Total Texas Workforce Commission		<u>1,178,887</u>
Pass through from:		
Dallas County Community College District		
Small Business Development Grant		77,203
TOTAL STATE ASSISTANCE		<u>\$ 1,911,515</u>

Note 1: State Financial Assistance Reconciliation:

State Revenues per Schedule A	\$ 4,411,515
Less State Appropriation for Museum	(2,500,000)
Less Reimb of Nursing Shortage	-
Total State Revenues per Schedule of Expenditures of State Awards	<u>\$ 1,911,515</u>

Note 2: Significant Accounting Policies Used in Preparing the Schedule

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

SINGLE AUDIT REPORTS



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**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
North Central Texas College
Gainesville, Texas

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, as listed in table of contents, of North Central Texas College (The "College"), as of and for the years ended August 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 13, 2023.

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

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

**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* (CONTINUED)**

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, including the Public Funds Investment Act (Chapter 2256, Texas Government Code), noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the Public Funds Investment Act (Chapter 2256, Texas Government Code).

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jatt, Vernon + Co. P.C.

Temple, Texas
December 13, 2023



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**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
North Central Texas College
Gainesville, Texas

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

We have audited North Central Texas College's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and The State of Texas Single Audit Circular that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2023. The College's major federal and state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, North Central Texas College 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, 2023.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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. Our responsibilities under those standards and the Uniform Guidance and the State of Texas Single Audit 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 North Central Texas College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of North Central Texas College's compliance with the compliance requirements referred to above.

**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 (CONTINUED)**

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 North Central Texas College's federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, *Uniform Guidance* and The State of Texas 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 North Central Texas College'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 State of Texas 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 North Central Texas College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of North Central Texas College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State of Texas Single Audit Circular, but not for the purpose of expressing an opinion on the effectiveness of North Central Texas College's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**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 (CONTINUED)**

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal 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 and 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 and 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.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and The State of Texas Single Audit Circular. Accordingly, this report is not suitable for any other purpose.

Jatt, Vernon & Co. P.C.

Temple, Texas
December 13, 2023

NORTH CENTRAL TEXAS COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2023

I. Summary of Audit Results

Financial Statements

1. Type of auditor's report issued: Unmodified
2. Internal control over financial reporting:
- | | | | | |
|--|-------|-----|---------------|---------------|
| Material weakness(es) identified? | _____ | Yes | _____ X _____ | No |
| Significant deficiencies identified that are not considered to be material weakness(es)? | _____ | Yes | _____ X _____ | none reported |
3. Noncompliance material to financial statements noted? _____ Yes _____ X _____ No

Federal and State Awards

4. Internal control over major programs:
- | | | | | |
|--|-------|-----|---------------|---------------|
| Material weakness(es) identified? | _____ | Yes | _____ X _____ | No |
| Significant deficiencies identified that are not considered to be material weakness(es)? | _____ | Yes | _____ X _____ | none reported |

5. Type of auditor's report issued on compliance for major programs: Unmodified

6. Any audit findings disclosed that are required to be reported in accordance with section 200.516a of the Uniform Guidance or the State of Texas Single Audit Circular and Uniform Grant Management Standards? _____ Yes _____ X _____ No

7. Identification of major programs:

<u>Name of Federal Programs</u>	<u>Assistance Listing Number</u>	<u>Name of State Program</u>
U.S. Department of Education		TWC - Job and Education Training
<i>Student Financial Aid Cluster:</i>		
Supplemental Education Opportunity Grant	84.007	
Federal College Work Study Program	84.033	
Federal Pell Grant Program	84.063	
William D Ford Direct Loans	84.268	
Coronavirus Aid, Relief, and Economic Security (CARES) Act		
Operating Degree Completion	84.425C	
GEER Funds	84.425C	

8. Dollar Threshold used to distinguish between type A and type B Programs (Federal): \$ 750,000
 Dollar Threshold used to distinguish between type A and type B Programs (State): \$ 750,000

9. Auditee qualify as low-risk auditee for federal single audit? _____ X _____ Yes _____ No
 Auditee qualify as low-risk auditee for state single audit? _____ X _____ Yes _____ No

II. Financial Statement Findings

None

III. Federal and State Awards Findings and Questioned Costs

None

NORTH CENTRAL TEXAS COLLEGE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS AND CORRECTIVE
ACTION PLAN
YEAR ENDED AUGUST 31, 2023

Prior Year Findings and Questioned Costs:

There were no prior findings or questioned costs relative to Federal and State Awards.

Corrective Action Plan:

No corrective action plan was required.