ANGELINA COLLEGE

ANNUAL FINANCIAL REPORT

For the Fiscal Years Ended August 31, 2022 and 2021

PREPARED BY:

THE BUSINESS OFFICE

ANGELINA COLLEGE
LUFKIN, TEXAS

ANGELINA COLLEGE
ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS


ANGELINA
COLLEGE

Angelina College

INTRODUCTORY SECTION

Annual Financial Report

For the Fiscal Years Ended
August 31, 2022 and 2021

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

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, 2022 and 2021. 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

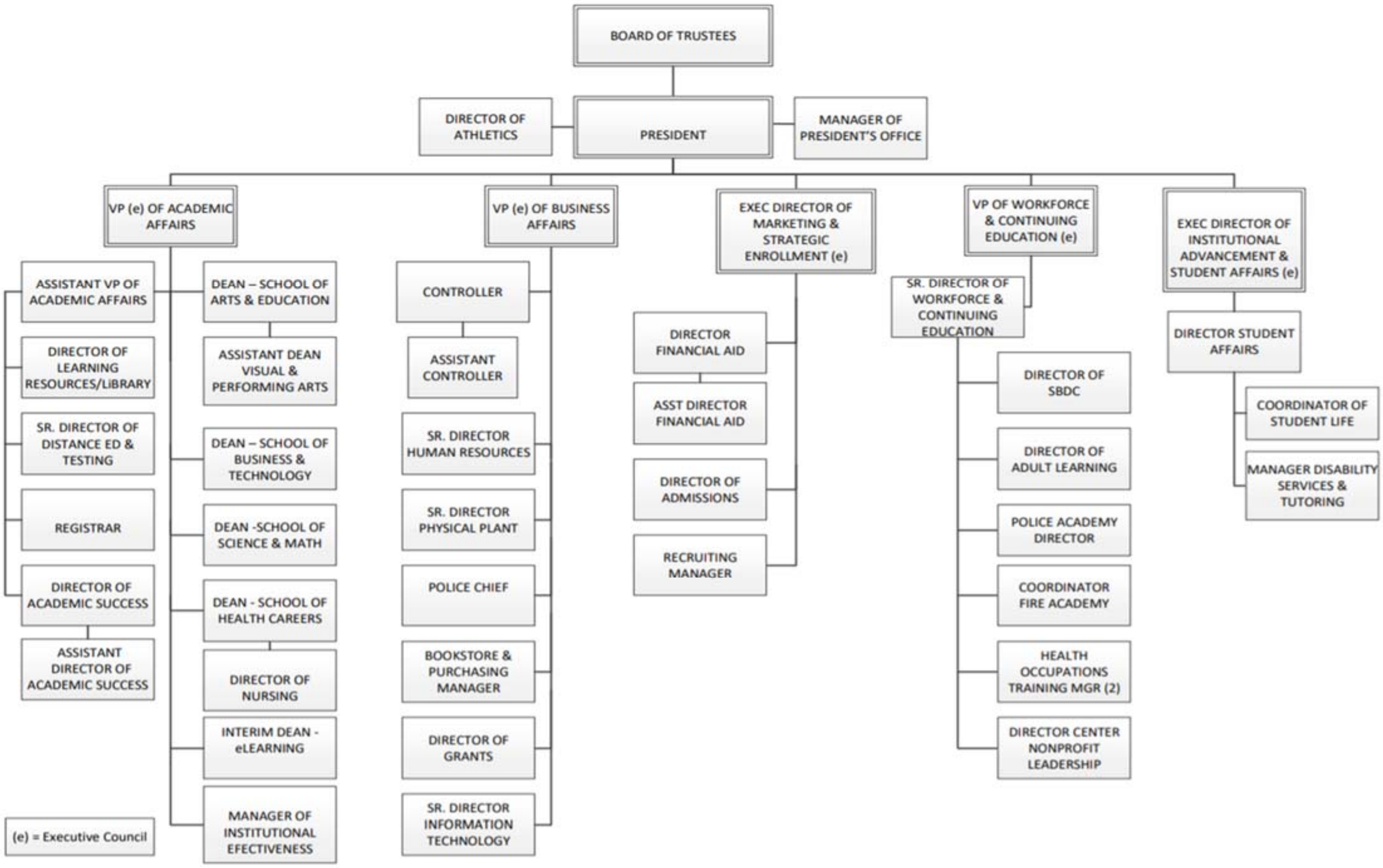
Darin Murphy

Darin Murphy
Controller

Amy Smith

Amy Smith
Assistant Controller

ANGELINA COLLEGE
ORGANIZATIONAL CHART
For the Fiscal Year Ending August 31, 2022



ANGELINA COLLEGE
PRINCIPAL OFFICIALS
For the Fiscal Year Ending August 31, 2022

PRINCIPAL ADMINISTRATIVE OFFICERS

Dr. Michael Simon	President
Dr. Cynthia Casparis	Vice President, Academic Affairs
Chris Sullivan	Vice President, Business Affairs & Internal Control
Dr. Tim Ditoro	Vice President, Academic Affairs
Krista Brown	Executive Director, Marketing & Strategic Enrollment
Dana Smithhart	Executive Director of Student Affairs

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Angelina County Junior College District
Lufkin, Texas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Angelina County Junior College District ("the College"), as of and for the year ended August 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Angelina County Junior College District, as of August 31, 2022 and 2021, and the respective changes in financial position, and cash flows, thereof for the years then ended in accordance with accounting principles general accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in according with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* that will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

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

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 obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The introductory section and supplemental financial information 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 is presented for purposes of additional analysis as required by Title 2, U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements for Federal Awards, and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

The supplementary financial section and 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 information 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 2, 2022, on our consideration of Angelina County Junior College District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Angelina County Junior College District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Angelina County Junior College District's internal control over financial reporting and compliance.

Axley & Rode LLP

CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas
December 2, 2022

axleyrode.cpa

Angelina College

FINANCIAL SECTION

Annual Financial Report

For the Fiscal Years Ended August 31, 2022 and 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, 2022 and 2021. 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

		2022		2021		$ DIFFERENCE CURRENT YEAR AND PRIOR YEAR	% DIFFERENCE CURRENT YEAR AND PRIOR YEAR
ASSETS							
Cash and investments	$	32 397 972	$	35 905 443	$	(3 507 471)	(9.77)
Accounts receivable (net)		8 379 646		6 434 445		1 945 201	30.23
Inventories		3 951		236 098		(232 147)	(98.33)
Other assets		440 259		434 333		5 926	1.90
Capital assets		42 929 521		38 835 205		4 094 316	10.54
TOTAL ASSETS		84 151 349		81 845 524		2 305 825	2.82
DEFERRED OUTFLOWS OF RESOURCES							
Pension related		1 422 639		1 900 894		(478 255)	(25.16)
OPEB related		2 535 763		2 645 401		(109 638)	(4.14)
Loss on bond refunding		110 272		119 461		(9 189)	(7.69)
TOTAL DEFERRED OUTFLOWS OF RESOURCES		4 068 674		4 665 756		(597 082)	(12.80)
LIABILITIES							
Current liabilities		7 795 171		7 819 730		(24 559)	(0.22)
Noncurrent liabilities		35 150 490		37 766 692		(2 616 202)	(6.93)
TOTAL LIABILITIES		42 945 661		45 586 422		(2 640 761)	(5.78)
DEFERRED INFLOWS OF RESOURCES							
Pension related		3 005 226		962 480		2 042 746	212.24
OPEB related		4 025 533		5 588 280		(1 562 747)	(27.96)
TOTAL DEFERRED INFLOWS OF RESOURCES		7 030 759		6 550 760		479 999	7.33
NET POSITION							
Net investment in capital assets		30 921 289		26 172 261		4 749 028	18.15
Restricted		12 674 154		13 240 454		(566 300)	(4.28)
Unrestricted		(5 351 841)		(5 038 617)		(313 224)	6.22
TOTAL NET POSITION	$	38 243 602	$	34 374 098	$	3 869 504	11.26

Cash and Investments decreased by $3,507,471 (9.77%) in FY22. The decrease was due to the use of cash for the purchase or improvement of capital assets.

Accounts Receivable (Net) increased by $1,945,201 (30.23%) in FY22 as a result of pell funds receivable that were not received until after the fiscal year end.

Campus Store Inventories decreased $232,147 (98%) in FY22 due to the closure of the bookstore and the removal of the remaining inventory. Barnes & Noble took over the operating of the bookstore from Angelina College and purchased the remaining inventory of books for an agreed upon price. The inventory in 2021 that was removed totaled $233,975.

Other Assets increased $8,198 (1.90%) in FY22 due to a change in prepaid expenses. Prepaid insurance increased by $3,971 and prepaid maintenance agreements for information technology increased by $4,227 when compared to FY21.

Capital Assets account for 71.5% of the College's total assets. The $42,929,521 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 increase of $4,094,316 resulted from construction and renovation projects completed in FY22. Construction in progress increased by $3,511,082 due to projects that were not completed in the fiscal year. Building improvements, furniture and other equipment consist of projects completed in FY22 and increased by $3,555,238.

Current Liabilities decreased by $16,993 (0.22%) in FY22. These amounts fluctuate based on purchases and services required at year end and based on changes in unearned revenues. Unearned revenues increased $429,000 in FY22 as a result of deferred revenue for Fall FY23 tuition and deferred income for state and local grants.

Noncurrent Liabilities decreased $2,616,202 (6.9%) in FY22. Noncurrent liabilities include bonds payable, the pension liability (GASB 68) and the OPEB liability (GASB 75). The majority of the change was due to a decrease in the OPEB liability as a result of changes in discount rates and assumptions regarding future liabilities for pension and other post-employment benefits at the state level.

As they relate to GASB 68 & 75, deferred outflows decreased by $597,082 and deferred inflows increased by $749,999 for a net increase of $117,083 in deferred outflows. The net effect of these changes combined with the current year expensing of the pension and OPEB plans increased the College's net position $107,894. Without these adjustments, the net position of the college would have been $38,351,496.

Analysis of Significant Changes in Operations

	2022	2021	$ DIFFERENCE CURRENT YEAR AND PRIOR YEAR	% DIFFERENCE CURRENT YEAR AND PRIOR YEAR
OPERATING REVENUES				
Tuition and fees (net)	$ 4 755 273	$ 6 249 206	$ (1 493 933)	(23.91)
Federal grants and contracts	11 407 657	9 904 674	1 502 983	15.17
State grants and contracts	484 109	457 052	27 057	5.92
Non-governmental grants and contracts	292 314	732 160	(439 846)	(60.08)
Sales and services of educational activities	515 680	349 268	166 412	47.65
Auxiliary enterprises (net)	812 638	494 953	317 685	64.18
Other operating revenue	1 558 792	110 921	1 447 871	1305.32
TOTAL OPERATING REVENUES	19 826 463	18 298 234	1 528 229	8.35
OPERATING EXPENSES				
Instruction	10 150 157	10 530 634	(429 678)	(3.61)
Public service	1 286 724	1 307 490	(20 988)	(1.59)
Academic support	2 418 563	2 403 289	4 981	0.64
Student services	6 292 006	4 688 562	1 572 807	34.20
Institutional support	8 580 601	8 243 187	321 589	4.09
Operation and maintenance of plant	2 519 011	2 548 874	(35 430)	(1.17)
Scholarship and fellowships	3 918 234	4 010 941	(92 707)	(2.31)
Auxiliary enterprises	3 227 805	3 293 780	(65 975)	(2.00)
Depreciation	2 299 490	2 214 088	85 402	3.86
TOTAL OPERATING EXPENSES	40 692 591	39 240 845	1 340 001	3.70
NET OPERATING LOSS	(20 866 127)	(20 942 611)	188 229	(0.37)
NON-OPERATING REVENUES				
State appropriations	8 845 506	9 115 056	(269 550)	(2.96)
Maintenance ad valorem taxes	7 664 400	7 288 197	376 203	5.16
Debt service ad valorem taxes	1 004 608	1 286 441	(281 833)	(21.91)
Federal revenue, non-operating	8 128 507	7 502 236	626 271	8.35
Gifts	491 204	435 760	55 444	12.72
Investment income	(1 654 186)	1 284 354	(2 938 540)	(228.80)
Other non-operating revenues	261 793	3 162 226	(2 900 433)	(91.72)
TOTAL NON-OPERATING REVENUES	24 741 832	30 074 270	(5 332 438)	(17.73)
NON-OPERATING EXPENSES				
Interest on capital related debt	329 526	327 899	1 627	0.50
TOTAL NON-OPERATING EXPENSES	329 526	327 899	1 627	0.50
INCOME BEFORE OTHER REVENUES	3 546 178	8 803 760	(5 145 837)	(59.72)
OTHER REVENUES				
Additions to permanent endowments	301 110	101 573	199 537	196.45
TOTAL OTHER REVENUES	301 110	101 573	199 537	196.45
INCREASE IN NET POSITION	3 847 288	8 905 333	(4 946 300)	(56.80)
Beginning net position	34 374 098	25 468 765	8 959 033	34.97
ENDING NET POSITION	$ 38 243 602	$ 34 374 098	$ 3 959 033	11.19

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

Net Tuition and Fees decreased $1.49 million (23.91%) in FY22. Federal Grants & Contracts increased $1,502,983 (15.17%) in FY22. The large increase in Federal grants resulted from HEERF I, II, and III funds. State grants regularly fluctuate in value and purpose from year to year but did not materially change between FY22 and FY22. Non-Governmental Grants and Contracts decreased $439,836 (60%). The decrease was due to the non-renewal of certain local grants in FY22. Other Operating Revenue decreased $49,163 (44.32%) in FY22. This decrease was due to an increase in the student bad debt expense which is netted against other operating revenues and a decrease in miscellaneous operating revenue.

Operating expenses are all the costs necessary to perform and conduct the programs and primary purposes of the College. Institutional Support and Student Services increased $321,589 (4.09%) and $1,572,807 (33.55%), respectively. The increase in these areas is due to several construction projects during the year. Depreciation expense increased by 3.86% as a result of capital expenditures during the fiscal year.

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 increased $626,271 (8.35%) in FY22 because there was an increase in Pell eligible student hours. Gifts increased $55,444 (12.72%) in FY22 due to normal yearly fluctuations in charitable giving. Investment Income decreased $2,938,540 (228%) in FY22 due to a decrease in unrealized gains in FY22 as a result of current market conditions. Other Non-Operating Revenues increased 1.4 million from HEERF funds for lost tuition due to COVID.

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 $199,537 (196.45%) in FY22 compared to FY21.

Analysis of Cash Flows

		2022		2021		$ DIFFERENCE CURRENT YEAR AND PRIOR YEAR	% DIFFERENCE CURRENT YEAR AND PRIOR YEAR
Net cash used by operating activities	$	(19 759 514)	$	(16 135 172)	$	(3 624 342)	22.46
Net cash provided by non-capital financing activities		24 290 875		23 999 655		291 220	1.21
Net cash used by capital financing activities		(7 065 374)		(1 326 418)		(5 738 956)	432.67
Net cash provided (used) by investing activities		212 095		958 966		(746 871)	(77.88)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(2 321 919)		7 497 031		(9 818 950)	(130.97)
Cash and cash equivalents at September 1		25 254 230		17 757 199		7 497 031	42.22
Cash and cash equivalents at August 31	$	22 932 311	$	25 254 230	$	(2 321 919)	(9.19)

Overall, the College's year-end cash balance of $22,932,311 decreased by $2,321,919 (9.19%) from last year's balance of $25,254,230.

Capital Assets and Long-Term Debt

Capital Assets
(Net of Accumulated Depreciation)

		2022		2021		$ DIFFERENCE CURRENT YEAR AND PRIOR YEAR	% DIFFERENCE CURRENT YEAR AND PRIOR YEAR
Buildings and improvements	$	33 141 193	$	29 355 801	$	3 785 392	12.89
Land and land improvements		2 214 739		4 587 046		(2 372 307)	(51.72)
Library books		153 340		167 861		(14 521)	(8.65)
Furniture, machinery, and equipment		3 909 167		4 051 983		(142 816)	(3.52)
Construction in progress		3 511 082		672 514		2 838 568	100.00
TOTAL	$	42 929 521	$	38 835 205	$	4 094 316	10.54

The College had $42.9 and $38.8 million invested in capital assets, net of accumulated depreciation of $47.8 and $45.5 million for FY22 and FY21, respectively. The largest single component of capital assets are buildings totaling $22,114,412 for FY22 and $29,355,801 for FY21, net of accumulated depreciation. Depreciation charges totaled $2,299,490 for FY22 and $2,214,088 for FY21.

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 fee 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.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BASIC FINANCIAL STATEMENTS

For the Fiscal Years Ended
August 31, 2022 and 2021

ANGELINA COLLEGE
STATEMENTS OF NET POSITION
For the Years Ended August 31, 2022 and 2021

EXHIBIT 1

	2022	2021
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 15 079 230	$ 15 936 658
Accounts receivable (net allowance of $2,249,049 and $2,076,136)	8 379 646	6 434 445
Inventories	3 951	236 098
Other assets	440 259	434 333
TOTAL CURRENT ASSETS	23 903 086	23 041 534
Noncurrent Assets:		
Restricted cash and cash equivalents	7 853 081	9 317 572
Endowment investments	9 465 660	10 651 213
Capital assets (net) (see Note 7)	42 929 521	38 835 205
TOTAL NONCURRENT ASSETS	60 248 262	58 803 990
TOTAL ASSETS	84 151 348	81 845 524
DEFERRED OUTFLOWS OF RESOURCES		
Pension related	1 422 639	1 900 894
OPEB related	2 535 763	2 645 401
Loss on bond refunding	110 272	119 461
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4 068 674	4 665 756
LIABILITIES		
Current Liabilities:		
Accounts payable	758 637	1 200 199
Interfund payable	74 469	73 874
Accrued liabilities	193 483	196 025
Accrued compensable absences - Current portion	60 397	60 153
Funds held for others	153 533	169 109
Unearned revenues	5 895 181	5 465 657
Bonds payable - Current portion	659 471	654 713
TOTAL CURRENT LIABILITIES	7 795 171	7 819 730
Noncurrent Liabilities:		
Deposits	19 900	19 600
Accrued compensable absences	342 250	340 871
Net pension liability	2 339 096	5 325 711
Net OPEB liability	22 808 848	21 780 644
Bonds payable	9 640 396	10 299 866
TOTAL NONCURRENT LIABILITIES	35 150 490	37 766 692
TOTAL LIABILITIES	42 945 661	45 586 422
DEFERRED INFLOWS OF RESOURCES		
Pension related	3 005 226	962 480
OPEB related	4 025 533	5 588 280
TOTAL DEFERRED INFLOWS OF RESOURCES	7 030 759	6 550 760
NET POSITION		
Net investment in capital assets	30 921 289	26 172 261
Restricted:		
Nonexpendable:		
Student aid	8 901 683	10 299 191
Expendable:		
Student aid	2 313 343	2 000 802
Debt service	617 614	596 218
Other	841 514	344 243
Unrestricted	(5 351 841)	(5 038 617)
TOTAL NET POSITION (SCHEDULE D)	$ 38 243 602	$ 34 374 098

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, 2022 and 2021

EXHIBIT 2

	2022	2021
Operating Revenue:		
Tuition and fees (net of discounts of $6,571,009 and $5,419,194, respectively)	$ 4 755 273	$ 6 249 206
Federal grants and contracts	11 407 657	9 904 674
State grants and contracts	484 109	457 052
Non-governmental grants and contracts	292 314	732 160
Investment income - Program restricted	515 680	349 268
Auxiliary enterprises (net of discounts of $208,197 and $312,447, respectively)	812 638	494 953
Other operating revenues	1 558 792	110 921
TOTAL OPERATING REVENUES (SCHEDULE A)	19 826 463	18 298 234
Operating Expenses:		
Instruction	10 150 156	10 530 634
Public service	1 286 724	1 307 490
Academic support	2 418 563	2 403 289
Student services	6 292 006	4 688 562
Institutional support	8 580 601	8 243 187
Operation and maintenance of plant	2 519 011	2 548 874
Scholarships and fellowships	3 918 234	4 010 941
Auxiliary enterprises	3 227 805	3 293 780
Depreciation	2 299 490	2 214 088
TOTAL OPERATING EXPENSES (SCHEDULE B)	40 692 590	39 240 845
OPERATING LOSS	(20 866 127)	(20 942 611)
Non-Operating Revenues (Expenses):		
State appropriations	8 845 506	9 115 056
Maintenance ad valorem taxes	7 664 400	7 288 197
Debt service ad valorem taxes	1 004 608	1 286 441
Federal revenue, non-operating	8 128 507	7 502 236
Gifts	491 204	435 760
Investment income	(1 654 186)	1 284 354
Interest on capital related debt	(329 526)	(327 899)
Other non-operating revenues	261 793	3 162 226
TOTAL NON-OPERATING REVENUE (EXPENSES) (SCHEDULE C)	24 412 306	29 746 371
INCOME BEFORE OTHER REVENUES	3 546 178	8 803 760
Other Revenues:		
Additions to permanent endowments	301 110	101 573
TOTAL OTHER REVENUES	301 110	101 573
INCREASE (DECREASE) IN NET POSITION	3 847 288	8 905 333
Net Position:		
Net position - Beginning of year	34 396 314	25 490 981
NET POSITION - END OF YEAR	$ 38 243 602	$ 34 396 314

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

ANGELINA COLLEGE
STATEMENTS OF CASH FLOWS
For the Years Ended August 31, 2022 and 2021

EXHIBIT 3

	2022	2021
Cash Flows from Operating Activities:		
Receipts from students and other customers	$ 4 448 401	$ 5 335 561
Receipts from grants and contracts	14 007 900	14 084 020
Investment income, program restricted	515 680	349 268
Collection of loans to students and employees	71 170	-
Other receipts	4 265	20 951
Payments to or on behalf of employees	(18 813 945)	(16 410 500)
Payments to suppliers for goods or services	(16 152 835)	(15 784 958)
Payments of scholarships	(3 806 292)	(3 729 514)
Other cash payments	(33 858)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(19 759 514)	(16 135 172)
Cash Flows from Noncapital Financing Activities:		
Receipts from state appropriations	8 845 506	7 308 593
Ad valorem tax revenues	7 893 242	7 288 197
Receipts from non-operating federal revenue	6 735 259	7 502 236
Payments for collection of taxes	(213 410)	(172 112)
Gifts and grants (other than capital)	792 314	1 841 394
Other non-operating revenues	261 793	220 674
Student organization and other agency transactions	(23 829)	10 673
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	24 290 875	23 999 655
Cash Flows from Capital and Related Financing Activities:		
Ad valorem tax revenues	975 996	1 286 441
Purchase of capital assets	(7 066 320)	(1 636 493)
Payments on capital debt	(975 050)	(976 366)
NET CASH PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES	(7 065 374)	(1 326 418)
Cash Flows from Investing Activities:		
Proceeds from sale and maturity of investments	962 089	910 536
Investment earnings	546 531	1 284 354
Purchase of investments	(1 296 525)	(1 235 924)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	212 095	958 966
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2 321 919)	7 497 031
Cash and cash equivalents - September 1	25 254 230	17 757 199
CASH AND CASH EQUIVALENTS - AUGUST 31	$ 22 932 311	$ 25 254 230
Operating income (loss)	$ (20 866 127)	$ (20 942 611)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation expense	2 299 490	2 214 088
Bad debt expense	153 662	85 382
Tax collection fee	213 410	172 112
Payments made directly by state for benefits	(370 816)	1 797 627
Changes in Assets and Liabilities:		
Interest receivable	(914)	3 126
Ad valorem taxes receivable	13 180	(27 673)
Federal receivable - Non-operating	1 393 248	1 063 183
Accounts receivable (net)	(1 945 201)	(448 119)
Inventories	232 147	39 386
Other assets	(8 197)	(225 982)
Pension related outflows	478 255	475 545
OPEB related outflows	109 638	675 606
Accounts payable	(411 780)	504 888
Accrued liabilities	(2 543)	(338 607)
Unearned revenue	429 523	159 213
Pension related inflows	2 042 746	(360 547)
OPEB related inflows	(1 562 747)	(950 603)
Deposits	300	4 700
Accrued compensable absences	1 623	37 732
Net OPEB liability (adjusted for prior period)	1 028 204	(191 245)
Net pension liability	(2 986 615)	117 627
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (19 759 514)	$ (16 135 172)

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

NOTE 1 - REPORTING ENTITY

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Guidelines

The significant accounting policies followed by Angelina College in preparing these financial statements are in accordance with the *Texas Higher Education Coordinating Board's Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges.* The College applies all applicable GASB pronouncements. The College is reported as a special-purpose government engaged in business-type activities (BTA).

Tuition Discounting

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

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

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

Basis of Accounting

The financial statements of Angelina College have been prepared on the accrual basis whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay. When an expense is incurred for which both restricted and unrestricted net position is available, the College's policy is to apply restricted resources first.

Budgetary Data

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

Cash and Cash Equivalents

The College's cash and cash equivalents are considered to be cash on-hand, demand deposits, and 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.

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 $2,500 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 $2,499 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, 2022 or 2021, respectively, have been reported as unearned revenue.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Operating and Non-Operating Revenue and Expense Policy

The College distinguishes operating revenues and expenses from non-operating items. The College reports as a BTA and as a single, proprietary fund. Operating revenues and expenses generally result from providing services in connection with the College's principal ongoing operations. Principal operating revenues are tuition and related fees. The major non-operating revenues are state appropriations, ad valorem tax collections, and Title IV grant revenues. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. The operation of food services is not performed by the College but is contracted to an independent vendor.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Reclassifications

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

Blended Component Unit - Angelina College Foundation

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

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

NOTE 3 - AUTHORIZED INVESTMENTS

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

	AUGUST 31, 2022	AUGUST 31, 2021
Bank Deposits:		
Demand deposits and money market mutual funds	$ 22 917 258	$ 25 248 293
Certificates of deposit - Short-term	-	352 773
Certificates of deposit - Long-term	1 394 257	1 473 623
	24 311 515	27 074 689
Cash and Cash Equivalents:		
Petty cash on hand	5 942	5 942
TOTAL CASH AND DEPOSITS	$ 24 317 457	$ 27 080 631

Cash and Deposits Reconciliation of Deposits and Investments to Exhibit 1

TYPE OF SECURITY	FAIR VALUE AUGUST 31, 2022	FAIR VALUE AUGUST 31, 2021
U.S. government agencies	$ 39 328	$ 145 582
Mutual funds	6 510 370	7 168 571
Corporate bonds	1 506 072	1 385 191
Total cash and bank deposits	24 317 457	27 080 631
Total endowment bank deposits	24 744	125 468
TOTAL CASH, DEPOSITS, AND INVESTMENTS	$ 32 397 971	$ 35 905 443
Current (Exhibit 1):		
Cash and cash equivalents	$ 15 079 230	$ 15 936 658
Noncurrent (Exhibit 1):		
Restricted cash and cash equivalents	7 853 081	9 317 572
Endowment investments	9 465 660	10 651 213
TOTAL CURRENT AND NONCURRENT CASH AND INVESTMENTS	$ 32 397 971	$ 35 905 443

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

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, 2022:			
U.S. Government Securities	$ 39 328	$ -	$ 39 328
Certificates of Deposits	1 485 190	90 933	1 394 257
Corporate Bonds	1 506 072	-	1 506 072
TOTAL	$ 3 030 590	$ 90 933	$ 2 939 657
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	$ 3 357 169	$ 352 773	$ 3 004 396

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, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021.

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, 2022 and 2021, the bank balances of the College's deposits were $19,551,898 and $17,751,257 respectively. Of these balances, the amounts covered by FDIC insurance were $1,905,315 at August 31, 2022 and 2021, respectively. The remaining balances at August 31, 2022 and 2021 of $17,646,583 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 2022 or 2021.

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.

NOTE 6 - ENDOWMENTS - CONTINUED

Endowment assets consist of the following:

	August 31, 2022	August 31, 2021
Beginning net position	$ 10 299 191	$ 8 933 510
Interest, dividends, earnings, capital gains (losses)	529 811	338 807
Unrealized gains (losses)	1 717 360	1 175 301
Contributions	301 110	101 573
FUNDS AVAILABLE IN THE ENDOWMENT	12 847 472	10 549 191
Less scholarship distributions from current year endowment interest	370 000	250 000
ENDING NET POSITION	$ 12 477 472	$ 10 299 191
Bank/brokerage deposits	$ 15 633	$ 125 473
Endowment investments	9 425 284	10 501 910
Interest receivable	24 743	23 830
Endowment assets	$ 9 465 660	$ 10 651 213

NOTE 7 - CAPITAL ASSETS

Capital assets activity for the year ended August 31, 2022 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	3 511 082	672 514	3 511 082
TOTAL ASSETS NOT BEING DEPRECIATED	2 446 513	3 511 082	672 514	5 285 081
Capital Assets Being Depreciated:				
Buildings	51 657 424	-	-	51 657 424
Land improvements	3 217 603	-	-	3 217 603
Building improvements	15 722 445	3 096 715	-	18 819 160
Library books	903 580	877	1 148	903 309
Furniture, machinery, vehicles, and other equipment	9 739 771	457 646	-	10 197 417
Telecommunications and peripheral equipment	669 594	-	-	669 594
TOTAL ASSETS BEING DEPRECIATED	81 910 417	3 555 238	1 148	85 464 507
Less Accumulated Depreciation For:				
Buildings	28 771 956	771 055	-	29 543 012
Land improvements	2 723 600	53 263	-	2 776 863
Building improvements	6 929 957	862 422	-	7 792 379
Library books	735 717	15 400	1 148	749 969
Furniture, machinery, vehicles, and other equipment	5 700 020	595 981	-	6 296 001
Telecommunications and peripheral equipment	660 474	1 369	-	661 843
TOTAL ACCUMULATED DEPRECIATION	45 521 725	2 299 490	1 148	47 820 067
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	$ 38 835 205	$ 4 766 830	$ 672 514	$ 42 929 521

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

NOTE 7 - CAPITAL ASSETS - CONTINUED

Capital assets activity for the year ended August 31, 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
TOTAL ASSETS NOT BEING DEPRECIATED	1 773 999	672 514	-	2 446 513
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
TOTAL ASSETS BEING DEPRECIATED	80 960 406	963 979	13 969	81 910 416
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
TOTAL ACCUMULATED DEPRECIATION	43 321 604	2 214 089	13 969	45 521 724
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	$ 39 412 801	$ (577 596)	$ -	$ 38 835 205

NOTE 8 - LONG-TERM LIABILITIES

Long-term liability activity for the year ended August 31, 2022 was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	CURRENT PORTION
Bonds:					
Series 2018 limited tax bonds	$ 6 612 336	$ -	$ 391 229	$ 6 221 107	$ 393 408
Series 2019 limited tax bonds	4 342 243	-	263 484	4 078 759	266 063
TOTAL BONDS	10 954 579	-	654 713	10 299 866	659 471
Other liabilities:					
Accrued compensable absences	401 024	1 623	-	402 647	60 397
Net pension liability	5 325 711	-	2 986 615	2 339 096	-
Net OPEB liability	21 780 644	1 028 204	-	22 808 848	-
Deposits payable	19 600	300	-	19 900	-
TOTAL LIABILITIES	38 481 558	$ 1 030 127	$ 3 641 328	35 870 357	$ 719 868
Current portion	(714 866)			(719 868)	
TOTAL NONCURRENT PORTION	$ 37 766 692			$ 35 150 489	

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
TOTAL BONDS	11 930 945	-	976 366	10 954 579	654 713
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	-
TOTAL LIABILITIES	39 489 110	$ 160 059	$ 1 167 611	38 481 558	$ 714 866
Current portion	(1 031 335)			(714 866)	
TOTAL NONCURRENT PORTION	$ 38 457 775			$ 37 766 692	

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
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	$ 10 299 866	$ 2 012 988	$ 12 312 854

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, 2022	2021
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:	$ 6 221 107	$ 6 612 336
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:	4 078 759	4 342 243
TOTAL BONDS PAYABLE	$ 10 299 866	$ 10 954 579

NOTE 11 - ADVANCED REFUNDING BONDS

Limited Tax Refunding Bonds, Series 2018

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

NOTE 11 - ADVANCED REFUNDING BONDS - CONTINUED

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 $5,567,647 and $5,157,978 and federal, state, and local grants of $327,534 and $307,679 have been reported as unearned revenues at August 31, 2022 and 2021, respectively.

NOTE 13 - PENDING LAWSUITS AND CLAIMS

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

NOTE 14 - EMPLOYEES' RETIREMENT PLAN

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

Teacher Retirement System of Texas (TRS)

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

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

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

NOTE 14 - EMPLOYEES' RETIREMENT PLAN - CONTINUED

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	
		2021	2022
Member		7.7%	7.7%
Non-Employer Contributing Entity		7.5%	7.5%
Employers		7.5%	7.5%
Employer Contributions - 2022	$	446 912	
Member Contributions - 2022	$	768 138	
NECE On-behalf Contributions - 2021	$	277 440	

The College's contributions to the TRS pension plan in FY22 were $446,912, 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 FY22 were $277,440.

- 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.

NOTE 14 - EMPLOYEES' RETIREMENT PLAN - CONTINUED

Actuarial Assumptions:

The total pension liability in the August 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.25%
Long-term Expected Investment Rate of Return	7.25%
Inflation	2.30%
Salary Increases	3.05% to 9.05% including inflation
Benefit Changes During the Year	None
Ad Hoc Post-Employment Benefit Changes	None

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, 2021, are summarized below:

ASSET CLASS		TARGET[1] ALLOCATION	LONG-TERM EXPECTED GEOMETRIC REAL RATE OF RETURN[2]	EXPECTED CONTRIBUTION TO LONG-TERM PORTFOLIO RETURNS
Global Equity	U.S.	18%	5.70%	1.04%
	Non-U.S. Developed	13%	6.90%	0.90%
	Emerging Markets	9%	8.95%	0.80%
	Directional Hedge Funds	4%	3.53%	0.14%
	Private Equity	13%	10.18%	1.32%
Stable Value	U.S. Treasuries	11%	1.11%	0.12%
	Absolute Return	- %	- %	- %
	Stable Value Hedge Funds	4%	3.09%	0.12%
	Cash	1%	(0.30)%	- %
Real Return	Global Inflation Linked Bonds	3%	0.70%	0.02%
	Real Assets	14%	5.21%	0.73%
	Energy and Natural Resources	5%	7.48%	0.37%
	Commodities	- %	- %	- %
Risk Parity	Risk Parity	5%	3.70%	0.18%
	Inflation Expectation			2.30%
	Volatility Drag**			(0.79)%
Total		100%		7.25%

[1] Target allocations are based on the FY2020 policy model.
[2] Capital Market Assumptions come from Aon Hewitt (as of 08/31/2020).
[3] 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	$ 5 111 296	$ 2 339 096	$ 90 000

NOTE 14 - EMPLOYEES' RETIREMENT PLAN - CONTINUED

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

At August 31, 2022, the College reported a liability of $2,339,096 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	$	2 339 096
State's proportionate share that is associated with the District		1 655 644
TOTAL	$	3 994 740

The net pension liability was measured as of August 31, 2021, 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, 2020 through August 31, 2021.

At August 31, 2021, the College's proportion of the collective net pension liability was 0.0092%, which was a change of 0.0008% from its proportion measured as of August 31, 2020.

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, 2022, the College recognized pension expense of $465,614 and revenue of $465,614 for support provided by the State.

At August 31, 2022, 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	$	3 914	$	164 674
Changes in actuarial assumptions		826 825		360 425
Difference between projected and actual investment earnings		145 288		2 106 589
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions		-		373 538
Contributions paid to TRS subsequent to the measurement date		446 912		-
TOTAL	$	1 422 939	$	3 005 226

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
2023	$	(387 795)
2024	$	(370 668)
2025	$	(524 797)
2026	$	(650 668)
2027	$	(73 454)
Thereafter	$	(21 817)

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.

NOTE 14 - EMPLOYEES' RETIREMENT PLAN - CONTINUED

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 $120,643 and $118,389 for the fiscal years ended August 31, 2022 and 2021, respectively. This amount represents the portion of expended appropriations made by the Legislature on behalf of the College. The total payroll for all College employees was $15,836,487 and $14,473,517 for fiscal years 2022 and 2021, respectively. The total payroll of employees covered by the TRS was $9,736,478 and $9,119,696 and the total payroll of employees covered by the Optional Retirement Program was $3,765,002 and $3,904,935 for fiscal years 2022 and 2021, 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 $402,647 and $401,024 for fiscal years ended August 31, 2022 and 2021, respectively. The liability is shown in the Statement of Net Position split between current and noncurrent in the amounts of $60,397 and $342,250, respectively for August 31, 2022 and $60,153 and $340,871, respectively for August 31, 2021.

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

NOTE 16 - CONTRACT AND GRANT AWARDS

Contract and grant awards are accounted for in accordance with the requirements of the American Institute of Certified Public Accountants (AICPA audit and accounting guide, *State and Local Governments*, 8.99). For federal contract and grant awards, funds expended but not collected are reported in Receivables on Exhibit 1. Non-federal contract and grant awards for which funds are expended but not collected are reported as Accounts Receivable on Exhibit 1. Contract and grant awards that are not yet funded, and for which the institution has not yet performed services, are not included in the financial statements. Contract and grant awards funds already committed, e.g., multi-year awards, or funds awarded during fiscal years 2022 and 2021 for which monies have not been received nor funds expended totaled $23,582,128 and $22,441,543. Of these amounts, $23,039,484 and $21,668,570 were from federal contract and grant awards; $181,844 and $172,973 were from state contract and grant awards; and $360,800 and $600,000 from private contract and grant awards for the fiscal years ended 2022 and 2021, respectively.

NOTE 17 - DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables were as follows:

	August 31, 2022	August 31, 2021
Students and other customers	$ 7 961 850	$ 7 086 172
Allowance for doubtful accounts	(1 698 163)	(1 544 501)
Federal grants and contracts - Operating	445 542	643 783
Federal grants and contracts - Non operating	1 399 549	6 300
Other grants and contracts	28 519	-
Taxes receivable	768 492	736 060
Allowance for uncollectible taxes	(550 886)	(531 135)
Interest receivable	24 743	23 830
Other receivables	-	13 936
TOTAL RECEIVABLES	$ 8 379 646	$ 6 434 445

NOTE 17 - DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES - CONTINUED

Payables and accrued liabilities were as follows:

	August 31, 2022	August 31, 2021
Vendors	$ 758 537	$ 1 200 199
Students	100	-
TOTAL PAYABLES	$ 758 637	$ 1 200 199
Salaries and benefits	$ 147 281	$ 131 455
Sales taxes	3	34 471
Other	46 199	30 099
TOTAL ACCRUED LIABILITIES	$ 193 483	$ 196 025

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.

	2022	2021	2020	2019	2018	2017
State's monthly contribution per full time employee	$ 624 - 1 222	$ 624 - 1 222	$ 624 - 1 222	$ 624 - 1 222	$ 621 - 1 812	$ 617 - 1 798
State's contribution for retired participants	$ 553 829	$ 593 944	$ 498 057	$ 517 888	$ 469 535	$ 452 725
Number of retired participants	140	143	139	134	123	119
State's contribution for active participants	$ 884 263	$ 840 591	$ 852 694	$ 932 602	$ 944 473	$ 864 284
Number of active participants	235	255	259	243	262	252
State's total contribution	$ 1 438 092	$ 1 434 535	$ 1 350 751	$ 1 450 490	$ 1 414 008	$ 1 317 009
Number of total participants	375	398	398	377	385	371

NOTE 20 - AD VALOREM TAX

	August 31, 2022	August 31, 2021
Assessed valuation of the college	$ 7 525 826 761	$ 5 345 526 562
Less: exemptions	1 488 275 962	23 869 953
Less: Abatements	5 582 761	13 689 820
NET ASSESSED VALUATION OF THE COLLEGE	$ 6 031 968 038	$ 5 307 966 789

	FISCAL YEAR 2022			FISCAL YEAR 2021		
	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	$ 0.1461	$ 0.0179	$ 0.1640
FYE August 31, 2019	$ 0.1459	$ 0.0251	$ 0.1710	$ 0.1459	$ 0.0251	$ 0.1710

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, 2022 were $9,585,174 (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.

NOTE 20 - AD VALOREM TAX - CONTINUED

TAX REVENUES - 2022		CURRENT OPERATIONS		DEBT SERVICE		TOTAL
Current taxes	$	7 382 880	$	949 264	$	8 332 144
Delinquent taxes		152 656		28 612		181 268
Penalties and interest		128 864		26 732		155 596
TOTAL TAX REVENUES	$	7 664 400	$	1 004 608	$	8 669 008

Taxes levied for the year ended August 31, 2021 were $9,211,806 (which includes any penalty and interest assessed if applicable).

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
TOTAL TAX REVENUES	$	7 288 197	$	1 286 441	$	8 574 638

Tax collections for the year ended August 31, 2022 and 2021 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 2022 and 2021, which resulted in abatements of tax revenues. Total tax revenues forgone by the College under these tax abatement agreements were $155,337 and $61,606 for the years ended August 31, 2022 and 2021, respectively, which amounted to approximately 1.81% and 0.718% 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, 2022, Angelina College participated in the following TASB Risk Management Fund (the Fund) programs:

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

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

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for its Auto, Liability and Property programs. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2022, 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, 2021, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

NOTE 22 - RISK MANAGEMENT - CONTINUED

Unemployment Compensation Pool

During the year ended August 31, 2022, 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, 2021, 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, 2022 and 2021, 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, 2022 and 2021, 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.

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.

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

C. Benefits Provided

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

D. Contributions

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

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

Maximum Monthly Employer Contribution Retiree Health and Basic Life Premium		
Retiree*	$	625
Retiree and Spouse	$	1 140
Retiree* and Children	$	1 104
Retiree and Family	$	1 819

**or surviving spouse*

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

Contribution Rates

		2021	2022
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 - 2021	$	373 574	
Member Contributions - 2021	$	122 341	
NECE On-behalf Contributions - 2022	$	24 916	

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, 2021 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Methods and Assumptions:

Valuation Date	August 31, 2021
Methods and Assumptions:	
Actuarial Cost Method	Entry Age
Last Experience Study	*State Agency Members:* 5-year period from September 1, 2014 to August 31, 2019 *Higher Education Members:* 7-year period from September 1, 2010 to August 31, 2017
Actuarial Assumptions:	
Discount Rate	2.14%
Projected Annual Salary Increase	2.30 to 9.05%, including inflation
Annual Healthcare Trend Rate	*HealthSelect* 5.25% for FY23, 5.15% for FY24, 5.00% for FY25, 4.75% for FY26, 4.60% for FY27, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY30 and later years *HealthSelect Medicare Advantage* 0.00% for FY23, 66.67% for FY24, 24.00% for FY25, 4.75% for FY26, 4.60% for FY27, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY30 and alter years *Pharmacy* 10.00% for FY23 and FY24, decreasing 100 basis points per year to 5.00% for FY29 and 4.30% for FY30 and later years
Inflation Assumption Rate	2.30%
Ad hoc Postemployment Benefit Changes	None
Mortality Rate	*State Agency Members* • *Service Retirees, Survivors and other Inactive Members (Regular, Elected, CPO/CO and JRS I and II Employee Classes):* 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. • *Disability Retirees (Regular, Elected, CPO/CO and JRS I and II Employee Classes):* 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. • *Active Members:* 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. *Higher Education Members* • *Service Retirees, Survivors and other Inactive Members:* Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018. • *Disability Retirees:* Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members. • *Active Members:* Sex Distinct RP-2014 Employee Mortality multiplied by 90% with Ultimate MP Projection Scale from the year 2014.

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

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

F. Discount Rate

Because the GBP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bonds rate. The discount rate used to determine the total OPEB liability as of the beginning of the measurement year was 2.20%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 2.14%, which amounted to a decrease of 0.06%. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp's AA rating. Projected cash flows into the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you -go (PAYGO) basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets and therefore the years of projected benefit payments to which the long-term expected rate of return is applicable is zero years.

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

G. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.2%) 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	$ 22 808 848	$ 18 563 032

H. Healthcare Trend Rate Sensitivity Analysis.

The initial healthcare trend rate is (8.5%) and the ultimate rate is (2.14 %). 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 (2.14%) in measuring the net OPEB liability.

	1% Decrease in Healthcare Trend Rate (1.14%)	Current Single Healthcare Trend Rate (2.14%)	1% Increase in Healthcare Trend Rate (3.14%)
District's proportionate share of the net OPEB liability	$ 27 166 207	$ 22 808 848	$ 19 399 871

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

At August 31, 2022, the College reported a liability of $22,808,848 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	$ 22 808 848
State's proportionate share that is associated with the District	24 267 035
TOTAL	$ 47 075 883

The Net OPEB Liability was measured as of August 31, 2021 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, 2020 thru August 31, 2021.

At August 31, 2021 the College's proportion of the collective Net OPEB Liability was 0.06357778%, which was 0.002335% higher than the same proportion measured as of August 31, 2020.

For the year ended August 31, 2022, the College recognized OPEB expense of $296,079 and revenue of $296,079 for support provided by the State. The College also recognized their proportionate share of OPEB expense of $174,812.

J. Changes Since the Prior Actuarial Valuation

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

- Demographic assumptions (including rates of retirement, disability, termination, mortality, and assumed salary increases) for higher education members have been updated to reflect assumptions recently adopted by the trustees from the Teachers Retirement System of Texas.
- Assumed expenses, assumed per capita health benefit costs, and assumed health benefit cost, retiree contribution, and expense trends have been updated to reflect recent experience and its effects on our short-term expectations.
- The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence
- The percentage of future retirees assumed to be married and electing coverage for their spouse have been updated to reflect recent plan experience and expected trends.

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

- The discount rate assumption was increased from 3.51% to 3.96% to utilize the updated yield or index rate for 20-year, tax-exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

The only benefit change for Fiscal Year 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 2021 Assumed Per Capita Health Benefit Costs.

At August 31, 2022, the College reported its proportionate share of the GBP's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ 559 475
Changes in actuarial assumptions	1 561 634	2 540 448
Difference between projected and actual investment earnings	4 040	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	596 560	925 610
Contributions paid to ERS subsequent to the measurement date	373 529	-
TOTAL	$ 2 535 763	$ 4 025 533

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

YEAR ENDED AUGUST 31,	OPEB EXPENSE AMOUNT
2023	$ (1 051 202)
2024	$ (415 190)
2025	$ (223 445)
2026	$ (148 226)
2027	$ (25 235)
Thereafter	$ -


ACTIVITY CENTER

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES

For the Fiscal Years Ended
August 31, 2022 and 2021

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*

	2021	2020	2019	2018	2017	2016	2015	2014
Total Teacher's Retirement System (TRS) pension liability	$ 227 273 463 630	$ 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	(201 807 002 496)	(165 416 245 243)	(157 978 199 075)	(154 568 901 833)	(147 361 922 120)	(134 008 637 473)	(128 538 706 212)	(132 779 234 085)
TRS' net pension liability	$ 25 466 461 134	$ 53 557 959 841	$ 51 983 126 213	$ 55 042 426 960	$ 31 974 612 699	$ 37 788 513 014	$ 35 348 668 960	$ 26 716 841 801
TRS net position as a percentage of total pension liability	88.79%	75.24%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%
The College's proportionate share of collective net pension liability (%)	0.0091850%	0.0099438%	0.0100188%	0.0100331%	0.0100509%	0.0103033%	0.0108146%	0.0117342%
The College's proportionate share of collective net pension liability ($)	$ 2 339 096	$ 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	1 655 644	3 646 964	3 404 588	3 531 458	2 124 638	2 603 482	2 395 398	2 071 447
TOTAL	$ 3 994 740	$ 8 972 675	$ 8 612 672	$ 9 053 907	$ 5 338 366	$ 6 496 935	$ 6 218 215	$ 5 205 814
The College's covered payroll amount in the year of measurement	$ 9 119 696	$ 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	22.12%	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 eight years of data are presented in accordance with GASB 68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

See independent auditors' report.

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

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 446 912	$ 418 169	$ 425 644	$ 344 436	$ 327 977	$ 346 162	$ 321 907	$ 310 048
Actual contributions	(446 912)	(418 169)	(425 644)	(344 436)	329 507	348 853	322 056	318 842
CONTRIBUTION DEFICIENCY (EXCESS)	$ -	$ -	$ -	$ -	$ (1 530)	$ (2 691)	$ (149)	$ (8 794)
The College's covered payroll amount in the current fiscal year	$ 10 574 986	$ 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	4.23	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 eight years of data are presented in accordance with GASB 68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

See independent auditors' report.

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

College's Proportionate Share of Liability	**2021**	**2020**	**2019**	**2018**	**2017**
College's proportion of the OPEBL	0.0635778%	0.0659128%	0.0635712%	0.0667156%	0.0616960%
College's proportionate share of the OPEBL	$ 22 808 848	$ 21 780 645	$ 21 971 891	$ 19 772 993	$ 21 021 700
State share of the OPEBL associated with the College	24 267 035	15 768 811	11 821 808	14 426 365	16 349 362
TOTAL	$ 47 075 883	$ 37 549 456	$ 33 793 699	$ 34 199 358	$ 37 371 062
College's covered-employee payroll* *Prior FY TRS Gross - September through August*	$ 14 037 017	$ 13 102 263	$ 12 844 728	$ 13 801 786	$ 11 159 443
Proportionate share/covered payroll	162.49%	155.17%	171.06%	143.26%	188.38%
Plan fiduciary net position/total OPEB liability	0.32%	0.32%	0.17%	2.27%	2.04%

College Contributions	**2022**	**2021**	**2020**	**2019**	**2018**
Contractually required contribution	$ 373 579	$ 406 092	$ 460 459	$ 564 982	$ 603 773
Actual contribution	(373 579)	(406 092)	(460 459)	(564 982)	(603 773)
CONTRIBUTION DEFICIENCY (EXCESS)	$ -	$ -	$ -	$ -	$ -
The College's covered payroll amounts in the current fiscal year	$ 15 836 488	$ 14 037 017	$ 13 102 263	$ 12 844 728	$ 13 801 786
Contributions to covered payroll	2.36%	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 five years of data are presented in accordance with GASB 75, paragraph 245. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement.

See independent auditors' report.

Defined Benefit OPEB Plan

Changes in Benefit Terms

Under Q/A #4.107 of GASB's Implementation Guide No. 2017-2, Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans, any plan changes that have been adopted and communicated to plan members by the time the valuation is prepared must be included in the valuation. Accordingly, this valuation reflects the benefit changes that will become effective January 1, 2020, since these changes were communicated to plan members in advance of the preparation of this report.

The only benefit change for Fiscal Year 2021 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 $6,750 to $7,050 for individuals and from $13,500 to $14,100 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.

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 2021 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, 2022 and 2021

ANGELINA COLLEGE
SCHEDULE A
SCHEDULE OF OPERATING REVENUES
For the Year Ended August 31, 2022
With Memorandum Totals for the Year Ended August 31, 2021

	UNRESTRICTED	RESTRICTED	TOTAL EDUCATIONAL ACTIVITIES	AUXILIARY ENTERPRISES	TOTALS 2022	TOTALS 2021
Tuition:						
State Funded Credit Courses:						
In-district resident tuition	$ 2 821 558	$ -	$ 2 821 558	$ -	$ 2 821 558	$ 3 758 150
Out-of-district resident tuition	3 374 275	-	3 374 275	-	3 374 275	3 432 886
Non-resident tuition	270 515	-	270 515	-	270 515	99 547
TPEG - Credit (set aside)*	414 008	-	414 008	-	414 008	349 300
State funded continuing education courses	769 791	-	769 791	-	769 791	624 561
TPEG - Non-credit (set aside)*	6 100	-	6 100	-	6 100	45 010
TOTAL TUITION	7 656 247	-	7 656 247	-	7 656 247	8 309 454
Fees:						
General institutional service fee	-	-	-	2 551 979	2 551 979	2 218 838
Laboratory fee	873 997	-	873 997	-	873 997	993 574
Other fees	244 059	-	244 059	-	244 059	146 534
TOTAL FEES	1 118 056	-	1 118 056	2 551 979	3 670 035	3 358 946
Scholarship Allowance and Discounts:						
Local scholarships	(1 844 564)	-	(1 844 564)	(554 658)	(2 399 222)	(617 216)
Auxiliary scholarships	(462 617)	-	(462 617)	(62 163)	(524 780)	(50 027)
Remission and exemptions - State	(194 010)	-	(194 010)	(71 297)	(265 307)	(551 828)
Remissions and exemptions - Local	(626)	-	(626)	(157)	(783)	(6 885)
TPEG allowances	(216 941)	-	(216 941)	(23 698)	(240 639)	(288 110)
Other state grants	(118 777)	-	(118 777)	(133)	(118 910)	(147 427)
Title IV federal grants	(2 289 664)	-	(2 289 664)	(731 705)	(3 021 369)	(3 688 233)
Other federal grants	-	-	-	-	-	(69 468)
TOTAL SCHOLARSHIP ALLOWANCES	(5 127 200)	-	(5 127 200)	(1 443 810)	(6 571 009)	(5 419 194)
TOTAL NET TUITION AND FEES	3 647 103	-	3 647 103	1 108 169	4 755 273	6 249 206
Additional Operating Revenues:						
Federal grants and contracts	15 658	11 391 999	11 407 657	-	11 407 657	9 904 674
State grants and contracts	-	484 109	484 109	-	484 109	457 052
Non-governmental grants and contracts	140 134	152 180	292 314	-	292 314	732 160
Investment income (program restricted)	515 680	-	515 680	-	515 680	349 268
Other operating revenues	1 483 656	71 170	1 554 826	3 966	1 558 792	110 921
TOTAL ADDITIONAL OPERATING REVENUES	2 155 129	12 099 458	14 254 587	3 966	14 258 553	11 554 075
Auxiliary Enterprises:						
Angelina College Foundation	-	-	-	142 070	142 070	75 328
Residential life	-	-	-	550 438	550 438	3 441
NET RESIDENTIAL LIFE	-	-	-	692 508	692 508	78 769
Bookstore	-	-	-	340 353	340 353	728 631
Scholarship allowances and discounts	-	-	-	(220 223)	(220 223)	(312 447)
NET BOOKSTORE	-	-	-	120 130	120 130	416 184
TOTAL NET AUXILIARY ENTERPRISES	-	-	-	812 638	812 638	494 953
TOTAL OPERATING REVENUES	$ 5 802 232	$ 12 099 458	$ 17 901 690	$ 1 924 773	$ 19 826 463	$ 18 298 234

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

See independent auditors' report.

ANGELINA COLLEGE
SCHEDULE B
SCHEDULE OF OPERATING EXPENSES BY OBJECT
For the Year Ended August 31, 2022
With Memorandum Totals for the Year Ended August 31, 2021

	SALARIES AND WAGES	STATE BENEFITS	LOCAL BENEFITS	OTHER EXPENSES	TOTALS 2022	TOTALS 2021
Unrestricted - Educational Activities:						
Instruction	$ 7 408 908	$ -	$ 1 371 538	$ 784 576	$ 9 565 022	$ 9 223 159
Public service	33 477	-	6 196	6 724	46 397	34 770
Academic support	1 535 776	-	286 922	484 775	2 307 473	2 201 792
Student services	1 268 183	-	-	6 203	1 274 386	1 311 607
Institutional support	1 824 634	-	(52 018)	1 724 401	3 497 017	3 487 454
Operation and maintenance of plant	838 490	-	155 196	1 461 609	2 455 295	1 760 328
TOTAL UNRESTRICTED EDUCATIONAL ACTIVITIES	12 909 468	-	1 767 834	4 468 288	19 145 590	18 019 110
Restricted - Educational Activities:						
Instruction	26 170	487 216	-	71 748	585 134	1 307 475
Public service	763 258	2 201	114 107	360 761	1 240 327	1 272 720
Academic support	9 165	101 925	-	-	111 089	201 497
Student services	60 225	83 383	-	4 874 012	5 017 621	2 932 386
Institutional support	92 546	156 715	15 870	4 818 453	5 083 584	5 872 816
Operation and maintenance of plant	5 433	55 131	-	3 152	63 716	116 032
Scholarships and fellowships	-	-	-	3 918 234	3 918 234	4 010 941
TOTAL RESTRICTED EDUCATIONAL ACTIVITIES	956 797	886 571	129 976	14 046 361	16 019 705	15 713 867
TOTAL EDUCATIONAL ACTIVITIES	13 866 266	886 571	1 897 811	18 514 648	35 165 295	33 732 977
Auxiliary enterprises	554 852	-	232 110	2 440 843	3 227 805	3 293 780
Depreciation expense - Buildings and improvements	-	-	-	1 686 741	1 686 741	2 214 088
Depreciation expense - Equipment and furniture	-	-	-	612 749	612 749	-
TOTAL OPERATING EXPENSES	$ 14 421 117	$ 886 571	$ 2 129 921	$ 23 254 981	$ 40 692 590	$ 39 240 845

See independent auditors' report.

ANGELINA COLLEGE
SCHEDULE C
SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
For the Year Ended August 31, 2022
With Memorandum Totals for the Year Ended August 31, 2021

	UNRESTRICTED	RESTRICTED	AUXILIARY ENTERPRISES	TOTALS MEMORANDUM ONLY 2022	2021
Non-Operating Revenues:					
State Appropriations:					
Educational and general state support	$ 5 320 872	$ -	$ -	$ 5 320 872	$ 5 797 530
State group insurance	-	1 143 020	-	1 143 020	1 249 648
State retirement matching	-	120 643	-	120 643	557 038
Special appropriations	2 260 971	-	-	2 260 971	1 510 840
TOTAL STATE APPROPRIATIONS	7 581 843	1 263 663	-	8 845 506	9 115 056
Maintenance ad valorem taxes	7 664 400	-	-	7 664 400	7 288 197
Debt service ad valorem taxes	-	1 004 608	-	1 004 608	1 286 441
Federal revenue, non-operating	-	8 128 507	-	8 128 507	7 502 236
Gifts	83 112	408 092	-	491 204	435 760
Investment income	34 205	(1 695 703)	7 312	(1 654 186)	1 284 354
Other non-operating revenues	89 505	41 961	130 327	261 793	3 162 226
TOTAL NON-OPERATING REVENUES	15 453 065	9 151 128	137 639	24 741 832	20 959 214
Non-Operating Expenses:					
Interest on capital related debt	-	329 526	-	329 526	327 899
TOTAL NON-OPERATING EXPENSES	-	329 526	-	329 526	327 899
NET NON-OPERATING REVENUES	$ 15 453 065	$ 8 821 602	$ 137 639	$ 24 412 306	$ 30 402 169

See independent auditors' report.

ANGELINA COLLEGE
SCHEDULE D
SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY
For the Year Ended August 31, 2022
With Memorandum Totals for the Year Ended August 31, 2021

	DETAIL BY SOURCE					AVAILABLE FOR CURRENT OPERATIONS	
		RESTRICTED		NET INVESTMENT IN CAPITAL ASSETS			
	UNRESTRICTED	EXPENDABLE	NON-EXPENDABLE		TOTAL	YES	NO
Current:							
Unrestricted	$ (10 189 889)	$ -	$ -	$ -	$ (10 189 889)	$ (10 189 889)	$ -
Restricted	-	3 154 857	-	-	3 154 857	-	3 154 857
Auxiliary enterprises	2 452 079	-	-	-	2 452 079	2 452 079	-
Loan	388 786	-	-	-	388 786	-	388 786
Endowment:							
Endowment:							
True	-	-	8 901 683	-	8 901 683	-	8 901 683
Plant:							
Unexpected	1 997 183	-	-	-	1 997 183	-	1 997 183
Debt service	-	617 614	-	-	617 614	-	617 614
Investment in plant	-	-	-	30 921 289	30 921 289	-	30 921 289
TOTAL NET POSITION, AUGUST 31, 2022	(5 351 841)	3 772 471	8 901 683	30 921 289	38 243 602	(7 737 810)	45 981 412
TOTAL NET POSITION, AUGUST 31, 2021	(5 038 617)	2 941 263	10 299 191	26 172 261	34 374 098	(12 249 730)	46 623 828
NET INCREASE (DECREASE) IN NET POSITION	$ (313 224)	$ 831 208	$ (1 397 508)	$ 4 749 028	$ 3 869 504	$ 4 511 920	$ (642 416)

See independent auditors' report.

Angelina College

SINGLE AUDIT SECTION

Annual Financial Report

For the Fiscal Years Ended
August 31, 2022 and 2021

AXLEY & RODE LLP
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Trustees
Angelina County Junior College District
Lufkin, Texas

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Angelina County Junior College District (the "College") as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated December 2, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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.

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Purpose of this Report

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

Conclusion

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

Axley & Rode LLP
CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas
December 2, 2022

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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:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Angelina County Junior College District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Angelina County Junior College District's major federal programs for the year ended August 31, 2022. Angelina County Junior College District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Angelina County Junior College District 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Angelina County Junior College District and to meet our other ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Angelina County Junior College District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Angelina County Junior College District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Angelina County Junior College District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Angelina County Junior College District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Angelina County Junior College District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Angelina County Junior College District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Angelina County Junior College District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Axley & Rode LLP
CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas
December 2, 2022

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ANGELINA COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
August 31, 2022

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: UNMODIFIED

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

CFDA Number(s)	Name of Federal or State Program or Cluster*
	Federal:
84.425	Education Stabilization Fund - CARES Act
84.002	Adult Education and Literacy

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

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

B. Financial Statements Findings

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

None

ANGELINA COLLEGE
SCHEDULE E
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2022

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	$ 192 891	$ -	$ 192 891	$ -
Federal Work Study Program	84.033	98 623	-	98 623	-
Federal Pell Grant Program	84.063	7 836 993	-	7 836 993	-
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER		8 128 507	-	8 128 507	-
CARES Act - Student Portion	84.425E	4 741 711	-	4 741 711	-
CARES Act - Minority Serving Institutions	84.425L	454 689	-	454 689	-
CARES Act - Institutional	84.425F	4 457 699	-	4 457 699	-
		9 654 099	-	9 654 099	-
Pass Through From:					
Texas Workforce Commission:					
Adult Education and Literacy 1718ALC00	84.002	-	67 341	67 341	-
Adult Education and Literacy 1718ALD00	84.002	-	1 155 597	1 155 597	118 541
Adult Education and Literacy - Workforce Integration Initiative 1720AEL001	84.002	-	106 677	106 677	9 384
		-	1 329 615	1 329 615	127 925
LCOT East Texas Consortium:					
Adult Education and Literacy 0818ALA000 Program Year 21-22	84.002	-	9 131	9 131	-
		-	9 131	9 131	-
TOTAL CFDA 84.002		-	1 338 746	1 338 746	127 925
Texas Higher Education Coordinating Board:					
Carl Perkins Vocational Education-Basic 2142020271	84.048	-	328 813	328 813	-
		-	328 813	328 813	-
Governors Emergency Education Relief (GEER)	84.425C	-	5 624	5 624	-
TOTAL U.S. DEPARTMENT OF EDUCATION		17 782 606	1 673 183	19 455 789	127 925
U.S. Small Business Administration:					
Pass-through from:					
University of Houston:					
Small Business Development Center R-20-0051-53801	59.037	-	59 774	59 774	-
Small Business Development Center SBAHZ-21-B-0015	59.037	-	89 989	89 989	-
CARES Act - SBDC	59.037	-	52 337	52 337	-
TOTAL U.S. SMALL BUSINESS ADMINISTRATION		-	202 100	202 100	-
TOTAL EXPENDITURES OF FEDERAL AWARDS		$ 17 782 606	$ 1 875 282	$ 19 657 889	$ 127 925

NOTE 1 - FEDERAL ASSISTANCE RECONCILIATION

Other Operating Revenues - Federal Grants and Contracts - Per Schedule A	$ 11 391 999
Add: Indirect/Administrative Cost Recoveries - Per Schedule A	15 658
Add: Non-Operating Revenues - Federal Revenue, Non-operating - Per Schedule C	8 128 507
TOTAL FEDERAL REVENUE PER SCHEDULE A AND C	19 536 164
Reconciling Items:	
Add: Funds passed through to others	127 925
Small business development center R-21-0079-53801	(6 200)
TOTAL FEDERAL EXPENDITURES PER SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	$ 19 657 889

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 $127,925 was passed through to Panola College by the College. Of this total, $127,925 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, 2022

None