ANGELINA COLLEGE

ANNUAL FINANCIAL REPORT

For the Fiscal Years Ended August 31, 2020 and 2019

PREPARED BY:

THE BUSINESS OFFICE

ANGELINA COLLEGE
LUFKIN, TEXAS

ANGELINA COLLEGE
ANNUAL FINANCIAL REPORT

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For the Fiscal Years Ended
August 31, 2020 and 2019

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

December 7, 2020

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 comprehensive annual financial report (CAFR) of Angelina College (the College) for the fiscal year ended August 31, 2020. 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 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.

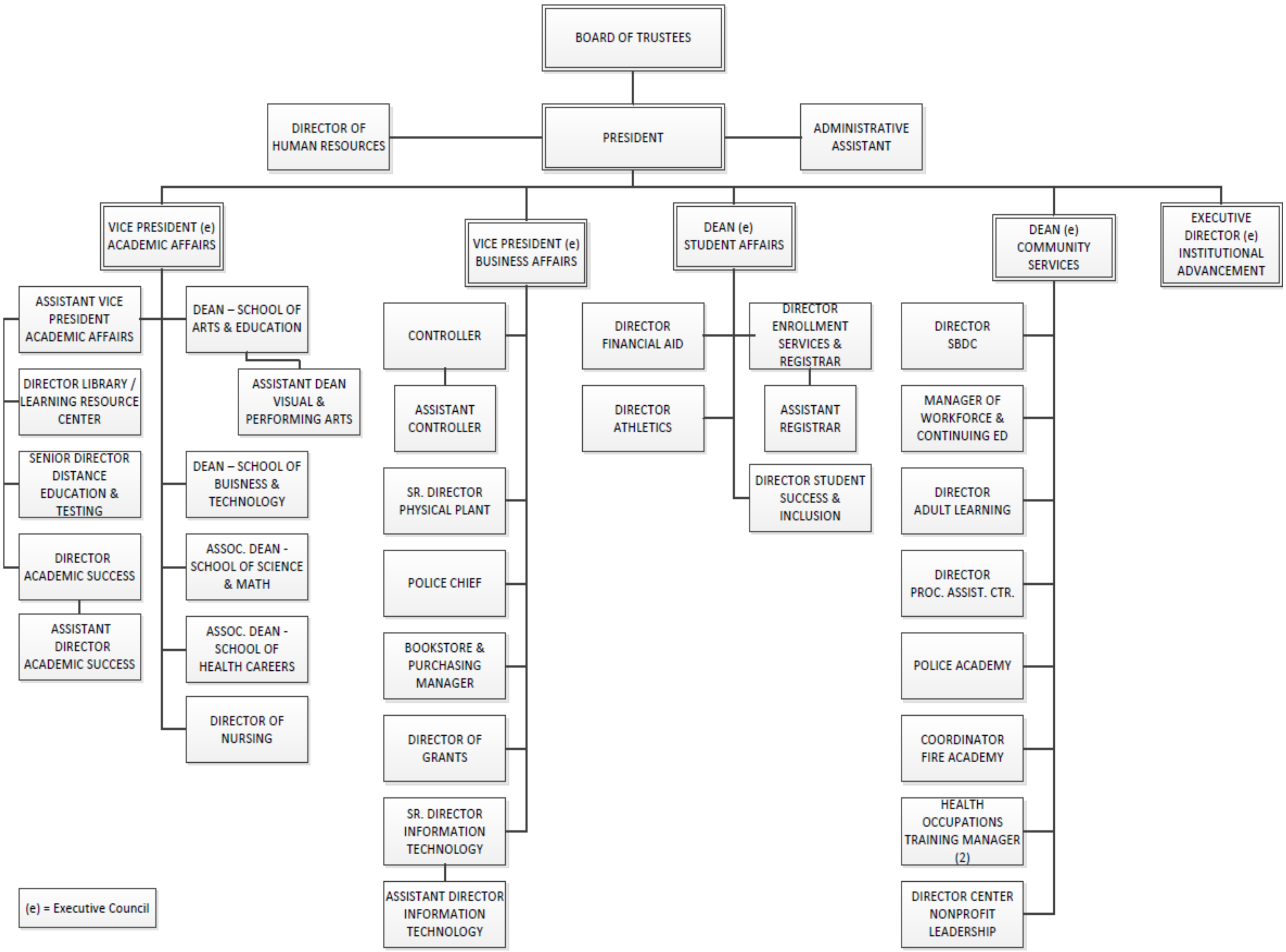
Respectfully submitted,

Chris Sullivan
Chris Sullivan
Vice President of Business Affairs

Melissa M. Goins
Melissa Goins
Controller

Amy Smith
Amy Smith
Assistant Controller

ANGELINA COLLEGE
ORGANIZATIONAL CHART
For the Fiscal Year Ending August 31, 2020



ANGELINA COLLEGE
PRINCIPAL OFFICIALS
For the Fiscal Year Ending August 31, 2020

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

PRINCIPAL 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

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, 2020 and 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, 2020 and 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.

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 is not a required part of the basic financial statements.

The supplemental financial section, including the Schedule of Expenditures of Federal 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 7, 2020 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 7, 2020


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, 2020 and 2019. 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 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.

Comparative Financial Information and Analysis

Comparison of Current to Prior Years' Net Position

		2020		2019		$ DIFFERENCE CURRENT YEAR AND PRIOR YEAR	% DIFFERENCE CURRENT YEAR AND PRIOR YEAR
ASSETS							
Cash and investments	$	26 837 681	$	24 434 367	$	2 403 314	9.84%
Accounts receivable (net)		7 024 125		6 554 228		469 897	7.17%
Inventories		275 484		316 760		(41 276)	(13.03)%
Other assets		208 351		268 749		(60 398)	(22.47)%
Capital assets		39 412 801		41 038 959		(1 626 158)	(3.96)%
TOTAL ASSETS		73 758 442		72 613 063		1 145 379	1.58%
DEFERRED OUTFLOWS OF RESOURCES							
Pension related		2 376 439		2 659 819		(283 380)	(10.65)%
OPEB related		3 321 007		1 938 040		1 382 967	- %
Loss on bond refunding		128 650		137 839		(9 189)	(6.67)%
TOTAL DEFERRED OUTFLOWS OF RESOURCES		5 826 096		4 735 698		1 090 398	23.03%
LIABILITIES							
Current liabilities		7 796 088		9 123 274		(1 327 186)	(14.55)%
Noncurrent liabilities		38 457 775		37 471 541		986 234	2.63%
TOTAL LIABILITIES		46 253 863		46 594 815		(340 952)	(0.73)%
DEFERRED INFLOWS OF RESOURCES							
Pension related		1 323 027		879 816		443 211	50.38%
OPEB related		6 538 883		7 653 416		(1 114 533)	- %
TOTAL DEFERRED INFLOWS OF RESOURCES		7 861 910		8 533 232		(671 322)	(7.87)%
NET POSITION							
Net investment in capital assets		25 773 489		26 441 043		(667 554)	(2.52)%
Restricted		11 852 517		10 974 212		878 305	8.00%
Unrestricted		(12 157 241)		(15 194 541)		3 037 300	(19.99)%
TOTAL NET POSITION	$	25 468 765	$	22 220 714	$	3 248 051	14.62%

Cash and Investments increased by $2,403,314 (10%) in FY20. The increase in FY20 resulted from 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 in FY19. Also the new ERP required less cash for implementation in FY20 than it did in FY19. The increase in the fair market value of the investments contributed $558,931 to the increase in FY20. This was primarily due to more favorable conditions in financial markets in FY20 over FY19.

Accounts Receivable (Net) increased by $469,897 (7%) in FY20 as a result of the fluctuation in College start dates.

Campus Store Inventories decreased $41,276 (13%) in FY20 due to the continuing market trend for college book stores. COVID-19 restrictions also impacted the Bookstore operations.

Other Assets decreased $60,398 (23%) in FY20 partially due to a decrease in prepaid insurance. The amount insurance required for FY21 decreased because of the effects of COVID-19 on some of the College’s auxiliary programs. The insurance is prepaid in the last month of FY20, therefore is lower than the previous year.

Capital Assets account for 53% of the College's total assets. The $39,412,801 of capital assets is comprised of land, buildings, furniture and equipment, and improvements, and is the largest single component of total assets. The College uses 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 were acquired with debt, some of which is still outstanding. It should be noted that the 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 decrease of $1,626,158 resulted from depreciation exceeding asset addition for FY20. The increase in assets in FY19 accounted for an increase in depreciation of $140,762 for FY20.

Current Liabilities decreased by $1,327,186 (15%) in FY20. This amount fluctuates based on purchases and services required at year end and based on changes in unearned revenues. Unearned revenues decreased $676,503 in FY20. The effects of COVID-19 on early enrollment and payment as well as the timing on grant funding attributed to the decrease.

Noncurrent Liabilities increased $986,234 (3%) in FY20. 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 $21,971,889 (48%) of Total Liabilities. Noncurrent Liabilities also include 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 $5,208,084 in FY20, 11% of the Total Liabilities.

As they relate to GASB 68 and 75, the net change in the deferred inflows and assets exceeded the net change in the deferred outflows and liabilities of the College at the close of the most recent fiscal year by $2,035,814. 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 $114,563. The College's total net position increased $3,248,051 in FY20. Excluding the effects of GASB 68 and 75, the College's net position would have increased $3,362,614.

Analysis of Significant Changes in Operations

	2020	2019	$ DIFFERENCE CURRENT YEAR AND PRIOR YEAR	% DIFFERENCE CURRENT YEAR AND PRIOR YEAR
OPERATING REVENUES				
Tuition and fees (net)	$ 5 974 592	$ 6 271 023	$ (296 431)	(4.73)%
Federal grants and contracts	1 951 886	1 699 996	251 890	14.82%
State grants and contracts	494 954	1 051 517	(556 563)	(52.93)%
Non-governmental grants and contracts	874 899	1 232 210	(357 311)	(29.00)%
Sales and services of educational activities	366 408	263 318	103 090	39.15%
Auxiliary enterprises (net)	473 696	653 252	(179 556)	(27.49)%
Other operating revenue	474 904	723 958	(249 054)	(34.40)%
TOTAL OPERATING REVENUES	10 611 339	11 895 274	(1 283 935)	(10.79)%
OPERATING EXPENSES				
Instruction	11 892 117	12 713 679	(821 562)	(6.46)%
Public service	1 203 268	1 387 822	(184 554)	(13.30)%
Academic support	2 575 480	3 229 934	(654 454)	(20.26)%
Student services	1 743 676	2 049 772	(306 096)	(14.93)%
Institutional support	5 196 236	3 969 356	1 226 880	30.91%
Operation and maintenance of plant	2 529 154	2 570 561	(41 407)	(1.61)%
Scholarship and fellowships	4 345 569	4 343 930	1 639	0.04%
Auxiliary enterprises	2 968 385	3 217 151	(248 766)	(7.73)%
Depreciation	2 201 253	2 060 491	140 762	6.83%
TOTAL OPERATING EXPENSES	34 655 138	35 542 696	(887 558)	(2.50)%
NET OPERATING LOSS	(24 043 799)	(23 647 422)	(396 377)	1.68%
NON-OPERATING REVENUES				
State appropriations	9 570 078	9 493 877	76 201	0.80%
Maintenance ad valorem taxes	6 690 284	6 220 538	469 746	7.55%
Debt service ad valorem taxes	1 345 745	1 727 228	(381 483)	(22.09)%
Federal revenue, non-operating	8 385 769	8 009 369	376 400	4.70%
Gifts	680 828	545 552	135 276	24.80%
Investment income	714 948	282 245	432 703	153.31%
Other non-operating revenues	204 551	225 785	(21 234)	(9.40)%
TOTAL NON-OPERATING REVENUES	27 592 203	26 504 594	1 087 609	4.10%
NON-OPERATING EXPENSES				
Interest on capital related debt	353 284	633 913	(280 629)	(44.27)%
Investment expenses	-	41 502	(41 502)	(100.00)%
TOTAL NON-OPERATING EXPENSES	353 284	675 415	(322 131)	(47.69)%
INCOME BEFORE OTHER REVENUES	3 195 120	2 181 757	1 013 363	46.45%
OTHER REVENUES				
Additions to permanent endowments	52 931	92 570	(39 639)	(42.82)%
TOTAL OTHER REVENUES	52 931	92 570	(39 639)	(42.82)%
Increase in net position	3 248 051	2 274 327	973 724	42.81%
Beginning net position	22 220 714	19 946 387	2 274 327	11.40%
ENDING NET POSITION	$ 25 468 765	$ 22 220 714	$ 3 248 051	14.62%

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 decreased $296,429 (5%) in FY20. Federal Grants and Contracts increased $251,892. The CARES Act for Higher Education Institutions is included in the Federal Grants. State Grants and Contracts decreased $556,563 (53%) in FY20. State grants regularly fluctuate in value and purpose from year to year. FY19 contained grants from the Texas Workforce Commission in the amount of $574,096 that were not extended to FY20. Non-Governmental Grants and Contracts decreased $357,311 (29%). Non-Governmental income recognized from donated facilities decreased in FY20. This decrease was, in part, due to the College no longer receiving the benefits related to facilities donated in Jasper and Crockett. Auxiliary Enterprises (Net) decreased $179,556 (27%) in FY20 due to continued decrease in athletic expenses and a decrease in Campus Store operations due to the effects related to COVID-19.

Operating expenses are all the costs necessary to perform and conduct the programs and primary purposes of the College. Public Service decreased $184,554 (13%) from a decrease in administrative contract labor and travel due to COVID-19. Academic Support decreased by $654,454 (20%) in FY20 primarily due to the decrease in the operating costs associated with the learning centers in Crockett and Jasper as well as decreases in administrative contract labor and travel due to COVID-19. Student services decreased $306,096 due to administrative contract labor and travel due to COVID-19. Institutional Support increased $1,226,880 (31%) from increases in personnel benefits, increased maintenance agreements on new software, and tax collection fees. Auxiliary Enterprises decreased $248,766 (8%) from a decrease in Campus Store operation expenses and the suspension of spring athletic programs.

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 $469,746 (8%) in FY20 because of changes in property valuations and tax rates. Federal Revenue, Non-Operating increased $376,400, (5%) in FY20 because there was an increase in Pell eligible student hours. Gifts increased $135,276 (25%) in FY20 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 decrease of $39,639 (43%) in FY20 over FY19.

Analysis of Cash Flows

	2020	2019	$ DIFFERENCE CURRENT YEAR AND PRIOR YEAR	% DIFFERENCE CURRENT YEAR AND PRIOR YEAR
Net cash used by operating activities	$ (19 618 481)	$ (19 284 511)	$ (333 970)	1.73%
Net cash provided by non-capital financing activities	23 468 968	22 383 129	1 085 839	4.85%
Net cash used by capital financing activities	(2 714 677)	(4 709 507)	1 994 830	(42.36)%
Net cash provided (used) by investing activities	411 366	(146 164)	557 530	(381.44)%
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1 547 176	(1 757 053)	3 304 229	(188.06)%
Cash and cash equivalents at September 1	16 210 023	17 967 076	(1 757 053)	(9.78)%
Cash and cash equivalents at August 31	$ 17 757 199	$ 16 210 023	$ 1 547 176	9.54%

Overall, the College's year-end cash balance of $17,757,199 increased by $1,547,176 (10%) from last year's balance of $16,210,023.

Capital Assets and Long-Term Debt

Capital Assets
(Net of Accumulated Depreciation)

	2020	2019	$ DIFFERENCE CURRENT YEAR AND PRIOR YEAR	% DIFFERENCE CURRENT YEAR AND PRIOR YEAR
Buildings and improvements	$ 30 912 905	$ 30 065 834	$ 847 071	2.82%
Land and land improvements	4 643 544	4 865 391	(221 847)	(4.56)%
Library books	185 842	207 786	(21 944)	(10.56)%
Furniture, machinery, and equipment	3 670 510	3 726 509	(55 999)	(1.50)%
Construction in progress	-	2 173 439	(2 173 439)	(100.00)%
TOTAL	$ 39 412 801	$ 41 038 959	$ (1 626 158)	(3.96)%

The College had $39.4 and $41.0 million invested in capital assets, net of accumulated depreciation of $43.3 and $41.3 million for FY20 and FY19, respectively. The largest single component of capital assets is buildings totaling $30,912,905 for FY20 and $30,065,834 for FY19 net of accumulated depreciation. Depreciation charges totaled $2,201,253 for FY20 and $2,060,491 for FY19.

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 75902-1768.

BASIC FINANCIAL STATEMENTS

For the Fiscal Years Ended
August 31, 2020 and 2019

ANGELINA COLLEGE
STATEMENTS OF NET POSITION
For the Years Ended August 31, 2020 and 2019

EXHIBIT 1

		2020		2019
ASSETS				
Current Assets:				
Cash and cash equivalents	$	11 238 218	$	10 510 680
Accounts receivable (net)		7 024 125		6 554 228
Inventories		275 484		316 760
Other assets		208 351		268 749
TOTAL CURRENT ASSETS		18 746 178		17 650 417
Noncurrent Assets:				
Restricted cash and cash equivalents		6 518 981		5 699 343
Endowment investments		9 080 482		8 224 344
Capital assets (net) (see Note 7)		39 412 801		41 038 959
TOTAL NONCUURRENT ASSETS		55 012 264		54 962 646
TOTAL ASSETS		73 758 442		72 613 063
DEFERRED OUTFLOWS OF RESOURCES				
Pension related		2 376 439		2 659 819
OPEB related		3 321 007		1 938 040
Loss on bond refunding		128 650		137 839
TOTAL DEFERRED OUTFLOWS OF RESOURCES		5 826 096		4 735 698
LIABILITIES				
Current Liabilities:				
Accounts payable		764 993		1 168 783
Accrued liabilities		534 632		807 125
Accrued compensable absences - Current portion		54 969		45 397
Funds held for others		158 684		160 417
Unearned revenues		5 306 444		5 982 947
Bonds payable - Current portion		976 366		958 605
TOTAL CURRENT LIABILITIES		7 796 088		9 123 274
Noncurrent Liabilities:				
Deposits		14 900		20 500
Accrued compensable absences		308 323		224 654
Net pension liability		5 208 084		5 522 449
Net OPEB liability		21 971 889		19 772 993
Bonds payable		10 954 579		11 930 945
TOTAL NONCURRENT LIABILITIES		38 457 775		37 471 541
TOTAL LIABILITIES		46 253 863		46 594 815
DEFERRED INFLOWS OF RESOURCES				
Pension related		1 323 027		879 816
OPEB related		6 538 883		7 653 416
TOTAL DEFERRED INFLOWS OF RESOURCES		7 861 910		8 533 232
NET POSITION				
Net investment in capital assets		25 773 489		26 441 043
Restricted:				
Nonexpendable:				
Student aid		8 933 510		8 242 529
Expendable:				
Student aid		2 097 613		1 971 690
Debt service		613 365		577 222
Other		208 029		182 771
Unrestricted		(12 157 241)		(15 194 541)
TOTAL NET POSITION (SCHEDULE D)	$	25 468 765	$	22 220 714

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

ANGELINA COLLEGE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Years Ended August 31, 2020 and 2019

EXHIBIT 2

	2020	2019
Operating Revenue:		
Tuition and fees (net of discounts of $5,828,262 and $5,361,037, respectively)	$ 5 974 592	$ 6 271 023
Federal grants and contracts	1 951 886	1 699 996
State grants and contracts	494 954	1 051 517
Non-governmental grants and contracts	874 899	1 232 210
Investment income - Program restricted	366 408	263 318
Auxiliary enterprises (net of discounts of $888,867 and $1,361,453, respectively)	473 696	653 252
Other operating revenues	474 904	723 958
TOTAL OPERATING REVENUES (SCHEDULE A)	10 611 339	11 895 274
Operating Expenses:		
Instruction	11 892 117	12 713 679
Public service	1 203 268	1 387 822
Academic support	2 575 480	3 229 934
Student services	1 743 676	2 049 772
Institutional support	5 196 236	3 969 356
Operation and maintenance of plant	2 529 154	2 570 561
Scholarships and fellowships	4 345 569	4 343 930
Auxiliary enterprises	2 968 385	3 217 151
Depreciation	2 201 253	2 060 491
TOTAL OPERATING EXPENSES (SCHEDULE B)	34 655 138	35 542 696
OPERATING LOSS	(24 043 799)	(23 647 422)
Non-Operating Revenues (Expenses):		
State appropriations	9 570 078	9 493 877
Maintenance ad valorem taxes	6 690 284	6 220 538
Debt service ad valorem taxes	1 345 745	1 727 228
Federal revenue, non-operating	8 385 769	8 009 369
Gifts	680 828	545 552
Investment income	714 948	282 245
Interest on capital related debt	(353 284)	(633 913)
Investment expenses	-	(41 502)
Other non-operating revenues	204 551	225 785
TOTAL NON-OPERATING REVENUE (EXPENSES) (SCHEDULE C)	27 238 919	25 829 179
INCOME BEFORE OTHER REVENUES	3 195 120	2 181 757
Other Revenues:		
Additions to permanent endowments	52 931	92 570
TOTAL OTHER REVENUES	52 931	92 570
INCREASE (DECREASE) IN NET POSITION	3 248 051	2 274 327
Net Position:		
Net position - Beginning of year	22 220 714	19 946 387
NET POSITION - END OF YEAR	$ 25 468 765	$ 22 220 714

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

ANGELINA COLLEGE
STATEMENTS OF CASH FLOWS
For the Years Ended August 31, 2020 and 2019

EXHIBIT 3

	2020	2019
Cash Flows from Operating Activities:		
Receipts from students and other customers	$ 5 950 708	$ 6 147 199
Receipts from grants and contracts	3 382 334	3 911 179
Investment income, program restricted	366 408	263 318
Other receipts	210 889	399 404
Payments to or on behalf of employees	(18 212 852)	(18 514 168)
Payments to suppliers for goods or services	(6 941 579)	(7 923 818)
Payments of scholarships	(4 374 389)	(3 567 625)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(19 618 481)	(19 284 511)
Cash Flows from Noncapital Financing Activities:		
Receipts from state appropriations	7 309 793	7 467 608
Ad valorem tax revenues	6 690 284	6 220 538
Receipts from non-operating federal revenue	8 385 769	8 009 369
Payments for collection of taxes	(236 595)	(130 804)
Gifts and grants (other than capital)	1 116 896	717 836
Other non-operating revenues	204 551	4 375
Student organization and other agency transactions	(1 730)	94 207
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	23 468 968	22 383 129
Cash Flows from Capital and Related Financing Activities:		
Ad valorem tax revenues	1 345 745	1 727 228
Purchase of capital assets	(2 748 533)	(4 783 848)
Payments on capital debt	(1 311 889)	(1 652 887)
NET CASH PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES	(2 714 677)	(4 709 507)
Cash Flows from Investing Activities:		
Proceeds from sale and maturity of investments	810 000	1 120 207
Investment earnings	714 948	240 743
Purchase of investments	(1 113 582)	(1 507 114)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	411 366	(146 164)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1 547 176	(1 757 053)
Cash and cash equivalents - September 1	16 210 023	17 967 076
CASH AND CASH EQUIVALENTS - AUGUST 31	$ 17 757 199	$ 16 210 023
Operating income (loss)	$ (24 043 799)	$ (23 647 422)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation expense	2 201 253	2 060 491
Bad debt expense	(701 000)	572 602
Tax collection fee	236 595	130 804
Payments made directly by state for benefits	2 217 477	2 026 269
Changes in Assets and Liabilities:		
Interest receivable	402	(14 048)
Ad valorem taxes receivable	(9 025)	(17 256)
Federal receivable - Non-operating	495 513	559 610
Accounts receivable (net)	771 031	(2 360 398)
Inventories	41 276	300 810
Other assets	60 398	1 204 889
Pension related outflows	283 380	(2 136 586)
OPEB related outflows	(1 382 967)	(1 715 915)
Accounts payable	(473 472)	(101 357)
Accrued liabilities	69 682	489 507
Unearned revenue	(676 503)	1 415 186
Pension related inflows	443 211	26 175
OPEB related inflows	(1 114 533)	3 005 417
Deposits	(5 600)	2 900
Accrued compensable absences	83 669	(26 175)
Net OPEB liability (adjusted for prior period)	(314 365)	1 248 707
Net pension liability	2 198 896	(2 308 721)
NET CASH PROVDED (USED) BY OPERATING ACTIVITIES	$ (19 618 481)	$ (19 284 511)

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

NOTE 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Guidelines

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).

Tuition Discounting

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.

Basis of Accounting

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

Pensions

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

Other Post-Employment Benefits

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

Unearned Revenues

Tuition, fees, and other revenues received and related to periods after August 31, 2020 or 2019, respectively, have been reported as unearned revenue.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

NOTE 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.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

	AUGUST 31, 2020	AUGUST 31, 2019
Bank Deposits:		
Demand deposits and money market mutual funds	$ 17 751 257	$ 16 224 067
Certificates of deposit - Short-term	302 236	400 342
Certificates of deposit - Long-term	1 407 685	1 437 717
	19 461 178	18 062 126
Cash and Cash Equivalents:		
Petty cash on hand	5 942	5 852
TOTAL CASH AND DEPOSITS	$ 19 467 120	$ 18 067 978

Cash and Deposits Reconciliation of Deposits and Investments to Exhibit 1

TYPE OF SECURITY	FAIR VALUE AUGUST 31, 2020	FAIR VALUE AUGUST 31, 2019
U.S. government agencies	$ 148 780	$ 197 978
Mutual funds	5 747 462	4 618 183
Corporate bonds	1 474 319	1 538 388
Total cash and bank deposits	19 467 120	18 067 977
Total endowment bank deposits	-	11 841
TOTAL CASH, DEPOSITS, AND INVESTMENTS	$ 26 837 681	$ 24 434 367
Current (Exhibit 1):		
Cash and cash equivalents	$ 11 238 218	$ 10 510 680
Noncurrent (Exhibit 1):		
Restricted cash and cash equivalents	6 518 981	5 699 343
Endowment investments	9 080 482	8 224 344
TOTAL CURRENT AND NONCURRENT CASH AND INVESTMENTS	$ 26 837 681	$ 24 434 367

NOTE 4 - DEPOSITS AND INVESTMENTS - CONTINUED

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:

Investment Type	Fair Value (Level 1)	Less Than 1	1 to 5	5 or More
August 31, 2020:				
U.S. Government Securities	$ 148 780	$ -	$ 148 780	$ -
Certificates of Deposits	1 709 921	302 236	1 120 879	286 806
Corporate Bonds	1 474 319	41 199	240 250	1 192 870
TOTAL	$ 3 333 020	$ 343 435	$ 1 509 909	$ 1 479 676
August 31, 2019:				
U.S. Government Securities	$ 194 977	$ 50 024	$ 102 229	$ 42 724
Certificates of Deposits	1 872 796	350 083	1 174 287	348 426
Corporate Bonds	1 538 388	40 351	278 464	1 219 573
TOTAL	$ 3 606 161	$ 440 458	$ 1 554 980	$ 1 610 723

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, 2020 and 2019, 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, 2020 and 2019, 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, 2020 and 2019.

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, 2020 and 2019, the bank balances of the College's deposits were $17,751,257 and $18,067,978 respectively. Of these balances, the amounts covered by FDIC insurance were $1,905,315 and $694,852 at August 31, 2020 and 2019, respectively. The remaining balances at August 31, 2020 and 2019 of $15,845,942 and $17,373,126 were entirely covered by pledged collateral held by the pledging financial institution's agent bank in the College's name.

NOTE 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 2020 or 2019.

NOTE 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 $564,708 which is included in unrestricted.

NOTE 6 - ENDOWMENTS - CONTINUED

Endowment assets consist of the following:

	August 31, 2020	August 31, 2019
Beginning net position	$ 8 242 529	$ 8 058 649
Interest, dividends, earnings, capital gains (losses)	356 474	382 812
Unrealized gains (losses)	558 931	(41 502)
Contributions	52 931	92 570
FUNDS AVAILABLE IN THE ENDOWMENT	9 210 865	8 492 529
Less scholarship distributions from current year endowment interest	250 000	250 000
ENDING NET POSITION	$ 8 960 865	$ 8 242 529
Bank deposits	$ 62 244	$ 46 623
Endowment investments	8 991 282	8 150 363
Interest receivable	26 956	27 358
Endowment assets	$ 9 080 482	$ 8 224 344

NOTE 7 - CAPITAL ASSETS

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

	BEGINNING BALANCE	ADDITIONS	DELETIONS	ENDING BALANCE
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 1 773 999	$ -	$ -	$ 1 773 999
Construction in progress	2 173 439	-	2 173 439	-
TOTAL ASSETS NOT BEING DEPRECIATED	3 947 438	-	2 173 439	1 773 999
Capital Assets Being Depreciated:				
Buildings	51 395 027	262 398	-	51 657 425
Land improvements	7 548 396	54 835	-	7 603 231
Building improvements	9 438 629	1 898 187	-	11 336 816
Library books	961 420	554	53 995	907 979
Furniture, machinery, vehicles, and other equipment	4 743 554	339 225	92 686	4 990 093
Telecommunications and peripheral equipment	4 276 638	193 334	5 110	4 464 862
TOTAL ASSETS BEING DEPRECIATED	78 363 664	2 748 533	151 791	80 960 406
Less Accumulated Depreciation For:				
Buildings	27 211 362	789 540	-	28 000 902
Land improvements	4 457 004	276 682	-	4 733 686
Building improvements	3 556 460	523 974	-	4 080 434
Library books	753 634	22 498	53 995	722 137
Furniture, machinery, vehicles, and other equipment	2 762 454	519 974	92 686	3 189 741
Telecommunications and peripheral equipment	2 531 229	68 585	5 110	2 594 704
TOTAL ACCUMULATED DEPRECIATION	41 272 143	2 201 253	151 791	43 321 604
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	$ 41 038 959	$ 547 280	$ 2 173 439	$ 39 412 801

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.

NOTE 7 - CAPITAL ASSETS - CONTINUED

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

	BEGINNING BALANCE	ADDITIONS	DELETIONS	ENDING BALANCE
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 1 773 999	$ -	$ -	$ 1 773 999
Construction in progress	395 511	1 777 928	-	2 173 439
TOTAL ASSETS NOT BEING DEPRECIATED	2 169 510	1 777 928	-	3 947 438
Capital Assets Being Depreciated:				
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 ASSETS BEING DEPRECIATED	75 518 438	3 005 920	160 695	78 363 664
Less Accumulated Depreciation For:				
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
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	$ 38 315 601	$ 2 723 357	$ -	$ 41 038 959

NOTE 8 - LONG-TERM LIABILITIES

Long-term liability activity for the year ended August 31, 2020 was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	CURRENT PORTION
Bonds:					
Series 2015 limited tax bonds	$ 704 719	$ -	$ 360 489	$ 344 230	$ 344 230
Series 2018 limited tax bonds	7 345 043	-	361 008	6 984 035	371 699
Series 2019 limited tax bonds	4 839 788	-	237 108	4 602 680	260 437
TOTAL BONDS	12 889 550	-	958 605	11 930 945	976 366
Other liabilities:					
Accrued compensable absences	270 051	93 241	-	363 292	54 969
Net pension liability	5 522 449	-	314 365	5 208 084	-
Net OPEB liability	19 772 993	2 198 896	-	21 971 889	-
Deposits payable	20 500	-	5 600	14 900	-
TOTAL LIABILITIES	38 475 543	$ 2 292 137	$ 1 278 570	39 489 110	$ 1 031 335
Current portion	(1 004 002)			(1 031 335)	
TOTAL NONCURRENT PORTION	$ 37 471 541			$ 38 457 775	

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

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	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 bonds	1 427 017	-	722 298	704 719	360 489
Series 2018 limited tax bonds	-	7 693 507	348 464	7 345 043	361 008
Series 2019 limited tax 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	

NOTE 9 - DEBT OBLIGATIONS

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

YEAR ENDING	GOVERNMENTAL ACTIVITIES		
DECEMBER 31,	PRINCIPAL	INTEREST	TOTAL
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	761 653	268 625	1 030 278
2026-2030	4 351 202	905 238	5 256 440
2031-2034	3 775 262	229 125	4 004 387
TOTAL	$ 11 930 945	$ 2 708 338	$ 14 639 283

NOTE 10 - BONDS PAYABLE

Bonds are payable semi-annually with annual obligations varying from $572,700 to $324,800, 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, 2020	August 31, 2019
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:	$ 344 230	$ 704 720
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:	6 984 035	7 345 043
Limited Tax Refunding Bonds, Series 2019:		
• To refund the series 2009 limited tax bonds. The 2009 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:	4 602 680	4 839 787
TOTAL BONDS PAYABLE	$ 11 930 945	$ 12 889 550

NOTE 11 - ADVANCED 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.

NOTE 11 - ADVANCED REFUNDING BONDS - CONTINUED

- 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.

NOTE 12 - UNEARNED REVENUES

Tuition and fees of $4,786,806 and $5,168,118 and federal, state, and local grants of $519,638 and $814,829 have been reported as unearned revenues at August 31, 2020 and 2019, respectively.

NOTE 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.

NOTE 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 either in 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.

Teacher Retirement System of Texas (TRS)

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.

NOTE 14 - EMPLOYEES' RETIREMENT PLAN - CONTINUED

	CONTRIBUTION RATES	
	2020	2019
Member	7.7%	7.7%
Non-Employer Contributing Entity	6.8%	6.8%
Employers	6.8%	6.8%

Employer Contributions - 2020	$	425 644
Member Contributions - 2020	$	702 213
NECE On-behalf Contributions - 2019	$	229 228

The College's contributions to the TRS pension plan in FY20 were $425,644, 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 FY20 were $229,228.

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.
- In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to.
- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Actuarial Assumptions:

The total pension liability in the August 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term Expected Investment Rate of Return	7.25%
Inflation	2.30%
Salary Increases	3.05% to 9.05% including inflation
Benefit Changes During the Year	None
Ad Hoc Post-Employment Benefit Changes	None

NOTE 14 - EMPLOYEES' RETIREMENT PLAN - CONTINUED

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, 2019 was developed using a roll-forward method from the August 31, 2018 valuation.
- Demographic assumptions including postretirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2018.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate changed from 6.907 percent as of August 31, 2018 to 7.25 percent as of August 31, 2019.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the net pension liability.

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

Discount Rate:

The discount rate used to measure the total pension liability was 7.25 percent. The single discount rate was based on the expected rate of return on pension plan investments of 7.25 percent and a municipal bond rate of 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, 2019, are summarized below:

ASSET CLASS		TARGET ALLOCATION*	LONG-TERM EXPECTED GEOMETRIC REAL RATE OF RETURN	EXPECTED CONTRIBUTION TO LONG-TERM PORTFOLIO RETURNS**
Global Equity	U.S.	18%	5.70%	1.04%
	Non-U.S. Developed	13%	6.90%	0.90%
	Emerging Markets	9%	8.95%	0.80%
	Directional Hedge Funds	4%	3.53%	0.14%
	Private Equity	13%	10.18%	1.32%
Stable Value	U.S. Treasuries	11%	1.11%	0.12%
	Absolute Return	- %	- %	- %
	Stable Value Hedge Funds	4%	3.09%	0.12%
	Cash	1%	(0.30)%	- %
Real Return	Global Inflation Linked Bonds	3%	0.70%	0.02%
	Real Assets	14%	5.21%	0.73%
	Energy and Natural Resources	5%	7.48%	0.37%
	Commodities	- %	- %	- %
Risk Parity	Risk Parity	5%	3.70%	0.18%
	Inflation Expectation			2.30%
	Alpha			(0.79)%
Total		100.0%		7.25%

* Target allocations are based on the FY2016 policy model.

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

NOTE 14 - EMPLOYEES' RETIREMENT PLAN - CONTINUED

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.25%) in measuring the Net Pension Liability.

	1% DECREASE IN DISCOUNT RATE (6.25%)	DISCOUNT RATE (7.25%)	1% INCREASE IN DISCOUNT RATE (8.25%)
District proportionate share of the net pension liability	$ 8 005 582	$ 5 208 084	$ 2 941 571

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

At August 31, 2020, the College reported a liability of $5,208,084 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:

District's proportionate share of the collective net pension liability	$ 5 208 084
State's proportionate share that is associated with the District	3 404 588
TOTAL	$ 8 612 672

The net pension liability was measured as of August 31, 2019, 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, 2018 through August 31, 2019.

At August 31, 2019, the College's proportion of the collective net pension liability was 0.01 %, which was no change from its proportion measured as of August 31, 2018.

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, 2020, the College recognized pension expense of $534,813 and revenue of $534,813 for support provided by the State.

At August 31, 2020, 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	$ 21 879	$ 180 833
Changes in actuarial assumptions	1 615 804	667 726
Difference between projected and actual investment earnings	313 112	260 816
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	-	213 652
Contributions paid to TRS subsequent to the measurement date	425 644	-
TOTAL	$ 2 376 439	$ 1 323 027

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:

YEAR ENDED AUGUST 31,	PENSION EXPENSE AMOUNT
2021	$ 73 472
2022	$ 28 431
2023	$ 236 926
2024	$ 253 139
2025	$ 84 074
Thereafter	$ (48 274)

NOTE 14 - EMPLOYEES' RETIREMENT PLAN - CONTINUED

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 $125,572 and $139,554 for the fiscal years ended August 31, 2020 and 2019, 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 $15,324,054 and $12,844,728 for fiscal years 2020 and 2019, respectively. The total payroll of employees covered by the TRS was $9,103,102 and $10,382,372 and the total payroll of employees covered by the Optional Retirement Program was $4,260,435 and $4,700,316 for fiscal years 2020 and 2019, respectively.

NOTE 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 $363,292 and $270,051 for fiscal years ended August 31, 2020 and 2019, respectively. The liability is shown in the Statement of Net Position split between current and noncurrent in the amounts of $54,969 and $308,323, respectively for August 31, 2020 and $45,397 and $224,654, respectively for August 31, 2019.

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.

NOTE 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 2020 and 2019 for which monies have not been received nor funds expended totaled $5,581,534 and $7,379,263. Of these amounts, $4,329,069 and $2,595,867 were from federal contract and grant awards; $108,528 and $982,236 were from state contract and grant awards; and $1,143,937 and $3,801,160 from private contract and grant awards for the fiscal years ended 2020 and 2019, respectively.

NOTE 17 - DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables were as follows:

	August 31, 2020	August 31, 2019
Students and other customers	$ 6 914 579	$ 7 104 264
Allowance for doubtful accounts	(1 459 671)	(2 184 119)
Federal grants and contracts - Operating	278 152	376 655
Federal grants and contracts - Non operating	1 069 483	587 025
Other grants and contracts	-	274 822
Loans to students	-	144 367
Taxes receivable	787 305	757 080
Allowance for uncollectible taxes	(610 553)	(570 046)
Interest receivable	26 956	27 358
Other receivables	10 624	36 822
TOTAL RECEIVABLES	$ 7 024 125	$ 6 554 228

Payables and accrued liabilities were as follows:

	August 31, 2020	August 31, 2019
Vendors	$ 695 311	$ 1 168 409
Students	80 748	374
TOTAL PAYABLES	$ 776 059	$ 1 168 783
Salaries and benefits	$ 145 646	$ 804 293
Sales taxes	102	-
Other	388 884	2 832
TOTAL ACCRUED LIABILITIES	$ 534 632	$ 807 125

NOTE 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.

NOTE 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.

	2020	2019	2018	2017
State's monthly contribution per full time employee	$ 624 - 1 222	$ 624 - 1 222	$ 621 - 1 812	$ 617 - 1 798
State's contribution for retired participants	$ 498 057	$ 517 888	$ 469 535	$ 452 725
Number of retired participants	139	134	123	119
State's contribution for active participants	$ 852 694	$ 932 602	$ 944 473	$ 864 284
Number of active participants	259	243	262	252
State's total contribution	$ 1 350 751	$ 1 450 490	$ 1 414 008	$ 1 317 009
Number of total participants	398	377	385	371

NOTE 20 - AD VALOREM TAX

	August 31, 2020	August 31, 2019
Assessed valuation of the college	$ 5 325 388 648	$ 4 978 124 209
Less: exemptions	633 326 892	610 371 209
Less: Abatements	13 689 820	11 372 418
NET ASSESSED VALUATION OF THE COLLEGE	$ 4 678 371 936	$ 4 356 380 582

	FISCAL YEAR 2020			FISCAL YEAR 2019		
	CURRENT OPERATIONS	DEBT SERVICE	TOTAL	CURRENT OPERATIONS	DEBT SERVICE	TOTAL
Tax rate per $100 valuation - Authorized	$ 0.4000	$ 0.5000	$ 0.9000	$ 0.4000	$ 0.5000	$ 0.9000
Tax rate per $100 valuation - Assessed						
FYE August 31, 2020	$ 0.1428	$ 0.0282	$ 0.1710	$ 0.1416	$ 0.0394	$ 0.1810
FYE August 31, 2019	$ 0.1416	$ 0.0394	$ 0.1810	$ 0.1397	$ 0.0413	$ 0.1810

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

Taxes levied for the year ended August 31, 2020 were $7,999,590 (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 - 2020	CURRENT OPERATIONS	DEBT SERVICE	TOTAL
Current taxes	$ 6 491 714	$ 1 288 001	$ 7 779 715
Delinquent taxes	103 912	33 058	136 970
Penalties and interest	94 658	24 686	119 344
TOTAL TAX REVENUES	$ 6 690 284	$ 1 347 001	$ 8 036 029

Taxes levied for the year ended August 31, 2019 were $7,888,639 (which includes any penalty and interest assessed if applicable).

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

Tax collections for the year ended August 31, 2020 and 2019 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 2019 and 2020, which resulted in abatements of tax revenues. Total tax revenues forgone by the College under these tax abatement agreements were $23,472 and $20,584 for the years ended August 31, 2020 and 2019, respectively, which amounted to approximately .290 % and .259% 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.

NOTE 21 - INCOME TAXES

The College is exempt from income taxes under Internal Revenue Code Section 115 Income of States, Municipalities, Etc. although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511(a)(2)(B), Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations. The College had no unrelated business income tax liability for the year ended August 31, 2020 and 2019.

NOTE 22 - RISK MANAGEMENT

Auto, Liability, and/or Property Programs

During the year ended August 31, 2020, Angelina College participated in the following TASB Risk Management Fund (the Fund) programs:

- Auto Liability

NOTE 22 - RISK MANAGEMENT - CONTINUED

- 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, 2020, 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, 2019, 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, 2020, 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, 2020, 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, 2019, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

NOTE 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 $173,107 and $475,603 in non-monetary transactions representing the value of the use of these off-campus facilities for the years ended August 31, 2020 and 2019, 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, 2020 and 2019, respectively. A corresponding amount is also included in non-operating revenues.

NOTE 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.

NOTE 24 - DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - CONTINUED

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*	$	625
Retiree and Spouse	$	1 341
Retiree* and Children	$	1 104
Retiree and Family	$	1 820

**or surviving spouse*

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

Contribution Rates		2019	2020
Active Employee		0.65%	0.65%
Non-Employer Contributing Entity (State)		1.25%	1.25%
Employers		0.75%	0.75%
Federal/private Funding remitted by Employers		1.25%	1.25%
Employer Contributions - 2019	$	406 459	
Member Contributions - 2019	$	133 396	
NECE On-behalf Contributions - 2020	$	12 830	

Source: ERS FY19 Comprehensive Annual Financial Report

NOTE 24 - DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - CONTINUED

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of August 31, 2019 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Methods and Assumptions:

Valuation Date	August 31, 2019
Methods and Assumptions:	
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 years
Asset Valuation Method	Not applicable because the plan operates on a pay-as-you-go basis
Last Experience Study	*State Agency Members:* 5-year period from September 1, 2011 to August 31, 2016 *Higher Education Members:* 7-year period from September 1, 2010 to August 31, 2017
Actuarial Assumptions:	
Discount Rate	2.97%
Projected Annual Salary Increase	2.50 to 9.50%, including inflation
Annual Healthcare Trend Rate	*HealthSelect* 7.30% for FY21, 7.40% for FY22, 7.00% for FY23, decreasing 50 basis points per year to an ultimate rate of 4.50% for FY28 and later years *HealthSelect Medicare Advantage* 10.80% for FY21, 7.40% for FY22, 7.00% for FY23, decreasing 50 basis points per year to an ultimate rate of 4.50% for FY28 and alter years
Inflation Assumption Rate	2.50%
Ad hoc Postemployment Benefit Changes	None
Mortality Rate	*State Agency Members* • *Service Retirees, Survivors and other Inactive Members (Regular, Elected, CPO/CO and JRS I and II Employee Classes):* 2017 State Retirees of Texas Mortality table with a 1 year set forward for male CPO/CO members and Ultimate MP Projection Scale projected from the year 2017. • *Disability Retirees (Regular, Elected, CPO/CO and JRS I and II Employee Classes):* RP-2014 Disabled Retiree Mortality with Ultimate MP Projection Scale projected from the year 2014. • *Active Members:* RP-2014 Active Member Mortality tables with Ultimate MP Projection Scale from the year2014. *Higher Education Members* • *Service Retirees, Survivors and other Inactive Members:* Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018. • *Disability Retirees:* Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members. • *Active Members:* Sex Distinct RP-2014 Employee Mortality multiplied by 90% with Ultimate MP Projection Scale from the year 2014.

Many of the actuarial assumptions used in this valuation 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 2.97%, which amounted to a decrease of 0.54%. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp's AA rating. Projected cash flows into the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you -go (PAYGO) basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets and therefore the years of projected benefit payments to which the long-term expected rate of return is applicable is zero years.

NOTE 24 - DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - CONTINUED

G. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.97%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (1.97%)	Current Single Discount Rate (2.97%)	1% Increase in Discount Rate (3.97%)
District's proportionate share of the net OPEB liability	$ 26 219 298	$ 21 971 889	$ 18 703 663

H. Healthcare Trend Rate Sensitivity Analysis.

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

	1% Decrease in Healthcare Trend Rate (3.5%)	Current Single Healthcare Trend Rate (4.5%)	1% Increase in Healthcare Trend Rate (5.5%)
District's proportionate share of the net OPEB liability	$ 18 449 601	$ 21 971 889	$ 26 574 714

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

At August 31, 2020, the College reported a liability of $21,971,889 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:

District's proportionate share of the collective net OPEB liability	$ 21 971 889
State's proportionate share that is associated with the District	11 821 808
TOTAL	$ 33 793 698

The Net OPEB Liability was measured as of August 31, 2019 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, 2018 thru August 31, 2019.

At August 31, 2019 the College's proportion of the collective Net OPEB Liability was 0.06357115 %, which was 0.00187511 higher than the same proportion measured as of August 31, 2018.

For the year ended August 31, 2020, the College recognized OPEB expense of $162,796 and revenue of $162,796 for support provided by the State. The College also recognized their proportionate share of OPEB expense of $766,735.

J. 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.

NOTE 24 - DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - CONTINUED

- 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.

The only benefit change for Fiscal Year 2020 for HealthSelect retirees and dependents for whom Medicare is not primary is an increase in the out-of-pocket maximum for both HealthSelect and Consumer Directed HealthSelect (CDHP) from $6,650 to $6,750 for individuals and from $13,300 to $13,500 for families in order to remain consistent with Internal Revenue Service maximums. This minor benefit change is provided for in the Fiscal Year 2020 Assumed Per Capita Health Benefit Costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is Primary.

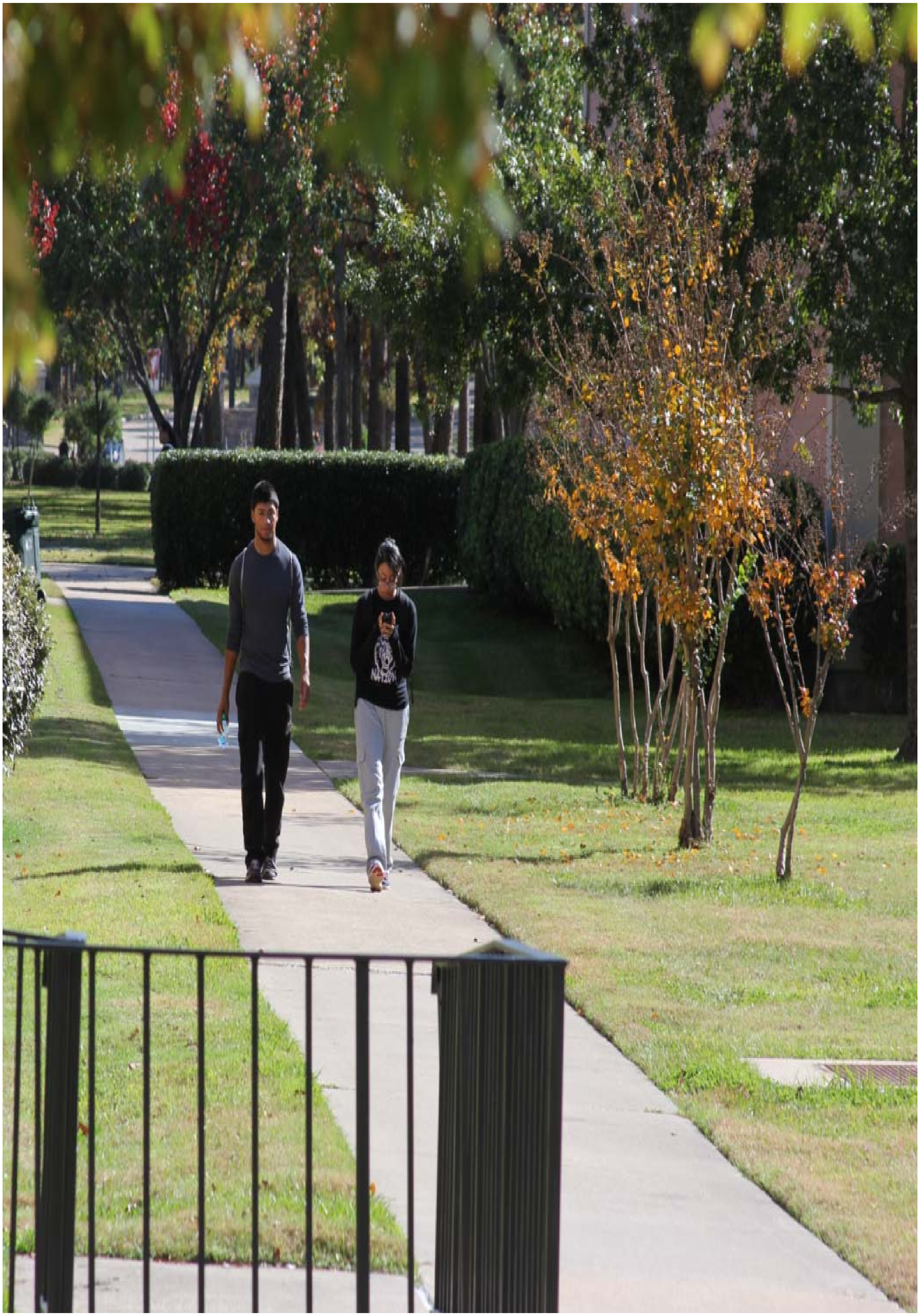
These minor benefit changes have been reflected in the fiscal year 2019 Assumed Per Capita Health Benefit Costs.

At August 31, 2020, the College reported its proportionate share of the GBP's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ 571 728
Changes in actuarial assumptions	1 563 622	4 909 884
Difference between projected and actual investment earnings	9 033	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1 342 260	1 057 268
Contributions paid to ERS subsequent to the measurement date	406 092	-
TOTAL	$ 3 321 007	$ 6 538 880

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
2021	$	(1 378 977)
2022	$	(1 378 977)
2023	$	(776 529)
2024	$	(140 599)
2025	$	51 117
Thereafter	$	-



REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES

For the Fiscal Years Ended
August 31, 2020 and 2019

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

	2019	2018	2017	2016	2015	2014
Total Teacher's Retirement System (TRS) pension liability	$ 209 961 325 288	$ 209 611 328 793	$ 179 336 534 819	$ 171 797 150 487	$ 163 887 375 172	$ 159 496 075 886
TRS' net position	(157 978 199 075)	(154 568 901 833)	(147 361 922 120)	(134 008 637 473)	(128 538 706 212)	(132 779 234 085)
TRS' net pension liability	$ 51 983 126 213	$ 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	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%
The College's proportionate share of collective net pension liability (%)	0.0100188%	0.0100331%	0.0100509%	0.0103033%	0.0108146%	0.0117342%
The College's proportionate share of collective net pension liability ($)	$ 5 208 084	$ 5 522 449	$ 3 213 728	$ 3 893 453	$ 3 822 817	$ 3 134 367
Portion of non-employer contributing entities (NECE) total proportionate share of NPL associated with the College	3 404 588	3 531 458	2 124 638	2 603 482	2 395 398	2 071 447
TOTAL	$ 8 612 672	$ 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	$ 8 425 283	$ 8 257 698	$ 8 041 917	$ 7 990 530	$ 7 631 192	$ 7 225 531
Ratio of: Angelina College proportionate share of collective NPL/AC's covered payroll amount	61.81%	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 supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

See independent auditors' report.

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

	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 425 644	$ 344 436	$ 327 977	$ 346 162	$ 321 907	$ 310 048
Actual contributions	(425 644)	(344 436)	329 507	348 853	322 056	318 842
CONTRIBUTION DEFICIENCY (EXCESS)	$ -	$ -	$ (1 530)	$ (2 691)	$ (149)	$ (8 794)
The College's covered payroll amount in the current fiscal year	$ 9 103 102	$ 8 425 283	$ 8 257 698	$ 8 041 917	$ 7 990 530	$ 7 631 192
Ratio of: actual contributions/AC's covered payroll amount	4.68%	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."

See independent auditors' report.

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

College's Proportionate Share of Liability	**2019**	**2018**	**2017**
College's proportion of the OPEBL	0.0635712%	0.0667156%	0.0616960%
College's proportionate share of the OPEBL	$ 21 971 891	$ 19 772 993	$ 21 021 700
State share of the OPEBL associated with the College	11 821 808	14 426 365	16 349 362
TOTAL	$ 33 793 699	$ 34 199 358	$ 37 371 062
College's covered-employee payroll* *Prior FY TRS Gross - September through August*	$ 12 844 728	$ 13 801 786	$ 11 159 443
Proportionate share/covered payroll	171.06%	143.26%	188.38%
Plan fiduciary net position/total OPEB liability	0.17%	2.27%	2.04%

College Contributions	**2020**	**2019**	**2018**
Contractually required contribution	$ 460 459	$ 564 982	$ 603 773
Actual contribution	(460 459)	(564 982)	(603 773)
CONTRIBUTION DEFICIENCY (EXCESS)	$ -	$ -	$ -
The College's covered payroll amounts in the current fiscal year	$ 13 102 263	$ 12 844 728	$ 13 801 786
Contributions to covered payroll	3.51%	4.40%	4.37%

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

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

See independent auditors' report.

Defined Benefit OPEB Plan

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, this valuation reflects the benefit changes that will become effective January 1, 2020, since these changes were communicated to plan members in advance of the preparation of this report.

The only benefit change for Fiscal Year 2020 for Health Select retirees and dependents for whom Medicare is not primary is an increase in the out-of-pocket maximum for both HealthSelect and Consumer Directed HealthSelect (CDHP) from $6,650 to $6,750 for individuals and from $13,300 to $13,500 for families in order to remain consistent with Internal Revenue Service maximums. This minor benefit change is provided for in the Fiscal Year 2020 Assumed Per Capita Health Benefit Costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is Primary.

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 2019 Assumed Per Capita Health Benefit Costs.

Defined Benefit Pension Plan

Information about factors that significantly affect trends in the amounts reported in the pension related RSI schedules (for example, changes of benefit terms, changes in the size or composition of the population covered by the benefit terms, or the use of different assumptions) should be presented as notes to the schedules. The amounts presented for prior years should not be restated for the effect of changes - for example, changes of benefit terms or changes of assumptions that occurred after the measurement date of that information.

SUPPLEMENTAL FINANCIAL INFORMATION

For the Fiscal Years Ended
August 31, 2020 and 2019

ANGELINA COLLEGE
SCHEDULE A
SCHEDULE OF OPERATING REVENUES
For the Year Ended August 31, 2020
With Memorandum Totals for the Year Ended August 31, 2019

	UNRESTRICTED	RESTRICTED	TOTAL EDUCATIONAL ACTIVITIES	AUXILIARY ENTERPRISES	TOTALS 2020	TOTALS 2019
Tuition:						
State Funded Credit Courses:						
In-district resident tuition	$ 3 166 181	$ -	$ 3 166 181	$ -	$ 3 166 181	$ 2 875 598
Out-of-district resident tuition	3 849 342	-	3 849 342	-	3 849 342	4 068 255
Non-resident tuition	227 937	-	227 937	-	227 937	169 367
TPEG - Credit (set aside)*	465 593	-	465 593	-	465 593	492 677
State funded continuing education courses	624 794	-	624 794	-	624 794	867 601
TPEG - Non-credit (set aside)*	27 815	-	27 815	-	27 815	41 905
TOTAL TUITION	8 361 662	-	8 361 662	-	8 361 662	8 515 403
Fees:						
General institutional service fee	-	-	-	2 543 245	2 543 245	2 162 072
Laboratory fee	765 701	-	765 701	-	765 701	786 722
Other fees	132 246	-	132 246	-	132 246	167 863
TOTAL FEES	897 947	-	897 947	2 543 245	3 441 192	3 116 657
Scholarship Allowance and Discounts:						
Local scholarships	(358 324)	-	(358 324)	(67 563)	(425 887)	(464 221)
Auxiliary scholarships	(219 038)	-	(219 038)	(46 438)	(265 476)	(272 995)
Remission and exemptions - State	(180 305)	-	(180 305)	(76 198)	(256 503)	(349 647)
Remissions and exemptions - Local	-	-	-	-	-	(9 698)
TPEG allowances	(313 807)	-	(313 807)	(37 423)	(351 230)	(515 053)
Other state grants	(317 308)	-	(317 308)	(11 297)	(328 605)	(255 338)
Title IV federal grants	(3 189 372)	-	(3 189 372)	(1 011 189)	(4 200 561)	(3 480 685)
Other federal grants	-	-	-	-	-	(13 400)
TOTAL SCHOLARSHIP ALLOWANCES	(4 578 154)	-	(4 578 154)	(1 250 108)	(5 828 262)	(5 361 037)
TOTAL NET TUITION AND FEES	4 681 455	-	4 681 455	1 293 137	5 974 592	6 271 023
Additional Operating Revenues:						
Federal grants and contracts	40 202	1 911 684	1 951 886	-	1 951 886	1 699 996
State grants and contracts	-	494 954	494 954	-	494 954	1 051 517
Non-governmental grants and contracts	142 423	732 476	874 899	-	874 899	1 232 210
Investment income (program restricted)	366 408	-	366 408	-	366 408	263 318
Other operating revenues	444 435	25 750	470 185	4 719	474 904	723 958
TOTAL ADDITIONAL OPERATING REVENUES	993 468	3 164 864	4 158 332	4 719	4 163 051	4 970 999
Auxiliary Enterprises:						
Angelina College Foundation	-	-	-	48 827	48 827	15 500
Residential life	-	-	-	563 188	563 188	572 803
Scholarship allowance and discounts	-	-	-	-	(435 317)	(432 339)
NET RESIDENTAL LIFE	-	-	-	563 188	127 871	140 464
Bookstore	-	-	-	750 548	750 548	1 426 401
Scholarship allowances and discounts	-	-	-	-	(453 550)	(929 113)
NET BOOKSTORE	-	-	-	750 548	296 998	497 288
TOTAL NET AUXILIARY ENTERPRISES	-	-	-	1 362 563	473 696	653 252
TOTAL OPERATING REVENUES	$ 5 674 923	$ 3 164 864	$ 8 839 787	$ 2 660 419	$ 10 611 339	$ 11 895 274

* In accordance with Education Code 56.033, $465,593 and $492,677, respectively were set aside for Texas Public Education Grants (TPEG).

See independent auditors' report.

ANGELINA COLLEGE
SCHEDULE B
SCHEDULE OF OPERATING EXPENSES BY OBJECT
For the Year Ended August 31, 2020
With Memorandum Totals for the Year Ended August 31, 2019

	SALARIES AND WAGES	STATE BENEFITS	LOCAL BENEFITS	OTHER EXPENSES	TOTALS 2020	TOTALS 2019
Unrestricted - Educational Activities:						
Instruction	$ 8 005 899	$ -	$ 1 535 736	$ 531 240	$ 10 072 875	$ 10 837 129
Public service	27 378	-	5 232	8 289	40 899	50 053
Academic support	1 541 876	-	294 667	472 017	2 308 560	2 870 809
Student services	1 153 588	-	-	240 549	1 394 137	1 733 380
Institutional support	1 994 738	-	570 602	1 834 090	4 399 430	3 742 611
Operation and maintenance of plant	820 545	-	156 814	1 300 448	2 277 807	2 467 089
TOTAL UNRESTRICTED EDUCATIONAL ACTIVITIES	13 544 024	-	2 563 051	4 386 633	20 493 708	21 701 071
Restricted - Educational Activities:						
Instruction	266 740	1 337 952	-	214 550	1 819 242	1 876 650
Public service	816 442	4 558	119 730	221 639	1 162 369	1 337 769
Academic support	10 202	256 718	-	-	266 920	359 125
Student services	72 986	192 070	3	84 480	349 539	316 392
Institutional support	7 538	332 368	-	456 900	796 806	226 745
Operation and maintenance of plant	10 194	136 619	-	104 534	251 347	103 472
Scholarships and fellowships	-	-	-	4 345 569	4 345 569	4 343 930
TOTAL RESTRICTED EDUCATIONAL ACTIVITIES	1 184 102	2 260 285	119 733	5 427 672	8 991 792	8 563 983
TOTAL EDUCATIONAL ACTIVITIES	14 728 126	2 260 285	2 682 784	9 814 305	29 485 500	30 217 151
Auxiliary enterprises	548 997	-	252 873	2 166 515	2 968 385	3 217 151
Depreciation expense - Buildings and improvements	-	-	-	1 590 196	1 590 196	1 798 569
Depreciation expense - Equipment and furniture	-	-	-	611 057	611 057	261 922
TOTAL OPERATING EXPENSES	$ 15 277 123	$ 2 260 285	$ 2 935 657	$ 14 182 073	$ 34 655 138	$ 35 542 696

See independent auditors' report.

ANGELINA COLLEGE
SCHEDULE C
SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
For the Year Ended August 31, 2020
With Memorandum Totals for the Year Ended August 31, 2019

							TOTALS MEMORANDUM ONLY		
		UNRESTRICTED		RESTRICTED		AUXILIARY ENTERPRISES		2020		2019
Non-Operating Revenues:										
State Appropriations:										
Educational and general state support	$	5 797 916	$	-	$	-	$	5 797 916	$	6 147 622
State group insurance		-		2 135 655		-		2 135 655		1 819 454
State retirement matching		-		125 572		-		125 572		309 822
Special appropriations		1 510 935		-		-		1 510 935		1 320 146
Other state support		-		-		-		-		13 993
TOTAL STATE APPROPRIATIONS		7 308 851		2 261 227		-		9 570 078		9 611 037
Maintenance ad valorem taxes		6 690 284		-		-		6 690 284		5 781 607
Debt service ad valorem taxes		-		1 345 745		-		1 345 745		1 710 873
Federal revenue, non-operating		-		8 385 769		-		8 385 769		8 719 323
Gifts		11 050		669 778		-		680 828		729 770
Investment income		74 831		639 163		954		714 948		291 225
Other non-operating revenues		73 351		912		130 288		204 551		261 788
TOTAL NON-OPERATING REVENUES		14 158 367		13 302 594		131 242		27 592 203		27 105 623
Non-Operating Expenses:										
Interest on capital related debt		-		353 284		-		353 284		622 695
Disposal of capital assets, net		-		-		-		-		768
Investment expenses		-		-		-		-		23 767
TOTAL NON-OPERATING EXPENSES		-		353 284		-		353 284		647 230
NET NON-OPERATING REVENUES	$	14 158 367	$	12 949 310	$	131 242	$	27 238 919	$	26 458 393

See independent auditors' report.

ANGELINA COLLEGE
SCHEDULE D
SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY
For the Year Ended August 31, 2020
With Memorandum Totals for the Year Ended August 31, 2019

	DETAIL BY SOURCE					AVAILABLE FOR CURRENT OPERATIONS	
		RESTRICTED		NET INVESTMENT IN CAPITAL ASSETS			
	UNRESTRICTED	EXPENDABLE	NON-EXPENDABLE		TOTAL	YES	NO
Current:							
Unrestricted	$ (20 265 944)	$ -	$ -	$ -	$ (20 265 944)	$ (20 265 944)	$ -
Restricted	-	2 305 642	-	-	2 305 642	-	2 305 642
Auxiliary enterprises	2 325 720	-	-	-	2 325 720	2 325 720	-
Loan	386 693	-	-	-	386 693	-	386 693
Endowment:							
Quasi:							
Unrestricted	-	-	-	-	562 679	-	562 679
Endowment:							
True	-	-	8 933 510	-	8 370 831	-	8 370 831
Plant:							
Unexpected	5 396 290	-	-	-	5 396 290	-	5 396 290
Debt service	-	613 365	-	-	613 365	-	613 365
Investment in plant	-	-	-	25 773 489	25 773 489	-	25 773 489
TOTAL NET POSITION, AUGUST 31, 2020	(12 157 241)	2 919 007	8 933 510	25 773 489	25 468 765	(17 940 224)	43 408 989
TOTAL NET POSITION, AUGUST 31, 2019	(15 194 541)	2 731 683	8 242 529	26 441 043	22 220 714	(22 224 561)	44 445 275
NET INCREASE (DECREASE) IN NET POSITION	$ 3 037 300	$ 187 324	$ 690 981	$ (667 554)	$ 3 248 051	$ (40 164 785)	$ 43 412 836

See independent auditors' 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, 2020 and 2019

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, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated December 7, 2020.

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 7, 2020

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

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*, which could have a direct and material effect on each of the College's major federal programs for the year ended August 31, 2020. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence 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 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 programs for the year ended August 31, 2020.

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, 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 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 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 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. 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 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 7, 2020

ANGELINA COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AUGUST 31, 2020

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 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?	_____ Yes	X No

Identification of major programs:

CFDA Number(s)	Name of Federal or State Program or Cluster*
	Federal:
84.007/84.033/84.063	Student Financial Assistance Cluster

Dollar threshold used to distinguish between Type A and Type B Federal programs:	$750,000	
Auditee qualified as low-risk auditee?	X Yes	_____ No

B. Financial Statements Findings

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

None

ANGELINA COLLEGE
SCHEDULE E
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2020

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	DIRECT AWARDS	PASS THROUGH AWARDS	TOTAL	SUB-RECIPIENTS EXPENDITURES
U.S. Department of Education:					
Direct Programs:					
Student Financial Assistance Cluster:					
Federal Supplemental Education Opportunity Grants	84.007	$ 179 582	$ -	$ 179 582	$ -
Federal Work Study Program	84.033	100 660	-	100 660	-
Federal Pell Grant Program	84.063	8 105 527	-	8 105 527	-
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER		8 385 769	-	8 385 769	-
CARES Act - Institutional	84.425F	312 030	-	312 030	-
Pass Through From:					
Texas Workforce Commission:					
Adult Education and Literacy 1718ALA000	84.002	-	1 098 378	1 098 378	155 126
		-	1 098 378	1 098 378	155 126
LCOT East Texas Consortium:					
Adult Education and Literacy 0818ALA000	84.002	-	13 724	13 724	-
		-	13 724	13 724	-
TOTAL CFDA 84.002		-	1 112 102	1 112 102	155 126
Texas Higher Education Coordinating Board:					
Carl Perkins Vocational Education-Basic 194217	84.048	-	550 382	550 382	-
		-	550 382	550 382	-
TOTAL U.S. DEPARTMENT OF EDUCATION		8 697 799	1 662 484	10 360 283	155 126
U.S. Department of Defense:					
Direct Programs:					
Procurement Technical Assistance for Small Business Firms SP4800-19-2-1985	12.002	31 631	-	31 631	-
		31 631	-	31 631	-
U.S. Small Business Administration:					
Pass-through from:					
University of Houston:					
Small Business Development Center R-18-0045-53801	59.037	-	12 043	12 043	-
Small Business Development Center R-19-0053-53801	59.037	-	88 824	88 824	-
TOTAL U.S. SMALL BUSINESS ADMINISTRATION		-	100 867	100 867	-
TOTAL EXPENDITURES OF FEDERAL AWARDS		$ 8 729 430	$ 1 763 351	$ 10 492 781	$ 155 126

NOTE 1 - FEDERAL ASSISTANCE RECONCILIATION

Other Operating Revenues - Federal Grants and Contracts - Per Schedule A	$ 1 911 684
Add: Indirect/Administrative Cost Recoveries - Per Schedule A	40 202
Add: Non-Operating Revenues - Federal Revenue, Non-operating - Per Schedule C	8 385 769
TOTAL FEDERAL REVENUE PER SCHEDULE A AND C	10 337 655
Reconciling Items:	
Add: Funds passed through to others	155 126
TOTAL FEDERAL EXPENDITURES PER SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	$ 10 492 781

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 did not receive nonmonetary federal assistance.

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 $155,126 was passed through to Panola College by the College. Of this total, $155,126 was from the Adult Education and Literacy Program. CFDA 84.002. The total amount was passed through the Texas Workforce Commission.

See independent auditors' report.

ANGELINA COLLEGE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
August 31, 2020

None