Angelina College

ANNUAL FINANCIAL REPORT

For the Fiscal Years Ended August 31, 2023 and 2022

Prepared By: The Business Office

Angelina College

Lufkin, Texas

ANGELINA COLLEGE
ANNUAL FINANCIAL REPORT
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ANGELINA COLLEGE

Annual Financial Report

For the Fiscal Years Ended August 31, 2023 and 2022

ORGANIZATIONAL DATA

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, 2023 and 2022. 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 the 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,

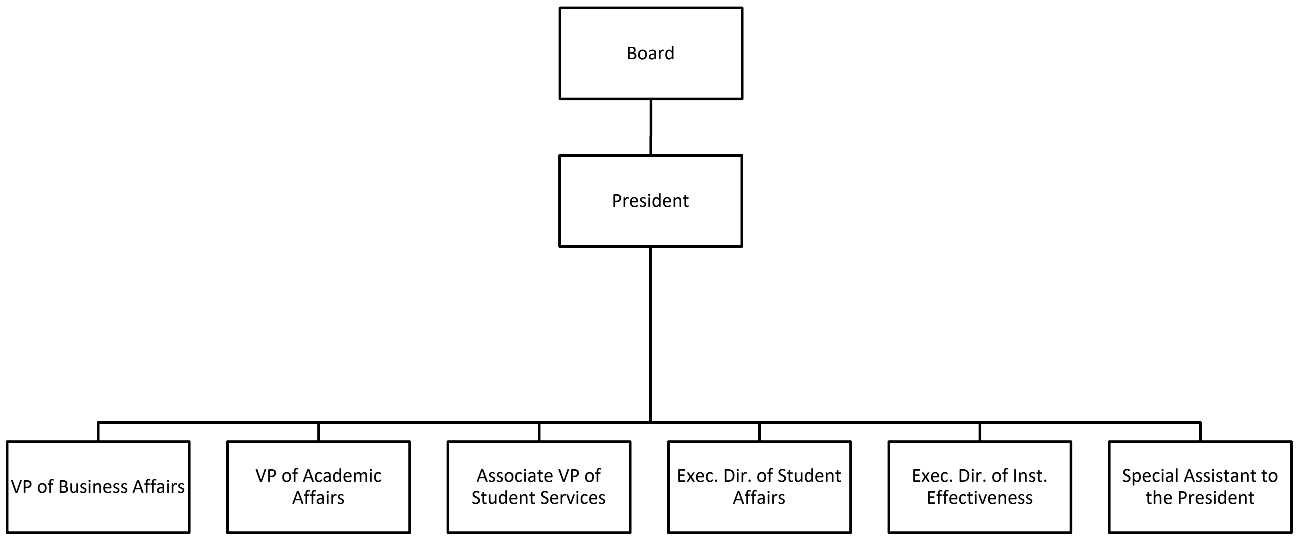
Chris Sullivan, Vice President of Business Affairs

Darin Murphy, Controller

Tim Hollis, Assistant Controller

ANGELINA COLLEGE ORGANIZATIONAL CHART

For the Fiscal Year Ending August 31, 2023



Board of Trustees

Principal Administrative Officers

Dr. Michael Simon	President
Dr. Tim Ditoro	Vice President, Academic Affairs
Chris Sullivan	Vice President, Business Affairs & Internal Control
Krista Brown	Executive Director, Marketing & Strategic Enrollment
Dana Smithhart	Executive Director of Student Affairs
Joy Medford	Executive Director of Institutional Effectiveness
Leigh Ann Pyle	Executive Director of Institutional Advancement

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Angelina County Junior College
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, 2023 and 2022, 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, 2023 and 2022, 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 8, 2023, 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 8, 2023

August 31, 2023

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, 2023 and 2022. 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.

	2023	2022	$ Difference Current Year and Previous Year	% Difference Current Year and Previous Year
Assets				
Cash and Investments	$ 35,279,017	$ 32,397,971	$ 2,881,045	8.89%
Accounts Receivable (Net)	7,227,840	8,379,646	(1,151,806)	(13.75%)
Inventories	6,138	3,951	2,187	55.37%
Other Assets	91,314	440,259	(348,945)	(79.26%)
Capital Assets	45,766,251	42,929,521	2,836,730	6.61%
TOTAL ASSETS	88,370,560	84,151,348	4,219,212	5.01%
Deferred Outflows of Resources				
Pension Related	4,068,486	1,422,639	2,645,847	185.98%
OPEB Related	1,542,480	2,535,763	(993,283)	(39.17%)
Loss on Bond Refunding	101,204	110,272	(9,068)	(8.22%)
Total Deferred Outflows of Resources	5,712,170	4,068,674	1,643,496	40.39%
Liabilities				
Current Liabilities	9,922,389	7,795,171	2,127,218	27.29%
Noncurrent Liabilities	35,672,803	35,150,490	522,313	1.49%
Total Liabilities	45,595,192	42,945,661	2,649,531	6.17%
Deferred Inflows of Resources				
Pension Related	2,324,862	3,005,226	(680,364)	(22.64%)
OPEB Related	6,799,816	4,025,533	2,774,283	68.92%
Total Deferred Inflows of Resources	9,124,678	7,030,759	2,093,919	29.78%
Net Position				
Net Investment in Capital Assets	31,665,502	30,921,289	744,213	2.41%
Restricted	15,366,476	12,674,154	2,692,323	21.24%
Unrestricted	(7,669,118)	(5,351,841)	(2,317,278)	43.30%
TOTAL NET POSITION	$ 39,362,860	$ 38,243,602	$ 1,119,258	2.93%

Cash and Investments increased by $2.8 million in FY23. The increase was due to cash draws from federal grants.

Accounts Receivable (Net) decreased by $1,151,806 (13.75%) in FY23 as a result of normal operations and a decrease in federal grants.

Other Assets decreased $348,945 (79.26%) in FY23 due to a change in prepaid expenses. Prepaid insurance decreased by $12,273 and prepaid maintenance agreements for information technology increased by $336,672 when compared to FY22, primarily due to the implementation of GASB 96. The pronouncement required a change in accounting requirements for software-based subscription assets.

Pension related deferred outflows increased by $2,645,847 (185.98%) due to changes in assumptions of future cash flows based on data provided by TRS. Similarly, OPEB related deferred inflows increased by $2,774,283 (68.92%) as a result of changes in assumptions based on data provided by ERS. Details of changes in amounts can be found in Notes 15, 20 and 25.

Capital Assets account for 52% of the College's total assets. The $45,766,251 of capital assets is comprised of land, buildings, furniture and equipment, improvements, subscription assets and is the largest single component of total assets. GASB 96 requires the recognition of an asset for software subscriptions that span multiple years. The amount recorded for FY23 net of amortization was $2,206,646. 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 2,089,517 resulted from construction and renovation projects completed in FY23. Construction in progress decreased by $1,510,921 due to projects that were completed in the fiscal year. Building improvements, furniture and other equipment consist of projects completed in FY23 and increased by $2,141,002 net of disposals.

Current Liabilities increased by $ 2,127,128 (27.29%) in FY23. These amounts fluctuate based on purchases and services required at year end and based on changes in unearned revenues. Unearned revenues decreased $158,522 in FY23 as a result of deferred revenue for Fall FY24 tuition and deferred income for state and local grants.

Noncurrent Liabilities increased $522,313 (1.49%) in FY23. Noncurrent liabilities include bonds payable, the pension liability (GASB 68), the OPEB liability (GASB 75) and right-to-use subscription liabilities (GASB 96). The majority of the change was due to a decrease in the pension and 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 increased by $1,643,496 and deferred inflows increased by $2,093,919 for a net decrease of $441,355 in deferred outflows and inflows. 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 $42,775,368.

	2023	2022	$ Difference Current Year and Prior Year	% Difference Current Year and Previous Year
OPERATING REVENUES				
Tuition and fees (net)	$ 3,165,359	$ 4,755,273	$ (1,589,914)	(33.43%)
Federal grants and contracts	3,419,628	11,407,657	(7,988,029)	(70.02%)
State grants and contracts	460,773	484,109	(23,336)	(4.82%)
Non-governmental grants and contracts	484,688	292,314	192,374	65.81%
Investment income – program restricted	533,660	515,680	17,980	3.49%
Auxiliary enterprises (net)	793,619	812,638	(19,019)	(2.34%)
Other operating revenue	153,348	1,558,792	(1,405,444)	(90.16%)
TOTAL OPERATING REVENUES	9,011,075	19,826,463	(10,815,388)	(54.55%)
OPERATING EXPENSES				
Instruction	11,155,007	10,150,157	1,004,850	9.90%
Public service	1,375,766	1,286,724	89,042	6.92%
Academic support	2,731,500	2,418,563	312,937	12.94%
Student services	2,030,874	6,292,006	(4,261,132)	(67.72%)
Institutional support	6,862,185	8,580,601	(1,718,416)	(20.03%)
Operation and maintenance of plant	3,359,554	2,519,011	840,543	33.37%
Scholarship and fellowships	1,746,038	3,918,234	(2,172,196)	(55.44%)
Auxiliary enterprises	3,854,942	3,227,805	627,137	19.43%
Depreciation	3,019,800	2,299,490	720,310	31.32%
TOTAL OPERATING EXPENSES	36,135,666	40,692,590	(4,556,925)	(11.20%)
NET OPERATING LOSS	(27,124,591)	(20,866,127)	(6,258,464)	29.99%
NON-OPERATING REVENUES				
State appropriations	9,231,511	8,845,506	386,005	4.36%
Maintenance ad valorem taxes	8,243,357	7,664,400	578,957	7.55%
Debt service ad valorem taxes	974,755	1,004,608	(29,853)	(2.97%)
Federal revenue, non-operating	8,304,866	8,128,507	176,359	2.17%
Gifts	849,019	491,204	357,815	72.84%
Investment income	758,894	(1,654,186)	2,413,080	(145.88%)
Other non-operating revenues	108,682	261,793	(153,111)	(58.49%)
TOTAL NON-OPERATING REVENUES	28,471,084	24,741,832	3,729,252	15.07%
NON-OPERATING EXPENSES				
Interest on capital related debt	305,372	329,526	(24,154)	(7.33%)
TOTAL NON-OPERATING EXPENSES	305,372	329,526	(24,154)	(7.33%)
INCOME BEFORE OTHER REVENUES	1,041,121	3,546,178	(2,505,057)	(70.64%)
OTHER REVENUES				
Additions to permanent endowments	80,084	301,110	(221,026)	(73.40%)
TOTAL OTHER REVENUES	80,084	301,110	(221,026)	(73.40%)
INCREASE IN NET POSITION	1,121,205	3,847,288	(2,726,083)	(70.86%)
Beginning net position	38,243,602	34,396,314	3,847,288	11.19%
ENDING NET POSITION	$ 39,362,860	$ 38,243,602	$ 1,121,205	2.93%

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 $1.59 million (33.43%) in FY23. Federal Grants & Contracts decreased $7,988,029 (70.02%) in FY23. The large decrease in Federal grants resulted from HEERF I, II, and III grants ending. State grants regularly fluctuate in value and purpose from year to year but did not materially change between FY23 and FY22. Non-Governmental Grants and Contracts increased $192,374 (65%). The increase was due to new local grants in FY23. Other Operating Revenue decreased $1,405,444 (90.16%) in FY23. This decrease was due to the CARES funds for lost tuition program ending.

Operating expenses are all the costs necessary to perform and conduct the programs and primary purposes of the College. Student Services and decreased $4,261,132 (67.72%) primarily due to a decrease in grant expense for FY23 for first generation college students. The Operation & Maintenance of Plant expenses increased by 840,543 (33.37%) from repairs, maintenance and a reallocation in the cost of custodial services. Scholarships and fellowships decreased by $2,172,196 (55.44%) due to an increase in scholarship discounts which are netted against revenue.

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 2.17% in FY23 because there was a slight increase in Pell eligible student hours. Gifts increased $357,815 (72.84%) in FY23 due to an increase in private grants. Investment Income increased $2,413,080 (145.88%) from unrealized gains and from maturing investments being reinvested at higher rates. Other Non-Operating Revenues fluctuated due to a change in miscellaneous income.

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

Capital or endowment donations to the College can vary greatly from year to year. These variations led to a decrease of contributions of $221,026 for FY23.

Analysis of Cash Flows

	2023	2022	$ Difference Current Year and Prior Year	% Difference Current Year and Previous Year
Net cash used by operating activities	$ (22,558,377)	$ (19,759,514)	$ (2,798,863)	14.16%
Net cash provided by non-capital financing activities	25,999,574	24,290,875	1,708,699	7.03%
Net cash used by capital financing activities	(2,641,865)	(7,065,374)	4,423,509	(62.61%)
Net cash provided (used) by investing activities	24,306	212,095	(187,789)	(88.54%)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	823,638	(2,321,919)	3,145,557	(135.47%)
Cash and cash equivalents at September 1	22,932,311	25,254,230	(2,321,919)	(9.19%)
CASH AND CASH EQUIVALENTS AT AUGUST 31	$ 23,755,949	$ 22,932,311	$ 823,638	3.59%

Capital Assets and Long-Term Debt

	2023	2022	$ Difference Current Year and Prior Year	% Difference Current Year and Previous Year
Buildings and improvements	$ 35,306,217	$ 33,141,193	$ 2,165,024	6.53%
Land and land improvements	2,162,937	2,214,739	(51,802)	(2.34%)
Library books	97,508	153,340	(55,832)	(36.41%)
Furniture, machinery, and equipment	3,992,780	3,909,167	83,613	2.14%
Right-to-Use Subscription Asset	2,206,646	747,596	1,459,050	195.17%
Construction in progress	2,000,163	3,511,082	(1,510,920)	(43.03%)
TOTAL	$ 45,766,251	$ 43,677,117	$ 2,089,133	4.78%

The College had $45.8 and $43.7 million invested in capital assets, including software-based subscription assets and net of accumulated depreciation of $50.4 and $47.9 million for FY23 and FY22, respectively. The largest single component of capital assets are buildings totaling $21,343,356 for FY23 and $22,114,412 for FY22, net of accumulated depreciation. Depreciation charges totaled $3,019,801 for FY23 and $2,299,490 for FY22. Software-based subscription assets consists of software purchased under a multi-year agreement or an anticipated use of more than one year. The software based right-to-use asset for FY23 totaled $2,801,710. A corresponding liability for the College of $2,196,128 was recorded under non-current liabilities.

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.

ANGELINA COLLEGE

FINANCIAL SECTION

Annual Financial Report

For the Fiscal Years Ended August 31, 2023 and 2022

STATEMENT OF NET POSITION

For the Years Ended August 31, 2023 and August 31, 2022

	2023	2022
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 18,518,121	$ 15,079,230
Accounts receivable (net allowance of $2,097,518 and $1,698,163)	7,227,840	8,379,646
Inventories	6,138	3,951
Other assets	91,314	440,259
TOTAL CURRENT ASSETS	25,843,413	23,903,086
Noncurrent Assets:		
Restricted cash and cash equivalents	5,237,828	7,853,081
Endowment investments	11,523,068	9,465,660
Capital assets (Net) (See Note 7)	45,766,251	42,929,521
TOTAL NONCURRENT ASSETS	62,527,147	60,248,262
TOTAL ASSETS	88,370,560	84,151,348
DEFERRED OUTFLOWS OF RESOURCES		
Pension related	4,068,486	1,422,639
OPEB related	1,542,480	2,535,763
Loss on bond refunding	101,204	110,272
TOTAL DEFERRED OUTFLOWS OF RESOURCES	5,712,170	4,068,674
LIABILITIES		
Current Liabilities:		
Accounts payable	1,123,055	758,637
Interfund payable	1,825,699	74,469
Accrued liabilities	255,434	193,483
Accrued compensable absences – current portion	73,026	60,397
Right-to-Use Subscriptions	549,391	
Funds held for others	171,238	153,533
Unearned revenue	5,736,659	5,895,181
Bonds payable – current portion	737,278	659,471
TOTAL CURRENT LIABILITIES	10,471,780	7,795,171
Noncurrent Liabilities:		
Deposits	22,400	19,900
Accrued compensable absences	413,815	342,250
Right-to-Use Subscriptions	1,646,737	-
Net pension liability	5,731,764	2,339,096
Net OPEB liability	18,043,028	22,808,848
Notes Payable	377,550	-
Bonds payable	8,888,118	9,640,396
TOTAL NONCURRENT LIABILITIES	35,123,412	35,150,490
TOTAL LIABILITIES	45,595,192	42,945,661
DEFERRED INFLOWS OF RESOURCES		
Pension related	2,324,862	3,005,226
OPEB related	6,799,816	4,025,533
TOTAL DEFERRED INFLOWS OF RESOURCE	9,124,678	7,030,759

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

	2023	2022
NET POSITION		
Net investment in capital assets	31,665,502	30,921,289
Restricted:		
Nonexpendable:		
Student aid	9,471,934	8,901,683
Expendable:		
Student aid	3,137,805	2,313,343
Debt service	616,202	617,614
Other	143,352	841,514
Unrestricted	(5,671,935)	(5,351,840)
TOTAL NET POSITION (SCHEDULE D)	$ 39,362,860	$ 38,243,602

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

ANGELINA COLLEGE

EXHIBIT 2

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Years Ended August 31, 2023 and August 31, 2022

	2023	2022
Operating Revenue:		
Tuition and fees (net of discounts of $8,411,883 and $6,571,010, respectively)	$ 3,165,359	$ 4,755,273
Federal grants and contracts	3,419,628	11,407,657
State grants and contracts	460,773	484,109
Non-governmental grants and contracts	484,688	292,314
Investment income - Program restricted	533,660	515,680
Auxiliary enterprises (net of discounts of $258,761 and $208,197, respectively)	793,619	812,638
Other operating revenues	153,348	1,558,792
TOTAL OPERATING REVENUES (SCHEDULE A)	$ 9,011,075	$ 19,826,463
Operating Expenses:		
Instruction	11,155,007	10,150,156
Public service	1,375,766	1,286,724
Academic support	2,731,500	2,418,563
Student services	2,030,874	6,292,006
Institutional support	6,862,185	8,580,601
Operation and maintenance of plant	3,359,554	2,519,011
Scholarships and fellowships	1,746,038	3,918,234
Auxiliary enterprises	3,854,942	3,227,805
Depreciation	3,019,800	2,299,490
TOTAL OPERATING EXPENSES (SCHEDULE B)	$ 36,135,666	$ 40,692,590
OPERATING LOSS	$ (27,124,591)	$ (20,866,127)
Non-Operating Revenues (Expenses):		
State appropriations	9,231,511	8,845,506
Maintenance ad valorem taxes	8,243,357	7,664,400
Debt service ad valorem taxes	974,755	1,004,608
Federal revenue, non-operating	8,304,866	8,128,507
Gifts	849,019	491,204
Investment income	758,894	(1,654,186)
Interest on capital related debt	(305,372)	(329,526)
Other non-operating revenue	108,682	261,793
TOTAL NON-OPERATING REVENUE (EXPENSES) (SCHEDULE C)	$ 28,165,712	$ 24,412,306
INCOME BEFORE OTHER REVENUES	1,041,121	3,546,178
Other Revenues:		
Additions to permanent endowments	80,084	301,110
TOTAL OTHER REVENUES	80,084	301,110
INCREASE (DECREASE) IN NET POSITION	1,121,205	3,847,288
Net Position:		
Net position – Beginning of year	38,243,602	34,396,314
Cumulative effect of changing accounting principle - Note 2	(1,947)	-
Net position – Beginning of year as restated	38,241,655	-
NET POSITION – END OF YEAR	$ 39,362,860	$ 38,243,602

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

	2023	2022
Cash Flows from Operating Activities:		
Receipts from students and other customers	$ 3,971,663	$ 4,448,401
Receipts from grants and contracts	4,289,671	14,007,900
Investment income, program restricted	533,660	515,680
Collection of loans to students and employees	-	71,170
Other receipts	153,348	4,625
Payments to or on behalf of employees	(18,634,167)	(18,813,945)
Payments to suppliers for goods or services	(11,126,514)	(16,152,835)
Payments of scholarships	(1,746,038)	(3,806,292)
Other cash payments	-	(33,858)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(22,558,377)	(19,759,154)
Cash Flows from Noncapital Financing Activities:		
Receipts from state appropriations	7,582,850	8,845,506
Ad valorem tax revenues	8,322,457	7,893,242
Receipts from non-operating federal revenue	9,281,443	6,735,259
Payments for Collection of Taxes	(242,666)	(213,410)
Gifts and Grants (Other Than Capital)	929,103	792,314
Other non-operating revenues	108,682	261,793
Student Organization and Other Agency Transactions	17,705	(23,829)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	25,999,574	24,290,875
Cash Flows From Capital And Related Financing Activities:		
Ad Valorem Tax Revenues	989,496	975,996
Purchases of Capital Assets	(3,038,136)	(7,066,320)
Payments on Capital Debt	(970,775)	(975,050)
Note Issued	377,550	-
NET CASH PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES	(2,641,865)	(7,065,374)
Cash Flows from Investing Activities:		
Proceeds from Sale and Maturity of Investments	1,469,533	962,089
Investment Earnings	1,595,251	546,531
Purchases of Investments	(3,040,478)	(1,296,525)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	24,306	212,095
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	823,638	(2,321,919)
Cash and Cash Equivalents - September 1	22,932,311	25,254,230
CASH AND CASH EQUIVALENTS - AUGUST 31	$ 23,755,949	$ 22,932,311
Operating income (loss)	$ (27,124,591)	$ (20,866,127)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	3,019,800	2,299,490
Right-to-Use Subscription Amortization	(572,807)	-
Bad Debt Expense	399,355	153,662
Tax Collection Fee	242,666	213,410
Payments made directly by state for benefits	1,648,661	(370,816)
Changes in Assets and Liabilities:		
Interest receivable	(18,753)	(914)
Ad valorem taxes receivable	93,841	13,180
Federal receivable - Non-operating	976,577	1,393,248
Accounts receivable (net)	(299,212)	(1,945,201)
Inventories	2,188	232,147
Other assets	(348,945)	(8,197)
Pension related outflows	(2,645,847)	478,255
OPEB related outflows	993,283	109,638
Accounts payable	364,518	(411,780)
Accrued liabilities	61,951	(2,543)

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

	2023	2022
Unearned revenue	(158,523)	429,523
Pension related inflows	(680,364)	2,042,746
OPEB related inflows	2,774,283	(1,562,747)
Deposits	2,500	300
Accrued compensable absences	84,194	1,623
Net OPEB liability (adjusted for prior period)	(4,765,820)	1,028,204
Net pension liability	3,392,668	(2,986,615)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (22,558,377)	$ (19,759,514)

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

2.A 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).

2.B 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.

2.C 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.

2.D 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.

2.E 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.

2.F 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.

2.G 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.

2.H 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

2.I 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.

2.J 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.

2.K Unearned Revenues

Tuition, fees, and other revenues received and related to periods after August 31, 2023 or 2022, respectively, have been reported as unearned revenue.

2.L 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.

2.M 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.

2.N 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.

2.O 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.

2.P 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.

2.Q New Pronouncements

For the year ended August 31, 2023, the College implemented the provisions of GASB 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. The implementation of GASB 96 requires a restatement to the beginning net position in FY2022 financial statements as a cumulative effect of a change in accounting principle:

Beginning net position at 9/1/2022	$ 38,243,602
Prior period adjustments – GASB 96:	
Right-to-use subscription asset	782,318
Accumulated amortization	34,722
Right-to-use subscription liability	749,543
Cumulative effect of change in accounting principle	(1,947)
Beginning net position, as restated	$ 38,241,655

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 comply with these investment policies.

Note 4 Deposits And Investments

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

Table 4-1
Cash and Deposits

	AUGUST 31, 2023	AUGUST 31, 2022
Bank Deposits:		
Demand deposits and money market mutual funds	$ 23,710,073	$ 22,917,258
Certificates of deposit - Short-term	-	-
Certificates of deposit - Long-term	2,897,445	1,394,257
	26,607,518	24,311,515
Cash and Cash Equivalents:		
Petty cash on hand	5,942	5,942
TOTAL CASH AND DEPOSITS	$ 26,613,460	$ 24,317,457

4.A Cash and Deposits Reconciliation of Deposits and Investments to Exhibit 1

Table 4-2

Current and Non-Current Cash, Deposits and Investments		
	FAIR VALUE AUGUST 31,	
TYPE OF SECURITY	2023	2022
U.S. government agencies	$ 246,543	$ 39,328
Mutual funds	7,205,576	6,510,370
Corporate bonds	1,173,504	1,506,072
Total cash and bank deposits	26,613,460	24,317,457
Total endowment bank deposits	39,934	24,744
TOTAL CASH, DEPOSITS, AND INVESTMENTS	$ 35,279,017	$ 32,397,971
Current (Exhibit 1):		
Cash and cash equivalents	18,518,121	15,079,230
Noncurrent (Exhibit 1):		
Restricted cash and cash equivalents	5,237,828	7,853,081
Endowment investments	11,523,068	9,465,660
TOTAL CURRENT AND NONCURRENT CASH AND INVESTMENTS	$ 35,279,017	$ 32,397,971

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

4.B 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 comply with the Public Funds Investment Act. Maturities for the College's investments that are subject to interest rate risk are as follows:

Table 4-3
Investments Subject to Risk

		Investment Maturities (In Years)	
Investment Type	Fair value (level 1)	Less than 1	1 to 5
August 31, 2023:			
U.S. Government Securities	$ 246,543	$ 98,484	$ 148,059
Certificates of Deposits	2,897,445	-	2,897,445
Corporate Bonds	1,173,504	-	1,173,504
TOTAL	$ 4,317,492	$ 98,484	$ 4,219,008

		Investment Maturities (In Years)	
Investment Type	Fair value (level 1)	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

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, 2023 and 2022, 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, 2023 and 2022, 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, 2023 and 2022.

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, 2023 and 2022, the bank balances of the College's deposits were $22,902,779 and $19,551,898 respectively. Of these balances, the amounts covered by FDIC insurance were $3,508,282 and $1,905,315 at August 31, 2023 and 2022, respectively. The remaining balances at August 31, 2023 and 2022 of $19,394,497 and $17,646,583 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 2023 or 2022.

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.

Endowment assets consist of the following item shown in Table 6-1.

Table 6-1
Endowment Assets

	AUGUST 31,	
	2023	2022
Beginning net position	$ 8,902,159	$ 10,299,191
Interest, dividends, earnings, capital gains (losses)	392,769	529,811
Unrealized gains (losses)	507,789	(1,717,360)
Contributions	241,258	301,110
FUNDS AVAILABLE IN THE ENDOWMENT	10,043,975	9,412,752
Less scholarship distributions from current year endowment interest	572,042	510,593
ENDING NET POSITION	9,471,933	8,902,159
Bank/brokerage deposits	39,934	15,633
Endowment investments	11,439,637	9,425,284
Interest receivable	43,497	24,743
ENDOWMENT ASSETS	$ 11,523,068	$ 9,465,660

Note 7 Capital Assets

Capital assets activity for the year ended August 31, 2023 and August 31, 2022 was as follows in Table 7-1:

Table 7-1 Capital Assets FY 2023 and FY 2022				
Governmental Activities:	Balance August 31, 2022	Increase	Decrease	Balance August 31, 2023
Capital Assets Not Being Depreciated:				
Land	1,773,999	-	-	1,773,999
Construction in progress	3,511,082	2,366,903	3,877,822	2,000,163
TOTAL ASSETS NOT BEING DEPRECIATED	5,285,081	2,366,903	3,877,822	3,774,162
Capital Assets Being Depreciated:				
Buildings	51,657,424	-	-	51,657,424
Land improvements	3,217,603	-	-	3,217,603
Building improvements	18,819,160	3,877,822	-	22,696,982
Library books	903,309	4,540	416,975	490,874
Furniture, machinery, vehicles and other equipment	10,197,417	718,100	9,944	10,905,573
Telecommunications and Peripheral equipment	669,594	-	79,421	590,173
Right-to-use Subscription Asset	782,318	2,019,392		2,801,710
TOTAL ASSETS BEING DEPRECIATED	86,246,825	6,619,855	506,340	92,360,339
Less Accumulated Depreciation For:				
Buildings	29,543,012	771,056	-	30,314,068
Land improvements	2,776,863	51,802	-	2,828,665
Building improvements	7,792,379	941,742	-	8,734,121
Library books	749,969	60,372	416,975	393,366
Furniture, machinery, vehicles and other equipment	6,296,001	633,118	9,944	6,919,175
Telecommunications and Peripheral equipment	661,843	1,369	79,421	583,791
Right-to-use Subscription Asset	34,722	560,342	-	595,064
Total Accumulated Depreciation	47,854,789	3,019,801	506,340	50,368,250
CAPITAL ASSETS, NET	$ 43,677,117	$ 5,966,957	$ 3,877,822	$ 45,766,251

The beginning balance for net capital assets was increased by $747,596 from $42,929,521 to $43,677,117 as a result of implementing GASB 96, *Software-Based IT Agreements* in the current fiscal year. Details on the restatement can be found in Note 2.

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 8 Long Term Liabilities

Long-term liability activity for the year ended August 31, 2023 and August 31, 2022 are listed in Table 8-1 and Table 8-2 below. Costs associated with GASB 96, subscription assets and liabilities have been implemented in the current year. After implementing GASB 96 and recognizing the liability for right-to-use subscription agreements, he beginning balance for long-term liabilities increased by $749,543. Details on the restatement can be found in Note 2.

Table 8-1
Long-Term Liabilities FY 2023

	Balance August 31, 2022	Additions	Reductions	Balance August 31, 2023	Current Portion
Bonds:					
Series 2018 limited tax bonds	$ 6,221,107	$ -	$ 413,407	$ 5,807,700	$ 434,902
Series 2019 limited tax bonds	4,078,759	-	261,063	3,817,696	302,376
TOTAL BONDS	10,299,866	-	674,470	9,625,396	737,278
Other Liabilities:					
Accrued Compensable Absences	402,647	84,194	-	486,841	73,026
Right-to-use Subscriptions	749,543	2,019,392	572,807	2,196,128	549,391
Note Payable	-	377,550	-	377,550	-
Net Pension Liability	2,339,096	3,392,668	-	5,731,764	-
Net OPEB Liability	22,808,848	-	4,765,820	18,043,028	-
Deposits Payable	19,900	2,500	-	22,400	-
TOTAL LIABILITIES	36,619,900	5,876,304	6,013,097	36,483,107	1,359,695
Current portion	(719,867)			(1,359,695)	
TOTAL NONCURRENT PORTION	$ 35,900,033			$ 35,123,412	

Table 8-2
Long-Term Liabilities FY 2022

	Balance August 31, 2021	Additions	Reductions	Balance August 31, 2022	Current Portion
Bonds:					
Series 2018 limited tax bonds	$ 6,221,107	$ -	$ 391,229	$ 6,221,107	$ 393,408
Series 2019 limited tax bonds	4,342,243	-	263,484	4,078,759	266,063
TOTAL BONDS	10,959,579	-	654,713	10,299,866	659,471
Other Liabilities:					
Accrued Compensable Absences	401,024	1,623	-	402,647	60,397
Right-to-Use Subscriptions	9,187	767,063	26,707	749,543	
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			$35,150,490	

Note 9 Debt Obligations

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

Table 9-1 Total Debt Obligations			
	GOVERNMENTAL ACTIVITIES		
Year Ending December 31,	Principal	Interest	Total
2024	$ 737,278	$ 294,225	$ 1,031,503
2025	880,157	289,299	1,169,456
2026	946,848	252,796	1,199,644
2027	985,147	216,464	1,201,611
2028	897,151	179,213	1,076,364
2029 – 2033	4,568,988	490,425	5,059,413
2034	987,377	14,775	1,002,152
TOTAL	$ 10,002,946	$ 1,737,197	$ 11,740,143

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.

10.A General Information

General information related to bonds and notes payable is summarized below in Table 10-1 and Table 11-1.

Table 10-1 Bonds Issued Detail and Balance		
	August 31,	
	2023	2022
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:	$ 5,807,700	$ 6,221,107
Limited Tax Refunding Bonds, Series 2019:		
• To refund the series 2008 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:	3,817,696	4,078,759
TOTAL BONDS PAYABLE	$ 9,625,396	$ 10,299,866

Note 11 Notes Payable

On August 24, 2023 the college issued a note related to a Title V grant for library renovations in the amount of $377,550. The note matures in three years and the interest rate is 4.930% with payments due annually. The payments schedule is as follows:

Table 11-1 Note Payable Payment Schedule				
Fiscal Year Ending August 31,	Payment	Interest	Principal	Balance
2025	$ 139,178	$ 20,675	$ 118,504	$ 259,047
2026	139,178	12,771	126,407	132,639

2027	139,178	6,539	132,639	-

Note 12 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.

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 have been 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 13 Unearned Revenues

Tuition and fees of $5,331,438 and $5,567,647 and federal, state, and local grants of $405,221 and $327,534 have been reported as unearned revenues at August 31, 2023 and 2022, respectively.

Note 14 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 15 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. Contribution rates and amounts are listed for each type of contributor in Table 15-1.

15.A Teacher Retirement System of Texas (TRS)

i *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.

ii 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.

iii *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.

iv *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.

v 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.

Table 15-1
TRS Contribution Rates and Amounts

	Contribution Rates	
	2022	**2023**
Member	7.70%	8.00%
Non-Employer Contributing Entity	7.50%	7.75%
Employers	7.50%	7.75%
Employer Contributions – 2023	$ 521,168	
Member Contributions – 2023	$ 848,201	
NECE On-behalf Contributions – 2022	$ 294,493	

The College's contributions to the TRS pension plan in FY23 were $521,168, 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 FY23 were $294,493.

- 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.

15.B Actuarial Assumptions

The total pension liability in the August 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Table 15-2
TRS Changes in Actuarial Assumptions

Valuation Date	August 31, 2021 rolled forward to August 31, 2022 Actuarial Cost Method
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term Expected Investment Rate of Return	7.00%
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Benefit Changes During the Year	None
Ad Hoc Post-Employment Benefit Changes	None

15.C Discount Rate:

The discount rate used to measure the total pension liability was 7.00 percent. The single discount rate was based on the expected rate of return on pension plan investments of 7.00 percent and a municipal bond rate of 3.91 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 7.00 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, 2022, are summarized below:

Table 15-3
TRS Target Asset Allocation

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%	4.60%	1.12%
	Non-U.S. Developed	13%	4.90%	0.90%
	Emerging Markets	9%	5.40%	0.75%
	Private Equity	14%	7.70%	1.55%
Stable Value	Government Bonds	16%	1.00%	0.22%
	Absolute Return	- %	3.70%	- %
	Stable Value Hedge Funds	5%	3.40%	0.18%
	Cash	2%	3.00%	0.01%
Real Return	Global Inflation Linked Bonds	3%	0.70%	0.02%
	Real Assets	15%	4.10%	0.94%
	Energy and Natural Resources	6%	5.10%	0.37%
	Commodities	- %	3.60%	- %
Risk Parity	Risk Parity	8%	4.60%	0.43%
	Inflation Expectation			2.70%
	Volatility Drag[3]			(0.91)%
TOTAL		**100%**		**8.19%**

1 Target allocations are based on the FY2022 policy model.

2 Capital Market Assumptions come from Aon Hewitt (as of 08/31/2022).
3 The volatility drag results from the conversion between arithmetic and geometric mean returns.

15.D 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 (7.00%) in measuring the Net Pension Liability.

Table 15-4
College Proportionate Share Net Pension Liability – Change In Discount Rates

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
College's Proportionate Share of the net pension liability	$ 8,916,452	$ 5,731,764	$ 3,150,425

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

At August 31, 2023, the College reported a liability of $5,731,764 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:

Table 15-5
TRS Net Pension Liability

College's proportionate share of the collective net pension liability	$ 5,731,764
State's proportionate share that is associated with the District	$ 3,746,723
TOTAL	$ 9,478,487

The net pension liability was measured as of August 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2021 through August 31, 2022.

At August 31, 2023, the College's proportion of the collective net pension liability was 0.0097%, which was a change of 0.0005% from its proportion measured as of August 31, 2022.

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, 2023, the College recognized pension expense of $358,144 and revenue of $358,144 for support provided by the State.

At August 31, 2023, the College reported its proportionate share of the TRS deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Table 15-6
Proportionate Share of TRS Deferred Inflows and Outflows Related to Pensions

	Deferred Outflows	Deferred Inflows
Differences between expected and actual economic experience	$ 83,110	$ 124,963
Changes in actuarial assumptions	1,068,014	266,179
Difference between projected and actual investment earnings	2,227,021	1,660,741
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	169,173	272,979
Contributions paid to TRS subsequent to the measurement date	521,168	-
TOTAL	$ 4,068,486	$ 2,324,862

The net amounts of the College's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense for subsequent years as show in Table 15-7.

Table 15-7

Pension Expense Recognition	
YEAR ENDED AUGUST 31,	PENSION EXPENSE AMOUNT
2024	$ 318,290
2025	155,747
2026	23,371
2027	629,903
2028	95,145
Thereafter	-

15.F Optional Retirement Program (ORP)

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

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas Legislature. The percentages of participant salaries currently contributed by the state and each participant are (3.30 percent) and (6.65 percent), respectively. The College contributes 5.20 percent for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program. Senate Bill (SB) 1812, 83rd Texas Legislature, Regular Session, effective September 1, 2013, limits the amount of the state's contribution to 50 percent of eligible employees in the reporting district. The retirement expense to the state for the college was $113,170 and $120,643 for the fiscal years ended August 31, 2023 and 2022, 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 $16,357,421 and $15,836,487 for fiscal years 2023 and 2022, respectively. The total payroll of employees covered by the TRS was $10,989,815 and $9,736,478 and the total payroll of employees covered by the Optional Retirement Program was $3,972,960 and $3,765,002 for fiscal years 2023 and 2022, respectively.

Note 16 Compensable Absences

Full-time employees earn annual leave from 5.83 to 16.67 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 300 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 $486,841 and $402,647 for fiscal years ended August 31, 2023 and 2022, respectively. The liability is shown in the Statement of Net Position split between current and noncurrent in the amounts of $73,026 and $413,815, respectively for August 31, 2023 and $60,397 and $342,250, respectively for August 31, 2022.

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 17 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 as Federal 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 2023 and 2022 for which monies have not been received nor funds expended $7,024,473 totaled and $23,582,128. Of these amounts, $6,052,875 and $23,039,484 were from federal contract and grant awards; $585,798 and $181,844 were from state contract and grant awards; and $385,800 and $360,800 from private contract and grant awards for the fiscal years ended 2023 and 2022, respectively.

Note 18 Disaggregation Of Receivables And Payables Balances

Receivables were as follows:

Table 18-1
Receivables Detail

	AUGUST 31,	
	2023	2022
Students and other customers	$ 8,167,164	$ 7,961,850

Allowance for doubtful accounts	(2,097,518)	(1,698,163)
Federal grants and contracts - Operating	560,383	445,542
Federal grants and contracts – Non-operating	422,972	1,399,549
Other grants and contracts	7,607	28,519
Taxes receivable	862,986	768,492
Allowance for uncollectible taxes	(739,221)	(550,886)
Interest receivable	43,497	24,744
Other receivables	-	-
TOTAL RECEIVABLES	$ 7,227,840	$ 8,379,646

Payables and accrued liabilities were as follows:

Table 18-2
Payables and Accrued Liabilities Detail

	August 31, 2023	2022
Vendors	1,122,941	758,537
Students	135	100
Total Payables	1,123,076	758,637
Salaries and benefits	154,269	147,281
Sales taxes	(12,014)	3
Other	113,179	46,199
TOTAL ACCRUED LIABILITIES	$ 255,434	$ 193,483

Note 19 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 20 Post-Retirement Health Care And Life Insurance Benefits

Table 20-1
Post-Retirement Health Care Benefits

	2023	**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	$ 624 - $1,222	$ 624 - $1,812	$ 617 - $1,798
State's contribution for retired participants	$ 681,152	$ 553,829	$ 593,944	$ 498, 057	$ 517,888	$469,535	$452,725
Number of retired participants	139	140	143	139	134	123	119
State's contribution for active participants	$ 1,087,684	$ 884,263	$ 840,951	$ 852,694	$ 932,602	$ 944,473	$ 864,284
Number of active participants	264	235	255	259	243	262	252
State's total contribution	$ 1,768,836	$ 1,438,092	$ 1,434,535	$ 1,350,751	$ 1,450,490	$ 1,414,008	$ 1,317,009
Number of total participants	403	375	398	398	377	385	371

Note 21 Ad Valorem Tax

Table 21-1
Assessed Valuation

	August 31, 2023	2022
Assessed valuation of the college	$ 9,204,354,490	$ 7,525,826,761
Less: Exemptions	2,006,007,189	1,488,275,962
Less: Abatements	14,758,679	5,582,761
NET ASSESSED VALUATION OF THE COLLEGE	$ 7,183,588,622	$ 5,307,966,789

The College's ad valorem property tax is levied each October 1st on the assessed value listed as of the prior January 1st for all real and business personal property located in Angelina County. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the following year in which imposed.

Tax revenue for the current and previous fiscal year are listed in Table 21-2 and Table 21-3, respectively. Taxes levied for the year ended August 31, 2023 were $9,806,122 (which includes any penalty and interest assessed if applicable).

Table 21-2
Tax Revenues FY 2023

TAX REVENUES – **2023**	CURRENT OPERATIONS	DEBT SERVICE	TOTAL
Current taxes	$ 8,078,715	$ 941,828	$ 9,263,209
Delinquent taxes	26,638	8,615	35,253
Penalties and interest	138,004	24,312	162,316
TOTAL TAX REVENUES	$ 8,243,357	$ 974,755	$ 9,460,778

Taxes levied for the year ended August 31, 2022 were $9,585,174 (which includes any penalty and interest assessed if applicable).

Table 21-3
Tax Revenues FY 2022

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

Tax collections for the year ended August 31, 2023 and 2022 were 96% 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 2023 and 2022, which resulted in abatements of tax revenues. Total tax revenues forgone by the College under these tax abatement agreements were $234,966 and $155,337 for the years ended August 31, 2023 and 2022, respectively, which amounted to approximately 2.48% and 1.81% 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 22 Income Taxes

The College is exempt from income taxes under Internal Revenue Code § 115 *Income of States, Municipalities, Etc.* although unrelated business income may be subject to income taxes under Internal Revenue Code § 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, 2023 and 2022.

Note 23 Risk Management

23.A Auto, Liability, and/or Property Programs

During the year ended August 31, 2023, 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, 2023, 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 31st. 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, 2022, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

23.B Unemployment Compensation Pool

During the year ended August 31, 2023, 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, 2022, 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, 2022, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

Note 24 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, 2023 and 2022, 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, 2023 and 2022, respectively. A corresponding amount is also included in non-operating revenues.

Note 25 Defined Other Post-Employment Benefit Plans

25.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.

25.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.

25.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.

25.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.

Table 25-1 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.

Table 25-1
Maximum Monthly Employer Contribution Retiree Health and Basic Life Premium

Retiree*	$ 625
Retiree and Spouse	$1,340
Retiree* and Children	$1,104
Retiree and Family	$1,819

*or surviving spouse

Contributions to the GBP plan by source is summarized in Table 25-2 as shown below:

Table 25-2
Contributions to GBP Plan by Source

	Contribution Rates	
	2022	2023
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 – 2022	410,089	
Member Contributions – 2022	120,760	

NECE On-behalf Contributions – 2023	23,277

25.E Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of August 31, 2022 as show in Table 25-3 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Table 25-3
ERS Actuarial Methods and Assumptions

Valuation Date	August 31, 2022
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	3.59%
Projected Annual Salary Increase	2.30% to 8.95%, including inflation
Annual Healthcare Trend Rate	*HealthSelect* 5.60% for FY2024, 5.30% for FY2025, 5.00% for FY2026, 4.75% for FY2027, 4.60% for FY2028, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2031 and later years *HealthSelect Medicare Advantage* 66.67% for FY2024, 24.00% for FY2025, 5.00% for FY2026, 4.75% for FY2027, 4.60% for FY2028, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2031 and later years *Pharmacy* 10.00% for FY2024 and FY2025, decreasing 100 basis points per year to 5.00% for FY2030 and 4.30% for FY2031 and later years
Inflation Assumption Rate	2.30%
Ad hoc Postemployment Benefit Changes	None
Mortality Rate	*State Agency Members* a. Service Retirees, Survivors and other Inactive Members (Regular, Elected, CPO/CO and JRS I and II Employee Classes): 2020 State Retirees of Texas Mortality table with a 1 year set forward for male CPO/CO members and Ultimate MP Projection Scale projected from the year 2020. b. Disability Retirees (Regular, Elected, CPO/CO and JRS I and II Employee Classes): 2020 State Retirees of Texas Mortality table set forward three years for males and females. Generational mortality improvements in accordance with the Ultimate MP-2019 Projection Scale are projected from the year 2020. Minimum rates of 3.0% and 2.5% apply at all ages for males and females, respectively. c. Active Members: Pub-2010 General Employees Active Member Mortality table for non- CPO/CO members and Pub-2010 Public Safety Active Member Mortality table for CPO/CO members with Ultimate MP-2019 Projection Scale from the year 2010. *Higher Education Members* a. Service Retirees, Survivors and other Inactive Members: Tables based on TRS experience with Ultimate MP-2021 Projection Scale from the year 2021. b. Disability Retirees: Tables based on TRS experience with Ultimate MP 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. c. Active Members: Sex Distinct Pub-2010 Amount-Weighted Below-Median Income Teacher Mortality with a 2-year set forward for males with Ultimate MP Projection Scale from the year 2010.

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%.

25.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 2.14%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 3.59%, which amounted to an increase of 1.45%. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp's AA rating. Projected cash flows in to the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you -go (PAYGO) basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets and therefore the years of projected benefit payments to which the long-term expected rate of return is applicable is zero years.

25.G Discount Rate Sensitivity Analysis

Table 25-4 shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.59%) in measuring the Net OPEB Liability.

Table 25-4
Net OPEB Liability Sensitivity to Discount Rate

	1% Decrease in Discount Rate (2.59%)	Current Single Discount Rate (3.59%)	1% Increase in Discount Rate (4.59%)
District's proportionate share of the net OPEB liability	$ 21,043,624	$ 18,043,028	$ 15,643,274

25.H Healthcare Trend Rate Sensitivity Analysis

The initial healthcare trend rate is (5.6%) and the ultimate rate is (4.13%). 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 (5.60%) in measuring the net OPEB liability.

Table 25-5
Net OPEB Liability Sensitivity to Healthcare Trend Rate

	1% Decrease in Healthcare Trend Rate (4.60%)	Current Single Healthcare Trend Rate (5.60)%	1% Increase in Healthcare Trend Rate (6.60%)
District's proportionate share of the net OPEB liability	$ 15,451,375	$ 18,043,028	$ 21,351,872

25.I OPEB Liability, Expense, Deferred Inflows and Deferred Outflows

At August 31, 2023, the College reported a liability of $18,043,028 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 shown in Table 25-6.

Table 25-6
Proportionate Share of OPEB Liability

District's proportionate share of the collective net OPEB liability	$ 18,043,028
State's proportionate share that is associated with the District	$ 13,893,780
TOTAL	$ 31,936,808

The Net OPEB Liability was measured as of August 31, 2023 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, 2023.

At August 31, 2021 the College's proportion of the collective Net OPEB Liability was 0.06333784%, which was 0.002340% lower than the same proportion measured as of August 31, 2021.

For the year ended August 31, 2023, the College recognized OPEB expense of $506,079 and revenue of $509,079 for support provided by the State. The College also recognized their proportionate share of OPEB expense of $587,159.

25.J Changes Since the Prior Valuation

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

i 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.

ii Annual rate of increase in the Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act.

iii Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on short term expectations.

iv The discount rate assumption was increased from 2.14% to 3.59% 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.

v Under Q/A #4.107 of GASB's Implementation Guide No. 2017-2, Financial Reporting for Postemployment 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 minor benefit changes that will become effective September 1, 2022, since these changes were communicated to plan members in advance of the preparation of this report. These changes, which are not expected to have a significant impact on plan costs for Fiscal Year 2023, are provided for in the Fiscal Year 2023 Assumed Per Capita Health Benefit Costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is Primary.

At August 31, 2023, 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 as shown in Table 25-7. The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense each year as shown in Table 25-8.

Table 25-7
College's Proportionate Share of GBP Deferred Inflows and Outflows

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ 569,279
Changes in actuarial assumptions	1,060,100	5,577,271
Difference between projected and actual investment earnings	3,112	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	69,179	653,266
Contributions paid to ERS subsequent to the measurement date	410,089	-
TOTAL	$ 1,542,480	$ 6,799,816

Table 25-8
OPEB Expense Recognition

YEAR ENDED AUGUST 31,	OPEB EXPENSE AMOUNT
2024	$ (1,485,881)
2025	(1,295,260)
2026	(1,220,197)
2027	(1,097,716)
2028	(568,371)
Thereafter	0

ANGELINA COLLEGE

Annual Financial Report

For the Fiscal Years Ended August 31, 2023 and 2022

REQUIRED SUPPLEMENTARY INFORMATION

ANGELINA COLLEGE
REQUIRED SUPPLEMENTARY SCHEDULE I
Schedule of the College's Share of Net Pension Liability
Teacher Retirement System of Texas
Last Ten Fiscal Years

Fiscal Year Ending August 31*	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Teacher's Retirement System (TRS) pension liability	$ 243,553,045,455	$ 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	(184,185,617,196)	(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)	(132,779,243,085)
TRS' NET PENSION LIABILITY	$ 59,367,428,259	$ 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	$ 26,716,832,801
TRS net position as a percentage of total pension liability	75.62%	88.79%	75.24%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%
College's proportionate share of collective net pension liability (%)	0.0096547%	0.009185006%	0.009943827%	0.010018798%	0.010033078%	0.010050874%	0.010303271%	0.010814600%	0.011734200%
College's proportionate share of collective net pension liability ($)	5,731,764	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	3,746,723	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	$ 9,478,487	$ 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	10,574,986	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: AC proportionate share of collective NPL/AC's covered payroll amount	54.20%	22.12%	58.50%	61.81%	66.88%	39.96%	48.73%	50.09%	43.38%

*The amounts presented above are as of the measurement date which is August 31 of the prior fiscal year.

**Only nine 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 II

Schedule of the College's Pension Contributions

Teacher Retirement System of Texas

Last Ten Fiscal Years

Fiscal year ending August 31 *	2023	2022	2021	2020	2019	2018	2017	2016**
Contractually required contributions	$ 524,798	$ 446,912	$ 418,169	$ 425,644	$ 344,436	$ 327,977	$ 346,162	$ 321,907
Actual Contributions	524,798	446,912	418,169	425,644	344,436	329,507	348,853	322,056
CONTRIBUTIONS DEFICIENCY (EXCESS)	$ -	$ -	$ -	$ -	$ -	$ (1,530)	$ (2,691)	$ (149)
The College's covered payroll amount in the current fiscal year	$10,989,815	$ 10,574,986	$ 9,119,696	$ 9,103,102	$ 8,425,283	$ 8,257,698	$ 8,041,917	$ 7,990,530
Ratio of: Actual contributions / AC's covered payroll amount	4.78%	4.23%	4.59%	4.68%	4.09%	3.99%	4.34%	4.03%

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

ANGELINA COLLEGE

REQUIRED SUPPLEMENTARY SCHEDULE III

Schedule of the College's Share of Net OPEB Liability

Employee Retirement System of Texas

Last Ten Fiscal Years*

College's Proportionate Share of Liability	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
Colleges' proportion of OPEBL	0.0633378%	0.0635778%	0.0659128%	0.0635712%	0.0667156%	0.0616960%
College Proportionate share OPEBL	$ 18,043,028	$ 22,808,853	$ 21,780,645	$ 21,971,891	$ 19,772,993	$ 21,021,700
State's share of OPEBL associated with the College	13,893,780	24,267,035	11,821,808	11,821,808	14,426,365	16,349,362
TOTAL	$ 31,936,808	$ 47,075,888	$ 33,602,453	$ 33,793,699	$ 34,199,358	$ 37,371,062
College's covered-employee payroll*	15,836,488	$ 14,037,017	$ 13,102,263	$ 12,844,728	$ 13,801,786	$ 11,159,443
Proportionate share/covered payroll	113.93%	162.49%	155.17%	171.06%	143.26%	188.38%
Plan fiduciary net position as percentage of the total OPEB liability	0.57%	0.32%	0.32%	0.17%	2.27%	2.04%

College Contributions	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
Contractually Required Contribution	$ 410,089	$ 373,579	$ 406,092	$ 460,459	$564,982	$ 603,773
Actual Contribution	(410,089)	(373,579)	(406,092)	(460,459)	(564,982)	(603,773)
CONTRIBUTION DEFICIENCY (EXCESS)	-	-	-	-	-	-
College's Covered Payroll In current fiscal year	$ 13,695,474	$ 15,836,488	$ 14,037,017	$ 13,102,263	$ 12,844,728	$ 13,801,786
Contributions to covered payroll	2.99%	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 six years of data are presented in accordance with GASB 75, paragraph 245. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement.

Defined Benefit OPEB Plan

1.A Changes in Benefit Terms

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

The only benefit change for Fiscal Year 2020 for 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 $6,750 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.

1.B 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.

1.C Economic Assumptions

The assumed rate of general inflation has been updated since the previous valuation to remain consistent with the ERS retirement plan assumption previously adopted by the ERS Trustees.

Assumptions for Expenses, Assumed Per Capita Health Benefit Costs and Health Benefit Cost, Retiree Contribution and Expense trends have been updated since the previous valuation to reflect recent health plan experience and its effects on our short-term expectations and the revised assumed rate of general inflation.

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

Minor benefit changes have been reflected in the FY 2019 Assumed Per Capita Health Benefit Costs.

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.

ANGELINA COLLEGE

Annual Financial Report

For the Fiscal Years Ended August 31, 2023 and 2022

SUPPLEMENTAL FINANCIAL INFORMATION

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	2023	2022
Tuition						
State Funded Credit Courses						
In-District Resident Tuition	$ 2,911,138	$ -	$ 2,911,138	$ -	$ 2,911,138	$ 2,821,559
Out-of-District Resident Tuition	3,499,586	-	3,499,586	-	3,499,586	3,374,275
Non-Resident Tuition	284,633	-	284,633	-	284,633	270,515
TPEG - Credit (set aside)*	376,968	-	376,968	-	376,968	414,008
State Funded Continuing Education Courses	1,119,505	-	1,119,505	-	1,119,505	769,791
TPEG - Non-Credit (set aside)*	(373,217)	-	(373,217)	-	(373,217)	6,100
Non-State Funded Continuing Education	-	-	-	-	-	
TOTAL TUITION	7,818,613	-	7,818,613	-	7,818,613	7,656,248
Fees						
General Institutional Service Fee	-	-	-	2,663,897	2,663,897	2,551,979
Building Use Fee	-	-	-	-	-	
Laboratory Fee	887,631	-	887,631	-	887,631	873,997
Other Fees	207,101	-	207,101	-	207,101	244,059
TOTAL FEES	1,094,732	-	1,094,732	2,663,897	3,758,629	3,670,035
Scholarship Allowances and Discounts						
Local Scholarships	(2,062,169)	-	(2,062,169)	(652,386)	(2,714,555)	(2,399,222)
Auxiliary Scholarships	(557,597)	-	(557,597)	(71,098)	(628,695)	(524,780)
Remissions and Exemptions-State	(242,631)	-	(242,631)	(86,372)	(329,003)	(265,307)
Remissions and Exemptions-Local	-	-	-		-	(783)
TPEG Allowances	(218,127)	-	(218,127)	(23,931)	(242,058)	(240,639)
Other State Grants	(120,759)	-	(120,759)	(67)	(120,826)	(118,910)
Title IV Federal Grants	(3,264,367)	-	(3,264,367)	(1,112,379)	(4,376,746)	(3,021,369)
Other Federal Grants	-	-	-	-	-	-
Total Scholarship Allowances	(6,465,650)	-	(6,465,650)	(1,946,233)	(8,411,883)	(6,571,010)
TOTAL NET TUITION AND FEES	2,447,695	-	2,447,695	717,664	3,165,359	4,755,273
Additional Operating Revenues						
Federal Grants and Contracts	59,699	3,359,929	3,419,628	-	3,419,628	11,407,657
State Grants and Contracts	-	460,773	460,773	-	460,773	484,109
Non-Governmental Grants and Contracts	133,766	350,922	484,688	-	484,688	292,314
Investment Income (Program Restricted)	533,660	-	533,660	-	533,660	515,680
Other Operating Revenues	153,348	-	153,348		153,348	1,558,792
TOTAL ADDITIONAL OPERATING REVENUES	880,473	4,171,624	5,052,097	-	5,052,097	14,258,552
Auxiliary Enterprises						
Angelina College Foundation			-	18,705	18,705	142,070
Residential Life			-	799,499	799,499	550,438

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	2023	2022
Scholarship Allowances and Discounts			-		-	-
Net Resident Life	-	-	-	818,204	818,204	692,508
Bookstore			-	234,176	234,176	340,353
Scholarship Allowances and Discounts			-	(258,761)	(258,761)	(220,223)
Net Bookstore	-	-	-	(24,585)	(24,585)	120,130
Total Net Auxiliary Enterprises	-	-	-	793,619	793,619	812,638
TOTAL OPERATING REVENUES	$ 3,328,168	$ 4,171,624	$ 7,499,792	$ 1,511,283	$ 9,011,075	$ 19,826,463
					(Exhibit 2)	(Exhibit 2)

	Operating Expenses					
	Salaries and Wages	State Benefits	Local Benefits	Other Expenses	2023	2022
Unrestricted - Educational Activities						
Instruction	$ 7,586,628	$ -	$ 1,374,491	$ 847,781	$ 9,808,900	$ 9,565,022
Public Service	37,423	-	6,780	11,283	55,486	46,397
Academic Support	1,656,425	-	305,317	572,457	2,534,199	2,307,473
Student Services	1,357,678	-	245,974	166,519	1,770,171	1,274,386
Institutional Support	1,793,341	-	573,903	2,465,220	4,832,464	3,497,017
Operation and Maintenance of Plant	889,821	-	161,211	2,201,044	3,252,076	2,455,295
TOTAL UNRESTRICTED ACTIVITY	13,321,316	-	2,667,676	6,264,304	22,253,296	19,145,590
Restricted - Educational Activities						
Instruction	16,289	871,130	256	458,432	1,346,107	585,134
Public Service	837,679	4,297	144,672	333,632	1,320,280	1,240,327
Academic Support	3,796	193,505	-	-	197,301	111,089
Student Services	61,831	155,847	-	43,025	260,703	5,017,621
Institutional Support	133,529	321,709	24,847	1,549,636	2,029,721	5,083,584
Operation and Maintenance of Plant	5,305	102,173	-	-	107,478	63,716
Scholarships and Fellowships				1,746,038	1,746,038	3,918,234
TOTAL RESTRICTED ACTIVITY	1,058,429	1,648,661	169,775	4,130,763	7,007,628	16,019,705
TOTAL EDUCATIONAL ACTIVITY	14,379,745	1,648,661	2,837,451	10,395,067	29,260,924	35,165,295
Auxiliary Enterprises	681,632		245,107	2,928,203	3,854,942	3,227,805
Depreciation – Buildings/Improvements				1,824,971	1,824,971	1,686,741
Depreciation – Equipment and Amortization				1,194,829	1,194,829	612,749
TOTAL OPERATING EXPENSES	$ 15,061,377	$ 1,648,661	$ 3,082,558	$ 16,343,070	$ 36,135,666	$ 40,692,590
					(Exhibit 2)	(Exhibit 2)

SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES

For the Year Ended August 31, 2023

With Memorandum Totals for the Year Ended August 31, 2022

	Unrestricted	Restricted	Auxiliary Enterprises	Totals 2023	Totals 2022
Non-Operating Revenues					
State Appropriations					
Educational General State Support	$ 5,320,872	$ -	$ -	$ 5,320,872	$ 5,320,872
State Group Insurance	-	944,967	-	944,967	1,143,020
State Retirement Matching	-	704,701	-	704,701	120,643
Special Appropriations	2,260,971	-	-	2,260,971	2,260,971
Other State Support	-	-	-	-	-
TOTAL STATE APPROPRIATIONS	7,581,843	1,649,668	-	9,231,511	8,845,506
Maintenance Ad Valorem Taxes	8,243,357	-	-	8,243,357	7,664,400
Debt Service Ad Valorem Taxes	-	974,755	-	974,755	1,004,608
Federal Revenue, Non-Operating	-	8,304,866	-	8,304,866	8,128,507
Gifts	22,978	689,421	136,620	849,019	491,204
Investment Income	297,506	428,056	33,332	758,894	(1,654,186)
Other Non-Operating Revenues	69,903	38,779	-	108,682	261,793
TOTAL NON-OPERATING REVENUES	16,215,587	12,085,545	169,952	28,471,084	24,741,832
Non-Operating Expenses					
Interest on Capital Related Debt	-	(305,372)	-	(305,372)	(329,526)
TOTAL NON-OPERATING EXPENSES	-	(305,372)	-	(305,372)	(329,526)
NET NON-OPERATING REVENUES	$ 16,215,587	$ 11,780,173	$ 169,952	$ 28,165,712	$ 24,412,306
				(Exhibit 2)	(Exhibit 2)

ANGELINA COLLEGE
SCHEDULE D
SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY
For the Year Ended August 31, 2023
With Memorandum Totals for the Year Ended August 31, 2022

		Restricted				Available for Current Operations	
	Unrestricted	Expendable	Non-Expendable	Net Investment in Capital Assets	Total	Yes	No
Current:							
Unrestricted	$ (8,528,534)	$ -	$ -	$ -	$ (8,528,534)	$ (8,528,534)	$ -
Restricted	-	3,281,157	-	-	3,281,157	-	3,281,157
Auxiliary Enterprises	2,573,236	-	-	-	2,573,236	2,573,236	-
Loan	396,285	-	-	-	396,285	-	396,285
Endowment:					-		
Quasi:					-		
Unrestricted		-	-	-	-	-	-
Endowment:					-		
Non-Expendable	-	-	9,471,934	-	9,471,934	-	9,471,934
Plant:					-		
Unexpended	(112,922)	-	-	-	(112,922)	-	(112,922)
Debt Service	-	616,202	-	-	616,202	-	616,202
Investment in Plant	-	-	-	31,665,502	31,665,502	-	31,665,502
Net Position August 31, 2023	(5,671,935)	3,897,359	9,471,934	31,665,502	39,362,860 (Exhibit 1)	(5,955,298)	45,318,158
Cumulative effect of change in accounting principle – Note 2	(1,947)						
Net Position August 31, 2022	(5,353,788)	3,772,471	8,901,683	30,921,289	38,243,602 (Exhibit 1)	(7,737,810)	45,981,412
INCREASE (DECREASE) NET POSITION	$ (318,147)	$ 124,888	$ 570,251	$ 744,213	$ 1,121,205 (Exhibit 2)	$ 1,782,512	$ (663,254)

ANGELINA COLLEGE

Annual Financial Report

For the Fiscal Years Ended August 31, 2023 and 2022

SINGLE AUDIT SECTION

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
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, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated December 8, 2023.

Report on Internal Control over Financial Reporting

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

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 8, 2023

AXLEY&RODE LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Angelina County Junior College
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, 2023. 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, 2023.

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 8, 2023

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 b reported in accordance with 2 CFR 200.516(a) Uniform Guidance? ___ Yes _X_ No

Identification of major programs:

ALN Number(s)	Name of Federal Program or Cluster*
84.425	Education Stabilization Fund - CARES Act
84.007/84.063/84.033	Student Financial Assistance Cluster

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

Auditee qualified as low-risk auditee? _X_ Yes _X_ No

B. Financial Statements Findings

Findings related to the financial statements required to be reported under GASB: None

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN Number	Direct Awards	Pass Through Awards	Total	Subrecipient Expenditures
U.S. DEPARTMENT OF EDUCATION:					
Direct Programs:					
Student Financial Assistance Cluster					
Federal Supplemental Education Opportunity Grants	84.007	$ 147,151	$ -	$147,151	$ -
Federal Work-Study Program	84.033	115,543	-	115,543	-
Federal Pell Grant Program	84.063	8,042,172	-	8,042,172	-
TOTAL STUDENT FINANCIAL ASSIST CLUSTER		8,304,866	-	8,304,866	-
Title V Higher Education Act	84.031S	333,451	-	333,451	-
		333,451	-	333,451	-
CARES Act-Minority Serving Institutions	84.425L	243,287	-	243,287	-
CARES Act-HEERF SSARP	84.425T	979,114	-	979,114	-
		1,222,400	-	1,222,401	-
Pass-Through From:					
Texas Workforce Commission					
Adult Education and Literacy 1718ALD00	84.002	-	-	-	-
Adult Education and Literacy 1718ALE00	84.002	-	1,096,372	1,096,372	-
Adult Education and Literacy 1718ALF00	84.002	-	237,912	237,912	116,592
Adult Education and Literacy - Local Performance Quality Improvement 1723PQI001	84.002	-	75,000	75,000	11,472
		-	1,409,284	1,409,284	128,064
LCOT East Texas Consortium					
Adult Education and Literacy 0818ALA000 Program Year 22-23	84.002	-	8,044	8,044	-
		-	8,044	8,044	-
Total CFDA 84.002		-	1,417,328	1,417,328	128,064
Texas Higher Education Coordinating Board					
Carl Perkins Vocational Education-Basic 2242020271	84.048	-	392,696	392,696	-
		-	392,696	392,696	-
Governors Emergency Education Relief (GEER)	84.425C	-	13,445	13,445	-
TOTAL U.S. DEPARTMENT OF EDUCATION		9,860,717	1,823,468	11,684,187	128,064
U.S. Small Business Administration					
Pass-Through From:					
University of Houston					
Small Business Development Center R-22-0086	59.037	-	62,507	42,507	-
Small Business Development Center R-23-0119	59.037	-	114,263	96,272	-
CARES Act-SBDC	59.037	-	9,593	9,593	-
Total U.S. Small Business Administration		-	186,363	148,372	-
TOTAL EXPENDITURE OF FEDERAL AWARDS		$ 9,860,717	$ 2,009,831	$ 11,832,559	$ 128,064

Note 1: Federal Assistance Reconciliation	
Other Operating Revenues - Federal Grants and Contracts - per Schedule A	$ 3,359,929
Add: Indirect/Administrative Cost Recoveries - per Schedule A	39,700
Add: Non-Operating Revenues - Federal Revenue, Non-operating - per Schedule C	8,304,866
Total Federal Revenues per Schedule A and C	11,704,195
	-
Reconciling items:	
Add: Funds passed Through to Others	128,064
Revenue and Expenditure Recorded in Different Fiscal Year	-
Small Business Development Center R-21-0079-53801	
Total Federal Expenditures per Schedule of Expenditures of Federal Awards	-
	$ 11,832,259

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 $128,064 was passed through to Panola College. The entire amount was from the Adult Ed. And Literacy Program (ALN 84.002)

None