

ANGELINA COLLEGE

ANNUAL FINANCIAL REPORT

For the Fiscal Years Ended August 31, 2021 and 2020



PREPARED BY:

THE BUSINESS OFFICE

ANGELINA COLLEGE  
LUFKIN, TEXAS

ANGELINA COLLEGE  
ANNUAL FINANCIAL REPORT

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Angelina College

INTRODUCTORY SECTION

Annual Financial Report

For the Fiscal Years Ended  
August 31, 2021 and 2020



Angelina College

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

December 6, 2021

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

We are pleased to present the following annual financial report (AFR) of Angelina College (the College) for the fiscal year ended August 31, 2021 and 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 and local community sites. In addition to in-person instruction, courses are offered online, via synchronous or asynchronous instruction, and via hybrid/blended, a mix of in-person and online instruction. The student body is comprised of over 4,600 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:** *Grow the Institution's Capacity and Effectiveness at Delivering Online Education*
- **Goal Two:** *Monitor the Changing Higher Education Environment and Adopt Best Practices to Improve the Curriculum, Pedagogy, Delivery, Modality, and Institutional Efficiency and Effectiveness*

- **Goal Three:** *Invest in the Professional Development of full-time and Adjunct Instructors by Developing a Calculus for Instructional Efficacy at the Individual Instructor Level and Deploying In-House Training to Grow the Proficiency of Each Instructor*
- **Goal Four:** *Develop and Update as Necessary Instructional Technology Standards for Instructors as well as Internal Training and Support Programming to Help Instructors Meet the Standards*
- **Goal Five:** *Develop the Institution's Capacity to Collect and Use Initiative Performance Data and to Engage in Continuous Improvement of Retention and Completion Initiatives*
- **Goal Six:** *Develop an Approach to Dual Credit Offerings that Leverages Pathways Identified by the College to Facilitate Certificate or Degree Completion and/or Results in Enrollment in AC after High School Graduation*
- **Goal Seven:** *Manage Resources in a Prudent Manner While Investing to Enhance Educational Offerings and the Physical Environment to Meet Student and Community Needs and Expectations*
- **Goal Eight:** *Develop Expertise and Programming to Recruit, Serve and Support Students in Poverty, International Students, African-American Males, and Latino/a Students*
- **Goal Nine:** *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*

#### FINANCIAL CONDITION

The population of the College's service area has remained constant over the last ten years. Similarly, the College's full-time student equivalent has also remained level over the same time period, but has fluctuated on a year over year basis. 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. The College's present plan is detailed in the Angelina College Long-Range Plan 2020 to 2040.

The College also has a multi-year renewal and replacement plan, which addresses the deferred maintenance needs of the College, and a Long-Range Facilities Master Plan, which addresses new construction projects and renovation projects to ensure the long-term viability of the College's facilities.

#### 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

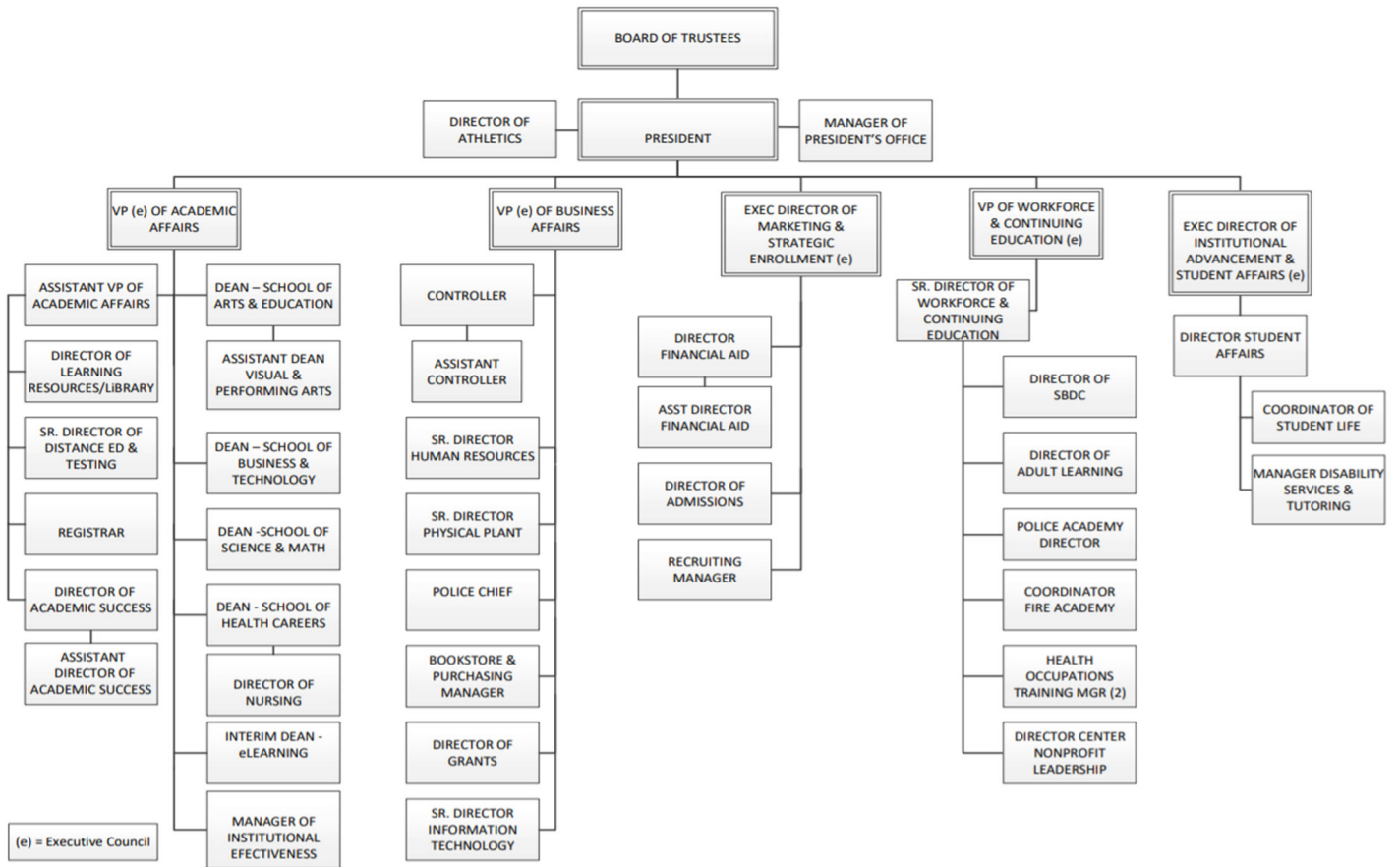
Controller

*Amy Smith*

Amy Smith

Assistant Controller

ANGELINA COLLEGE  
 ORGANIZATIONAL CHART  
 For the Fiscal Year Ending August 31, 2021



ANGELINA COLLEGE  
PRINCIPAL OFFICIALS  
For the Fiscal Year Ending August 31, 2021

BOARD OF TRUSTEES

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		<u>TITLE</u>	<u>TERM EXPIRES</u>
Hilary Haglund Walker	Lufkin, Texas	President	2026
Lynne Haney	Lufkin, Texas	Vice-President	2022
Dr. Robert Lindsey	Lufkin, Texas	Secretary	2026
Dr. Sidney Roberts	Lufkin, Texas	Member	2022
Malcolm Deason	Lufkin, Texas	Member	2024
Curt Fenley	Lufkin, Texas	Member	2026
Gilbert Jose Garza	Lufkin, Texas	Member	2024

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PRINCIPAL ADMINISTRATIVE OFFICERS

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Dr. Michael Simon	President
Dr. Cynthia Casparis	Vice President, Academic Affairs
Chris Sullivan	Vice President, Business Affairs & International Control
Dr. Tim Ditoro	Vice President, Workforce & Continuing Education
Krista Brown	Executive Director, Marketing & Strategic Enrollment
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, 2021 and 2020, 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 auditor 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, 2021 and 2020, 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 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 an 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 6, 2021 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.

Lufkin, Texas  
December 6, 2021

  
CERTIFIED PUBLIC ACCOUNTANTS

Angelina College  
FINANCIAL SECTION  
Annual Financial Report  
For the Fiscal Years Ended August 31, 2021 and 2020

Angelina College  
Management's Discussion and Analysis  
August 31, 2021

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, 2021 and 2020. 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

	2021	2020	\$ DIFFERENCE CURRENT YEAR AND PRIOR YEAR	% DIFFERENCE CURRENT YEAR AND PRIOR YEAR
<b>ASSETS</b>				
Cash and investments	\$ 35 905 443	\$ 26 837 681	\$ 9 067 762	33.79
Accounts receivable (net)	6 434 445	7 024 125	(589 680)	(8.40)
Inventories	236 098	275 484	(39 386)	(14.30)
Other assets	434 333	208 351	225 982	108.46
Capital assets	<u>38 835 205</u>	<u>39 412 801</u>	<u>(577 596)</u>	<u>(1.47)</u>
<b>TOTAL ASSETS</b>	<u>81 845 524</u>	<u>73 758 442</u>	<u>8 087 082</u>	<u>10.96</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related	1 900 894	2 376 439	(475 545)	(20.01)
OPEB related	2 645 401	3 321 007	(675 606)	(20.34)
Loss on bond refunding	<u>119 461</u>	<u>128 650</u>	<u>(9 189)</u>	<u>(7.14)</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>4 665 756</u>	<u>5 826 096</u>	<u>(1 160 340)</u>	<u>(19.92)</u>
<b>LIABILITIES</b>				
Current liabilities	7 819 730	7 796 088	23 642	0.30
Noncurrent liabilities	<u>37 766 692</u>	<u>38 457 775</u>	<u>(691 083)</u>	<u>(1.80)</u>
<b>TOTAL LIABILITIES</b>	<u>45 586 422</u>	<u>46 253 863</u>	<u>(667 441)</u>	<u>(1.44)</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related	962 480	1 323 027	(360 547)	(27.25)
OPEB related	<u>5 588 280</u>	<u>6 538 883</u>	<u>(950 603)</u>	<u>(14.54)</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>6 550 760</u>	<u>7 861 910</u>	<u>(1 311 150)</u>	<u>(16.68)</u>
<b>NET POSITION</b>				
Net investment in capital assets	26 172 261	25 773 489	398 772	1.55
Restricted	13 240 454	11 852 517	1 387 937	11.71
Unrestricted	<u>(5 038 617)</u>	<u>(12 157 241)</u>	<u>7 118 624</u>	<u>(58.55)</u>
<b>TOTAL NET POSITION</b>	<u>\$ 34 374 098</u>	<u>\$ 25 468 765</u>	<u>\$ 8 905 333</u>	<u>34.97</u>

Cash and Investments increased by \$9,067,762 (34%) in FY21. The increase was due to "institutional" support received through HEERF (Higher Education Emergency Relief Fund) I, II, and III in FY21. The "institutional" support for loss of revenue due to COVID-19 totaled \$2.9 million in FY21. Other increases were due to the timing of AP payments and disbursement from federal funds.

Accounts Receivable (Net) decreased by \$589,680 (8%) in FY21 as a result of the fluctuation in College start dates.

Campus Store Inventories decreased \$39,386 (14%) in FY21 due to the continued decline in new book sales.

Other Assets increased \$225,982 (108%) in FY21 due to a net decrease in prepaid insurance of \$107,000 and an increase in prepaid information technology maintenance agreements of \$332,000. Insurance invoices and maintenance agreements are received at various times throughout the year. They are recorded as prepaid if they are paid before the start of the new fiscal. Additionally, due to the temporary suspension of Collegiate athletic programs, related insurance policies were also temporarily discontinued which effected prepaid insurance in FY21.

Capital Assets account for 53% of the College's total assets. The \$38,835,205 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 \$577,596 resulted from depreciation exceeding asset addition for FY21. Machinery and equipment purchased for \$1.6 million netted against depreciation of \$2.2 million.

Current Liabilities increased by \$23,642 (0.3%) in FY21. These amounts fluctuate based on purchases and services required at year end and based on changes in unearned revenues. Unearned revenues increased \$300,000 in FY21, but the current portion of the bonds payable decreased \$300,000. The College also paid off its Series 2015 Refunding Bonds which lowered the current portion of the bonds payable.

Noncurrent Liabilities decreased \$691,083 (2%) in FY21. Noncurrent liabilities include bonds payable, the pension liability (GASB 68) and the OPEB liability (GASB 75). As stated above, the College paid off the 2015 Refunding Bonds which lowered the noncurrent bond debt by \$635,000. The bonds payable decrease was the majority of the noncurrent liability decrease because the pension and OPEB liabilities remained relatively flat in FY21 compared to FY20.

As they relate to GASB 68 & 75, the net change in the deferred inflows and liabilities exceeded the net change in the deferred outflows and assets of the College at the close of the most recent fiscal year by \$2,004,465. The net effect of these changes combined with the current year expensing of the pension and OPEB plans decreased the College's net position \$176,000. The College's total net position increased \$8,905,333 in FY21. Excluding the effects of GASB 68 & 75, the College's net position increased \$8,672,881.

Analysis of Significant Changes in Operations

	2021	2020	\$ DIFFERENCE CURRENT YEAR AND PRIOR YEAR	% DIFFERENCE CURRENT YEAR AND PRIOR YEAR
<b>OPERATING REVENUES</b>				
Tuition and fees (net)	\$ 6 249 206	\$ 5 974 592	\$ 274 614	4.60
Federal grants and contracts	9 904 674	1 951 886	7 952 788	407.44
State grants and contracts	457 052	494 954	(37 902)	(7.66)
Non-governmental grants and contracts	732 160	874 899	(142 739)	(16.31)
Sales and services of educational activities	349 268	366 408	(17 140)	(4.68)
Auxiliary enterprises (net)	494 953	473 696	21 257	4.49
Other operating revenue	110 921	474 904	(363 983)	(76.64)
<b>TOTAL OPERATING REVENUES</b>	<b>18 298 234</b>	<b>10 611 339</b>	<b>7 686 895</b>	<b>72.44</b>
<b>OPERATING EXPENSES</b>				
Instruction	10 530 634	11 892 117	(1 361 483)	(11.45)
Public service	1 307 490	1 203 268	104 222	8.66
Academic support	2 403 289	2 575 480	(172 191)	(6.69)
Student services	4 688 562	1 743 676	2 944 886	168.89
Institutional support	8 243 187	5 196 236	3 046 951	58.64
Operation and maintenance of plant	2 548 874	2 529 154	19 720	0.78
Scholarship and fellowships	4 010 941	4 345 569	(334 628)	(7.70)
Auxiliary enterprises	3 293 780	2 968 385	325 395	10.96
Depreciation	2 214 088	2 201 253	12 835	0.58
<b>TOTAL OPERATING EXPENSES</b>	<b>39 240 845</b>	<b>34 655 138</b>	<b>4 585 707</b>	<b>13.23</b>
<b>NET OPERATING LOSS</b>	<b>(20 942 611)</b>	<b>(24 043 799)</b>	<b>3 101 188</b>	<b>(12.9)</b>
<b>NON-OPERATING REVENUES</b>				
State appropriations	9 115 056	9 570 078	(455 022)	(4.75)
Maintenance ad valorem taxes	7 288 197	6 690 284	597 913	8.94
Debt service ad valorem taxes	1 286 441	1 345 745	(59 304)	(4.41)
Federal revenue, non-operating	7 502 236	8 385 769	(883 533)	(10.54)
Gifts	435 760	680 828	(245 068)	(36.00)
Investment income	1 284 354	714 948	569 406	79.64
Other non-operating revenues	3 162 226	204 551	2 957 675	1,445.94
<b>TOTAL NON-OPERATING REVENUES</b>	<b>30 074 270</b>	<b>27 592 203</b>	<b>2 482 067</b>	<b>9.00</b>
<b>NON-OPERATING EXPENSES</b>				
Interest on capital related debt	327 899	353 284	(25 385)	(7.19)
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>327 899</b>	<b>353 284</b>	<b>(25 385)</b>	<b>(7.19)</b>
<b>INCOME BEFORE OTHER REVENUES</b>	<b>8 803 760</b>	<b>3 195 120</b>	<b>5 608 640</b>	<b>175.54</b>
<b>OTHER REVENUES</b>				
Additions to permanent endowments	101 573	52 931	48 642	91.90
<b>TOTAL OTHER REVENUES</b>	<b>101 573</b>	<b>52 931</b>	<b>48 642</b>	<b>91.90</b>
<b>INCREASE IN NET POSITION</b>	<b>8 905 333</b>	<b>3 248 051</b>	<b>5 657 282</b>	<b>174.17</b>
Beginning net position	25 468 765	22 220 714	3 248 051	14.62
<b>ENDING NET POSITION</b>	<b>\$ 34 374 098</b>	<b>\$ 25 468 765</b>	<b>\$ 8 905 333</b>	<b>34.97</b>

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

Net Tuition and Fees increased \$274,614 (5%) in FY21. Federal Grants & Contracts increased \$7,952,788 in FY21. The large increase in Federal grants resulted from HEERF I, II, and III. State grants regularly fluctuate in value and purpose from year to year but did not materially change between FY21 and FY20. Non-Governmental Grants and Contracts decreased \$142,739 (16%). The decrease was due to the non-renewal of certain Nursing grants in FY21. Other Operating Revenue decreased \$363,983 (77%) in FY21. This decrease was primarily due to an increase in the student bad debt expense which is netted against other operating revenues.

Operating expenses are all the costs necessary to perform and conduct the programs and primary purposes of the College. Student Services increased \$2,944,886 (169%) in FY21 due to a \$2.6 million grant for HEERF I, II, and III for student support. Institutional Support increased \$3,046,951 (59%). The majority of this increase was also related to HEERF I, II, and III including, \$2.9 million of lost revenue, due to COVID-19, expenditures, and \$1.3 million for instructional equipment.

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. Federal Revenue, Non-Operating decreased \$883,533 (11%) in FY21 because there was a decrease in Pell eligible student hours. Gifts decreased \$245,068 (36%) in FY21 due to normal yearly fluctuations in charitable giving. Investment Income increased \$569,406 (80%) in FY21 due to an increase in unrealized gains in FY21 compared to FY20. Other Non-Operating Revenues increased \$2,957,675 (1,446%) due to \$2.9 million of revenue from HEERF I, II, and III for lost revenue due to COVID-19.

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 an increase of \$48,642 (92%) in FY21 compared to FY20.

#### Analysis of Cash Flows

	2021	2020	\$ DIFFERENCE CURRENT YEAR AND PRIOR YEAR	% DIFFERENCE CURRENT YEAR AND PRIOR YEAR
Net cash used by operating activities	\$ (16 135 172)	\$ (19 618 481)	\$ 3 483 309	(17.76)
Net cash provided by non-capital financing activities	23 999 655	23 468 968	530 687	2.26
Net cash used by capital financing activities	(1 326 418)	(2 714 677)	1 388 259	(51.14)
Net cash provided (used) by investing activities	958 966	411 366	547 600	133.12
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7 497 031	1 547 176	5 949 855	384.56
Cash and cash equivalents at September 1	17 757 199	16 210 023	1 547 176	9.54
Cash and cash equivalents at August 31	\$ 25 254 230	\$ 17 757 199	\$ 7 497 031	42.22

Overall, the College's year-end cash balance of \$25,379,703 increased by \$7,622,504 (43%) from last year's balance of \$17,757,199.

#### Capital Assets and Long-Term Debt

#### Capital Assets (Net of Accumulated Depreciation)

	2021	2020	\$ DIFFERENCE CURRENT YEAR AND PRIOR YEAR	% DIFFERENCE CURRENT YEAR AND PRIOR YEAR
Buildings and improvements	\$ 29 355 801	\$ 30 912 905	\$ (1 557 104)	(5.04)
Land and land improvements	4 587 046	4 643 544	(56 498)	(1.22)
Library books	167 861	185 842	(17 981)	(9.68)
Furniture, machinery, and equipment	4 051 983	3 670 510	381 473	10.39
Construction in progress	672 514	-	672 514	100.00
TOTAL	\$ 38 835 205	\$ 39 412 801	\$ (577 596)	(1.47)

The College had \$38.8 and \$39.4 million invested in capital assets, net of accumulated depreciation of \$45.5 and \$43.3 million for FY21 and FY20, respectively. The largest single component of capital assets are buildings totaling \$29,355,801 for FY21 and \$30,912,905 for FY20, net of accumulated depreciation. Depreciation charges totaled \$2,214,089 for FY21 and \$2,201,253 for FY20.

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, 2021 and 2020**

ANGELINA COLLEGE  
STATEMENTS OF NET POSITION  
For the Years Ended August 31, 2021 and 2020

EXHIBIT 1

	2021	2020
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 15 936 658	\$ 11 238 218
Accounts receivable (net)	6 434 445	7 024 125
Inventories	236 098	275 484
Other assets	434 333	208 351
<b>TOTAL CURRENT ASSETS</b>	<b>23 041 534</b>	<b>18 746 178</b>
Noncurrent Assets:		
Restricted cash and cash equivalents	9 317 572	6 518 981
Endowment investments	10 651 213	9 080 482
Capital assets (net) (see Note 7)	38 835 205	39 412 801
<b>TOTAL NONCURRENT ASSETS</b>	<b>58 803 990</b>	<b>55 012 264</b>
<b>TOTAL ASSETS</b>	<b>81 845 524</b>	<b>73 758 442</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension related	1 900 894	2 376 439
OPEB related	2 645 401	3 321 007
Loss on bond refunding	119 461	128 650
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>4 665 756</b>	<b>5 826 096</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	1 200 199	695 311
Interfund payable	73 874	69 682
Accrued liabilities	196 025	534 632
Accrued compensable absences - Current portion	60 153	54 969
Funds held for others	169 109	158 684
Unearned revenues	5 465 657	5 306 444
Bonds payable - Current portion	654 713	976 366
<b>TOTAL CURRENT LIABILITIES</b>	<b>7 819 730</b>	<b>7 796 088</b>
Noncurrent Liabilities:		
Deposits	19 600	14 900
Accrued compensable absences	340 871	308 323
Net pension liability	5 325 711	5 208 084
Net OPEB liability	21 780 644	21 971 889
Bonds payable	10 299 866	10 954 579
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>37 766 692</b>	<b>38 457 775</b>
<b>TOTAL LIABILITIES</b>	<b>45 586 422</b>	<b>46 253 863</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension related	962 480	1 323 027
OPEB related	5 588 280	6 538 883
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>6 550 760</b>	<b>7 861 910</b>
<b>NET POSITION</b>		
Net investment in capital assets	26 172 261	25 773 489
Restricted:		
Nonexpendable:		
Student aid	10 299 191	8 933 510
Expendable:		
Student aid	2 000 802	2 097 613
Debt service	596 218	613 365
Other	344 243	208 029
Unrestricted	(5 038 617)	(12 157 241)
<b>TOTAL NET POSITION (SCHEDULE D)</b>	<b>\$ 34 374 098</b>	<b>\$ 25 468 765</b>

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, 2021 and 2020

EXHIBIT 2

	2021	2020
Operating Revenue:		
Tuition and fees (net of discounts of \$5,419,194 and \$5,828,262, respectively)	\$ 6 249 206	\$ 5 974 592
Federal grants and contracts	9 904 674	1 951 886
State grants and contracts	457 052	494 954
Non-governmental grants and contracts	732 160	874 899
Investment income - Program restricted	349 268	366 408
Auxiliary enterprises (net of discounts of \$312,447 and \$453,550, respectively)	494 953	473 696
Other operating revenues	110 921	474 904
TOTAL OPERATING REVENUES (SCHEDULE A)	18 298 234	10 611 339
Operating Expenses:		
Instruction	10 530 634	11 892 117
Public service	1 307 490	1 203 268
Academic support	2 403 289	2 575 480
Student services	4 688 562	1 743 676
Institutional support	8 243 187	5 196 236
Operation and maintenance of plant	2 548 874	2 529 154
Scholarships and fellowships	4 010 941	4 345 569
Auxiliary enterprises	3 293 780	2 968 385
Depreciation	2 214 088	2 201 253
TOTAL OPERATING EXPENSES (SCHEDULE B)	39 240 845	34 655 138
OPERATING LOSS	(20 942 611)	(24 043 799)
Non-Operating Revenues (Expenses):		
State appropriations	9 115 056	9 570 078
Maintenance ad valorem taxes	7 288 197	6 690 284
Debt service ad valorem taxes	1 286 441	1 345 745
Federal revenue, non-operating	7 502 236	8 385 769
Gifts	435 760	680 828
Investment income	1 284 354	714 948
Interest on capital related debt	(327 899)	(353 284)
Other non-operating revenues	3 162 226	204 551
TOTAL NON-OPERATING REVENUE (EXPENSES) (SCHEDULE C)	29 746 371	27 238 919
INCOME BEFORE OTHER REVENUES	8 803 760	3 195 120
Other Revenues:		
Additions to permanent endowments	101 573	52 931
TOTAL OTHER REVENUES	101 573	52 931
INCREASE (DECREASE) IN NET POSITION	8 905 333	3 248 051
Net Position:		
Net position - Beginning of year	25 468 765	22 220 714
NET POSITION - END OF YEAR	\$ 34 374 098	\$ 25 468 765

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

ANGELINA COLLEGE  
STATEMENTS OF CASH FLOWS  
For the Years Ended August 31, 2021 and 2020

EXHIBIT 3

	2021	2020
Cash Flows from Operating Activities:		
Receipts from students and other customers	\$ 5 335 561	\$ 5 950 708
Receipts from grants and contracts	14 084 020	3 382 334
Investment income, program restricted	349 268	366 408
Other receipts	20 951	210 889
Payments to or on behalf of employees	(16 410 500)	(18 212 852)
Payments to suppliers for goods or services	(15 784 958)	(6 941 579)
Payments of scholarships	(3 729 514)	(4 374 389)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(16 135 172)	(19 618 481)
Cash Flows from Noncapital Financing Activities:		
Receipts from state appropriations	7 308 593	7 309 793
Ad valorem tax revenues	7 288 197	6 690 284
Receipts from non-operating federal revenue	7 502 236	8 385 769
Payments for collection of taxes	(172 112)	(236 595)
Gifts and grants (other than capital)	1 841 394	1 116 896
Other non-operating revenues	220 674	204 551
Student organization and other agency transactions	10 673	(1 730)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	23 999 655	23 468 968
Cash Flows from Capital and Related Financing Activities:		
Ad valorem tax revenues	1 286 441	1 345 745
Purchase of capital assets	(1 636 493)	(2 748 533)
Payments on capital debt	(976 366)	(1 311 889)
NET CASH PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES	(1 326 418)	(2 714 677)
Cash Flows from Investing Activities:		
Proceeds from sale and maturity of investments	910 536	810 000
Investment earnings	1 284 354	714 948
Purchase of investments	(1 235 924)	(1 113 582)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	958 966	411 366
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7 497 031	1 547 176
Cash and cash equivalents - September 1	17 757 199	16 210 023
CASH AND CASH EQUIVALENTS - AUGUST 31	\$ 25 254 230	\$ 17 757 199
Operating income (loss)	\$ (20 942 611)	\$ (24 043 799)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation expense	2 214 088	2 201 253
Bad debt expense	85 382	(701 000)
Tax collection fee	172 112	236 595
Payments made directly by state for benefits	1 797 627	2 217 477
Changes in Assets and Liabilities:		
Interest receivable	3 126	402
Ad valorem taxes receivable	(27 673)	(9 025)
Federal receivable - Non-operating	1 063 183	495 513
Accounts receivable (net)	(448 119)	771 031
Inventories	39 386	41 276
Other assets	(225 982)	60 398
Pension related outflows	475 545	283 380
OPEB related outflows	675 606	(1 382 967)
Accounts payable	504 888	(473 472)
Accrued liabilities	(338 607)	69 682
Unearned revenue	159 213	(676 503)
Pension related inflows	(360 547)	443 211
OPEB related inflows	(950 603)	(1 114 533)
Deposits	4 700	(5 600)
Accrued compensable absences	37 732	83 669
Net OPEB liability (adjusted for prior period)	(191 245)	(314 365)
Net pension liability	117 627	2 198 896
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (16 135 172)	\$ (19 618 481)

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

ANGELINA COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2021

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 short-term investments with original maturities of three months or less from date of acquisition.

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.

ANGELINA COLLEGE  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
August 31, 2021

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, 2021 or 2020, 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.

ANGELINA COLLEGE  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
August 31, 2021

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,	
	2021	2020
Bank Deposits:		
Demand deposits and money market mutual funds	\$ 25 248 293	\$ 17 751 257
Certificates of deposit - Short-term	352 773	302 236
Certificates of deposit - Long-term	1 473 623	1 407 685
	27 074 689	19 461 178
Cash and Cash Equivalents:		
Petty cash on hand	5 942	5 942
TOTAL CASH AND DEPOSITS	\$ 27 080 631	\$ 19 467 120

Cash and Deposits Reconciliation of Deposits and Investments to Exhibit 1

TYPE OF SECURITY	FAIR VALUE AUGUST 31,	
	2021	2020
U.S. government agencies	\$ 145 582	\$ 148 780
Mutual funds	7 168 571	5 747 462
Corporate bonds	1 385 191	1 474 319
Total cash and bank deposits	27 080 631	19 467 120
Total endowment bank deposits	125 468	-
TOTAL CASH, DEPOSITS, AND INVESTMENTS	\$ 35 905 443	\$ 26 837 681
Current (Exhibit 1):		
Cash and cash equivalents	\$ 15 936 658	\$ 11 238 218
Noncurrent (Exhibit 1):		
Restricted cash and cash equivalents	9 317 572	6 518 981
Endowment investments	10 651 213	9 080 482
TOTAL CURRENT AND NONCURRENT CASH AND INVESTMENTS	\$ 35 905 443	\$ 26 837 681

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



ANGELINA COLLEGE  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
August 31, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS - CONTINUED

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)	Investment Maturities (in Years)	
		Less Than 1	1 to 5
August 31, 2021:			
U.S. Government Securities	\$ 145 582	\$ -	\$ 145 582
Certificates of Deposits	1 826 396	352 773	1 473 623
Corporate Bonds	1 385 191	-	1 385 191
TOTAL	<u>\$ 3 357 169</u>	<u>\$ 352 773</u>	<u>\$ 3 004 396</u>
August 31, 2020:			
U.S. Government Securities	\$ 148 780	\$ -	\$ 148 780
Certificates of Deposits	1 709 921	302 236	1 120 879
Corporate Bonds	1 474 319	41 199	240 250
TOTAL	<u>\$ 3 333 020</u>	<u>\$ 343 435</u>	<u>\$ 1 509 909</u>

*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, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020.

*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, 2021 and 2020, the bank balances of the College's deposits were \$25,373,761 and \$17,751,257 respectively. Of these balances, the amounts covered by FDIC insurance were \$2,416,751 and \$1,905,315 at August 31, 2021 and 2020, respectively. The remaining balances at August 31, 2021 and 2020 of \$22,957,010 and \$15,845,942 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 2021 or 2020.

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.

ANGELINA COLLEGE  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
August 31, 2021

NOTE 6 - ENDOWMENTS - CONTINUED

Endowment assets consist of the following:

	August 31,	
	2021	2020
Beginning net position	\$ 8 933 510	\$ 8 215 174
Interest, dividends, earnings, capital gains (losses)	338 807	356 474
Unrealized gains (losses)	1 175 301	558 931
Contributions	101 573	52 931
<b>FUNDS AVAILABLE IN THE ENDOWMENT</b>	<b>10 549 191</b>	<b>9 183 510</b>
Less scholarship distributions from current year endowment interest	250 000	250 000
<b>ENDING NET POSITION</b>	<b>\$ 10 299 191</b>	<b>\$ 8 933 510</b>
Bank deposits	\$ 125 473	\$ 62 244
Endowment investments	10 501 910	8 991 282
Interest receivable	23 830	26 956
<b>Endowment assets</b>	<b>\$ 10 651 213</b>	<b>\$ 9 080 482</b>

NOTE 7 - CAPITAL ASSETS

Capital assets activity for the year ended August 31, 2021 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	-	672 514	-	672 514
<b>TOTAL ASSETS NOT BEING DEPRECIATED</b>	<b>1 773 999</b>	<b>672 514</b>	<b>-</b>	<b>2 446 513</b>
Capital Assets Being Depreciated:				
Buildings	51 657 425	-	-	51 657 425
Land improvements	7 603 231	-	-	7 603 231
Building improvements	11 336 816	-	-	11 336 816
Library books	907 979	-	4 400	903 579
Furniture, machinery, vehicles, and other equipment	4 990 093	963 979	9 569	5 944 503
Telecommunications and peripheral equipment	4 464 862	-	-	4 464 862
<b>TOTAL ASSETS BEING DEPRECIATED</b>	<b>80 960 406</b>	<b>963 979</b>	<b>13 969</b>	<b>81 910 416</b>
Less Accumulated Depreciation For:				
Buildings	28 000 902	771 055	-	28 771 957
Land improvements	4 733 686	56 498	-	4 790 184
Building improvements	4 080 434	786 049	-	4 866 483
Library books	722 137	17 981	4 400	735 718
Furniture, machinery, vehicles, and other equipment	3 189 741	576 424	9 569	3 756 596
Telecommunications and peripheral equipment	2 594 704	6 082	-	2 600 786
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<b>43 321 604</b>	<b>2 214 089</b>	<b>13 969</b>	<b>45 521 724</b>
<b>GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET</b>	<b>\$ 39 412 801</b>	<b>\$ (577 596)</b>	<b>\$ -</b>	<b>\$ 38 835 205</b>

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.

ANGELINA COLLEGE  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
August 31, 2021

NOTE 7 - CAPITAL ASSETS - CONTINUED

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	-
<b>TOTAL ASSETS NOT BEING DEPRECIATED</b>	<b>3 947 438</b>	<b>-</b>	<b>2 173 439</b>	<b>1 773 999</b>
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
<b>TOTAL ASSETS BEING DEPRECIATED</b>	<b>78 363 664</b>	<b>2 748 533</b>	<b>151 791</b>	<b>80 960 406</b>
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	2 762 453	519 974	59 686	3 189 741
Telecommunications and peripheral equipment	2 531 229	68 585	5 110	2 594 704
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<b>41 272 142</b>	<b>2 201 253</b>	<b>151 791</b>	<b>43 321 604</b>
<b>GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET</b>	<b>\$ 41 038 960</b>	<b>\$ 547 280</b>	<b>\$ 2 173 439</b>	<b>\$ 39 412 801</b>

NOTE 8 - LONG-TERM LIABILITIES

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

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	CURRENT PORTION
Bonds:					
Series 2015 limited tax bonds	\$ 344 230	\$ -	\$ 344 230	\$ -	\$ -
Series 2018 limited tax bonds	6 984 035	-	371 699	6 612 336	391 229
Series 2019 limited tax bonds	4 602 680	-	260 437	4 342 243	263 484
<b>TOTAL BONDS</b>	<b>11 930 945</b>	<b>-</b>	<b>976 366</b>	<b>10 954 579</b>	<b>654 713</b>
Other liabilities:					
Accrued compensable absences	363 292	37 732	-	401 024	60 153
Net pension liability	5 208 084	117 627	-	5 325 711	-
Net OPEB liability	21 971 889	-	191 245	21 780 644	-
Deposits payable	14 900	4 700	-	19 600	-
<b>TOTAL LIABILITIES</b>	<b>39 489 110</b>	<b>\$ 160 059</b>	<b>\$ 1 167 611</b>	<b>38 481 558</b>	<b>\$ 714 866</b>
Current portion	(1 031 335)			(714 866)	
<b>TOTAL NONCURRENT PORTION</b>	<b>\$ 38 457 775</b>			<b>\$ 37 766 692</b>	

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
<b>TOTAL BONDS</b>	<b>12 889 550</b>	<b>-</b>	<b>958 605</b>	<b>11 930 945</b>	<b>976 366</b>
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	-
<b>TOTAL LIABILITIES</b>	<b>38 475 543</b>	<b>\$ 2 292 137</b>	<b>\$ 1 278 570</b>	<b>39 489 110</b>	<b>\$ 1 031 335</b>
Current portion	(1 004 002)			(1 031 335)	
<b>TOTAL NONCURRENT PORTION</b>	<b>\$ 37 471 541</b>			<b>\$ 38 457 775</b>	

ANGELINA COLLEGE  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
August 31, 2021

**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 DECEMBER 31,	GOVERNMENTAL ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL
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	820 441	240 025	1 060 466
2027-2031	4 433 804	763 988	5 197 792
2032-2034	2 872 219	130 350	3 002 569
TOTAL	\$ 10 954 579	\$ 2 348 038	\$ 13 302 617

**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,	
	2021	2020
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
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:	6 612 336	6 984 035
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:	4 342 243	4 602 680
TOTAL BONDS PAYABLE	\$ 10 954 579	\$ 11 930 945

**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.

ANGELINA COLLEGE  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
August 31, 2021

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 \$233,507 and 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 \$5,157,978 and \$4,786,806 and federal, state, and local grants of \$307,679 and \$519,638 have been reported as unearned revenues at August 31, 2021 and 2020, respectively.

ANGELINA COLLEGE  
 NOTES TO FINANCIAL STATEMENTS - CONTINUED  
 August 31, 2021

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.

	CONTRIBUTION RATES	
	2020	2021
Member	7.7%	7.7%
Non-Employer Contributing Entity	6.8%	7.5%
Employers	6.8%	7.5%
Employer Contributions - 2021	\$ 418 169	
Member Contributions - 2021	\$ 680 137	
NECE On-behalf Contributions - 2020	\$ 280 956	

ANGELINA COLLEGE  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
August 31, 2021

NOTE 14 - EMPLOYEES' RETIREMENT PLAN - CONTINUED

The College's contributions to the TRS pension plan in FY20 were \$418,169, 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 \$280,956.

- 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, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2020
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	2.33%
Salary Increases	3.05% to 9.05% including inflation
Benefit Changes During the Year	None
Ad Hoc Post-Employment Benefit Changes	None

**Discount Rate:**

The discount rate used to measure the total pension liability was 7.25 percent. The single discount rate was based on the expected rate of return on pension plan investments of 7.25 percent and a municipal bond rate of 2.63 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments 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, 2020, are summarized below:

ANGELINA COLLEGE  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
August 31, 2021

NOTE 14 - EMPLOYEES' RETIREMENT PLAN - CONTINUED

ASSET CLASS	TARGET <sup>1</sup> ALLOCATION	LONG-TERM EXPECTED GEOMETRIC REAL RATE OF RETURN <sup>2</sup>	EXPECTED CONTRIBUTION TO LONG-TERM PORTFOLIO RETURNS
<b>Global Equity</b>			
U.S.A.	18%	3.9%	0.99%
Non-U.S. Developed	13%	5.1%	0.92%
Emerging Markets	9%	5.6%	0.83%
Private Equity	14%	6.7%	1.41%
<b>Stable Value</b>			
Government Bonds	16%	(0.7)%	(0.05)%
Absolute Return (Including Credit Sensitive Investments)	- %	1.8%	- %
Stable Value Hedge Funds	5%	1.9%	0.11%
<b>Real Return</b>			
Real Estate	15%	4.6%	1.02%
Energy, Natural Resources, and Infrastructure	6%	6.0%	0.42%
Commodities	- %	0.8%	- %
<b>Risk Parity</b>			
Risk Parity	8%	3.0%	0.30%
<b>Asset Allocation</b>			
<b>Leverage</b>			
Cash	2%	(1.5)%	(0.03)%
Asset Allocation Leverage	(6)%	(1.3)%	0.08%
Inflation Expectation			2.00%
Volatility Drag <sup>3</sup>			(0.67)%
<b>Expected Return</b>	<u>100%</u>		<u>7.33%</u>

<sup>1</sup> Target allocations are based on the FY2020 policy model.

<sup>2</sup> Capital Market Assumptions come from Aon Hewitt (as of 08/31/2020).

<sup>3</sup> The volatility drag results from the conversion between arithmetic and geometric mean returns.

**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%)
College's proportionate share of the net pension liability	\$ 8 212 151	\$ 5 325 711	\$ 2 980 542

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

At August 31, 2021, the College reported a liability of \$5,325,711 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:

College's proportionate share of the collective net pension liability	\$ 5 325 711
State's proportionate share that is associated with the District	3 646 964
TOTAL	<u>\$ 8 972 675</u>

The net pension liability was measured as of August 31, 2020, 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, 2019 through August 31, 2020.

At August 31, 2020, the College's proportion of the collective net pension liability was 0.0099%, which was a change of 0.0001% from its proportion measured as of August 31, 2019.

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, 2021, the College recognized pension expense of \$438,649 and revenue of \$438,649 for support provided by the State.



ANGELINA COLLEGE  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
August 31, 2021

NOTE 14 - EMPLOYEES' RETIREMENT PLAN - CONTINUED

At August 31, 2021, 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	\$ 9 724	\$ 148 626
Changes in actuarial assumptions	1 235 754	525 434
Difference between projected and actual investment earnings	237 247	129 432
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	-	158 988
Contributions paid to TRS subsequent to the measurement date	418 169	-
TOTAL	\$ 1 900 894	\$ 962 480

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
2022	\$ 23 404
2023	\$ 230 633
2024	\$ 246 928
2025	\$ 79 206
2026	\$ (57 173)
Thereafter	\$ (2 753)

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 \$118,389 and \$125,572 for the fiscal years ended August 31, 2021 and 2020, 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 \$14,473,517 and \$15,324,054 for fiscal years 2021 and 2020, respectively. The total payroll of employees covered by the TRS was \$9,119,696 and \$9,103,102 and the total payroll of employees covered by the Optional Retirement Program was \$3,904,935 and \$4,260,435 for fiscal years 2021 and 2020, 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 \$401,024 and \$363,292 for fiscal years ended August 31, 2021 and 2020, respectively. The liability is shown in the Statement of Net Position split between current and noncurrent in the amounts of \$60,153 and \$340,871, respectively for August 31, 2021 and \$54,969 and \$308,323, respectively for August 31, 2020.

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.

ANGELINA COLLEGE  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
August 31, 2021

**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 2021 and 2020 for which monies have not been received nor funds expended totaled \$22,441,543 and \$5,581,534. Of these amounts, \$21,668,570 and \$4,329,069 were from federal contract and grant awards; \$172,973 and \$108,528 were from state contract and grant awards; and \$600,000 and \$1,143,937 from private contract and grant awards for the fiscal years ended 2021 and 2020, respectively.

**NOTE 17 - DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES**

Receivables were as follows:

	August 31,	
	2021	2020
Students and other customers	\$ 7 086 172	\$ 6 921 829
Allowance for doubtful accounts	(1 544 501)	(1 459 671)
Federal grants and contracts - Operating	643 783	278 152
Federal grants and contracts - Non operating	6 300	1 069 483
Taxes receivable	736 060	787 305
Allowance for uncollectible taxes	(531 135)	(610 553)
Interest receivable	23 830	26 956
Other receivables	13 936	10 624
TOTAL RECEIVABLES	\$ 6 434 445	\$ 7 024 125

Payables and accrued liabilities were as follows:

	August 31,	
	2021	2020
Vendors	\$ 1 200 199	\$ 695 311
Students	-	80 748
TOTAL PAYABLES	\$ 1 200 199	\$ 776 059
Salaries and benefits	\$ 131 455	\$ 145 646
Sales taxes	34 471	102
Other	30 099	388 884
TOTAL ACCRUED LIABILITIES	\$ 196 025	\$ 534 632

**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.

	2021	2020	2019	2018	2017
State's monthly contribution per full time employee	\$ 624 - 1 222	\$ 624 - 1 222	\$ 624 - 1 222	\$ 621 - 1 812	\$ 617 - 1 798
State's contribution for retired participants	\$ 593 944	\$ 498 057	\$ 517 888	\$ 469 535	\$ 452 725
Number of retired participants	143	139	134	123	119
State's contribution for active participants	\$ 840 591	\$ 852 694	\$ 932 602	\$ 944 473	\$ 864 284
Number of active participants	255	259	243	262	252
State's total contribution	\$ 1 434 535	\$ 1 350 751	\$ 1 450 490	\$ 1 414 008	\$ 1 317 009
Number of total participants	398	398	377	385	371

ANGELINA COLLEGE  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
August 31, 2021

**NOTE 20 - AD VALOREM TAX**

	August 31,	
	2021	2020
Assessed valuation of the college	\$ 5 345 526 562	\$ 4 918 866 798
Less: exemptions	23 869 953	15 805 373
Less: Abatements	13 689 820	13 689 820
<b>NET ASSESSED VALUATION OF THE COLLEGE</b>	<b>\$ 5 307 966 789</b>	<b>\$ 4 889 371 605</b>

	FISCAL YEAR 2021			FISCAL YEAR 2020		
	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	\$ 0.1461	\$ 0.0179	\$ 0.1640	\$ 0.1428	\$ 0.0282	\$ 0.1710
FYE August 31, 2019	\$ 0.1459	\$ 0.0251	\$ 0.1710	\$ 0.1416	\$ 0.0394	\$ 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, 2021 were \$9,211,806 (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 - 2021	CURRENT OPERATIONS	DEBT SERVICE	TOTAL
Current taxes	\$ 6 985 776	\$ 1 210 546	\$ 8 196 322
Delinquent taxes	176 934	45 180	222 114
Penalties and interest	125 487	30 715	156 202
<b>TOTAL TAX REVENUES</b>	<b>\$ 7 288 197</b>	<b>\$ 1 286 441</b>	<b>\$ 8 574 638</b>

Taxes levied for the year ended August 31, 2020 were \$7,999,590 (which includes any penalty and interest assessed if applicable).

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
<b>TOTAL TAX REVENUES</b>	<b>\$ 6 690 284</b>	<b>\$ 1 345 745</b>	<b>\$ 8 036 029</b>

Tax collections for the year ended August 31, 2021 and 2020 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 2021 and 2020, which resulted in abatements of tax revenues. Total tax revenues forgone by the College under these tax abatement agreements were \$61,606 and \$23,472 for the years ended August 31, 2021 and 2020, respectively, which amounted to approximately 0.718% and 0.290% 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, 2021 and 2020.

**NOTE 22 - RISK MANAGEMENT**

Auto, Liability, and/or Property Programs

During the year ended August 31, 2021, Angelina College participated in the following TASB Risk Management Fund (the Fund) programs:

- Auto Liability

ANGELINA COLLEGE  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
August 31, 2021

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, 2021, 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, 2020, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.<sup>3</sup>

Unemployment Compensation Pool

During the year ended August 31, 2021, 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, 2021, 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, 2020, 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 \$173,107 in non-monetary transactions representing the value of the use of these off-campus facilities for the years ended August 31, 2021 and 2020, 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, 2021 and 2020, 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.

ANGELINA COLLEGE  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
August 31, 2021

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.

<b>Maximum Monthly Employer Contribution Retiree Health and Basic Life Premium</b>	
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.

	<u>Contribution Rates</u>	
	2020	2021
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
Employer Contributions - 2020	\$ 406 092	
Member Contributions - 2020	\$ 151 699	
NECE On-behalf Contributions - 2021	\$ 24 873	

Source: ERS FY20 Comprehensive Annual Financial Report

ANGELINA COLLEGE  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
August 31, 2021

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, 2020 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

**Actuarial Methods and Assumptions:**

<b>Valuation Date</b>	August 31, 2020
<b>Methods and Assumptions:</b>	
Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll, Open
Last Experience Study	<i>State Agency Members: 5-year period from September 1, 2014 to August 31, 2019</i> <i>Higher Education Members: 7-year period from September 1, 2010 to August 31, 2017</i>
<b>Actuarial Assumptions:</b>	
Discount Rate	2.20%
Projected Annual Salary Increase	2.30 to 9.05%, including inflation
Annual Healthcare Trend Rate	<u>HealthSelect</u> 8.80% for FY22, 5.25% for FY23, 5.00% for FY24, 4.75% for FY25, 4.60% for FY26, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY29 and later years  <u>HealthSelect Medicare Advantage</u> (53.30)% for FY22, 0.00% for FY23, 66.67% for FY24, 24.00% for FY25, 4.60% for FY26, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY29 and alter years  <u>Pharmacy</u> 10.00% for FY22 and FY23, decreasing 100 basis points per year to 5.00% for FY28 and 4.30% for FY29 and later years
Inflation Assumption Rate	2.30%
Ad hoc Postemployment Benefit Changes	None
Mortality Rate	<u>State Agency Members</u> <ul style="list-style-type: none"> <li>• <i>Service Retirees, Survivors and other Inactive Members (Regular, Elected, CPO/CO and JRS I and II Employee Classes):</i> 2020 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 2020.</li> <li>• <i>Disability Retirees (Regular, Elected, CPO/CO and JRS I and II Employee Classes):</i> 2020 State Retirees of Texas Mortality table with a 3 year set forward for males and females with minimum rates at all ages of 3.0% for males and 2.5% for females, respectively, and Ultimate MP Projection Scale projected from the year 2020.</li> <li>• <i>Active Members:</i> Pub-2010 General Employees Active Member Mortality table for non-CPO/CO members and Pub-2010 Public Safety Active Member Mortality table for CPO/CO members with Ultimate MP Projection scale from the year 2010.</li> </ul> <u>Higher Education Members</u> <ul style="list-style-type: none"> <li>• <i>Service Retirees, Survivors and other Inactive Members:</i> Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018.</li> <li>• <i>Disability Retirees:</i> 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.</li> <li>• <i>Active Members:</i> Sex Distinct RP-2014 Employee Mortality multiplied by 90% with Ultimate MP Projection Scale from the year 2014.</li> </ul>

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 2.97%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 2.20%, which amounted to a decrease of 0.79%. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp's AA rating. Projected cash flows into the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you-go (PAYGO) basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets and therefore the years of projected benefit payments to which the long-term expected rate of return is applicable is zero years.

ANGELINA COLLEGE  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
August 31, 2021

**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 (2.2%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (1.2%)	Current Single Discount Rate (2.2%)	1% Increase in Discount Rate (3.2%)
District's proportionate share of the net OPEB liability	\$ 25 887 833	\$ 21 780 644	\$ 18 563 032

**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	\$ 18 228 967	\$ 21 780 644	\$ 18 563 032

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

At August 31, 2021, the College reported a liability of \$21,780,645 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	\$ 21 780 644
State's proportionate share that is associated with the District	<u>11 821 809</u>
TOTAL	\$ <u>33 602 453</u>

The Net OPEB Liability was measured as of August 31, 2020 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, 2019 thru August 31, 2020.

At August 31, 2020 the College's proportion of the collective Net OPEB Liability was 0.06591287%, which was 0.002234166% higher than the same proportion measured as of August 31, 2019.

For the year ended August 31, 2021, the College recognized OPEB expense of \$186,052 and revenue of \$186,052 for support provided by the State. The College also recognized their proportionate share of OPEB expense of \$56,534.

**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.

ANGELINA COLLEGE  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
August 31, 2021

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 2021 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 2021 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 2020 Assumed Per Capita Health Benefit Costs.

At August 31, 2021, the College reported its proportionate share of the GBP's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ 851 852
Changes in actuarial assumptions	1 260 948	4 692 825
Difference between projected and actual investment earnings	6 500	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	969 410	43 597
Contributions paid to ERS subsequent to the measurement date	406 092	-
TOTAL	<u>\$ 2 642 950</u>	<u>\$ 5 588 280</u>

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

<u>YEAR ENDED AUGUST 31,</u>		<u>OPEB EXPENSE AMOUNT</u>
2022	\$	(1 663 159)
2023	\$	(1 038 520)
2024	\$	(373 671)
2025	\$	(170 982)
2026	\$	(105 090)
Thereafter	\$	-





REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES

For the Fiscal Years Ended  
August 31, 2021 and 2020

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\*

	2020	2019	2018	2017	2016	2015	2014
Total Teacher's Retirement System (TRS) pension liability	\$ 218 974 205 084	\$ 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	<u>(165 416 245 243)</u>	<u>(157 978 199 075)</u>	<u>(154 568 901 833)</u>	<u>(147 361 922 120)</u>	<u>(134 008 637 473)</u>	<u>(128 538 706 212)</u>	<u>(132 779 234 085)</u>
TRS' net pension liability	<u>\$ 53 557 959 841</u>	<u>\$ 51 983 126 213</u>	<u>\$ 55 042 426 960</u>	<u>\$ 31 974 612 699</u>	<u>\$ 37 788 513 014</u>	<u>\$ 35 348 668 960</u>	<u>\$ 26 716 832 801</u>
TRS net position as a percentage of total pension liability	75.24%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%
The College's proportionate share of collective net pension liability (%)	0.0099438%	0.0100188%	0.0100331%	0.0100509%	0.0103033%	0.0108146%	0.0117342%
The College's proportionate share of collective net pension liability (\$)	\$ 5 325 711	\$ 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	<u>3 646 964</u>	<u>3 404 588</u>	<u>3 531 458</u>	<u>2 124 638</u>	<u>2 603 482</u>	<u>2 395 398</u>	<u>2 071 447</u>
TOTAL	<u>\$ 8 972 675</u>	<u>\$ 8 612 672</u>	<u>\$ 9 053 907</u>	<u>\$ 5 338 366</u>	<u>\$ 6 496 935</u>	<u>\$ 6 218 215</u>	<u>\$ 5 205 814</u>
The College's covered payroll amount in the year of measurement	\$ 9 103 102	\$ 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	58.50%	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 seven years of data are presented in accordance with GASB 68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as 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."

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 418 169	\$ 425 644	\$ 344 436	\$ 327 977	\$ 346 162	\$ 321 907	\$ 310 048
Actual contributions	<u>(418 169)</u>	<u>(425 644)</u>	<u>(344 436)</u>	<u>329 507</u>	<u>348 853</u>	<u>322 056</u>	<u>318 842</u>
CONTRIBUTION DEFICIENCY (EXCESS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1 530)</u>	<u>\$ (2 691)</u>	<u>\$ (149)</u>	<u>\$ (8 794)</u>
The College's covered payroll amount in the current fiscal year	\$ 9 119 696	\$ 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	4.59%	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."

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

<u>College's Proportionate Share of Liability</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
College's proportion of the OPEBL	0.0659128%	0.0635712%	0.0667156%	0.0616960%
College's proportionate share of the OPEBL	\$ 21 780 645	\$ 21 971 891	\$ 19 772 993	\$ 21 021 700
State share of the OPEBL associated with the College	<u>15 768 811</u>	<u>11 821 808</u>	<u>14 426 365</u>	<u>16 349 362</u>
TOTAL	<u>\$ 37 549 456</u>	<u>\$ 33 793 699</u>	<u>\$ 34 199 358</u>	<u>\$ 37 371 062</u>
College's covered-employee payroll* <i>Prior FY TRS Gross - September through August</i>	\$ 13 102 263	\$ 12 844 728	\$ 13 801 786	\$ 11 159 443
Proportionate share/covered payroll	155.17%	171.06%	143.26%	188.38%
Plan fiduciary net position/total OPEB liability	0.32%	0.17%	2.27%	2.04%

<u>College Contributions</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 406 092	\$ 460 459	\$ 564 982	\$ 603 773
Actual contribution	<u>(406 092)</u>	<u>(460 459)</u>	<u>(564 982)</u>	<u>(603 773)</u>
CONTRIBUTION DEFICIENCY (EXCESS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The College's covered payroll amounts in the current fiscal year	\$ 14 037 017	\$ 13 102 263	\$ 12 844 728	\$ 13 801 786
Contributions to covered payroll	0.80%	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 four 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.

### **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 2020 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, 2021 and 2020



ANGELINA COLLEGE  
SCHEDULE A  
SCHEDULE OF OPERATING REVENUES  
For the Year Ended August 31, 2021  
With Memorandum Totals for the Year Ended August 31, 2020

	UNRESTRICTED	RESTRICTED	TOTAL EDUCATIONAL ACTIVITIES	AUXILIARY ENTERPRISES	TOTALS	
					2021	2020
<b>Tuition:</b>						
State Funded Credit Courses:						
In-district resident tuition	\$ 3 758 150	\$ -	\$ 3 758 150	\$ -	\$ 3 758 150	\$ 3 166 181
Out-of-district resident tuition	3 432 886	-	3 432 886	-	3 432 886	3 849 342
Non-resident tuition	99 547	-	99 547	-	99 547	227 937
TPEG - Credit (set aside)*	349 300	-	349 300	-	349 300	465 593
State funded continuing education courses	624 561	-	624 561	-	624 561	624 794
TPEG - Non-credit (set aside)*	45 010	-	45 010	-	45 010	27 815
<b>TOTAL TUITION</b>	<b>8 309 454</b>	<b>-</b>	<b>8 309 454</b>	<b>-</b>	<b>8 309 454</b>	<b>8 361 662</b>
<b>Fees:</b>						
General institutional service fee	-	-	-	2 218 838	2 218 838	2 543 245
Laboratory fee	993 574	-	993 574	-	993 574	765 701
Other fees	146 534	-	146 534	-	146 534	132 246
<b>TOTAL FEES</b>	<b>1 140 108</b>	<b>-</b>	<b>1 140 108</b>	<b>2 218 838</b>	<b>3 358 946</b>	<b>3 441 192</b>
<b>Scholarship Allowance and Discounts:</b>						
Local scholarships	(523 899)	-	(523 899)	(93 317)	(617 216)	(425 887)
Auxiliary scholarships	(43 899)	-	(43 899)	(6 128)	(50 027)	(265 476)
Remission and exemptions - State	(414 351)	-	(414 351)	(137 477)	(551 828)	(256 503)
Remissions and exemptions - Local	(6 081)	-	(6 081)	(804)	(6 885)	-
TPEG allowances	(265 360)	-	(265 360)	(22 750)	(288 110)	(351 230)
Other state grants	(147 427)	-	(147 427)	-	(147 427)	(328 605)
Title IV federal grants	(2 880 379)	-	(2 880 379)	(807 854)	(3 688 233)	(4 200 561)
Other federal grants	(50 207)	-	(50 207)	(19 261)	(69 468)	-
<b>TOTAL SCHOLARSHIP ALLOWANCES</b>	<b>(4 331 603)</b>	<b>-</b>	<b>(4 331 603)</b>	<b>(1 087 591)</b>	<b>(5 419 194)</b>	<b>(5 828 262)</b>
<b>TOTAL NET TUITION AND FEES</b>	<b>5 117 959</b>	<b>-</b>	<b>5 117 959</b>	<b>1 131 247</b>	<b>6 249 206</b>	<b>5 974 592</b>
<b>Additional Operating Revenues:</b>						
Federal grants and contracts	47 905	9 856 769	9 904 674	-	9 904 674	1 951 886
State grants and contracts	-	457 052	457 052	-	457 052	494 954
Non-governmental grants and contracts	146 360	585 800	732 160	-	732 160	874 899
Investment income (program restricted)	349 268	-	349 268	-	349 268	366 408
Other operating revenues	89 970	18 930	108 900	2 021	110 921	474 904
<b>TOTAL ADDITIONAL OPERATING REVENUES</b>	<b>633 503</b>	<b>10 918 551</b>	<b>11 552 054</b>	<b>2 021</b>	<b>11 554 075</b>	<b>4 163 051</b>
<b>Auxiliary Enterprises:</b>						
Angelina College Foundation	-	-	-	75 328	75 328	48 827
Residential life	-	-	-	3 441	3 441	563 188
Scholarship allowance and discounts	-	-	-	-	-	(435 317)
<b>NET RESIDENTIAL LIFE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>78 769</b>	<b>78 769</b>	<b>127 871</b>
Bookstore	-	-	-	728 631	728 631	750 548
Scholarship allowances and discounts	-	-	-	(312 447)	(312 447)	(453 550)
<b>NET BOOKSTORE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>416 184</b>	<b>416 184</b>	<b>296 998</b>
<b>TOTAL NET AUXILIARY ENTERPRISES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>494 953</b>	<b>494 953</b>	<b>473 696</b>
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 5 751 462</b>	<b>\$ 10 918 551</b>	<b>\$ 16 670 013</b>	<b>\$ 1 628 221</b>	<b>\$ 18 298 234</b>	<b>\$ 10 611 339</b>

\* In accordance with Education Code 56.033, \$349,300 and \$465,593, respectively were set aside for Texas Public Education Grants (TPEG).

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

	SALARIES AND WAGES	STATE BENEFITS	LOCAL BENEFITS	OTHER EXPENSES	TOTALS	
					2021	2020
Unrestricted - Educational Activities:						
Instruction	\$ 7 261 405	\$ -	\$ 1 502 852	\$ 458 902	\$ 9 223 159	\$ 10 072 875
Public service	24 395	-	5 120	5 255	34 770	40 899
Academic support	1 411 117	-	288 358	502 317	2 201 792	2 308 560
Student services	1 168 507	-	-	143 100	1 311 607	1 394 137
Institutional support	2 049 194	-	140 879	1 297 381	3 487 454	4 399 430
Operation and maintenance of plant	804 073	-	153 456	802 799	1 760 328	2 277 807
TOTAL UNRESTRICTED EDUCATIONAL ACTIVITIES	<u>12 718 691</u>	<u>-</u>	<u>2 090 665</u>	<u>3 209 754</u>	<u>18 019 110</u>	<u>20 493 708</u>
Restricted - Educational Activities:						
Instruction	10 126	1 031 071	-	266 278	1 307 475	1 819 242
Public service	756 444	3 462	113 501	399 313	1 272 720	1 162 369
Academic support	249	201 248	-	-	201 497	266 920
Student services	38 107	165 794	11	2 728 474	2 932 386	349 539
Institutional support	74 137	290 799	12 246	5 495 634	5 872 816	796 806
Operation and maintenance of plant	-	114 089	-	1 943	116 032	251 347
Scholarships and fellowships	-	-	-	4 010 941	4 010 941	4 345 569
TOTAL RESTRICTED EDUCATIONAL ACTIVITIES	<u>879 063</u>	<u>1 806 463</u>	<u>125 758</u>	<u>12 902 583</u>	<u>15 713 867</u>	<u>8 991 792</u>
TOTAL EDUCATIONAL ACTIVITIES	13 597 754	1 806 463	2 216 423	16 112 337	33 732 977	29 485 500
Auxiliary enterprises	454 715	-	213 340	2 625 725	3 293 780	2 968 385
Depreciation expense - Buildings and improvements	-	-	-	2 214 088	2 214 088	1 590 196
Depreciation expense - Equipment and furniture	-	-	-	-	-	611 057
TOTAL OPERATING EXPENSES	<u>\$ 14 052 469</u>	<u>\$ 1 806 463</u>	<u>\$ 2 429 763</u>	<u>\$ 20 952 150</u>	<u>\$ 39 240 845</u>	<u>\$ 34 655 138</u>

See independent auditors' report.

ANGELINA COLLEGE  
SCHEDULE C  
SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES  
For the Year Ended August 31, 2021  
With Memorandum Totals for the Year Ended August 31, 2020

	UNRESTRICTED	RESTRICTED	AUXILIARY ENTERPRISES	TOTALS MEMORANDUM ONLY	
				2021	2020
Non-Operating Revenues:					
State Appropriations:					
Educational and general state support	\$ 5 797 530	\$ -	\$ -	\$ 5 797 530	\$ 5 797 916
State group insurance	-	1 249 648	-	1 249 648	2 135 655
State retirement matching	-	557 038	-	557 038	125 572
Special appropriations	1 510 840	-	-	1 510 840	1 510 935
TOTAL STATE APPROPRIATIONS	<u>7 308 370</u>	<u>1 806 686</u>	<u>-</u>	<u>9 115 056</u>	<u>9 570 078</u>
Maintenance ad valorem taxes	7 288 197	-	-	7 288 197	6 690 284
Debt service ad valorem taxes	-	1 286 441	-	1 286 441	1 345 745
Federal revenue, non-operating	-	7 502 236	-	7 502 236	8 385 769
Gifts	500	435 260	-	435 760	680 828
Investment income	17 304	1 264 295	2 755	1 284 354	714 948
Other non-operating revenues	2 981 904	35 268	145 054	3 162 226	204 551
TOTAL NON-OPERATING REVENUES	<u>17 596 275</u>	<u>12 330 186</u>	<u>147 809</u>	<u>30 074 270</u>	<u>27 592 203</u>
Non-Operating Expenses:					
Interest on capital related debt	-	327 899	-	327 899	353 284
TOTAL NON-OPERATING EXPENSES	<u>-</u>	<u>327 899</u>	<u>-</u>	<u>327 899</u>	<u>353 284</u>
NET NON-OPERATING REVENUES	\$ <u>17 596 275</u>	\$ <u>12 002 287</u>	\$ <u>147 809</u>	\$ <u>29 746 371</u>	\$ <u>27 238 919</u>

See independent auditors' report.

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

	DETAIL BY SOURCE					AVAILABLE FOR CURRENT OPERATIONS	
	UNRESTRICTED	RESTRICTED		NET INVESTMENT IN CAPITAL ASSETS	TOTAL	YES	NO
		EXPENDABLE	NON-EXPENDABLE				
Current:							
Unrestricted	\$ (14 619 726)	\$ -	\$ -	\$ -	\$ (14 619 726)	\$ (15 028 269)	\$ -
Restricted	-	2 345 045	-	-	2 345 045	-	2 345 045
Auxiliary enterprises	2 369 996	-	-	-	2 369 996	2 369 996	-
Loan	387 107	-	-	-	387 107	-	387 107
Endowment:							
Endowment: True	-	-	10 299 191	-	10 299 191	-	10 299 191
Plant:							
Unexpected	6 824 006	-	-	-	6 824 006	-	6 824 006
Debt service	-	596 218	-	-	596 218	-	596 218
Investment in plant	-	-	-	26 172 261	26 172 261	-	26 172 261
TOTAL NET POSITION, AUGUST 31, 2021	(5 038 617)	2 941 263	10 299 191	26 172 261	34 374 098	(12 658 273)	46 623 828
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
NET INCREASE (DECREASE) IN NET POSITION	\$ 7 118 624	\$ 22 256	\$ 1 365 681	\$ 398 772	\$ 8 905 333	\$ 5 281 951	\$ 3 214 839

See independent auditors' report.



Angelina College

SINGLE AUDIT SECTION

Annual Financial Report

For the Fiscal Years Ended  
August 31, 2021 and 2020

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

Board of Trustees  
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, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated December 6, 2021.

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.

Lufkin, Texas  
December 6, 2021

  
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, 2021. 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, 2021.

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.

  
CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas  
December 6, 2021

ANGELINA COLLEGE  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 August 31, 2021

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  No

Significant deficiencies identified that are not considered to be material weaknesses?  Yes  None Reported

Noncompliance material to financial statements noted?  Yes  No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?  Yes  No

Significant deficiencies identified that are not considered to be material weaknesses?  Yes  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  No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal or State Program or Cluster*</u>
	Federal:
84.425	Education Stabilization Fund – CARES Act

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

Auditee qualified as low-risk auditee?  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, 2021

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	\$ 174 395	\$ -	\$ 174 395	\$ -
Federal Work Study Program	84.033	28 045	-	28 045	-
Federal Pell Grant Program	84.063	7 299 796	-	7 299 796	-
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER		<u>7 502 236</u>	<u>-</u>	<u>7 502 236</u>	<u>-</u>
CARES Act - Student Portion	84.425E	2 612 956	-	2 612 956	-
CARES Act - Minority Serving Institutions	84.425L	260 267	-	260 267	-
CARES Act - Institutional	84.425F	5 313 996	-	5 313 996	-
		<u>8 187 219</u>	<u>-</u>	<u>8 187 219</u>	<u>-</u>
Pass Through From:					
Texas Workforce Commission:					
Adult Education and Literacy 1718ALC00	84.002	-	1 007 076	1 007 076	134 884
Adult Education and Literacy 1718ALD00	84.002	-	41 278	41 278	16 923
Adult Education and Literacy - Workforce Integration Initiative 1720AEL001	84.002	-	32 988	32 988	-
		<u>-</u>	<u>1 081 342</u>	<u>1 081 342</u>	<u>151 807</u>
LCOT East Texas Consortium:					
Adult Education and Literacy 0818ALA000 Program Year 20-21	84.002	-	10 000	10 000	-
Adult Education and Literacy 0818ALA000 Program Year 21-22	84.002	-	480	480	-
Adult Education and Literacy - Workforce Integration Initiative	84.002	-	350	350	-
		<u>-</u>	<u>10 830</u>	<u>10 830</u>	<u>-</u>
TOTAL CFDA 84.002		<u>-</u>	<u>1 092 172</u>	<u>1 092 172</u>	<u>151 807</u>
Texas Higher Education Coordinating Board:					
Carl Perkins Vocational Education-Basic 2142020271	84.048	-	533 489	533 489	-
		<u>-</u>	<u>533 489</u>	<u>533 489</u>	<u>-</u>
Governors Emergency Education Relief (GEER)					
TOTAL U.S. DEPARTMENT OF EDUCATION		<u>-</u>	<u>82 943</u>	<u>82 943</u>	<u>-</u>
		<u>15 689 455</u>	<u>1 708 604</u>	<u>17 398 059</u>	<u>151 807</u>
U.S. Small Business Administration:					
Pass-through from:					
University of Houston:					
Small Business Development Center R-20-0051-53801	59.037	-	35 706	35 706	-
Small Business Development Center SBAHZ-21-B-0015	59.037	-	108 132	108 132	-
CARES Act - SBDC	59.037	-	16 904	16 904	-
TOTAL U.S. SMALL BUSINESS ADMINISTRATION		<u>-</u>	<u>160 742</u>	<u>160 742</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 15 689 455</u>	<u>\$ 1 869 346</u>	<u>\$ 17 558 801</u>	<u>\$ 151 807</u>

NOTE 1 - FEDERAL ASSISTANCE RECONCILIATION

Other Operating Revenues - Federal Grants and Contracts - Per Schedule A	\$ 9 856 769
Add: Indirect/Administrative Cost Recoveries - Per Schedule A	47 905
Add: Non-Operating Revenues - Federal Revenue, Non-operating - Per Schedule C	7 502 236
TOTAL FEDERAL REVENUE PER SCHEDULE A AND C	<u>17 406 910</u>

Reconciling Items:

Add: Funds passed through to others	151 807
Adult Education and Literacy 1718ALC00	84
TOTAL FEDERAL EXPENDITURES PER SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	<u>\$ 17 558 801</u>

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING THE SCHEDULE

The expenditures included in the schedule are reported for the College's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds that have been expended by the College for the purposes of the award. The expenditures reported above may not have been reimbursed by the funding agencies as of the end of the fiscal year. Some amounts reported in the schedule may differ from amounts used in the preparation of the basic financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the schedule. Since the College has an agency approved Indirect Recovery Rate, it has elected not to use the 10% de minimis cost rate as permitted in the UG, section 200.414.

NOTE 3: EXPENDITURES NOT SUBJECT TO FEDERAL SINGLE AUDIT

N/A

NOTE 4: STUDENT LOANS PROCESSED AND ADMINISTRATIVE COSTS RECOVERED

The College does not offer student loans.

NOTE 5: NONMONETARY FEDERAL ASSISTANCE

The College did not receive nonmonetary federal assistance.

NOTE 6: AMOUNTS PASSED THROUGH BY THE COLLEGE

A total amount of \$151,807 was passed through to Panola College by the College. Of this total, \$151,807 was from the Adult Education and Literacy Program. CFDA 84.002.

See independent auditors' report.

ANGELINA COLLEGE  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
August 31, 2021

None