ANGELINA COLLEGE

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEARS ENDED
AUGUST 31, 2019 AND 2018

PREPARED BY:

THE BUSINESS OFFICE

ANGELINA COLLEGE
LUFKIN, TEXAS

ANGELINA COLLEGE
ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

ANGELINA COLLEGE
ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS


ANGELINA
COLLEGE

Angelina College

INTRODUCTORY SECTION

**Annual
Financial Report**

**For the Fiscal Years Ended
August 31, 2019 and 2018**

Angelina College

P.O. Box 1768, Lufkin, Texas 75902-1768 • 936/639-1301 • Fax 936/639/4299 •
www.angelina.edu

December 9, 2019

To the Taxpayers of Angelina County, the Citizens of Angelina College Service Area, the Members of the Board of Trustees, and the President:

We are pleased to present the following annual financial report (AFR) of Angelina College (the College) for the fiscal year ended August 31, 2019. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the College. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of operations of the College. All disclosures necessary to enable the reader to gain an understanding of the College's financial activities have been included.

The financial statements were prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) and follow any applicable Government Accounting Standards Board (GASB) pronouncements. The independent accounting firm of Axley & Rode, LLP conducted the audit of the financial statements and related notes in conformance with U.S. generally accepted auditing standards, *Government Auditing Standards* issued by the Comptroller General of the United States, and state statutes. The independent auditor's report on MD&A, the basic financial statements, and other supplemental financial information is included within the financial section of this report. The independent auditor's report issued in accordance with *Government Auditing Standards* is in the single audit section of this report.

As a recipient of federal and state awards, the audit was also designed to meet any requirements set forth by 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*. The College is responsible for maintaining adequate internal control over compliance with applicable laws and regulations related to these programs. Internal controls are designed to provide reasonable, rather than absolute, assurances that the financial statements are free of any material misstatements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits derived. The auditor considered the internal controls over financial reporting, as well as adherence to applicable laws and regulations, and did not identify any material weaknesses in internal control. The report can be found within the single audit section of this report.

PROFILE OF DISTRICT

Angelina College was established as a public community college under the laws of the State of Texas by election on September 24, 1966. It is accredited by the Southern Association of Colleges and Schools Commission on Colleges to award the following degrees: Associate in Arts, Associate in Science, Associate in Applied Science, and certificates. The College's five educational divisions (Arts and Education, Science and Math, Business and Technology Workforce, Health Careers, and Community Services) offer over 65 different areas of study. Course work includes not only credit-type courses, but also certificate programs in multiple areas to provide for the educational needs of the local communities.

The College is governed by a seven member, locally elected, Board of Trustees and services 12 counties in East Texas encompassing over 10,200 square miles. The service area, as defined by the Texas Legislature, includes all of Angelina, Houston, Nacogdoches, Polk, Sabine, San Augustine, Trinity, and Tyler counties. Also included are parts of Cherokee (Wells & Alto ISDs), Newton (Burkeville & Newton ISDs), Jasper (Colmesneil & Jasper ISDs), and San Jacinto (Shepherd & Coldspring-Oakhurst Consolidated ISDs) counties. Portions of Brookeland ISD located in Jasper and Newton counties are also included in the College's service area.

The College's main campus is located on over 230 wooded acres in Lufkin, Texas. Classes are also offered at various off-campus teaching sites including the Career and Technical Center in Crockett, the Higher Education & Technology Center in Jasper, the Polk County Center in Livingston, and several area high schools or local community sites. In addition to physical locations, courses are offered through interactive video, via the Internet, and through the Virtual College of Texas in cooperation with other Texas colleges. The student body is comprised of over 5,200 credit students and 5,000 community service students. In addition to instructional programs, the College has multiple opportunities for students to become involved in college life experiences through 25 student clubs and organizations, fine arts activities, and intercollegiate athletic programs.

MISSION AND GOALS

The mission of Angelina College is "to provide quality educational opportunities and services to aid students in the service area in reaching their full potential".

This mission is exemplified by these five goals as stated in the College's strategic plan:

- **Goal One:** *Expanding Access to Higher Education Opportunities*
  Angelina College will increase awareness of the educational opportunities and services offered by the College, continuously improve processes and services to make enrollment convenient and efficient, and expand access to all credit and noncredit programs.

- **Goal Two:** *Promoting Student Success*
  Angelina College will assist students in identifying and achieving their educational goals including program completion, academic transfer, basic skills improvement, career preparation, and personal and professional growth.

- **Goal Three:** *Pursuing Excellence through Continuous Improvement*
  Angelina College will cultivate a learning and working environment committed to evidence-based decision making, identifying and implementing best practices, and continuously improving programs and services.

- **Goal Four:** *Engaging in Community Service*
  Angelina College will provide programs and services to support learners' career and personal enrichment goals, to meet the human capital needs of employers, to contribute to the social and cultural environment of the region, and to support economic development in the College's service area.

- **Goal Five:** *Investing Responsibly in Quality*

> Angelina College will manage resources in a prudent manner while investing to enhance educational offerings and the physical environment to meet student and community needs and expectations.

FINANCIAL CONDITION

The population of the College's service area has remained relatively constant over the least ten years. Similarly, the College's full-time student equivalent has also remained level over the same time period. In the coming years, the College expects enrollment to remain stable as students continue to take advantage of the low cost but high quality education of community colleges.

Another major source of revenue for the College is property taxes. Angelina County's tax base has increased slightly over the last ten years and is anticipated to increase slightly in the upcoming years.

One of the challenges community colleges are facing is being able to meet educational demands under the continued pressure of level or reduced state funding. Cost-saving measures, additional tuition and increased property tax revenue have enabled the College to balance these demands against decreases in state appropriations but it is a continuing concern, which may influence future budgets and educational programs.

LONG-TERM PLANNING

The Board's long-range planning committee provides leadership and guidance in developing the College's long-term goals and strategic plans. The committee reviews educational programs, student activities, fiscal needs, and facilities to meet the future needs of the College and community. Current goals are outlined in the committee's "2020 Vision" plan for the College.

The College also has a multi-year renewal and replacement plan, which addresses new construction projects and renovation projects to ensure the long-term viability of the College's facilities. The plan covers a three-year period of anticipated projects and expenditures.

BUDGETARY PROCESS

Each community college district in Texas is required by law to prepare an annual operating budget of anticipated revenues and expenses for the fiscal year beginning September 1. Program needs are balanced against available resources in preparing the budget to ensure that the College remains fiscally sound and stable. The budget is subsequently reviewed and approved by the College's Board of Trustees. During the year, the financial impact of College expenditures is monitored through a system of budget controls to adhere to legal provisions embodied in the annual appropriated budget and to maintain a balanced budget.

ACKNOWLEDGEMENTS

We would like to express our appreciation to the staff of the College's business office for their hard work in preparing this report and to the accounting firm of Axley & Rode for their timely completion of the audit.

We would also like to thank the College President and Board of Trustees for providing their outstanding leadership and vision for the College.

Respectfully submitted,

Chris Sullivan

Chris Sullivan
Vice President of Business Affairs

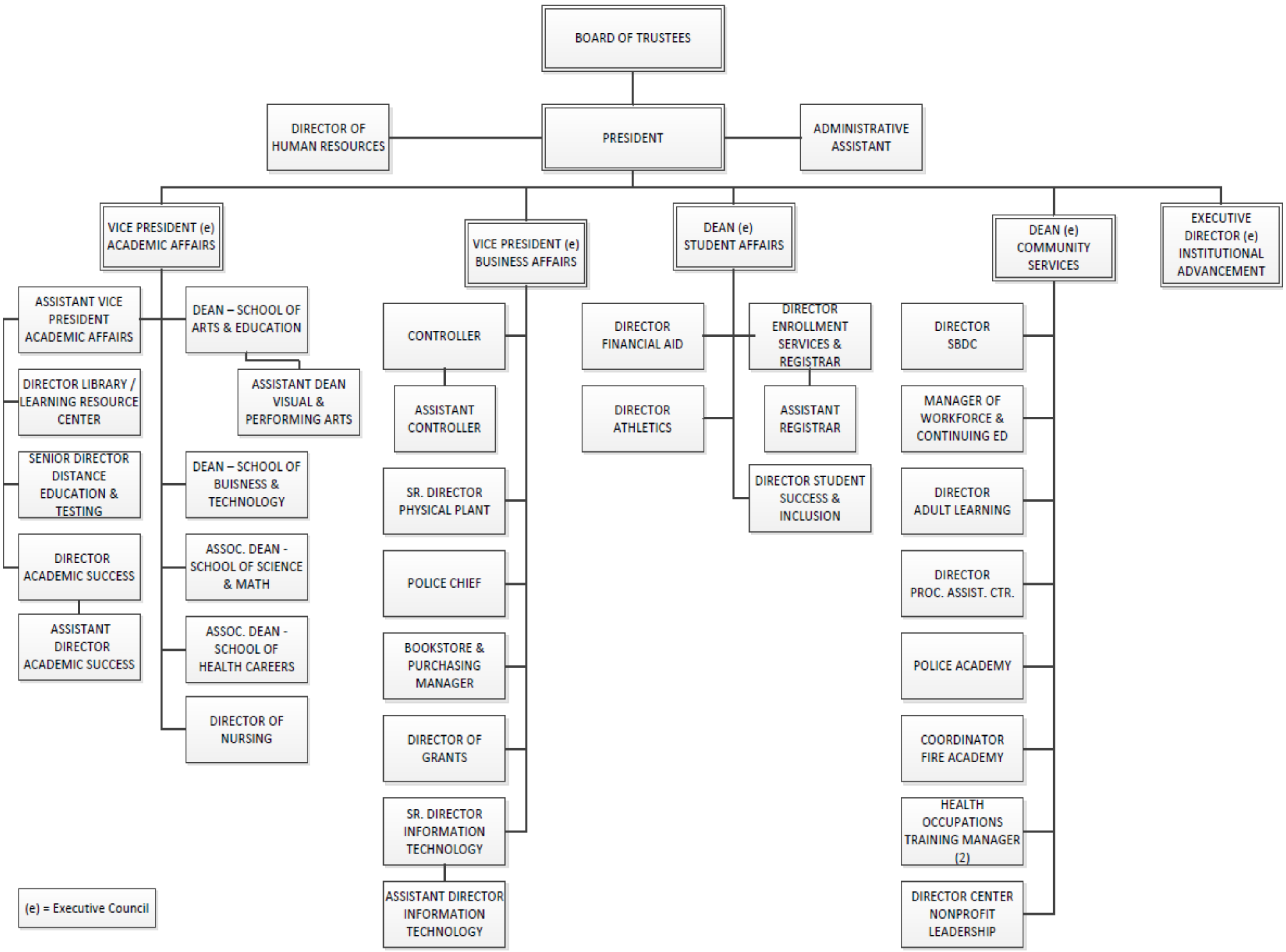
Melissa M. Goins

Melissa Goins
Controller

Darin Murphy
Assistant Controller

ANGELINA COLLEGE
ORGANIZATIONAL CHART

For the Fiscal Year Ending August 31, 2019



ANGELINA COLLEGE
PRINCIPAL OFFICIALS
For the Fiscal Year Ending August 31, 2019

BOARD OF TRUSTEES

		TITLE	TERM EXPIRES
Dr. Sidney Roberts, M.D.	Lufkin, Texas	President	2022
Hilary Haglund Walker	Lufkin, Texas	Vice-President	2020
Jay Shands	Lufkin, Texas	Secretary	2020
Joe Deason	Lufkin, Texas	Member	2020
Tim Stacy	Lufkin, Texas	Member	2022
Ellen Clarke Temple	Lufkin, Texas	Member	2024
Robert Poland Jr.	Lufkin, Texas	Member	2024

PRINICIPAL ADMINISTRATIVE OFFICERS

Dr. Michael Simon	President
Dr. Cynthia Casparis	Vice President of Academic Affairs
Chris Sullivan	Vice President of Business Affairs
Tim Ditoro	Dean of Community Services
Vacant	Dean of Student Affairs
Dana Smithhart	Executive Director, Institutional Advancement

Angelina College

FINANCIAL SECTION

Annual
Financial Report

For the Fiscal Years Ended
August 31, 2019 and 2018

AXLEY & RODE LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Angelina County Junior College District
Lufkin, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Angelina County Junior College District ("the College"), as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

Prior Period Financial Statements

The financial statements of the College as of August 31, 2018, were audited by other auditors whose report dated December 12, 2018, expressed an unmodified opinion on those statements.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's basic financial statements. The introductory section and supplemental financial information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards and Expenditures of State Awards are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements* for Federal Awards, and the State of Texas Single Audit Circular and are not a required part of the basic financial statements.

The supplemental financial section, including the Schedule of Expenditures of Federal Awards and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2019 on our consideration of Angelina College, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Axley & Rode LLP
CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas
December 9, 2019


COMMUNITY SERVICES

The management of Angelina College (the College) has prepared the following Management's Discussion and Analysis. As management of the College, we offer readers of the financial statements this narrative overview and analysis of the financial activities of the College for the fiscal years ended August 31, 2019 and 2018. The information presented should be read in conjunction with additional information we have furnished in our letter of transmittal, which precedes this report, as well as the financial statements and the accompanying notes to the financial statements, which follow this section. Responsibility for the completeness and fairness of this information rests with the preparers.

Basic Financial Statements

The comprehensive annual financial report consists of three basic financial statements that provide information on the College as a whole: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. The financial statements are designed to provide readers with a broad overview of Angelina College's finances in a manner comparable to those of a private sector college. The following information is intended to provide an overview of these statements.

Statement of Net Position

The Statement of Net Position presents current assets (unrestricted assets expected to provide support within a year), noncurrent assets (restricted assets expected to provide long-term benefit to the College), deferred outflows of resources (a consumption of net position that applies to a future period), current liabilities (obligations which must be met within the current year), noncurrent liabilities (obligations which are not to be settled in the current year), and deferred inflows of resources (an acquisition of net position that applies to a future period). The difference is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the College is improving or deteriorating.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how the College's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Statement of Cash Flows

The Statement of Cash Flows is reported on the direct method. The direct method of cash flow reporting portrays net cash flows from operations as major classes of operating receipts (e.g. receipts from students and other customers) and disbursements (e.g. payments to or on behalf of employees). GASB Statements No. 34 and 35 require this method to be used. The primary purpose of cash flow analysis is to provide relevant information about the cash receipts and cash payments of an entity during a period. The Statement of Cash Flows also may help users assess the College's ability to generate future net cash flows, to meet its obligations as they come due, and to determine its need for external financing.

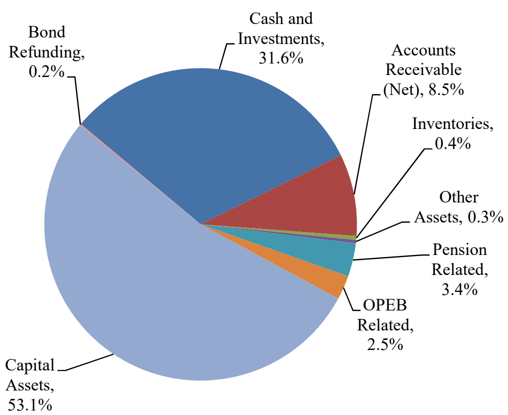
Angelina College
Management's Discussion and Analysis - Continued
August 31, 2019

Comparative Financial Information and Analysis

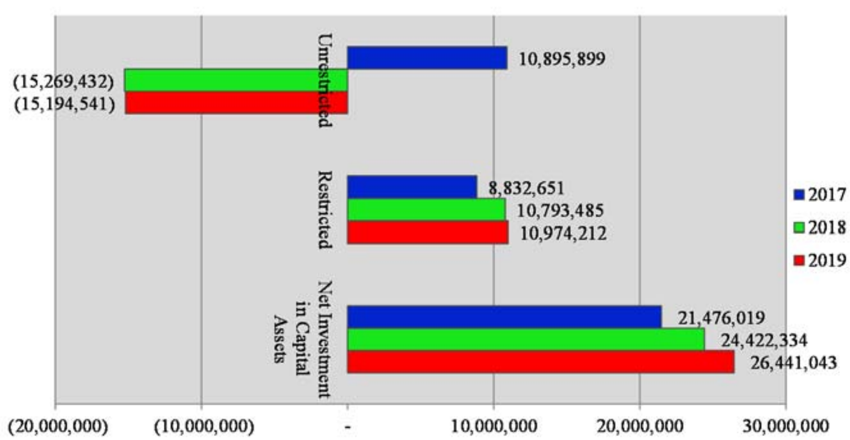
Comparison of Current to Prior Years' Net Position

	2019	2018	$ Difference Current Year and Previous Year	% Difference Current Year and Previous Year	2017	$ Difference Previous Year and Year Before	% Difference Previous Year and Year Before
Assets							
Cash and Investments	$ 24,434,367	$ 25,319,602	$ (885,235)	(3.50%)	$ 25,221,988	$ 97,614	0.39%
Accounts Receivable (Net)	6,554,228	3,678,372	2,875,856	78.18%	5,350,757	(1,672,385)	(31.26%)
Inventories	316,760	617,570	(300,810)	(48.71%)	543,883	73,687	13.55%
Other Assets	268,749	1,473,638	(1,204,889)	(81.76%)	920,030	553,608	60.17%
Capital Assets	41,038,959	38,315,601	2,723,358	7.11%	36,555,035	1,760,566	4.82%
Total Assets	72,613,063	69,404,783	3,208,280	4.62%	68,591,693	813,090	1.19%
Deferred Outflows of Resources							
Pension Related	2,659,819	523,234	2,136,585	408.34%	858,257	(335,023)	(39.04%)
OPEB Related	2,313,215	222,125	2,091,090	N/A	-	-	0.00%
Loss on Bond Refunding	137,839	15,258	122,581	803.39%	30,516	(15,258)	(50.00%)
Total Deferred Outflows of Resources	5,110,873	760,617	4,350,256	571.94%	888,773	(350,281)	(39.41%)
Liabilities							
Current Liabilities	9,123,274	7,583,759	1,539,515	20.30%	9,621,467	(2,037,708)	(21.18%)
Noncurrent Liabilities	37,471,541	37,132,487	339,054	0.91%	18,076,754	19,055,733	105.42%
Total Liabilities	46,594,815	44,716,246	1,878,569	4.20%	27,698,221	17,018,025	61.44%
Deferred Inflows of Resources							
Pension Related	879,816	854,768	25,048	2.93%	577,676	277,092	47.97%
OPEB Related	7,653,416	4,647,999	3,005,417	N/A	-	-	0.00%
Total Deferred Inflows of Resources	8,533,232	5,502,767	3,030,465	55.07%	577,676	277,092	47.97%
Net Position							
Net Investment in Capital Assets	26,441,043	24,422,334	2,018,709	8.27%	21,476,019	2,946,315	13.72%
Restricted	10,974,212	10,793,485	180,727	1.67%	8,832,651	1,960,834	22.20%
Unrestricted	(15,194,541)	(15,269,432)	74,891	(0.49%)	10,895,899	(26,165,331)	(240.14%)
Total Net Position	$ 22,220,714	$ 19,946,387	$ 2,274,327	11.40%	$ 41,204,569	$ (21,258,182)	(51.59%)

Year Ending 2019 – Assets and Deferred Outflows



Net Position – Past Three Years



Cash and Investments decreased by $885,235 (4%) in FY19 and increase $97,614 (0.4%) in FY18. The decrease in FY19 resulted from an increase in the payments for capital projects, including a major renovation to the old bookstore, which became Roadrunner Central and renovations to the auxiliary gym, and the construction of the police station and coffee shop. The lower cash balance also relates to the Accounts Receivable being 78% higher in 2019 versus 2018.

Accounts Receivable (Net) increased by $2,875,856 (78%) in FY19 and decreased $1,672.385 (31%) in FY18 as a result of the fluctuation in College start dates.

Campus Store Inventories decreased $300,810 (49%) in FY19 due to several College schools implementing Open Educational Resources and foregoing traditional textbooks. Inventories increased $73,687 (14%) in FY18 as a result of the fluctuations in class start dates

Other Assets decreased $1,204,889 (82%) in FY19 as a result of the implementation of the new Jenzabar ERP software. The new software was fully functional in the Spring of 2019. The large prepaid asset related to the purchasing of the software and support services was moved to Capital Assets in FY19. The total asset capitalization was $1,708,365 in FY19, $1,248,437 of which was in prepaid assets in FY18.

Capital Assets compose 57% of the College's total assets. The $41,038,959 invested in capital assets includes land, buildings, furniture and equipment, and improvements and is the largest single component of total assets. The College uses these capital assets to provide services to students, faculty, and staff. The College's investment in capital assets is reported net of accumulated depreciation. A portion of the capital assets was acquired with debt, some of which is still outstanding. It should be noted that resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities. The Net Capital Asset increase of $2,723,358 consisted of the Jenzabar ERP software, various types of equipment, the creation of Roadrunner Central, renovations to the gym, a new Campus Store and the addition of a coffee shop.

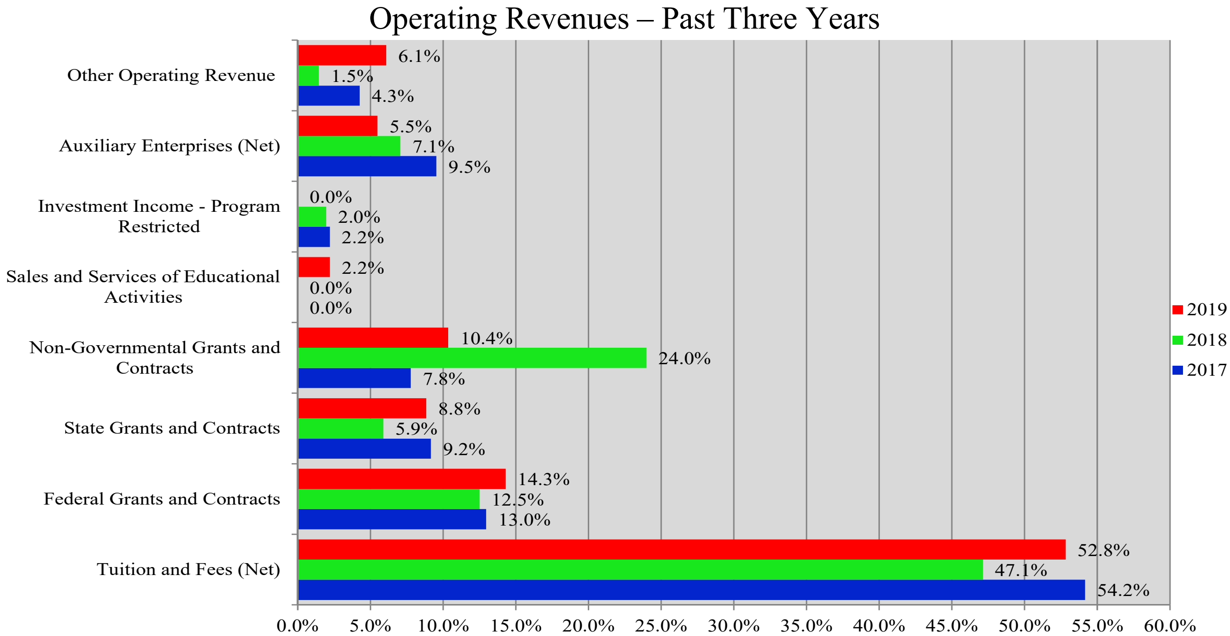
Current Liabilities increased by $1,539,515 (20%) in FY19 and decreased $2,037,708 (21%) in FY18. These amounts fluctuate based on purchases and services required at year end and based on changes in unearned revenues.

Noncurrent Liabilities increased by $339,054 (1%) in FY19. The continued implementation of GASB 75, required all state institutions to record their updated proportionate share of the accumulated Other Post Employment Benefits (OPEB) net obligation. This liability is extremely large and consisted of $19,772,993 (42%) of Noncurrent Liabilities. Noncurrent Liabilities also includes the net pension liability due the implementation of GASB 68 in 2015. GASB 68 required all state institutions to record their proportionate share of the accumulated pension liability. This liability was $5,522,449 in FY19, 15% of the Noncurrent Liabilities.

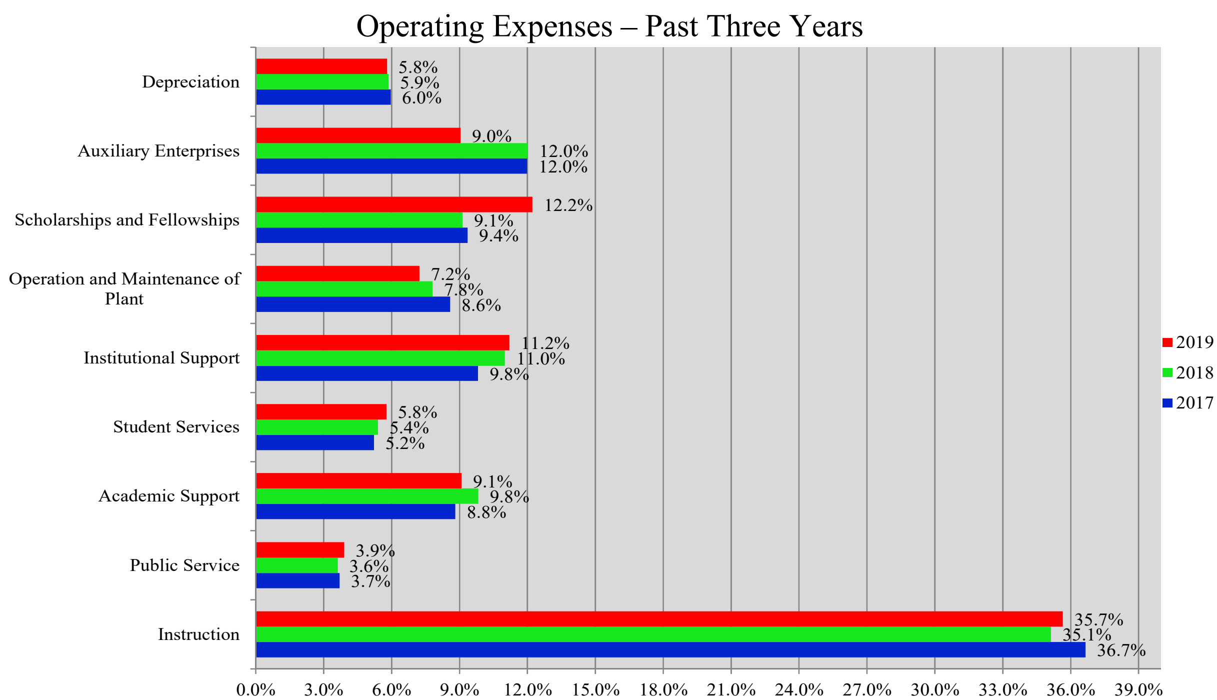
As they relate to GASB 68 & 75, the net change in the deferred outflows and assets exceeded the net change in the deferred inflows and liabilities of the College at the close of the most recent fiscal year by $3,560,198. The net effect of these changes combined with the current year expensing of the pension and OPEB plans decreased the College's net position by $586,215 The College's total net position increased $2,274,327 in FY19. Excluding the effects of GASB 68 &75, the College's net position would have increased $2,860,542.

Analysis of Significant Changes in Operations

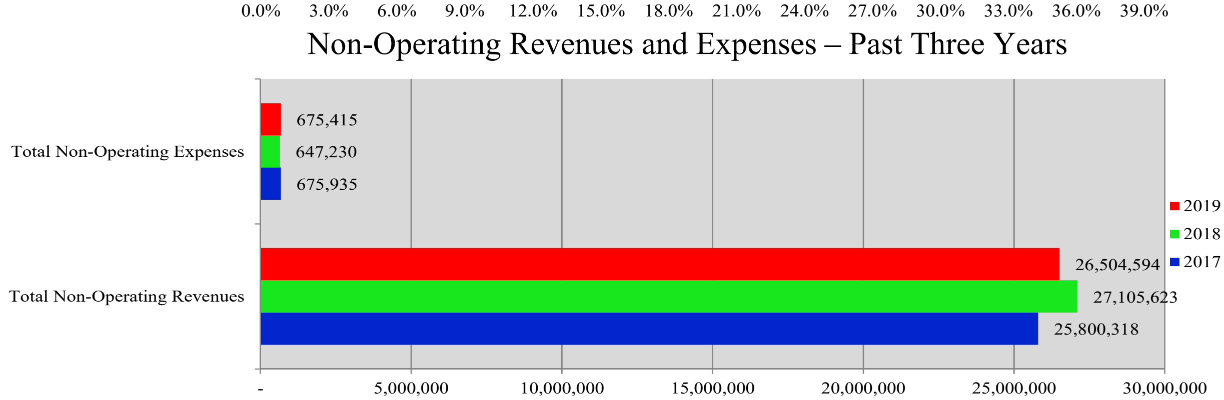
	2019	2018	$ Difference Current Year and Previous Year	% Difference Current Year and Previous Year	2017	$ Difference Previous Year and Year Before	% Difference Previous Year and Year Before
Operating Revenues							
Tuition and Fees (Net)	$ 6,271,023	$ 6,182,814	$ 88,209	1.43%	$ 6,157,350	$ 25,464	0.41%
Federal Grants and Contracts	1,699,996	1,639,981	60,015	3.66%	1,476,582	163,399	11.07%
State Grants and Contracts	1,051,517	771,800	279,717	36.24%	1,044,053	(272,253)	(26.08%)
Non-Governmental Grants and Contracts	1,232,210	3,147,186	(1,914,976)	(60.85%)	886,134	2,261,052	255.16%
Sales and Services of Educational Activities	-	-	-	0.00%	-	-	0.00%
Investment Income - Program Restricted	263,318	256,412	6,906	2.69%	251,105	5,307	2.11%
Auxiliary Enterprises (Net)	653,252	926,420	(273,168)	(29.49%)	1,085,964	(159,544)	(14.69%)
Other Operating Revenue	723,958	191,965	531,993	277.13%	486,394	(294,429)	(60.53%)
Total Operating Revenue	11,895,274	13,116,578	(1,221,304)	(9.31%)	11,387,582	1,728,996	15.18%
Operating Expenses							
Instruction	12,713,679	12,681,965	31,714	0.25%	12,901,510	(219,545)	(1.70%)
Public Service	1,387,822	1,303,734	84,088	6.45%	1,306,847	(3,113)	(0.24%)
Academic Support	3,229,934	3,537,465	(307,531)	(8.69%)	3,111,659	425,806	13.68%
Student Services	2,049,772	1,941,961	107,811	5.55%	1,840,758	101,203	5.50%
Institutional Support	3,969,356	3,960,190	9,166	0.23%	3,465,762	494,428	14.27%
Operation and Maintenance of Plant	2,570,561	2,810,424	(239,863)	(8.53%)	3,028,321	(217,897)	(7.20%)
Scholarships and Fellowships	4,343,930	3,286,415	1,057,515	32.18%	3,302,629	(16,214)	(0.49%)
Auxiliary Enterprises	3,217,151	4,361,919	(1,144,768)	(26.24%)	4,231,109	130,810	3.09%
Depreciation	2,060,491	2,110,401	(49,910)	(2.36%)	2,102,392	8,009	0.38%
Total Operating Expenses	35,542,696	35,994,474	(451,778)	(1.26%)	35,290,987	703,487	1.99%
Net Operating Loss	(23,647,422)	(22,877,896)	(769,526)	3.36%	(23,903,405)	1,025,509	(4.29%)
Non-Operating Revenues							
State Appropriations	9,493,877	9,611,037	(117,160)	(1.22%)	9,140,236	470,801	5.15%
Maintenance Ad Valorem Taxes	6,220,538	5,781,607	438,931	7.59%	5,532,767	248,840	4.50%
Debt Service Ad Valorem Taxes	1,727,228	1,710,873	16,355	0.96%	1,813,343	(102,470)	(5.65%)
Federal Revenue, Non-Operating	8,009,369	8,719,323	(709,954)	(8.14%)	8,054,554	664,769	8.25%
Gifts	545,552	729,770	(184,218)	(25.24%)	676,775	52,995	7.83%
Investment Income	282,245	291,225	(8,980)	(3.08%)	274,721	16,504	6.01%
Other Non-Operating Revenues	225,785	261,788	(36,003)	(13.75%)	307,922	(46,134)	(14.98%)
Total Non-Operating Revenues	26,504,594	27,105,623	(601,029)	(2.22%)	25,800,318	1,305,305	5.06%
Non-Operating Expenses							
Interest on Capital Related Debt	633,913	622,695	11,218	1.80%	664,948	(42,253)	(6.35%)
Disposal of Capital Asset (Net)	-	768	(768)	(100.00%)	8,216	(7,448)	(90.65%)
Investment Expenses	41,502	23,767	17,735	74.62%	2,771	20,996	757.70%
Total Non-Operating Expenses	675,415	647,230	28,185	4.35%	675,935	(28,705)	(4.25%)
Income Before Other Revenues	2,181,757	3,580,497	(1,398,740)	(39.07%)	1,220,978	2,359,519	193.25%
Other Revenues							
Capital Contributions	-	-	-	-	-	-	-
Additions to Permanent Endowments	92,570	87,669	4,901	5.59%	524,099	(436,430)	(83.27%)
Total Other Revenues	92,570	87,669	4,901	5.59%	524,099	(436,430)	(83.27%)
Increase in Net Position	2,274,327	3,668,166	(1,393,839)	(38.00%)	1,745,077	1,923,089	110.20%
Beginning Net Position	19,946,387	41,204,569	(21,258,182)	(51.59%)	39,459,492	1,745,077	4.42%
Cumulative Effect of Change in Accounting Principle	-	(24,926,348)	24,926,348	-	-	(24,926,348)	-
Ending Net Position	$ 22,220,714	$ 19,946,387	$ 2,274,327	11.40%	$ 41,204,569	$ (21,258,182)	(51.59%)



Operating Revenues – Past Three Years
Other Operating Revenue
6.1%
1.5%
4.3%
Auxiliary Enterprises (Net)
5.5%
7.1%
9.5%
Investment Income - Program Restricted
0.0%
2.0%
2.2%
Sales and Services of Educational Activities
2.2%
0.0%
0.0%
Non-Governmental Grants and Contracts
10.4%
24.0%
7.8%
State Grants and Contracts
8.8%
5.9%
9.2%
Federal Grants and Contracts
14.3%
12.5%
13.0%
Tuition and Fees (Net)
52.8%
47.1%
54.2%
0.0% 5.0% 10.0% 15.0% 20.0% 25.0% 30.0% 35.0% 40.0% 45.0% 50.0% 55.0% 60.0%
2019
2018
2017



Operating Expenses – Past Three Years
Depreciation
5.8%
5.9%
6.0%
Auxiliary Enterprises
9.0%
12.0%
12.0%
Scholarships and Fellowships
12.2%
9.1%
9.4%
Operation and Maintenance of Plant
7.2%
7.8%
8.6%
Institutional Support
11.2%
11.0%
9.8%
Student Services
5.8%
5.4%
5.2%
Academic Support
9.1%
9.8%
8.8%
Public Service
3.9%
3.6%
3.7%
Instruction
35.7%
35.1%
36.7%
0.0% 3.0% 6.0% 9.0% 12.0% 15.0% 18.0% 21.0% 24.0% 27.0% 30.0% 33.0% 36.0% 39.0%
2019
2018
2017



Non-Operating Revenues and Expenses – Past Three Years
Total Non-Operating Expenses
675,415
647,230
675,935
Total Non-Operating Revenues
26,504,594
27,105,623
25,800,318
- 5,000,000 10,000,000 15,000,000 20,000,000 25,000,000 30,000,000
2019
2018
2017

Operating revenues include all transactions that result from providing services related to the College's principal ongoing business activities such as tuition and fees, and sales from campus store operations. In addition, certain federal, state, and private grants are considered operating revenue if they are not for capital purposes and are considered a contract for services.

Net Tuition and Fees increased $88,209 (1.4%) in FY19 and increased $25,464 (0.4%) in FY18. State Grants and Contracts increased $279,717 (36%) in FY19, but decreased by $272,253 (26%) in FY18 showing the fluctuating nature of such grants. Non-Governmental Grants and Contracts decreased $1,914,976 (60.85%) due to a private grant for building renovations having ended. Auxiliary Enterprises (Net) decreased $273,168 (31%) in FY19 due to a general decline in the College's Campus Store sales.

Operating expenses are all the costs necessary to perform and conduct the programs and primary purposes of the College. Academic Support decreased by $307,533 (9%) in FY19 primarily due to the decrease in building rental fees due to the closing of the learning centers in Crockett. and Jasper. Operations and Maintenance of Plant decreased $239,863 (9%) due primarily to a decrease in utility cost and consumption in FY19. Scholarships and Fellowships increased in FY19 by $1,057,515 (32%) primarily due to an increase in awarded scholarships. Auxiliary Enterprises decreased $1,144,768 (26%) as a result of decreases in operating costs for the campus store.

Non-operating revenues are all revenue sources that are primarily non-exchange in nature. They consist primarily of state appropriations, property tax revenue, federal Title IV revenues, investment income, and grants and contracts that do not require any services to be performed. Maintenance Ad Valorem Tax revenue increased $438,931 (8%) in FY19 and $248,840 (5%) in FY18 because of changes in property valuations and tax rates. Federal Revenue, Non-Operating decreased $709,954, (8%) in FY19 and increased $664,769 (8%) in FY18 as Pell eligible recipients decreased their average course load and, as a result, their awards decreased in FY19 over FY18. Gifts decreased $184,218 (25%) in FY19 stemming from the normal yearly fluctuations in charitable giving.

Non-operating expenses are all expenditures that are not directly related to the basic services performed by the institution. They consist primarily of interest on capital related debt and disposal of capital assets. The College reduced interest expenses on capital related debt by paying scheduled principal payments on outstanding debt.

Capital or endowment donations to the College can vary greatly from year to year. These variations led to a increase of $4,901 (6%) in FY19 over FY18, which had a large decrease from FY17 of $436,430 (83%).

Analysis of Cash Flows

	2019	2018	$ Difference Current Year and Previous Year	% Difference Current Year and Previous Year	2017	$ Difference Previous Year and Year Before	% Difference Previous Year and Year Before
Net Cash Used by Operating Activities	$ (19,284,511)	$ (18,986,453)	$ (298,058)	1.57%	$ (19,141,845)	$ 155,392	(0.81%)
Net Cash Provided by Non-Capital Financing Activities	22,383,129	22,731,424	(348,295)	(1.53%)	22,339,717	391,707	1.75%
Net Cash Used by Capital Financing Activities	(4,709,507)	(3,922,433)	(787,074)	20.07%	(828,874)	(3,093,559)	373.22%
Net Cash Provided (Used) by Investing Activities	(146,164)	130,821	(276,985)	(211.73%)	1,108,406	(977,585)	(88.20%)
Increase (Decrease) in Cash and Cash Equivalents	(1,757,053)	(46,641)	(1,710,412)	3667.19%	3,477,404	(3,524,045)	(101.34%)
Cash and Cash Equivalents at September 1	17,967,076	18,013,717	(46,641)	(0.26%)	14,536,313	3,477,404	23.92%
Cash and Cash Equivalents at August 31	$ 16,210,023	$ 17,967,076	$ (1,757,053)	(9.78%)	$ 18,013,717	$ (46,641)	(0.26%)

Overall, the College's year-end cash balance of $16,148,068 decreased by $1,819,008 (10%) from last year's balance of $18,013,717, which was a decrease of $46,641 (0.3%) from the previous year's balance of $18,013,717.

Capital Assets and Long-Term Debt

Capital Assets
(Net of Accumulated Depreciation)

	Year Ending 2019	Year Ending 2018	$ Difference Current Year and Previous Year	% Difference Current Year and Previous Year	2017	$ Difference Previous Year and Year Before	% Difference Previous Year and Year Before
Buildings and Improvements	$ 30,065,834	$ 30,796,324	$ (730,490)	(2.37%)	$ 29,236,149	$ 1,560,175	5.34%
Land and Land Improvements	4,865,391	5,148,050	(282,659)	(5.49%)	5,434,578	(286,528)	(5.27%)
Library Books	207,786	222,726	(14,940)	(6.71%)	238,692	(15,966)	(6.69%)
Furniture, Machinery, and Equipment	3,726,509	1,752,990	1,973,519	112.58%	1,550,704	202,286	13.04%
Construction in Process	2,173,439	395,511	1,777,928	449.53%	94,912	300,599	316.71%
Total	$ 41,038,959	$ 38,315,601	$ 2,723,358	7.11%	$ 36,555,035	$ 1,760,566	4.82%

The College had $41.0 and $38.3 million invested in capital assets, net of accumulated depreciation of $41.3 and $39.3 million for FY19 and FY18, respectively. The largest single component of capital assets is buildings totaling $30,065,834 for FY19 and $30,796,324 for FY18 net of accumulated depreciation. Depreciation charges totaled $2,060,491 for FY19 and $2,110,401 for FY18.

Detailed information about the College's capital assets can be found in Note 7 – Capital Assets. In addition, detailed information about the College's long-term debt can be found in Note 8 – Long-Term Liabilities, Note 9 – Debt Obligations, Note 10 – Bonds and Notes Payable and Note 11 – Advance Refunding Bonds.

Other Conditions and Factors

The challenge for Angelina College and for other Texas community colleges is trying to meet the expanding educational needs of the community with limited funding. The College's diverse revenue base of state appropriations, ad valorem tax collections, and tuition and fees revenues has lessened the impact of variations in these funding sources but additional cuts in state appropriations could adversely affect future operations.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, students, and creditors with a general overview of the College's finances and to demonstrate the College's accountability for the funds it receives. If you have any questions about this report or need additional financial information, contact Angelina College Business Office, P.O. Box 1768, Lufkin, Texas 75902.

BASIC FINANCIAL STATEMENTS

For the Fiscal Years Ended
August 31, 2019 and 2018

ANGELINA COLLEGE
EXHIBIT 1
STATEMENTS OF NET POSITION
For the years ended August 31, 2019 and 2018

	2019	2018
Assets		
Current Assets		
Cash and Cash Equivalents	$ 10,510,680	$ 9,815,825
Accounts Receivable (Net)	6,554,228	3,678,372
Inventories	316,760	617,570
Other Assets	268,749	1,473,638
Total Current Assets	17,650,417	15,585,405
Noncurrent Assets		
Restricted Cash and Cash Equivalents	5,699,343	8,151,251
Endowment Investments	8,224,344	7,352,526
Capital Assets (Net) (See Note 7)	41,038,959	38,315,601
Total Noncurrent Assets	54,962,646	53,819,378
Total Assets	72,613,063	69,404,783
Deferred Outflows of Resources		
Pension Related	2,659,819	523,234
OPEB Related	1,938,040	222,125
Loss on Bond Refunding	137,839	15,258
Total Deferrred Outflows of Resourses	4,735,698	760,617
Liabilities		
Current Liabilities		
Accounts Payable	1,168,783	1,270,140
Accrued Liabilities	807,125	317,617
Accrued Compensable Absences-Current Portion	45,397	44,029
Funds Held for Others	160,417	102,949
Unearned Revenues	5,982,947	4,567,761
Bonds Payable - Current Portion	958,605	1,281,263
Total Current Liabilities	9,123,274	7,583,759
Noncurrent Liabilities		
Deposits	20,500	17,600
Accrued Compensable Absences	224,654	252,197
Net Pension Liability	5,522,449	3,213,728
Net OPEB Liability	19,772,993	21,021,700
Bonds Payable	11,930,945	12,627,262
Total Noncurrent Liabilities	37,471,541	37,132,487
Total Liabilities	46,594,815	44,716,246
Deferred Inflows of Resources		
Pension Related	879,816	854,768
OPEB Related	7,653,416	4,647,999
Total Deferred Inflows of Resources	8,533,232	5,502,767

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

ANGELINA COLLEGE
EXHIBIT 1 (Continued)
STATEMENTS OF NET POSITION
For the years ended August 31, 2019 and 2018

	2019	2018
Net Position		
Net Investment in Capital Assets	26,441,043	24,422,334
Restricted		
Nonexpendable		
Student Aid	8,242,529	8,058,649
Expendable		
Student Aid	1,971,690	2,078,785
Debt Service	577,222	483,134
Other	182,771	172,917
Unrestricted	(15,194,541)	(15,269,432)
Total Net Position (Schedule D)	$ 22,220,714	$ 19,946,387

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

ANGELINA COLLEGE
EXHIBIT 2
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the years ended August 31, 2019 and 2018

	2019	2018
Operating Revenues		
Tuition and Fees (Net of Discounts of $5,361,037		
and $5,854,600, respectively)	$ 6,271,023	$ 6,182,814
Federal Grants and Contracts	1,699,996	1,639,981
State Grants and Contracts	1,051,517	771,800
Non-Governmental Grants and Contracts	1,232,210	3,147,186
Investment Income - Program Restricted	263,318	256,412
Auxiliary Enterprises (Net of Discounts of $1,361,452	-	-
and $1,732,771, respectively)	653,252	926,420
Other Operating Revenues	723,958	191,965
Total Operating Revenues (Schedule A)	11,895,274	13,116,578
Operating Expenses		
Instruction	12,713,679	12,681,965
Public Service	1,387,822	1,303,734
Academic Support	3,229,934	3,537,465
Student Services	2,049,772	1,941,961
Institutional Support	3,969,356	3,960,190
Operation and Maintenance of Plant	2,570,561	2,810,424
Scholarships and Fellowships	4,343,930	3,286,415
Auxiliary Enterprises	3,217,151	4,361,919
Depreciation	2,060,491	2,110,401
Total Operating Expenses (Schedule B)	35,542,696	35,994,474
Operating Loss	(23,647,422)	(22,877,896)
Non-Operating Revenues (Expenses)		
State Appropriations	9,493,877	9,611,037
Maintenance Ad Valorem Taxes	6,220,538	5,781,607
Debt Service Ad Valorem Taxes	1,727,228	1,710,873
Federal Revenue, Non-Operating	8,009,369	8,719,323
Gifts	545,552	729,770
Investment Income	282,245	291,225
Interest on Capital Related Debt	(633,913)	(622,695)
Disposal of Capital Assets, net	-	(768)
Investment Expenses	(41,502)	(23,767)
Other Non-Operating Revenues	225,785	261,788
Total Non-Operating Revenue (Expenses) (Schedule C)	25,829,179	26,458,393
Income Before Other Revenues	2,181,757	3,580,497

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

ANGELINA COLLEGE
EXHIBIT 2 (Continued)
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the years ended August 31, 2019 and 2018

	2019	2018
Other Revenues		
Additions to Permanent Endowments	$ 92,570	87,669
Total Other Revenues	92,570	87,669
Increase (Decrease) in Net Position	2,274,327	3,668,166
Net Position		
Net Position - Beginning of Year	19,946,387	41,204,569
Cumulative Effect of Change in Accounting Principle-Note 2		(24,926,348)
Net Position - Beginning of Year, as restated	19,946,387	16,278,221
Net Position - End of Year	$ 22,220,714	$ 19,946,387

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

ANGELINA COLLEGE
EXHIBIT 3
STATEMENTS OF CASH FLOWS
For the years ended August 31, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Receipts from Students and Other Customers	$ 6,147,199	$ 7,368,848
Receipts from Grants and Contracts	3,911,179	4,375,002
Investment Income, Program Restricted	263,318	256,412
Collection of Loans to Students and Employees	-	9,987
Other Receipts	399,404	187,756
Payments to or on Behalf of Employees	(18,514,168)	(18,098,833)
Payments to Suppliers for Goods or Services	(7,923,818)	(9,180,839)
Payments of Scholarships	(3,567,625)	(3,898,001)
Other Cash Payments	-	(6,785)
Net Cash Provided (Used) by Operating Activities	(19,284,511)	(18,986,453)
Cash Flows from Noncapital Financing Activities		
Receipts from State Appropriations	7,467,608	7,481,761
Ad Valorem Tax Revenues	6,220,538	5,790,992
Receipts from Non-Operating Federal Revenue	8,009,369	8,655,327
Payments for Collection of Taxes	(130,804)	(152,489)
Gifts and Grants (Other Than Capital)	717,836	812,060
Other Non-Operating Revenues	4,375	106,715
Student Organization and Other Agency Transactions	94,207	37,058
Net Cash Provided (Used) by Noncapital Financing Activities	22,383,129	22,731,424
Cash Flows from Capital and Related Financing Activities		
Ad Valorem Tax Revenues	1,727,228	1,716,360
Purchases of Capital Assets	(4,783,848)	(3,866,356)
Payments on Capital Debt	(1,652,887)	(1,772,437)
Net Cash Provided (Used) by Capital Financing Activities	(4,709,507)	(3,922,433)
Cash Flows from Investing Activities		
Proceeds from Sale and Maturity of Investments	1,120,207	692,517
Investment Earnings	240,743	157,908
Purchases of Investments	(1,507,114)	(719,604)
Net Cash Provided (Used) by Investing Activities	(146,164)	130,821
Increase (Decrease) in Cash and Cash Equivalents	(1,757,053)	(46,641)
Cash and Cash Equivalents - September 1	17,967,076	18,013,717
Cash and Cash Equivalents - August 31	$ 16,210,023	$ 17,967,076

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

ANGELINA COLLEGE
EXHIBIT 3 (Continued)
STATEMENTS OF CASH FLOWS
For the years ended August 31, 2019 and 2018

	2019	2018
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	$ (23,647,422)	$ (22,877,896)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Depreciation Expense	2,060,491	2,110,401
Bad Debt Expense	572,602	161,292
Tax Collection Fee	130,804	152,489
Payments made directly by state for benefits	2,026,269	2,129,276
Changes in Assets and Liabilities		
Interest Receivable	(14,048)	(7,613)
Ad Valorem Taxes Receivable	(17,256)	(14,872)
Federal Receivable - Non-operating	559,610	63,995
Accounts Receivable (Net)	(2,360,398)	1,737,422
Inventories	300,810	(73,688)
Other Assets	1,204,889	(553,608)
Pension Related Outflows	(2,136,586)	335,023
OPEB Related Outflows	(1,715,915)	(609,997)
Accounts Payable	(101,357)	(174,353)
Accrued Liabilities	489,507	3,912
Unearned Revenue	1,415,186	(1,984,051)
Pension Related Inflows	26,175	277,092
OPEB Related Inflows	3,005,417	4,647,999
Deposits	2,900	(600)
Accrued Compensable Absences	(26,175)	(5,509)
Net OPEB Liability (adjusted for prior period)	1,248,707	(3,623,442)
Net Pension Liability	(2,308,721)	(679,725)
Net Cash Provided (Used) by Operating Activities	$ (19,284,511)	$ (18,986,453)

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

1. Reporting Entity

Angelina College (the College) was established in 1966, in accordance with the laws of the State of Texas, to serve the educational needs of Angelina and the surrounding counties. Angelina College is considered a special purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement No. 14. While the College receives funding from local, state, and federal sources, and must comply with the spending, reporting, and record keeping requirements of these entities, it is not a component unit of any other governmental entity.

2. Summary of Significant Accounting Policies

<u>Reporting Guidelines</u>

The significant accounting policies followed by Angelina 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 (BTA).

<u>Tuition Discounting</u>

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

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

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

<u>Basis of Accounting</u>

The financial statements of Angelina College have been prepared on the accrual basis 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. When an expense is incurred for which both restricted and unrestricted net position is available, the College's policy is to apply restricted resources first.

Budgetary Data

Each community college in Texas is required by law to prepare an annual operating budget of anticipated revenues and expenditures for the fiscal year beginning September 1. The College's Board of Trustees adopts the budget, which is prepared on the accrual basis of accounting, and amends the budget as needed throughout the year. A copy of the approved budget and subsequent amendments must be filed with the Texas Higher Education Coordinating Board, the Legislative Budget Board, the Legislative Reference Library, and the 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 money market accounts.

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element 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 that time.

Investments

Investments are reported at fair value on a recurring basis. Fair values are based on quoted prices (Level 1 of the fair value hierarchy). Short-term investments have a maturity of less than one year at the fiscal year end. Long-term investments have a maturity of greater than one year at the fiscal year end.

Inventories

Inventories consisting of copier paper and supplies, postage, and bookstore stock are valued at the lower of cost under the "first-in, first-out" method, or market, and are charged to expense as consumed or sold.

Capital Assets

Capital assets are recorded at cost at the date of acquisition. Donated capital assets are reported at acquisition value. Renovations to buildings 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 asset lives are charged to operating expense in the year in which the expense is incurred.

Items costing $5,000 or more with a useful life greater than one year are capitalized and depreciated. Additionally, these items have a permanent decal affixed to them and are inventoried annually.

Items costing from $1,000 to $4,999 with a useful life greater than one year have a permanent decal affixed to them and are inventoried annually. However, they are neither capitalized nor depreciated. These items are expensed in the year of purchase.

Items costing less than $1,000 but having a useful life greater than one year are expensed in the year of purchase. No separate inventory records are maintained on these items.

The College computes depreciation under the straight-line method over the estimated useful life of assets. The following lives are used:

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

<u>Pensions</u>

The College participates in the Teacher Retirement System of Texas (TRS) pension plan, a multiple-employer cost sharing defined benefit pension plan with a special funding situation. The fiduciary net position of TRS has been determined on 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.

<u>Other Post-Employment Benefits</u>

The fiduciary net position of the Employees Retirement System of Texas (ERS) State Retiree Health Plan (SRHP) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits; OPEB expense; and information about assets, liabilities and additions to/deductions from SRHP's fiduciary net position. Benefit payments are recognized when due and are payable in accordance with the benefit terms.

<u>Unearned Revenues</u>

Tuition, fees, and other revenues received and related to periods after August 31, 2019 or 2018, respectively, have been reported as unearned revenue.

<u>Deferred Inflows of Resources</u>

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 represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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 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. Principal operating revenues are tuition and related fees. The major non-operating revenues are state appropriations, ad valorem tax collections, and Title IV grant revenues. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. The operation of food services is not performed by the College but is contracted to an independent vendor.

New Pronouncements

For the year ended August 31, 2018, the College implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements

No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity. In this Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, the OPEB plan administrator, and the plan members.

Restatement

The College's participation in the Texas Employees Group Benefits Program (GBP) required the implementation of GASB Statement No. 75 and as a result, restatement to the beginning net position in the FY2018 financial statements as a cumulative effect of a change in accounting principle.

Since Angelina College did not have all of the audited beginning balances for deferred inflows of resources and deferred outflows of resources related to pensions required to properly restate FY2017 financial statements, the restatement was made directly to the beginning net position in the FY2018 financial statements as a cumulative effect of a change in accounting principle.

Beginning net position as of September 1, 2017, has been restated as follows for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Beginning Net Position	$41,204,569
Prior period adjustment-implementation of GASB 75:	
Net Pension Liability (measurement date as of August 31, 2017)	($25,116,461)
Deferred outflows – College contributions made during FY2018	$ 190,113
Cumulative Effect of Change in Accounting Principle	($24,926,348)
Beginning Net Position, as restated	$16,278,221

During fiscal year 2019, the Employees Retirement System of Texas (ERS) altered how they administer and record the employer contributions. In prior year, all of the employer contributions on behalf of retirees were placed and recorded into the OPEB trust fund. In addition, ERS stated that they received significant Federal contributions which were utilized first to pay out the benefit claims. After the Federal funds were exhausted, the remaining claims were paid from the employer contributions in the trust. This resulted in the OPEB fund accumulating excess contributions and resulted in a growing fund balance, which went against the intent of the plan. This year, ERS determined that it should not include the full amount of the employer contributions made in 2019 and provided the amount. The prior year financial statements have been restated to account for the change in the contribution amount included in the deferred outflow amounts and resulted in a prior period adjustment of $387,872 to deferred outflows related to OPEB and the cumulative effect adjustment in the fiscal year 2018 financial statements.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Blended Component Unit - Angelina College Foundation

Using the criteria established by GASB Statement No. 14, The Financial Reporting Entity, GASB Statement No. 61, The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34, the College's management has determined that the Angelina College Foundation (Foundation) should be blended with the activities of the College. Its sole purpose is to assist the College in financing or otherwise facilitating in the acquisition of grants or contributions and because the College's management has operational responsibility for the Foundation.

The Foundation was incorporated on August 20, 2018, as a non-profit corporation formed under the Texas Public Facility Corporation Act. The Foundation was formed to assist the College in financing, refinancing, providing, or otherwise helping in the acquisition of public grants and contributions. Although the Foundation is legally separate from the College, the Foundation is reported as if it were part of the College because its sole purpose is to aid the College with the acquisition of public grants and contributions. Therefore, the Foundation is reported as a blended component unit in the Basic Financial Statements of the College. Financial information for the Foundation may be obtained from the College's Business Office.

3. Authorized Investments

Angelina 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. The investments of the College are in compliance with these investment policies.

4. Deposits and Investments

Cash and deposits reported on the Statements of Net Position consist of the following:

	August 31, 2019	August 31, 2018
Bank Deposits		
Demand Deposits and Money Market Mutual Funds	$ 16,224,067	$ 17,402,056
Certificates of Deposit - Short-term	400,342	249,253
Certificates of Deposit - Long-term	1,437,717	1,755,353
	18,062,126	19,406,662
Cash and Cash Equivalents		
Petty Cash on Hand	5,852	10,900
Total Cash and Deposits	$ 18,067,978	$ 19,417,562

Cash and Deposits Reconciliation of Deposits and Investments to Exhibit 1

Type of Security	Fair Value August 31, 2019	Fair Value August 31, 2018
U.S. Government Agencies	$ 197,978	$ 418,291
Mutual Funds	4,618,183	4,521,662
Corporate Bonds	1,538,388	407,967
Total Cash and Bank Deposits	18,067,978	19,417,562
Total Endowment Bank Deposits	11,841	554,120
Total Cash, Deposits, and Investments	$ 24,434,367	$ 25,319,602
Current (Exhibit 1)		
Cash and Cash Equivalents	$ 10,510,680	$ 9,815,825
Noncurrent (Exhibit 1)		
Restricted Cash and Cash Equivalents	5,699,343	8,151,251
Restricted Short-Term Investments		-
Endowment Investments	8,224,344	7,352,526
Other Noncurrent Investments	-	-
Total Current and Noncurrent Cash and Investments	$ 24,434,367	$ 25,319,602

Restricted cash and investments are limited for capital acquisition, debt service, and student aid as well as other restricted purposes.

Following is a discussion of the College's investment policy related to specific investment risks:

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with state law and College policy for non-endowment funds, the College does not purchase any investments with maturities greater than 10 years. All College investments are in compliance with the Public Funds

Investment Act. Maturities for the College's investments that are subject to interest rate risk are as follows:

August 31, 2019		Investment Maturities (in years)		
Investment Type	Fair Value (Level 1)	Less Than 1	1 to 5	5 or More
U.S. Government Securities	$ 197,978	$ 50,024	$ 102,229	$ 45,725
Certificates of Deposit	1,872,796	350,083	1,174,287	348,426
Corporate Bonds	1,538,388	40,351	278,464	1,219,573
Total	$ 3,609,162	$ 440,458	$ 1,554,980	$ 1,613,724

August 31,2018		Investment Maturities (in years)		
Investment Type	Fair Value (Level 1)	Less Than 1	1 to 5	5 or More
U.S. Government Securities	$ 418,291	$ 181,411	$ 98,119	$ 138,761
Certificates of Deposit	2,004,607	249,253	1,276,675	478,679
Corporate Bonds	407,967	-	258,666	149,301
Total	$ 2,830,865	$ 430,664	$ 1,633,460	$ 766,741

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The College's policy for reducing its exposure to credit risk is to comply with state law and the College's investment policy. Investments in money market funds and investment pools must be rated at least AAA or an equivalent rating by at least one nationally recognized rating service. Commercial paper must be rated at least A-1 or P-1. Investments in obligations from other states, municipalities, counties, etc. must be rated at least A. As of August 31, 2019 and 2018, the College's investments in U.S. Government Agencies are rated AAA/AA+ by Moody's and Standard and Poor's, respectively. As of August 31, 2019 and 2018, the College's investments in corporate bonds are rated at least BAA1/BBB+ by Moody's and Standard and Poor's, respectively. The College's investments in mutual funds are rated at least ★★★ by Morningstar, Inc. as of August 31, 2019 and 2018.

Custodial Credit Risk - Custodial credit risk is the risk that the College's deposits may not be returned in the event of a bank failure. The College's policy with respect to custodial credit risk complies with state law. At August 31, 2019 and 2018, the bank balances of the College's deposits were $18,067,978 and $19,417,562 respectively. Of these balances, the amounts covered by FDIC insurance were $694,852 and $619,487 at August 31, 2019 and 2018, respectively. The remaining balances at August 31, 2019 and 2018 of $17,373,126 and $18,798,075 were entirely covered by pledged collateral held by the pledging financial institution's agent bank in the College's name.

5. Derivative Investments

Derivatives are investment products that may be a security or contract deriving its value from another security, currency, commodity, or index, regardless of the source of funds used. Angelina College did not invest in derivative products during fiscal year 2019 or 2018.

6. Endowments

The investment policy of the Board of Trustees is reviewed and adopted annually. Within that investment policy, the investment objective for the endowment fund is to preserve the real purchasing power of the principal and to provide a stable source of perpetual financial support to scholarships in accordance with the endowment spending policy. The brokerage firm or other endowment manager is also adopted annually by the Board of Trustees and is required to certify familiarity and compliance with the Public Funds Investment Act of the State of Texas, and the investment policy of the College. Endowment funds are subject to the provisions of the "Uniform Prudent Management of Institutional Funds Act" in Chapter 163 of the Texas Property Code. Endowment assets are reported at fair value on a recurring basis. Fair values are based on quoted prices (Level 1 of the fair value hierarchy).Distributions from endowment investments are required to be spent for the purposes for which the endowment was established. Scholarship distributions are made pursuant to the investment policy. The policy for distribution of investment income designates an annual spending rate of no more than 5% as applied to a 36 month moving average of market value less current year contributions as measured at August 31 of each year. Endowment net position is classified as restricted nonexpendable student aid in the Statement of Net Position except for $1,268,145 which is included in unrestricted.

	August 31, 2019	August 31, 2018
Beginning Net Position	$ 8,058,649	$ 7,774,020
Interest, Dividends, Earnings, Capital Gains (Losses)	382,812	329,797
Unrealized Gains (Losses)	(41,502)	117,164
Excess Distributions Returned to Endowment	-	-
Contributions	92,570	87,668
Funds Available in the Endowment	8,492,529	8,308,649
Less Scholarship Distributions from Current Year Endowment Interest	250,000	250,000
Ending Net Position	$ 8,242,529	$ 8,058,649

Endowment assets consist of the following:

	August 31, 2019	August 31, 2018
Bank Deposits	$ 46,623	$ 554,120
Brokerage Deposits	-	-
Endowment Investments	8,150,363	6,785,095
Interest Receivable	27,358	13,311
Endowment Assets	$ 8,224,344	$ 7,352,526

7. Capital Assets

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

	Balance September 1, 2018	Increase	Decrease	Balance August 31, 2019
Not Depreciated				
Land	$ 1,773,999	$ -	$ -	$ 1,773,999
Construction in Process	395,511	1,777,928	$ -	2,173,439
Total Not Depreciated	2,169,510	1,777,928	-	3,947,438
Other Capital Assets				
Buildings	51,395,026	-	-	51,395,027
Land Improvements	7,548,396	-	-	7,548,396
Building Improvements	8,980,314	458,315	-	9,438,629
Library Books	1,017,116	11,408	67,104	961,420
Furniture, Machinery, Vehicles, and Other Equipment	4,006,340	827,832	90,618	4,743,554
Telecommunications and Peripheral Equipment	2,571,246	1,708,365	2,973	4,276,638
Total Capital Assets	75,518,438	3,005,920	160,695	78,363,664
Accumulated Depreciation				
Buildings	26,429,424	781,938	-	27,211,362
Land Improvements	4,174,345	282,659	-	4,457,004
Building Improvements	3,149,592	406,868	-	3,556,460
Library Books	794,390	26,348	67,104	753,634
Furniture, Machinery, Vehicles, and Other Equipment	2,546,334	306,738	90,618	2,762,454
Telecommunications and Peripheral Equipment	2,278,262	255,940	2,973	2,531,229
Total Accumulated Depreciation	39,372,347	2,060,491	160,695	41,272,143
Net Capital Assets	$ 38,315,601	$ 2,723,357	$ 0	$ 41,038,959

The College has an artwork collection that it does not capitalize. This collection adheres to the College's policy to (a) maintain it for public exhibition or education; (b) protect, keep unencumbered, care for, and preserve it; and (c) require proceeds from its sale to be used to acquire other collection items. Generally accepted accounting principles permit collections maintained in this manner to be charged to operations at time of acquisition rather than capitalized.

Capital assets activity for the year ended August 31, 2018 was as follows:

	Balance September 1, 2017	Increase	Decrease	Balance August 31, 2018
Not Depreciated				
Land	$ 1,773,999	$ -	$ -	$ 1,773,999
Construction in Process	94,912	300,599	-	395,511
Total Not Depreciated	1,868,911	300,599	-	2,169,510
Other Capital Assets				
Buildings	50,897,262	497,764	-	51,395,026
Land Improvements	7,548,396	-	-	7,548,396
Building Improvements	6,571,389	2,408,925	-	8,980,314
Library Books	1,010,359	15,373	8,616	1,017,116
Furniture, Machinery, Vehicles, and Other Equipment	3,440,956	598,450	33,066	4,006,340
Telecommunications and Peripheral Equipment	2,520,622	50,624	-	2,571,246
Total Other Capital Assets	71,988,984	3,571,136	41,682	75,518,438
Accumulated Depreciation				
Buildings	25,411,479	1,017,945	-	26,429,424
Land Improvements	3,887,817	286,528	-	4,174,345
Building Improvements	2,821,023	328,569	-	3,149,592
Library Books	771,667	31,339	8,616	794,390
Furniture, Machinery, Vehicles, and Other Equipment	2,330,394	246,434	30,494	2,546,334
Telecommunications and Peripheral Equipment	2,080,480	199,586	1,804	2,278,262
Total Accumulated Depreciation	37,302,860	2,110,401	40,914	39,372,347
Net Capital Assets	$ 36,555,035	$ 1,761,334	$ 768	$ 38,315,601

8. Long-Term Liabilities

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

	Balance August 31, 2018	Additions	Reductions	Balance August 31, 2019	Current Portion
Bonds					
Series 2008 Limited Tax Bonds	$ 7,528,333	$ -	$ 7,528,333	$ -	$ -
Series 2009 Limited Tax Bonds	4,953,175	-	4,953,175	-	-
Series 2015 Limited Tax Refunding Bonds	1,427,017	-	722,298	704,719	360,489
Series 2018 Limited Tax Refunding Bonds	-	7,693,507	348,464	7,345,043	361,008
Series 2019 Limited Tax Refunding Bonds	-	4,839,788	-	4,839,788	237,108
Total Bonds	13,908,525	12,533,295	13,552,270	12,889,550	958,605
Other Liabilities					
Accrued Compensable Absences	296,226	-	26,175	270,051	45,397
Net Pension Liability	3,213,728	2,308,721	-	5,522,449	-
Net OPEB Liability	21,021,700	-	1,248,707	19,772,993	-
Deposits Payable	17,600	2,900	-	20,500	-
Total Liabilities	38,457,779	$ 14,844,916	$ 14,827,152	38,475,543	$ 1,004,002
Current Portion	(1,325,292)			(1,004,002)	
Total Noncurrent Portion	$ 37,132,487			$ 37,471,541	

Long-term liability activity for the year ended August 31, 2018 was as follows:

	Balance August 31, 2017	Additions	Reductions	Balance August 31, 2018	Current Portion
Bonds					
Series 2008 Limited Tax Bonds	$ 7,851,949	$ -	$ 323,616	$ 7,528,333	$ 323,509
Series 2009 Limited Tax Bonds	5,164,211	-	211,036	4,953,175	235,458
Series 2015 Limited Tax Refunding Bonds	2,093,372	-	666,355	1,427,017	722,296
Total Bonds	15,109,532	-	1,201,007	13,908,525	1,281,263
Other Liabilities					
Accrued Compensable Absences	301,735	-	5,509	296,226	44,029
Net Pension Liability	3,893,453	-	679,725	3,213,728	-
Net OPEB Liability	-	21,599,940	578,240	21,021,700	-
Deposits Payable	18,200	-	600	17,600	-
Total Liabilities	19,322,920	$ 21,599,940	$ 2,465,081	38,457,779	$ 1,325,292
Current Portion	(1,004,002)			(1,325,292)	
Total Noncurrent Portion	$ 18,318,918			$ 37,132,487	

9. Debt Obligations

The debt service requirements for the next five years and beyond are summarized below for bonds and notes issued:

Fiscal Year	Principal	Interest	Total
2020	$ 958,605	$ 393,050	$ 1,351,655
2021	976,366	360,300	1,336,666
2022	654,713	335,050	989,763
2023	674,471	315,775	990,246
2024	737,278	294,225	1,031,503
2025-2029	4,217,713	1,048,763	5,266,476
2030-2034	4,670,404	354,225	5,024,629
Total	$ 12,889,550	$ 3,101,388	$ 15,990,937

10. Bonds Payable

Bonds are payable semi-annually with annual obligations varying from $1,303,050 to $958,625, with interest rates from 3.00% to 4.00%. The final installment is due in 2034.

General information related to bonds and notes payable is summarized below:

	August 31, 2019	August 31, 2018
Limited Tax Bonds, Series 2008		
• To construct a softball and baseball complex, Health Careers building, and a Technical Education Shop Center.		
• Issued June 15, 2008, matures fiscal 2034.		
• $16,500,000 was authorized and $10,000,000 was issued.		
• Source of revenue for debt service – ad valorem taxes.		
• Interest rate of 3.65% to 5.00%.		
• Outstanding balance:	$ -	$ 7,528,333
Limited Tax Bonds, Series 2009		
• To construct a softball and baseball complex, Health Careers building, and a Technical Education Shop Center.		
• Issued June 15, 2009, matures fiscal 2034.		
• $16,500,000 was authorized and $6,500,000 was issued.		
• Source of revenue for debt service – ad valorem taxes.		
• Interest rate of 4.25% to 5.50%.		
• Outstanding balance:	-	4,953,175

Limited Tax Refunding Bonds, Series 2015

- To refund the series 2004 limited tax refunding bonds which refunded the series 1994 limited tax bonds that provided funds for construction of a Community Service Building and a Workforce Development Center. Also to refund the series 2005 limited tax refunding bonds which refunded the series 1996 limited tax bonds that provided funds for renovation of existing facilities, construction of a Science Building, and a contribution of $3,000,000 towards the construction of the Angelina Center for the Arts.
- Issued December 1, 2015, matures fiscal 2021.
- $3,245,000 was authorized and issued.
- Source of revenue for debt service – ad valorem taxes.
- Interest rate of 3.00% to 4.00%.
- Outstanding balance: 704,720 1,427,017

Limited Tax Refunding Bonds, Series 2018

- To refund the series 2008 limited tax bonds. The 2008 tax bonds were issued to construct a softball and baseball complex, Health Careers building, and a Technical Education Shop Center.
- Issued September 13,2018, matures fiscal 2034.
- $7,460,000 was authorized and issued.
- Source of revenue for debt service – ad valorem taxes.
- Interest rate of 3.00% to 4.00%.
- Outstanding balance: 7,345,043 -

Limited Tax Refunding Bonds, Series 2019

- To refund the series 2009 limited tax bonds. The 200 tax bonds were issued to construct a softball and baseball complex, Health Careers building, and a Technical Education Shop Center.
- Issued June 13, 2019, matures fiscal 2034.
- $4,525,000 was authorized and issued.
- Source of revenue for debt service – ad valorem taxes.
- Interest rate of 3.00%
- Outstanding balance: 4,839,787 -

Total Bonds Payable	$ 12,889,550	$ 13,908,525

11. Advance Refunding Bonds

Limited Tax Refunding Bonds , Series 2015

- Refunded $1,430,000 of Limited Tax Refunding Bonds, Series 2004 and $1,840,000 of Limited Tax Refunding Bonds, Series 2005.
- Issued refunding bonds on December 1, 2015.
- $3,245,000, all authorized bonds have been issued.
- Angelina College Limited Tax Refunding Bonds, Series 2015.
- Average interest rate of bonds refunded – 3.48%.
- Net proceeds from Refunding Series -- $3,391,766 including premium of $159,587 and net of $12,821 in underwriter's discount.
- $3,326,435 was retained for the redemption of the Limited Tax Refunding Bonds, Series 2004 and 2005.
- The refunding resulted in a deferred loss on refunding of $53,402 which will be amortized over 3.5 years.
- The 2004 and 2005 Series Limited Tax Refunding Bonds are fully defeased and the liability for those bonds has been removed from the College's financial statements.
- There was no balance for the defeased debt on August 31, 2016 because the debt was redeemed on January 19, 2016.
- Advance refunding of the 2004 and 2005 Series Limited Tax Refunding Bonds reduced the College's debt service payments over the next 5 years by approximately $160,331.
- Economic Gain -- $135,153 difference between the net present value of the old and new debt service payments.

Limited Tax Refunding Bonds , Series 2018

- Refunding occurred in September 2018 after the close of FY18. This information is supplemental and did not affect the financial reporting for FY18.
- Refunded $7,575,000 of Limited Tax Refunding Bonds, Series 2008.
- Issued refunding bonds on September 13, 2018.
- $7,575,000, all authorized bonds have been issued.
- Angelina College Limited Tax Refunding Bonds, Series 2018.
- Average interest rate of bonds refunded – 3.82%.
- Net proceeds from Refunding Series -- $7,635,692 including premium of $233,507and net of $57,815 in underwriter's discount.
- $7,602,821 was retained for the redemption of the Limited Tax Refunding Bonds, Series 2008.
- The refunding resulted in a deferred loss on refunding of $74,488 which will be amortized over 16 years.
- The 2008 Series Limited Tax Refunding Bonds are fully defeased and the liability for those bonds will be removed from the College's financial statements.
- Advance refunding of the 2008 Series Limited Tax Refunding Bonds reduced the College's debt service payments over the next 5 years by approximately $302,384.
  Limited Tax Refunding Bonds, Series 2019

- Refunded $4,525,000 of Limited Tax Refunding Bonds, Series 2008.
- Issued refunding bonds on June 13, 2019.
- $4,525,000, all authorized bonds have been issued.
- Angelina College Limited Tax Refunding Bonds, Series 2019.
- Average interest rate of bonds refunded – 3.30%.
- Net proceeds from Refunding Series -- $4,880,032 including premium of $314,788 and net of $43,182 in underwriter's discount.
- $4,800,716 was retained for the redemption of the Limited Tax Refunding Bonds, Series 2009.
- The refunding resulted in a deferred loss on refunding of $72,541 which will be amortized over 16 years.
- The 2009 Series Limited Tax Refunding Bonds are fully defeased and the liability for those bonds will be removed from the College's financial statements.
- Advance refunding of the 2009 Series Limited Tax Refunding Bonds reduced the College's debt service payments over the next 5 years by approximately $312,750.

12. Unearned Revenues

Tuition and fees of $5,168,118 and $3,371,731 and federal, state, and local grants of $814,829 and $1,196,030 have been reported as unearned revenues at August 31, 2019 and 2018, respectively.

13. Pending Lawsuits and Claims

Various claims and lawsuits are pending against the District. In the opinion of the College administration, the potential loss on all claims and lawsuits, to the extent not provided by insurance or otherwise, will not be significant to the financial statements of the College.

14. Employees' Retirement Plan

The State of Texas has joint contributory retirement plans for almost all of its employees. The College requires all full-time employees to participate in either the Teacher Retirement System of Texas (TRS) or in the Optional Retirement Plan (ORP). Faculty, administrators, and professional employees may enroll in either TRS or ORP. Secretarial, clerical, and classified employees are limited to participation in TRS. Employees who are eligible to participate in ORP have ninety days from the date of their employment to select the Optional Retirement Program. Employees who previously had the opportunity to participate in ORP but declined must remain with TRS for the duration of their employment in the Texas education system.

<u>Teacher Retirement System of Texas (TRS)</u>

A. *Plan Description* - The College participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

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

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

D. Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2018 and 2019.

Contribution Rates	2019	2018
Member (Employee)	7.7%	7.7%
Non-employer contributing entity (NECE)	6.8%	6.8%
College	6.8%	6.8%
College Contributions (fiscal year)	$334,436	$329,507
Member Contributions (fiscal year)	$648,747	$620,980
NECE On-behalf Contributions (measurement year)	$216,000	$217,320

The College's contributions to the TRS pension plan in FY19 were $337,989, as reported in the Schedule of the College's Contributions for pensions in the Required Supplementary Information section of these financial statements. Estimated state of Texas on-behalf contributions for FY19 were $ 216,000.

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the

state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

- In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to.
- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

E. *Actuarial Assumptions* **-** The total pension liability in the August 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2017 rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	6.91%
Long-term Expected Rate	7.25%
Municipal Bonds Rate as of August 2018	3.69%. 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)	2116
Inflation 2.30%	
Salary Increases	3.05% to 9.05% including inflation
Ad hoc postemployment Benefit changes	None

* Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."

The actuarial methods and assumptions were selected by the board of trustees based upon analysis and recommendations by the system's actuary. The board of trustees has sole authority to determine the actuarial assumptions used for the plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the three-year period ending August 31, 2017 and were adopted in July 2018. There were no changes to the actuarial assumptions or other inputs that affected the measurement of the total pension liability since the prior measurement period. Assumptions, methods, and plan changes were updated from the prior year's report. The net pension liability increased significantly since the prior measurement date due to a change in the following actuarial assumptions:

• The total pension liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.

• Demographic assumptions including postretirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.

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

• The discount rate changed from 8 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.

• The long-term assumed rate of return changed from 8 percent to 7.25 percent.

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

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

Discount Rate - The discount rate used to measure the total pension liability was 6.907 percent. The single discount rate was based on the expected rate of return on pension plan investments of 7.25 percent and a municipal bond rate of 3.69 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. The long-term rate of return on pension plan investments is 7.25 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in TRS' target asset allocation as of August 31, 2018, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns*
Global Equity			
U.S.	18.0%	5.70%	1.04%
Non-U.S Developed	13.0%	6.90%	0.90%
Emerging Markets	9.0%	8.95%	0.80%
Directional Hedge Funds	4.0%	3.53%	0.14%
Private Equity	13.0%	10.18%	1.32%
Stable Value			
U.S. Treasuries	11.0%	1.11%	0.12%
Absolute Return	0.0%	0.00%	0.00%
Stable Value Hedge Funds	4.0%	3.09%	0.12%
Cash	1.0%	-0.03%	0.00%
Real Return			
Global Inflation Linked Bonds	3.0%	0.70%	0.02%
Real Assets	14.0%	5.21%	0.73%
Energy and Natural Resources	5.0%	7.48%	0.37%
Commodities	0.0%	0.00%	0.00%
Risk Parity			
Risk Parity	5.0%	3.70%	0.18%
Inflation Expectation			2.30%
Alpha			-0.79%
Total	100.0%		7.25%

*The Expected Contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean return.

A. *Discount Rate Sensitivity Analysis* - The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (6.907%) in measuring the Net Pension Liability.

	1% Decrease in Discount Rate (5.907%)	Discount Rate (6.907%)	1% Increase in Discount Rate (7.907%)
Angelina College proportionate share of the net pension liability:	$8,334,700	$5,522,449	$3,245,765

B. *Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions* - At August 31, 2019, the College reported a liability of $5,522,449 for its proportionate share of TRS's net pension liability. This liability reflects a reduction for State pension support provided to the College. The amount recognized by the College as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the College were as follows:

Angelina College's Proportionate share of the collective net pension	$	5,522,449
State's proportionate share that is associated with Angelina College		3,531,458
Total	$	9,053,907

The net pension liability was measured as of August 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on the College's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2017 through August 31, 2018.

At August 31, 2018, the College's proportion of the collective net pension liability was .0100331%, which was a decrease of .000178% from its proportion measured as of August 31, 2017.

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

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

For the year ended August 31, 2019, the College recognized pension expense of $349,520 and revenue of $349,520 for support provided by the State.

At August 31, 2019, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 34,422	$135,499
Changes in actuarial assumptions	1,991,109	62,222
Difference between projected and actual investment earnings	-	391,782
Changes in proportion and difference between the College's contributions and the proportionate share of contributions	286,998	290,313
Contributions paid to TRS subsequent to the measurement date	347,290	-
Total	$2,659,819	$879,816

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

Plan (Fiscal) Year ended August 31:	Pension Expense Amount
2019	$354,654
2020	$177,164
2021	$137,994
2022	$274,452
2023	$265,603
2024	$222,846

Optional Retirement Program (ORP)

Plan Description - Participation in the Optional Retirement Program, a defined contribution plan, is in lieu of participation in the Teacher Retirement System of Texas. The optional retirement program provides for the purchase of annuity contracts or mutual funds from a variety of providers who administer the plans for employees. The program operates under the provisions of the Texas Constitution, Article XVI, Sec 67, and the Texas Government Code, Title 8, Subtitle C.

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas Legislature. The percentages of participant salaries currently contributed by the state and each participant are (3.30 percent) and (6.65 percent), respectively. The College contributes 5.20 percent for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program. Senate Bill (SB) 1812, 83rd Texas Legislature, Regular Session, effective September 1, 2013, limits the amount of the state's contribution to 50 percent of eligible employees in the reporting district. The retirement expense to the state for the college was $139,554 and $147,763 for the fiscal years ended August 31, 2019 and 2018, respectively. This amount represents the portion of expended appropriations made by the Legislature on behalf of the college. The total payroll for all college employees was $12,844,728 and $13,801,786 for fiscal years 2019 and 2018, respectively. The total payroll of employees covered by the TRS was $10,382,372 and $10,333,991 and the total payroll of employees covered by the Optional Retirement Program was $4,700,316 and $5,081,401 for fiscal years 2019 and 2018, respectively.

15. Compensable Absences

Full-time employees earn annual leave from 5.83 to 10.00 hours per month depending on whether they have less than or more than five years continuous employment with the College. The College's policy is that an employee may carry their accrued leave forward from one fiscal year to another fiscal year with a maximum number 240 hours. Employees with at least six months of service who terminate their employment are entitled to payment for all accumulated annual leave up to the maximum allowed.

The College recognized the accrued liability for the unpaid annual leave in the amounts of $270,051 and $296,226 for fiscal years ended August 31, 2019 and 2018, respectively. The liability is shown in the Statement of Net Position split between current and noncurrent in the amounts of $45,397 and $224,654, respectively for August 31, 2019 and $44,029 and $252,197, respectively for August 31, 2018.

Sick leave, which can be accumulated to a maximum of 90 days, is earned at the rate of one day per month per length of the contract. It is paid to an employee who misses work because of personal or immediate family illness. The College's policy is to recognize the cost of sick leave when paid. The liability is not shown in the financial statements since sick leave is not a vested benefit and is not paid upon termination or to a deceased employee's estate.

16. Contract and Grant Awards

Contract and grant awards are accounted for in accordance with the requirements of the American Institute of Certified Public Accountants (AICPA audit and accounting guide, *State and Local Governments*, 8.99). For federal contract and grant awards, funds expended but not collected are reported in Receivables on Exhibit 1. Non-federal contract and grant awards for which funds are expended but not collected are reported as Accounts Receivable on Exhibit 1. Contract and grant awards that are not yet funded, and for which the institution has not yet performed services, are not included in the financial statements. Contract and grant awards funds already committed, e.g., multi-year awards, or funds awarded during fiscal years 2019 and 2018 for which monies have not been received nor funds expended totaled $7,379,263 and $6,437,483. Of these amounts, $2,595,867 and $1,805,297 were from federal contract and grant awards; $982,236 and $1,189,264 were from state contract and grant awards; and $3,801,160 and $3,442,922 from private contract and grant awards for the fiscal years ended 2019 and 2018, respectively.

17. Disaggregation of Receivables and Payables Balances

Receivables were as follows:

	August 31, 2019	August 31, 2018
Students and Other Customers	$ 7,104,264	$ 5,644,770
Allowance for Doubtful Accounts	(2,184,119)	(2,581,747)
Federal Grants and Contracts - Operating	376,655	223,502
Federal Grants and Contracts - Non-operating	587,025	102,889
Other Grants and Contracts	274,822	28,398
Loans to Students	144,367	139,704
Allowance for Doubtful Accounts	-	(139,657)
Taxes Receivable	757,080	715,142
Allowance for Uncollectible Taxes	(570,046)	(545,364)
Interest Receivable	27,358	13,311
Other Receivables	36,822	77,424
Total Receivables	$ 6,554,228	$ 3,678,372

Payables and accrued liabilities were as follows:

	August 31, 2019	August 31, 2018
Vendors	$ 1,168,409	$ 1,249,719
Students	374	20,421
Total Payables	$ 1,168,783	$ 1,270,140
Salaries and benefits	$ 804,293	$ 246,782
Sales taxes	-	64,017
Other	2,832	6,818
Total Accrued Liabilities	$ 807,125	$ 317,617

18. Self-Insured Plans

From September 1, 1990 through August 31, 1997, the College participated in a workers' compensation self-insurance program as permitted by Labor Code Chapter 504. The liability for unpaid claims relates to claims incurred prior to September 1, 1997. There are no unpaid claims related to claims incurred prior to September 1, 1997.

19. Post-Retirement Health Care and Life Insurance Benefits

In addition to providing pension benefits, the State provides certain health care and life insurance benefits for retired employees. Almost all of the full-time employees may become eligible for those benefits if they reach normal retirement age while working for the state. Those and similar 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 for retirees who retired from certain cost centers paid by state appropriated funds by expending annual insurance premiums. The College recognizes the cost of providing these benefits for retirees who retired from all other cost centers by expending annual insurance premiums.

	2019	2018	2017	2016
State's monthly contribution per full-time employee	$ 624 - 1,222	$ 621 - 1,812	$ 617 - 1,798	$ 577 - 1,679
State's contribution for retired participants	$ 517,888	$ 469,535	$ 452,725	$ 434,353
Number of retired participants	134	123	119	115
State's contribution for active participants	$ 932,602	$ 944,473	$ 864,284	$ 813,597
Number of active participants	243	262	252	252
State's total contribution	$ 1,450,490	$ 1,414,008	$ 1,317,009	$ 1,247,950
Number of total participants	377	385	371	367

20. Ad Valorem Tax

The College's ad valorem property tax is levied each October 1 on the assessed value listed

		August 31, 2019		August 31, 2018
Assessed Valuation of the College	$	4,978,124,209	$	4,721,511,656
Less: Exemptions		610,371,209		583,719,682
Less: Abatements		11,372,418		12,843,368
Net Assessed Valuation of the College	$	4,356,380,582	$	4,124,948,606

		Current Operations		Debt Service		Total
Tax Rate per $100 valuation - authorized	$	0.4000	$	0.5000	$	0.9000
Tax Rate per $100 valuation - assessed						
- FYE August 31, 2019	$	0.1416	$	0.0394	$	0.1810
- FYE August 31, 2018	$	0.1397	$	0.0413	$	0.1810

as of the prior January 1 for all real and business personal property located in Angelina County.

Taxes levied for the year ended August 31, 2019 were $7,888,639 (which includes any penalty and interest assessed if applicable). Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the following year in which imposed.

Tax Revenues-2019		Current Operations		Debt Service		Total
Current Taxes	$	6,011,795	$	1,671,078	$	7,682,873
Delinquent Taxes		116,458		27,803		144,261
Penalties and Interest		92,285		28,347		120,632
Total Tax Revenues	$	6,220,538	$	1,727,228	$	7,947,766

Taxes levied for the year ended August 31, 2018 were $7,470,009 (which includes any penalty and interest assessed if applicable).

Tax Revenues-2018		Current Operations		Debt Service		Total
Current Taxes	$	5,604,641	$	1,653,525	$	7,258,166
Delinquent Taxes		94,060		30,282		124,342
Penalties and Interest		82,906		27,066		109,972
Total Tax Revenues	$	5,781,607	$	1,710,873	$	7,492,480

Tax collections for the year ended August 31, 2019 and 2018 were 97% of the current tax levy. Allowance for uncollectible taxes is based upon historical experience in collecting property taxes. The use of tax proceeds is restricted for the use of maintenance and/or general obligation debt service.

The College participated in multiple agreements during fiscal years 2018 and 2019 which resulted in abatements of tax revenues. Total tax revenues forgone by the College under these tax abatement agreements were $20,584 and $23,246 for the years ended August 31, 2019 and 2018, respectively, which amounted to approximately .259% and .310% of total tax revenues collected by the College in each fiscal year. The College has concluded that the dollar amounts of these tax abatements are immaterial to the revenues and the financial statements of the College taken as a whole. As such, we have elected not to present a full disclosure as required by GASB Statement No. 77, *Tax Abatements* since the GASB states that the provisions of Statement No. 77 need not be applied to immaterial items.

21. Income Taxes

The College is exempt from income taxes under Internal Revenue Code Section 115 Income of States, Municipalities, Etc. although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511(a)(2)(B), Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations. The College had no unrelated business income tax liability for the year ended August 31, 2019 and 2018.

22. Risk Management

Auto, Liability, and/or Property Programs

During the year ended August 31, 2019, Angelina College participated in the following TASB Risk Management Fund (the Fund) programs:

Auto Liability
Auto Physical Damage
Legal Liability
Privacy & Information Security
Property

The Fund was created and is operated under the provision of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for its Auto, Liability and Property programs. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2019, the Fund anticipates that Angelina College has no additional liability beyond the contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2018, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.3

Unemployment Compensation Pool

During the year ended August 31, 2019, Angelina College provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore there is no need for specific or aggregate stop loss coverage for the Unemployment Compensation pool. For the year ended August 31, 2019, the Fund anticipates that Angelina College has no additional liability beyond the contractual obligation for payment of contribution.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2018, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

23. Non-Monetary Transactions

The College receives the benefit from the use of certain facilities at its off-campus sites at no cost or costs below prevailing market rates that the College would have to pay in an exchange transaction. Included in operating revenues is $475,603 and $633,475 in non-monetary transactions representing the value of the use of these off-campus facilities for the years ended August 31, 2019 and 2018, respectively. A corresponding amount is also included in operating expenses.

The College also provides the use of some of its facilities to an unrelated nonprofit entity at no cost. Included in operating expenses is $119,066 and $119,066 in non-monetary transactions representing the value of the donation of the facilities for the years ended August 31, 2019 and 2018, respectively. A corresponding amount is also included in non-operating revenues.

24. Defined Other Post-Employment Benefit Plans

A. Plan Description

The College participates in a cost-sharing, multiple-employer, other postemployment benefit (OPEB) plan with a special funding situation. The Texas Employees Group Benefits Program (GBP) is administered by the Employees Retirement System of Texas (ERS). The GBP provides certain postemployment health care, life and dental insurance benefits to retired employees of participating universities, community colleges, and State agencies in accordance with Chapter 1551, Texas Insurance Code. Almost all employees may become eligible for those benefits if they reach normal retirement age while working for the State and retire with at least 10 years of service to eligible entities. Surviving spouses and dependents of these retirees are also covered. Benefit and contribution provisions of the GBP are authorized by State law and may be amended by the Texas Legislature.

B. OPEB Plan Fiduciary Net Position

Detailed information about the GBP's fiduciary net position is available in the separately issued ERS Annual Financial Report (AFR) that includes financial statements, notes to the financial statements and required supplementary information. That report may be obtained on the Internet at https://ers.texas.gov/AboutERS/Reports-and-Studies/Reports-on-Overall-ERS-Operations-and-Financial-Management; or by writing to ERS at: 200 East 18th Street, Austin, TX 78701; or by calling (877) 275-4377.

C. Benefits Provided

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

D. Contributions

Section 1551.055 of Chapter 1551, Texas Insurance Code, provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS Board of Trustees. The employer and member contribution rates are determined annually by the ERS Board of Trustees based on the recommendations of ERS staff and its consulting actuary. The contribution rates are determined based on (i) the benefit and administrative costs expected to be incurred, (ii) the funds appropriated and (iii) the funding policy established by the Texas Legislature in connection with benefits provided through the GBP. The Trustees revise benefits when necessary to match expected benefit and administrative costs with the revenue expected to be generated by the appropriated funds.

The following table summarizes the maximum monthly employer contribution toward eligible retirees' health and basic life premium. Retirees pay any premium over and above the employer contribution. The employer does not contribute toward dental or optional life insurance. Surviving spouses and their dependents do not receive any employer contribution. As the non-employer contributing entity (NECE), the State of Texas pays part of the premiums for the junior and community colleges.

Maximum Monthly Employer Contribution
Retiree Health and Basic Life Premium

Retiree only	$ 624.82
Retiree & Spouse	982.82
Retiree & Children	864.52
Retiree & Family	1,222,52

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

Premium Contributions by Source Group Benefits Program Plan
For the Years Ended August 31, 2019 and 2018

Employers	$ 564,972	$ 603,773
Members (Employees)	135,515	120,805
Nonemployer Contributing Entity (State of Texas)	11,065	28,437

Source: ERS FY19 Comprehensive Annual Financial Report

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of August 31, 2018 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, 2018
Actuarial cost method	Entry age
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	N/A
Discount rate	3.96%
Projected annual salary increase (includes inflation)	2.50% to 9.50%
Annual healthcare trend rate	8.50% for FY19, decreasing 0.5% per year to 4.50% for FY27 and later years
Inflation assumption rate	2.50%
Ad hoc postemployment benefit changes	None

Mortality assumptions:

Service retirees, survivors and other inactive members	Tables based on TRS experience with full generational projection using Scale BB from Base Year 2014

Disability retirees	Tables based on TRS experience with full generational projection using Scale BB from Base Year 2014 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members
Active members	Sex Distinct RP-2014 Employee Mortality multiplied by 90% with full generational projection using Scale BB

Many of the actuarial assumptions used in this valuation were based on the results of actuarial experience studies performed by the ERS and TRS retirement plan actuaries for the period September 1, 2010 to August 31, 2014 for higher education members.

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

F. Discount Rate

Because the GBP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bonds rate. The discount rate used to determine the total OPEB liability as of the beginning of the measurement year was 3.51%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 3.96%, which amounted to an increase of 0.45%. 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 Investors Service's Aa2 rating and Standard & Poor's Corp's AA rating. Projected cash flows in to the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you -go (PAYGO) basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets and therefore the years of projected benefit payments to which the long-term expected rate of return is applicable is zero years.

G. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.96%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.96%)	Current Single Discount Rate (3.96%)	1% Increase in Discount Rate (4.96%)
College's proportionate share of the Net OPEB Liability:	$23,475,142	$19,772,993	$16,970,880

H. Healthcare Trend Rate Sensitivity Analysis.

The initial healthcare trend rate is (8.5%) and the ultimate rate is (4.5%). The following schedule shows the impact on the College's proportionate share of the collective net OPEB Liability if the healthcare cost trend rate used was 1 percent less than and 1 percent greater than the healthcare cost trend rate that was used (8.5%) in measuring the net OPEB liability.

	1% Decrease in Healthcare Cost Trend Rates (ex. 7.5% decreasing to 3.5%)	Current Healthcare Cost Trend Rates (ex. 8.5% decreasing to 4.5%)	1% Increase in Healthcare Cost Trend Rates (ex. 9.5% decreasing to 5.5%)
College's proportionate share of the Net OPEB Liability:	$16,745,167	$19,772,993	$23,678,892

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

At August 31, 2019, the College reported a liability of $19,772,991 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the College. The amount recognized by the College as its proportionate share of the Net OPEB Liability, the related State support, and the total portion of the Net OPEB Liability that was associated with the College were as follows:

		FY2019
College's Proportionate share of the collective Net OPEB Liability		$19,772,993
State's proportionate share that is associated with the College		$14,426,365
	Total	$34,199,358

The Net OPEB Liability was measured as of August 31, 2018 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The College's proportion of the Net OPEB Liability was based on the College's contributions to the OPEB plan relative to the contributions of all other employers to the plan for the period September 1, 2017 thru August 31, 2018.

At August 31, 2018 the College's proportion of the collective Net OPEB Liability was .06169604%, which was the same proportion measured as of August 31, 2017.

For the year ended August 31, 2019, the College recognized OPEB expense of $85,759 and revenue of $85,759 for support provided by the State. The College also recognized their proportionate share of OPEB expense of $564,982

Changes Since the Prior Actuarial Valuation-

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

- Demographic assumptions (including rates of retirement, disability, termination, mortality, and assumed salary increases) for higher education members have been updated to reflect assumptions recently adopted by the trustees from the Teachers Retirement System of Texas.
- Assumed expenses, assumed per capita health benefit costs, and assumed health benefit cost, retiree contribution, and expense trends have been updated to reflect recent experience and its effects on our short-term expectations.
- The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence
- The percentage of future retirees assumed to be married and electing coverage for their spouse have been updated to reflect recent plan experience and expected trends.
- The discount rate assumption was increased from 3.51% to 3.96% to utilize the updated yield or index rate for 20-year, tax-exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

Changes of Benefit Terms Since Prior Measurement Date – The following benefit revisions have been adopted since the prior valuation:

- An increase in the out-of-pocket cost applicable to services obtained at a free-standing emergency facility;
- An elimination of the copayment for virtual visits;
- A copay reduction for Airrosti and for out-of-state participants;
- Elimination of the deductible for in-network services and application of a copayment rather than coinsurance to certain services like primary care and specialist visits.

These minor benefit changes have been reflected in the fiscal year 2018 Assumed Per Capita Health Benefit Costs.

At August 31, 2019, the College reported its proportionate share of the GBP's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

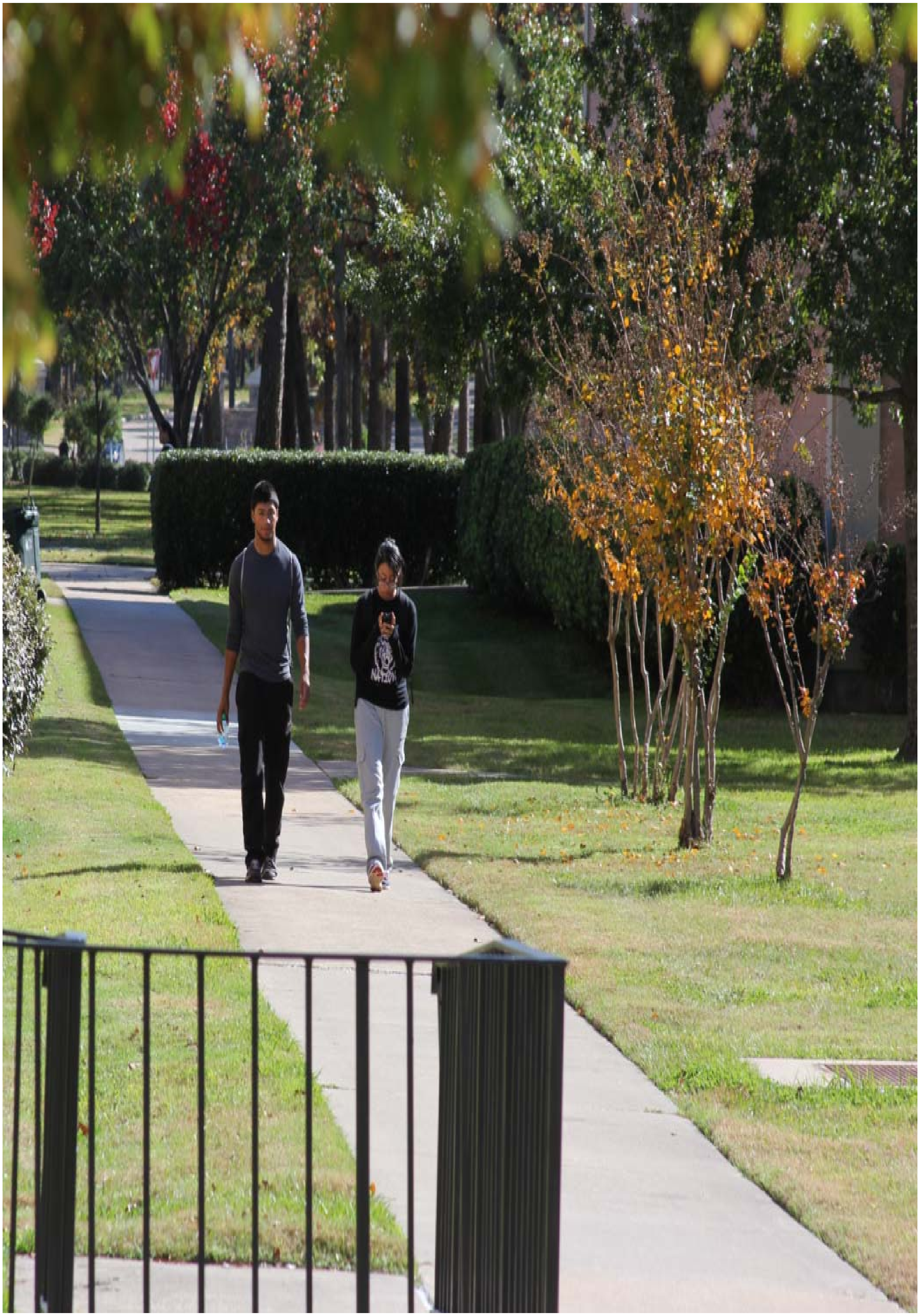
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	-	$ 703,866
Changes in actuarial assumptions	-	6,571,392
Difference between projected and actual investment earnings	$ 9,364	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,715,110	-
Contributions paid to TRS subsequent to the measurement date	213,565	-
Total	$1,938,040	$7,653,416

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

Year ended August 31:	OPEB Expense Amount
2020	($1,573,640)
2021	($1,573,640)
2022	($1,573,640)
2023	($941,393)
2024	($266,631)
Thereafter	-

25. Construction Commitments

At August 31, 2019, the College has a remaining commitment to Moore Building Associates for various building renovations of $77,786.



REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES

For the Fiscal Years Ended August 31, 2019 and 2018

ANGELINA COLLEGE
REQUIRED SUPPLEMENTARY SCHEDULE I
SCHEDULE OF THE COLLEGE'S SHARE OF NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS

Fiscal year ending August 31 *	2018	2017	2016	2015	2014 **
Total Teacher's Retirement System (TRS) pension liability	$ 209,611,328,793	$ 179,336,534,819	$ 171,797,150,487	$ 163,887,375,172	$ 159,496,075,886
TRS' net position	(154,568,901,833)	(147,361,922,120)	(134,008,637,473)	(128,538,706,212)	(132,779,243,085)
TRS' net pension liability	$ 55,042,426,960	$ 31,974,612,699	$ 37,788,513,014	$ 35,348,668,960	$ 26,716,832,801
TRS net position as a percentage of total pension liability	73.74%	82.17%	78.00%	78.43%	83.25%
The College's proportionate share of collective net pension liability (%)	0.0100331%	0.0100509%	0.0103033%	0.0108146%	0.0117342%
The College's proportionate share of collective net pension liability ($)	$ 5,522,449	$ 3,213,728	$ 3,893,453	$ 3,822,817	$ 3,134,367
Portion of nonemployer contributing entities (NECE) total proportionate share of NPL associated with the College	3,531,458	2,124,638	2,603,482	2,395,398	2,071,447
Total	$ 9,053,907	$ 5,338,366	$ 6,496,935	$ 6,218,215	$ 5,205,814
The College's covered payroll amount in the year of measurement	$ 8,257,698	$ 8,041,917	$ 7,990,530	$ 7,631,192	$ 7,225,531
Ratio of: AC proportionate share of collective NPL/AC's covered payroll amount	66.88%	39.96%	48.73%	50.09%	43.38%

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

**Only five years of data are presented in accordance with GASB 68, paragraph 138. “The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement.”

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

Fiscal year ending August 31 *	**2019**	**2018**	**2017**	**2016**	**2015 ****
Contractually required contributions	$ 344,436	$ 327,977	$ 346,162	$ 321,907	$ 310,048
Actual Contributions	344,436	329,507	348,853	322,056	318,842
Contributions deficiency (excess)	$ -	$ (1,530)	$ (2,691)	$ (149)	$ (8,794)
The College's covered payroll amount in the current fiscal year	$ 8,425,283	$ 8,257,698	$ 8,041,917	$ 7,990,530	$ 7,631,192
Ratio of: Actual contributions / AC's covered payroll amount	4.09%	3.99%	4.34%	4.03%	4.18%

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

**Only five years of data are presented in accordance with GASB 68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

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

Fiscal year ending August 31 **		2018	2017
Colleges's proportion of collective net OPEB liability (%)		0.0667156%	0.0616960%
College's proportionate share of collective net OPEB liability ($)	$	19,772,993	$ 21,021,700
		14,426,365	16,349,362
Total	$	34,199,358	$ 37,371,062
The College's covered payroll amount in the year of measurement	$	13,801,786	$ 11,159,443
College's proportionate share of collective net OPEB liability as a percentage of covered-employee payroll		143.26%	188.38%
Plan fiduciary net position as percentage of the total OPEB liability		2.27%	2.04%

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

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

REQUIRED SUPPLEMENTARY SCHEDULE IV
SCHEDULE OF THE COLLEGE'S OPEB CONTRIBUTIONS
EMPLOYEES RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS

Fiscal year ending August 31 *	**2019**	**2018**
Contractually required contributions	$ 564,982	$ 603,773
Actual Contributions	564,982	603,773
Contributions deficiency (excess)	-	-
The College's covered payroll amount in the current fiscal year	$ 12,844,728	$ 13,801,786
Ratio of: Actual contributions / AC's covered payroll amount	4.40%	4.37%

*Note: GASB 75, Paragraph 97 requires that the data in this schedule be presented as of the College's current fiscal year as opposed to the time period covered by the measurement date of the prior fiscal year.

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

<u>Defined Benefit OPEB Plan</u>

Changes in Benefit Terms

Under Q/A #4.107 of GASB's Implementation Guide No. 2017-2, Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans, any plan changes that have been adopted and communicated to plan members by the time the valuation is prepared must be included in the valuation. Accordingly, the latest valuation reflects the benefit changes that became effective September 1, 2017, since these changes were communicated to plan members in advance of the preparation of the latest valuation report. The benefit changes for HealthSelect retirees and dependents for whom Medicare is not primary include:

- an increase in the out-of-pocket cost applicable to services obtained at a free-standing emergency facility;
- elimination of the copayment for virtual visits;
- a reduction in the copayment for Airrosti; and
- for out-of-state participants, (i) elimination of the deductible for in-network services and (ii) application of a copayment rather than coinsurance to certain services like primary care and specialist office visits.

These minor benefit changes are provided for in the FY 2018 Assumed Per Capita Health Benefit Costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is primary.

Changes in Assumptions

Demographic Assumptions

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

In addition, the following assumptions have been updated since the previous valuation to reflect recent plan experience and expected trends:

- Percentage of current retirees and retiree spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and retiree spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- Proportion of future retirees covering dependent children.
- Percentage of future retirees assumed to be married and electing coverage for their spouse.

Economic Assumptions

The assumed rate of general inflation has been updated since the previous valuation to remain consistent with the ERS retirement plan assumption previously adopted by the ERS Trustees. Assumptions for Expenses, Assumed Per Capita Health Benefit Costs and Health Benefit Cost, Retiree Contribution and Expense trends have been updated since the previous valuation to reflect recent health plan experience and its effects on our short-term expectations and the revised assumed rate of general inflation.

The discount rate was lowered as a result of requirements by GASB No. 74 to utilize the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or higher.

Minor benefit changes have been reflected in the FY 2018 Assumed Per Capita Health Benefit Costs.

Defined Benefit Pension Plan

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

The discount rate changed from 8 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.

The long-term assumed rate of return changed from 8 percent to 7.25 percent.

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

SUPPLEMENTAL FINANCIAL INFORMATION

For the Fiscal Years Ended August 31, 2019 and 2018

ANGELINA COLLEGE
SCHEDULE A
SCHEDULE OF OPERATING REVENUES
For the Year Ended August 31, 2019
With Memorandum Totals for the Year Ended August 31, 2018

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	Totals 2019	Totals 2018
Tuition						
State Funded Credit Courses						
In-District Resident Tuition	$ 2,875,598	$ -	$ 2,875,598	$ -	2,875,598	$ 3,032,937
Out-of-District Resident Tuition	4,068,255	-	4,068,255	-	4,068,255	4,584,841
Non-Resident Tuition	169,367	-	169,367	-	169,367	145,603
TPEG - Credit (set aside)*	492,677	-	492,677	-	492,677	530,092
State Funded Continuing Education Courses	867,601	-	867,601	-	867,601	663,611
TPEG - Non-Credit (set aside)*	41,905	-	41,905	-	41,905	56,204
Non-State Funded Continuing Education	-	-	-	-	-	-
Total Tuition	8,515,403	-	8,515,403	-	8,515,403	9,013,288
Fees						
General Institutional Service Fee	-	-	-	2,162,071	2,162,072	1,982,451
Building Use Fee	-	-	-	-	-	-
Laboratory Fee	786,722	-	786,722	-	786,722	840,758
Other Fees	164,971		164,971	2,892	167,863	200,917
Total Fees	951,693	-	951,693	2,164,963	3,116,657	3,024,126
Scholarship Allowances and Discounts						
Local Scholarships	(387,940)	-	(387,940)	(76,281)	(464,221)	(464,587)
Auxiliary Scholarships	(221,845)	-	(221,845)	(51,150)	(272,995)	(298,767)
Remissions and Exemptions-State	(338,740)	-	(338,740)	(10,907)	(349,647)	(294,830)
Remissions and Exemptions-Local	(9,698)	-	(9,698)	-	(9,698)	(7,230)
TPEG Allowances	(468,760)	-	(468,760)	(46,293)	(515,053)	(536,690)
Other State Grants	(215,272)	-	(215,272)	(40,066)	(255,338)	(332,354)
Title IV Federal Grants	(2,743,353)	-	(2,743,353)	(737,332)	(3,480,685)	(3,883,206)
Other Federal Grants	(13,340)	-	(13,340)	(60)	(13,400)	(36,936)
Total Scholarship Allowances	(4,398,948)	-	(4,398,948)	(962,089)	(5,361,037)	(5,854,600)
Total Net Tuition and Fees	5,068,148	-	5,068,148	1,202,874	6,271,023	6,182,814
Additional Operating Revenues						
Federal Grants and Contracts	52,177	1,647,819	1,699,996	-	1,699,996	1,639,981
State Grants and Contracts	-	1,051,517	1,051,517	-	1,051,517	771,800
Non-Governmental Grants and Contracts	475,603	756,607	1,232,210	-	1,232,210	3,147,186
Investment Income (Program Restricted)	263,318	-	263,318	-	263,318	256,412
Other Operating Revenues	177,352	536,852	714,204	9,752	723,958	191,965
Total Additional Operating Revenues	968,450	3,992,795	4,961,245	9,752	4,970,999	6,007,344
Auxiliary Enterprises						
Angelina College Foundation	-	-	-	15,500	15,500	-
Residential Life	-	-	-	572,803	572,803	603,086
Scholarship Allowances and Discounts	-	-	-	(432,339)	(432,339)	(472,336)
Net Resident Life	-	-	-	140,464	140,464	130,750
Bookstore	-	-	-	1,426,401	1,426,401	1,999,690
Scholarship Allowances and Discounts	-	-	-	(929,114)	(929,114)	(1,204,020)
Net Bookstore	-	-	-	497,288	497,288	795,670
Total Net Auxiliary Enterprises	-	-	-	653,252	653,252	926,420
Total Operating Revenues	$ 6,036,598	$ 3,992,795	$ 10,029,393	$ 1,865,878	$ 11,895,274	$ 13,116,578
					(Exhibit 2)	(Exhibit 2)

* In accordance with Education Code 56.033, $492,677 and $541,481 respectively were set aside for Texas Public Education Grants (TPEG).

See independent auditor's report.

ANGELINA COLLEGE
SCHEDULE B
SCHEDULE OF OPERATING EXPENSES BY OBJECT
For the Year Ended August 31, 2019
With Memorandum Totals for the Year Ended August 31, 2018

	Operating Expenses				Totals	
	Salaries and Wages	State Benefits	Local Benefits	Other Expenses	2019	2018
Unrestricted - Educational Activities						
Instruction	$ 8,388,895	$ -	$ 1,670,752	$ 777,482	10,837,129	$ 10,867,513
Public Service	32,496	-	6,457	11,100	50,053	55,318
Academic Support	1,609,273	-	318,051	943,485	2,870,809	3,251,245
Student Services	1,119,266	-	217,991	396,123	1,733,380	1,498,278
Institutional Support	1,827,436	-	160,912	1,754,263	3,742,611	3,698,536
Operation and Maintenance of Plant	761,729	-	147,884	1,557,476	2,467,089	716,775
Total Unrestricted Educational Activities	13,739,095	-	2,522,047	5,439,929	21,701,071	20,087,665
Restricted - Educational Activities						
Instruction	242,566	1,379,595	-	254,389	1,876,550	1,814,452
Public Service	370,682	537,284	128,747	301,056	1,337,769	1,248,416
Academic Support	13,986	196,089	149,050	-	359,125	286,220
Student Services	116,367	134,399	14,262	51,364	316,392	443,683
Institutional Support	5,715	221,030	-	-	226,745	261,654
Operation and Maintenance of Plant	10,725	91,175	-	1,572	103,472	2,093,649
Scholarships and Fellowships	-	-	-	4,343,930	4,343,930	3,286,415
Total Restricted Educational Activities	760,041	2,559,572	292,059	4,952,311	8,563,983	9,434,489
Total Educational Activities	14,499,136	2,559,572	2,814,106	10,392,240	30,265,054	29,522,154
Auxiliary Enterprises	583,559	-	194,867	2,438,725	3,217,151	4,361,919
Depreciation Expense-Buildings and Improvements	-	-	-	2,060,491	1,798,569	1,632,029
Depreciation Expense-Equipment and Furniture	-	-	-	-	261,922	478,372
Total Operating Expenses	$ 15,082,695	$ 2,559,572	$ 3,008,973	$ 14,891,456	$ 35,542,696	$ 35,994,474
					(Exhibit 2)	(Exhibit 2)

See independent auditor’s report.

ANGELINA COLLEGE
SCHEDULE C
SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
For the Year Ended August 31, 2019
With Memorandum Totals for the Year Ended August 31, 2018

				Totals Memorandum Only	
	Unrestricted	Restricted	Auxiliary Enterprises	2019	2018
Non-Operating Revenues					
State Appropriations					
Educational and General State Support	$ 6,147,462	$ -	$ -	$ 6,147,462	$ 6,147,622
State Group Insurance	-	1,537,195	-	1,537,195	1,819,454
State Retirement Matching	-	489,074	-	489,074	309,822
Special Appropriations	1,320,146	-	-	1,320,146	1,320,146
Other State Support	-	-	-	-	13,993
Total State Appropriations	7,467,608	2,026,269	-	9,493,877	9,611,037
Maintenance Ad Valorem Taxes	6,220,538	-	-	6,220,538	5,781,607
Debt Service Ad Valorem Taxes	-	1,727,228	-	1,727,228	1,710,873
Federal Revenue, Non-Operating	-	8,009,369	-	8,009,369	8,719,323
Gifts	6,178	539,374	-	545,552	729,770
Investment Income	74,424	200,107	7,714	282,245	291,225
Other Non-Operating Revenues	68,749	10,830	146,206	225,785	261,788
Total Non-Operating Revenues	13,837,497	12,513,177	153,920	26,504,594	27,105,623
Non-Operating Expenses					
Interest on Capital Related Debt	-	633,913	-	633,913	622,695
Disposal of Capital Assets, net	-	-	-	-	768
Investment Expenses	-	-	-	41,502	23,767
Total Non-Operating Expenses	-	633,913	-	675,415	647,230
Net Non-Operating Revenues	$ 13,837,497	$ 11,879,264	$ 153,920	$ 25,829,179	$ 26,458,393
				(Exhibit 2)	(Exhibit 2)

See independent auditor's report.

ANGELINA COLLEGE
SCHEDULE D
SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY
For the Year Ended August 31, 2019
With Memorandum Totals for the Year Ended August 31, 2018

	Detail by Source					Available for Current Operations	
		Restricted		Net Investment in Capital			
	Unrestricted	Expendable	Non-Expendable	Assets	Total	Yes	No
Current:							
Unrestricted	$ (24,222,958)	$ -	$ -	$ -	$ (24,222,958)	$ (24,222,958)	$ -
Restricted	-	2,154,461	-	-	2,154,461	-	2,154,461
Auxiliary Enterprises	1,998,397	-	-	-	1,998,397	1,998,397	-
Loan	385,339	-	-	-	385,339	-	385,339
Endowment:					-		
Quasi:					-		
Unrestricted	1,268,141	-	-	-	1,268,141	-	1,268,141
Endowment:					-		
True	-	-	8,242,529	-	8,242,529	-	8,242,529
Plant:					-		
Unexpended	5,376,540	-	-	-	5,376,540	-	5,376,540
Debt Service	-	577,222	-	-	577,222	-	577,222
Investment in Plant	-	-	-	26,441,043	26,441,043	-	26,441,043
Total Net Position, August 31, 2019	(15,194,541)	2,731,683	8,242,529	26,441,043	22,220,714 (Exhibit 1)	(22,224,561)	44,445,275
Total Net Position, August 31, 2018	(15,269,432)	2,734,836	8,058,649	24,422,334	19,946,387 (Exhibit 1)	(18,775,803)	38,722,190
Net Increase (Decrease) in Net Position	$ 74,891	$ (3,153)	$ 183,880	$ 2,018,709	$ 2,274,327 (Exhibit 2)	$ (3,448,758)	$ 5,723,085

See independent auditor's report.


ACTIVITY CENTER
Activity Center
Athletics Office
Fitness Center
PE Gym

Angelina College

SINGLE AUDIT SECTION

Annual
Financial Report

For the Fiscal Years Ended
August 31, 2019 and 2018

AXLEY&RODE LLP
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Trustees
Angelina County Junior College District
Lufkin, Texas

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Angelina County Junior College District (the "College") as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated December 9, 2019.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Public Funds Investment Act Compliance

We performed tests designed to verify Angelina County Junior College District's compliance with the Public Funds Investment Act. The results of our tests disclosed no instances of noncompliance with the Public Funds Investment Act.

Purpose of this Report

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

Conclusion

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

Axley & Rode LLP
CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas
December 9, 2019

AXLEY & RODE LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' 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
Angelina County Junior College District
Lufkin, Texas

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

We have audited Angelina County Junior College District's (the "College") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the State of Texas Single Audit Circular, which could have a direct and material effect on each of the College's major federal and state programs for the year ended August 31, 2019. 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State of Texas Single Audit Circular, issued by the Governor's Office of Budget and Planning. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence and the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of Angelina County Junior College District's compliance.

Opinion on Each Major Federal Program

In our opinion, the 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, 2019.

Report on Internal Control over Compliance

Management of the College, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Angelina County Junior College District's 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 or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Conclusion

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

Axley & Rode LLP
CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas
December 9, 2019

ANGELINA COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AUGUST 31, 2019

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: **UNMODIFIED**

Internal control over financial reporting:

Material weakness(es) identified?	____ Yes	X No
Significant deficiencies identified that are not considered to be material weaknesses?	____ Yes	X None Reported
Noncompliance material to financial statements noted?	____ Yes	X No

Federal and State Awards

Internal control over major programs:

Material weakness(es) identified?	____ Yes	X No
Significant deficiencies identified that are not considered to be material weaknesses?	____ Yes	X None Reported

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

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

Identification of major programs:

CFDA Number(s)	Name of Federal or State Program or Cluster*
	Federal:
84.007/84.003/84.063	Student Financial Assistance Cluster
84.002	Adult Education and Literacy
	State:
N/A	Texas Educational Opportunity Grant

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

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

Auditee qualified as low-risk auditee?	X Yes	____ No

See independent auditor's report.

ANGELINA COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
AUGUST 31, 2019

B. Financial Statements Findings

Findings related to the financial statements required to be reported under GAS:

None

ANGELINA COLLEGE
SCHEDULE E
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2019

Federal Grantor/Cluster/Program Title/ Pass-Through Grantor/ Pass-Through Grantor's Award Number	CFDA Number	Expenditures Direct Awards	Pass-Through Awards	Total	Subrecipients Expenditures
U.S. DEPARTMENT OF EDUCATION					
Direct Programs:					
Student Financial Assistance Cluster					
Federal Supplemental Education Opportunity Grants	84.007	$ 113,439	$ -	$ 113,439	$ -
Federal Work-Study Program	84.033	108,468	-	108,468	-
Federal Pell Grant Program	84.063	7,787,461	-	7,787,461	-
Total Student Financial Assistance Cluster		8,009,368	-	8,009,368	-
Pass-Through From:					
Texas Workforce Commission					
Adult Education and Literacy 1718ALA000	84.002	-	875,137	875,137	94,113
		-	875,137	875,137	94,113
LCOT East Texas Consortium					
Adult Education and Literacy 0818ALA000	84.002	-	5,349	5,349	-
		-	5,349	5,349	-
Total CFDA 84.002		-	880,486	880,486	94,113
Texas Higher Education Coordinating Board					
Carl Perkins Vocational Education-Basic 194217	84.048	-	554,767	554,767	-
Stephen F. Austin State University					
East Texas Gear Up For Success 11-094-12-051	84.334	-	2,518	2,518	-
		-	2,518	2,518	-
Total U.S. Department of Education		8,009,368	1,437,771	9,447,139	94,113
U.S. DEPARTMENT OF DEFENSE					
Direct Programs:					
Procurement Technical Assistance for Small Business Firms SP4800-18-2-1885	12.002	44,807	-	44,807	-
Procurement Technical Assistance for Small Business Firms SP4800-19-2-1985	12.002	64,227	-	64,227	-
		109,034	-	109,034	-
U.S. SMALL BUSINESS ADMINISTRATION					
Pass-Through From:					
University of Houston					
Small Business Development Center R-18-0045-53801	59.037	-	13,417	13,417	-
Small Business Development Center R-19-0053-53801	59.037	-	87,928	87,928	-
Total U.S. Small Business Administration		-	101,345	101,345	-

See independent auditor’s report.

ANGELINA COLLEGE
SCHEDULE E (Continued)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2019

Federal Grantor/Cluster/Program Title/ Pass-Through Grantor/ Pass-Through Grantor's Award Number	CFDA Number	Expenditures Direct Awards	Pass-Through Awards	Total	Subrecipients Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Pass-Through From:					
Texas Workforce Commission					
TANF Cluster					
Adult Education and Literacy for TANF Recipients 1718ALA000	93.558	-	59,615	59,615	13,658
Total U.S. Department of Health and Human Services		-	59,615	59,615	13,658
Deep East Texas Local Workforce Development Board, Inc.					
WIA Adult Program-EDC Heavy Equipment AA-30959-17-55-A-48	17.258	-	100,000	100,000	-
Total Expenditures of Federal Awards		$ 8,118,402	$ 1,698,731	$ 9,817,133	$ 107,771

NOTE 1: Federal Assistance Reconciliation

Other Operating Revenues - Federal Grants and Contracts - per Schedule A	$ 1,647,817
Add: Indirect/Administrative Cost Recoveries - per Schedule A	52,177
Add: Non-Operating Revenues - Federal Revenue, Non-operating - per Schedule C	8,009,368
Total Federal Revenues per Schedule A and C	$ 9,709,362
Reconciling items:	
Add: Funds passed Through to Others	107,771
Total Federal Expenditures per Schedule of Expenditures of Federal Awards	$ 9,817,133

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 basic 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 an 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 Federal Single Audit

N/A

NOTE 4: Student Loans Processed and Administrative Costs Recovered

The College does not offer student loans.

NOTE 5: Nonmonetary Federal Assistance

The college did not receive nonmonetary federal assistance

NOTE 6: Amounts Passed Through by the College

A total amount of $107,771 was passed through to Panola College by the College. Of this total, $94,113 was from the Adult Education and Literacy Program, CFDA 84.002, and $13,658 was from the Adult Education and Literacy Program for TANF Recipients, CFDA 93.558. The total amount was passed through the Texas Workforce Commission.

See independent auditor’s report.

ANGELINA COLLEGE
SCHEDULE F
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended August 31, 2019

Grantor Agency/Program Title	Grant Contract Number	Expenditures
TEXAS HIGHER EDUCATION COORDINATING BOARD		
Direct Programs:		
Nursing Shortage Reduction Over 70 Program FY 2015	N/A	26,028
Nursing Shortage Reduction Regular Program FY 2017	N/A	18,478
Texas College Work-Study Program	N/A	25,737
Texas Grant II Program	N/A	404,052
TX National Guard Tuition Assistance	N/A	1,056
Certified Education Aide Program	N/A	7,512
		482,863
Total Texas Higher Education Coordinating Board		482,863
TEXAS WORKFORCE COMMISSION		
Direct Programs:		
Jobs and Education for Texans Equipment Grant	1719JET001	291,966
Skills for Small Business	1718SSD000	2,400
State Adult Education and Literacy	1718ALA000	105,761
Skills Development Fund	1718SDF000	173,969
		574,096
Pass-Through From:		
LCOT East Texas Consortium		
State Adult Education and Literacy	0818ALA000	9,490
Total Texas Workforce Commission		583,586
Total State Financial Assistance		$ 1,066,449

NOTE 1: State Assistance Reconciliation

State Revenues-per Schedule A	
State Financial Assistance	
Per schedule of expenditures of state awards	$ 1,051,516
Total State Revenues per Schedule A	1,051,516
Reconciling items:	
Add: Amounts Passed Through by the College	14,933
Total State Awards per Schedule of Expenditures of State Awards	$ 1,066,449

NOTE 2: Significant Accounting Policies Used in Preparing the Schedule

The accompanying schedule is presented using the accrual basis. See notes to the financial statements for the college's significant accounting policies. These expenditures are reported on the college's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis.

An amount of $14,933 was passed through to Panola College, a sub-recipient, by the College. This amount was from the State Adult Education and Literacy Program passed through the Texas Workforce Commission.

See independent auditor's report.

ANGELINA COLLEGE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AUGUST 31, 2019

Prior Condition

2018-001 Texas Educational Opportunity Grant (TEOG)

Condition: The College did not comply with the TEOG matching requirement since it applied Pell grants for tuition and required fees that exceeded the TEOG award amount.

Corrective Action

For the 2017-18 and 2018-19 year, we generated an Estimate of Student Account statement for each recipient and applied institutional funds to any charges that exceeded the TEOG award. The College updated our Policies and Procedures manual to review each student's bill between the Census Date and the time that refunds are issued, and apply institutional funds provided under the Texas Public Educational Grant (TPEG) or other available institutional funds to any charges that exceed the TEOG award.

Status: Fully corrected