



ANNUAL FINANCIAL REPORT

For the Fiscal Years Ended August 31, 2024 and 2023

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, 2024 and 2023

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, 2024 and 2023. 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 schools (Arts and Education, Science and Math, Business and Technology, 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 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 nine 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 continued financial pressures. 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,

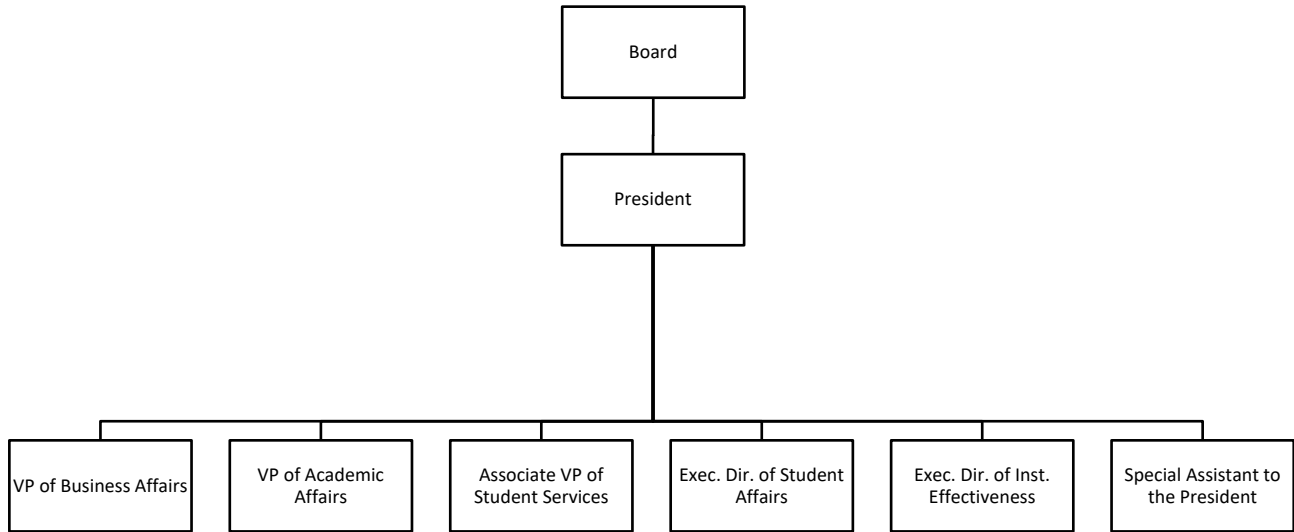
Chris Sullivan, Vice President of Business Affairs

Darin Murphy, Controller

Tim Hollis, Assistant Controller

ANGELINA COLLEGE ORGANIZATIONAL CHART

For the Fiscal Year Ending August 31, 2024



ANGELINA COLLEGE PRINCIPAL OFFICIALS
For the Fiscal Year Ending August 31, 2024

Board of Trustees

		TITLE	TERM EXPIRES
Curt Fenley	Lufkin, Texas	President	2026
Gilbert Jose Garza	Lufkin, Texas	Vice-President	2030
Lynne Haney	Lufkin, Texas	Member	2028
Hilary Haglund Walker	Lufkin, Texas	Member	2026
Dr. Sidney Roberts	Lufkin, Texas	Member	2028
Johnnie Ross	Lufkin, Texas	Member	2026
Dr. Robert Lindsey	Lufkin, Texas	Member	2026

Principal Administrative Officers

Dr. Michael Simon	President
Dr. Tim Ditoro	Vice President, Academic Affairs
Chris Sullivan	Vice President, Business Affairs & General Counsel
Krista Brown	Associate Vice President of Student Services
Dana Smithhart	Executive Director of Student Affairs
Joy Medford	Executive Director of Institutional Effectiveness
Leigh Ann Pyle	Executive Director of Institutional Advancement

INDEPENDENT AUDITOR'S 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, 2024 and 2023, 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, 2024 and 2023, 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 and state 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 Texas Single Audit Circular and State 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 6, 2024, 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 6, 2024



ANGELINA COLLEGE
Management Discussion and Analysis

August 31, 2024

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, 2024 and 2023. 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.

ANGELINA COLLEGE
Management Discussion and Analysis

	2024	2023	\$ Difference Current Year and Previous Year	% Difference Current Year and Previous Year
Assets				
Cash and Investments	32,498,860	35,279,017	(2,780,157)	(7.88%)
Accounts Receivable (Net)	8,291,465	7,227,840	1,063,625	14.72%
Inventories	3,447	6,138	(2,691)	(43.84%)
Other Assets	207,813	91,314	116,499	127.58%
Capital Assets	46,645,182	45,766,251	878,931	1.92%
TOTAL ASSETS	87,646,767	88,370,560	(723,793)	(0.82%)
Deferred Outflows of Resources				
Pension Related	3,884,051	4,068,486	(184,435)	(4.53%)
OPEB Related	1,055,721	1,542,480	(486,759)	(31.56%)
Loss on Bond Refunding	92,015	101,204	(9,189)	(9.08%)
Total Deferred Outflows of Resources	5,031,787	5,712,170	(680,383)	(11.91%)
Liabilities				
Current Liabilities	9,204,669	10,471,780	(1,267,111)	(12.10%)
Noncurrent Liabilities	34,657,534	35,123,412	(465,878)	(1.33%)
Total Liabilities	43,862,203	45,595,192	(1,732,989)	(3.80%)
Deferred Inflows of Resources				
Pension Related	1,589,233	2,324,862	(735,629)	(31.64%)
OPEB Related	6,495,657	6,799,816	(304,159)	(4.47%)
Total Deferred Inflows of Resources	8,084,890	9,124,678	(1,039,788)	(11.40%)
Net Position				
Net Investment in Capital Assets	32,202,716	31,665,502	537,214	1.70%
Restricted	14,719,008	15,366,476	(975,944)	(6.35%)
Unrestricted	(6,191,242)	(7,669,118)	1,806,352	(23.55%)
TOTAL NET POSITION	40,730,482	39,362,860	1,367,622	3.47%

Cash and Investments decrease by \$2,780,157 (-7.88%) due to the change in timing of state funding. Under the new funding model, the state makes three payments in a fiscal year with the last payment occurring in June. Previously, the state paid funds every month except January and February.

Accounts Receivable (Net) increased by \$1,063,625 (14.72%) as a result of an increase in federal pell grants.

Other assets increased by \$116,499 (127.58%) from paying auxiliary prepaid insurance for the year.

Other post-employment benefits deferred outflows decreased by \$486,759 (-4.53%) due to changes in assumptions of future cash flows based on data provided by ERS. Pension related deferred inflows decreased by \$735,629 (-31.64%) and OPEB related deferred inflows decreased by \$304,159 (4.47%) due to assumption changes. Details of changes in amounts can be found in Notes 15, 20 and 25.

Capital Assets account for 53% of the College's total assets. The \$46,645,182 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 \$1,655,483. 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. Construction in progress decreased by \$600,558 due to projects that were completed in the fiscal year. Building improvements, furniture and other equipment consist of projects completed in FY24 and increased by \$4,600,833.

ANGELINA COLLEGE
Management Discussion and Analysis

Current Liabilities decreased by \$1,267,111 (-12.10%) in FY24. 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 decreased by \$465,878 (-1.33%). 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 decreased by \$680,383 and deferred inflows decreased by \$1,039,788 for a total decrease of \$1,720,171 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.

ANGELINA COLLEGE
Management Discussion and Analysis

	2024	2023	\$ Difference Current Year and Prior Year	% Difference Current Year and Previous Year
OPERATING REVENUES				
Tuition and fees (net)	3,175,244	3,165,359	9,885	0.31%
Federal grants and contracts	1,904,712	3,419,628	(1,514,916)	(44.30%)
State grants and contracts	1,174,887	460,773	714,114	154.98%
Non-governmental grants and contracts	105,687	484,688	(379,001)	(78.19%)
Investment income – program restricted	676,352	533,660	142,692	26.74%
Auxiliary enterprises (net)	984,709	793,619	156,168	19.68%
Other operating revenue	144,168	153,348	(9,180)	(5.99%)
TOTAL OPERATING REVENUES	8,165,759	9,011,075	(880,238)	(9.77%)
OPERATING EXPENSES				
Instruction	11,842,719	11,155,007	687,712	6.17%
Public service	975,475	1,375,766	(400,291)	(29.10%)
Academic support	2,497,428	2,731,500	(234,072)	(8.57%)
Student services	2,409,731	2,030,874	378,857	18.65%
Institutional support	7,150,393	6,862,185	288,208	4.20%
Operation and maintenance of plant	3,914,080	3,359,554	554,526	16.51%
Scholarship and fellowships	4,193,260	1,746,038	2,447,222	140.16%
Auxiliary enterprises	4,077,369	3,854,942	187,505	4.86%
Depreciation	3,132,818	3,019,800	113,018	3.74%
TOTAL OPERATING EXPENSES	40,193,273	36,135,666	4,022,685	11.13%
NET OPERATING LOSS	(32,027,514)	(27,124,591)	(4,902,923)	18.08%
NON-OPERATING REVENUES				
State appropriations	11,229,117	9,231,511	1,997,606	21.64%
Maintenance ad valorem taxes	9,124,814	8,243,357	881,457	10.69%
Debt service ad valorem taxes	1,022,409	974,755	47,654	4.89%
Federal revenue, non-operating	8,398,066	8,304,866	93,200	1.12%
Gifts	812,378	849,019	(36,641)	(4.32%)
Investment income	2,132,887	758,894	1,373,993	181.05%
Other non-operating revenues	937,548	108,682	828,866	762.65%
TOTAL NON-OPERATING REVENUES	33,657,219	28,471,084	5,186,135	18.22%
NON-OPERATING EXPENSES				
Interest on capital related debt	306,777	305,372	1,405	0.46%
TOTAL NON-OPERATING EXPENSES	306,777	305,372	1,405	0.46%
INCOME BEFORE OTHER REVENUES	1,322,928	1,041,121	281,807	27.07%
OTHER REVENUES				
Additions to permanent endowments	44,694	80,084	(35,390)	(44.19%)
TOTAL OTHER REVENUES	44,694	80,084	(35,390)	(44.19%)
INCREASE IN NET POSITION	1,367,622	1,121,205	246,417	21.98%
Beginning net position	39,362,860	38,241,655	1,121,205	2.93%
ENDING NET POSITION	40,730,482	39,362,860	1,367,622	3.47%

ANGELINA COLLEGE
Management Discussion and Analysis

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 bookstore 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 were flat in FY 2024. Federal Grants & Contracts decreased \$1,514,916 in FY24. The change was due to a decrease in HEERF, adult education, CARES, and Perkins grants. Auxiliary operating revenues increased by \$156,168 (19.68%) due to increased bookstore sales, meal plan sales and meal ticket sales.

Non-governmental grants and contracts decreased by \$379,001 from less available funds from a private grant for furniture and a decrease in donated facilities due to the closure of the Livingston Center.

Operating expenses are all the costs necessary to perform and conduct the programs and primary purposes of the College. Public service operating expenses decreased by \$400,291 as a result of a decrease in Adult Education wages and contracted services. Student services expenses increased by 378,857 as a result of an increase in counseling wages, work-study wages and contracted services with vendors. Scholarship expenses increased by \$2,447,222 from an increase in awarded Texas Educational Opportunity Grant (TEOG), federal adult education scholarships, and the state's Financial Aid for Swift Transfer (FAST) program. The FAST program provides funding to participating public institutions of higher education so they can offer dual credit courses to educationally disadvantaged students at no cost to these students. FAST revenue was \$749,063 and expenses were \$576,934 for FY24. The increase in other non-operating revenues was due to FAST 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. Program restricted investment income increased by 26.74% and non-operating investment income increased by 181.05% from a change in market rates and fluctuations in investment values. State appropriations increased by \$1,997,606 under the new funding model. Previously, funding received from the state was based on contact hours for students. Under the new model, the college receives a base funding amount and a performance amount based on various factors like certificates and degrees awarded and transfers leading to a degree. Ad valorem taxes increased by \$881,457 for maintenance and operations and by \$47,654 for debt service as a result of an increase in tax revenue in the county.

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.

Analysis of Cash Flows

	2024	2023	\$ Difference Current Year and Prior Year	% Difference Current Year and Previous Year
Net cash used by operating activities	\$ (31,880,262)	\$ (22,558,377)	\$ (9,321,885)	41.32%
Net cash provided by non-capital financing activities	29,813,906	25,999,574	3,814,332	14.67%
Net cash used by capital financing activities	(3,013,550)	(2,641,865)	(371,685)	14.07%
Net cash provided (used) by investing activities	779,579	24,306	755,273	3,107.35%
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,300,327)	823,638	(5,123,965)	(622.11%)
Cash and cash equivalents at September 1	23,755,949	22,932,311	823,638	3.59%
CASH AND CASH EQUIVALENTS AT AUGUST 31	\$ 19,455,622	\$ 23,755,949	\$ (4,300,327)	(18.10%)

ANGELINA COLLEGE
Management Discussion and Analysis

Capital Assets and Long-Term Debt

	2024	2023	\$ Difference Current Year and Prior Year	% Difference Current Year and Previous Year
Buildings and improvements	\$ 37,635,647	\$ 35,306,217	\$ 2,329,430	6.60%
Land and land improvements	2,119,230	2,162,937	(43,707)	(2.02%)
Library books	162,949	97,508	65,441	67.11%
Furniture, machinery, and equipment	3,672,268	3,992,780	(320,512)	(8.03%)
Right-to-Use Subscription Asset	1,655,483	2,206,646	(551,163)	(24.98%)
Construction in progress	1,399,605	2,000,162	(600,557)	(30.03%)
TOTAL	\$ 46,645,182	\$ 45,766,251	\$ 878,932	1.92%

The College had \$46.6 and \$45.8 million invested in capital assets, including software-based subscription assets and net of accumulated depreciation of \$53.2 and \$50.4 million for FY24 and FY23, respectively. The largest single component of capital assets are buildings totaling \$20,572,301 for FY24 and \$21,343,356 for FY23, net of accumulated depreciation. Depreciation charges totaled \$3,132,818 for FY24 and \$3,019,801 for FY23. 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 FY24 totaled \$2,813,184 with a corresponding liability for contract performance required by the college. The amortization expense for the right-to-use asset was \$525,445 and \$572,807 for FY24 and FY23, respectively.

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, 2024 and 2023

ANGELINA COLLEGE
EXHIBIT 1
STATEMENT OF NET POSITION
For the Years Ended August 31, 2024 and August 31, 2023

Page 1 of 2

	2024	2023
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 12,004,966	\$ 18,518,121
Accounts receivable (net allowance of \$2,097,518 and \$1,698,163)	8,291,465	7,227,840
Inventories	3,447	6,138
Other assets	207,813	91,314
TOTAL CURRENT ASSETS	20,507,691	25,843,413
Noncurrent Assets:		
Restricted cash and cash equivalents	7,450,656	5,237,828
Endowment investments	13,043,238	11,523,068
Capital assets (Net) (See Note 7)	46,645,182	45,766,251
TOTAL NONCURRENT ASSETS	67,139,076	62,527,147
TOTAL ASSETS	87,646,767	88,370,560
 DEFERRED OUTFLOWS OF RESOURCES		
Pension related	3,884,051	4,068,486
OPEB related	1,055,721	1,542,480
Loss on bond refunding	92,015	101,204
TOTAL DEFERRED OUTFLOWS OF RESOURCES	5,031,787	5,712,170
 LIABILITIES		
Current Liabilities:		
Accounts payable	900,367	1,123,055
Interfund payable	203,072	1,825,699
Accrued liabilities	374,490	255,434
Accrued compensable absences – current portion	92,577	73,026
Right-to-Use Subscriptions	550,245	549,391
Funds held for others	219,484	171,238
Unearned revenue	5,881,822	5,736,659
Notes payable – current portion	220,959	-
Bonds payable – current portion	761,653	737,278
TOTAL CURRENT LIABILITIES	9,204,669	10,471,780
Noncurrent Liabilities:		
Deposits	28,900	22,400
Accrued compensable absences	524,601	413,815
Right-to-Use Subscriptions	1,120,438	1,646,737
Net pension liability	6,872,496	5,731,764
Net OPEB liability	16,804,009	18,043,028
Notes Payable	1,180,625	377,550
Bonds payable	8,126,465	8,888,118
TOTAL NONCURRENT LIABILITIES	34,657,534	35,123,412
TOTAL LIABILITIES	43,862,203	45,595,192
 DEFERRED INFLOWS OF RESOURCES		
Pension related	1,589,233	2,324,862
OPEB related	6,495,657	6,799,816
TOTAL DEFERRED INFLOWS OF RESOURCE	8,084,890	9,124,678

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

ANGELINA COLLEGE
EXHIBIT 1
STATEMENT OF NET POSITION
For the Years Ended August 31, 2024 and August 31, 2023

Page 2 of 2

	2024	2023
NET POSITION		
Net investment in capital assets	32,202,716	31,665,502
Restricted:		
Nonexpendable:		
Student aid	11,020,954	9,471,934
Expendable:		
Student aid	2,889,086	3,137,805
Debt service	638,224	616,202
Other	170,744	143,352
Unrestricted	(6,191,242)	(5,671,935)
TOTAL NET POSITION (SCHEDULE D)	40,730,482	39,362,860

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, 2024 and August 31, 2023

Page 1 of 1

	2024	2023
Operating Revenue:		
Tuition and fees (net of discounts of \$8,411,883 and \$6,571,010, respectively)	\$ 3,175,244	\$ 3,165,359
Federal grants and contracts	1,904,712	3,419,628
State grants and contracts	1,174,887	460,773
Non-governmental grants and contracts	105,687	484,688
Investment income - Program restricted	676,352	533,660
Auxiliary enterprises (net of discounts of \$258,761 and \$208,197, respectively)	987,909	793,619
Other operating revenues	144,168	153,348
TOTAL OPERATING REVENUES (SCHEDULE A)	8,165,759	9,011,075
Operating Expenses:		
Instruction	11,842,719	11,155,007
Public service	975,475	1,375,766
Academic support	2,497,428	2,731,500
Student services	2,409,731	2,030,874
Institutional support	7,150,393	6,862,185
Operation and maintenance of plant	3,914,080	3,359,554
Scholarships and fellowships	4,193,260	1,746,038
Auxiliary enterprises	4,077,369	3,854,942
Depreciation and Amortization	3,132,818	3,019,800
TOTAL OPERATING EXPENSES (SCHEDULE B)	40,193,273	36,135,666
OPERATING LOSS	(32,027,514)	(27,124,591)
Non-Operating Revenues (Expenses):		
State appropriations	11,229,117	9,231,511
Maintenance ad valorem taxes	9,124,814	8,243,357
Debt service ad valorem taxes	1,022,409	974,755
Federal revenue, non-operating	8,398,066	8,304,866
Gifts	812,378	849,019
Investment income	2,132,887	758,894
Interest on capital related debt	(306,777)	(305,372)
Other non-operating revenue	937,548	108,682
TOTAL NON-OPERATING REVENUE (EXPENSES) (SCHEDULE C)	33,350,442	28,165,712
INCOME BEFORE OTHER REVENUES	1,322,928	1,041,121
Other Revenues:		
Additions to permanent endowments	44,694	80,084
TOTAL OTHER REVENUES	44,694	80,084
INCREASE (DECREASE) IN NET POSITION	1,367,622	1,121,205
Net Position:		
Net position - Beginning of year (as restated for 2023 - see note 2Q)	39,362,860	38,241,655
NET POSITION - END OF YEAR	40,730,482	39,362,860

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

ANGELINA COLLEGE
EXHIBIT 3
STATEMENT OF CASH FLOWS
For the Years Ended August 31, 2024 and August 31, 2023

Page 1 of 2

	2024	2023
Cash Flows from Operating Activities:		
Receipts from students and other customers	\$ 4,305,727	\$ 3,971,663
Receipts from grants and contracts	2,266,059	4,289,671
Investment income, program restricted	676,352	533,660
Other receipts	144,168	153,348
Payments to or on behalf of employees	(21,760,599)	(18,634,167)
Payments to suppliers for goods or services	(12,748,172)	(11,126,514)
Payments of scholarships	(4,763,797)	(1,746,038)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(31,880,262)	(22,558,377)
Cash Flows from Noncapital Financing Activities:		
Receipts from state appropriations	11,229,117	7,582,850
Ad valorem tax revenues	9,065,473	8,322,457
Receipts from non-operating federal revenue	8,398,066	9,281,443
Payments for Collection of Taxes	(242,394)	(242,666)
Gifts and Grants (Other Than Capital)	857,072	929,103
Other non-operating revenues	458,326	108,682
Student Organization and Other Agency Transactions	48,246	17,705
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	29,813,906	25,999,574
Cash Flows From Capital And Related Financing Activities:		
Ad Valorem Tax Revenues	1,009,031	989,496
Purchases of Capital Assets	(4,011,749)	(3,038,136)
Payments on Capital Debt	(1,034,866)	(970,775)
Note Issued	1,024,034	377,550
NET CASH PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES	(3,013,550)	(2,641,865)
Cash Flows from Investing Activities:		
Proceeds from Sale and Maturity of Investments	1,634,602	1,469,533
Investment Earnings	252,019	1,595,251
Purchases of Investments	(1,107,042)	(3,040,478)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	779,579	24,306
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,300,327)	823,638
Cash and Cash Equivalents - September 1	23,755,949	22,932,311
CASH AND CASH EQUIVALENTS - AUGUST 31	\$ 19,455,622	\$ 23,755,949
Operating income (loss)	(32,027,514)	(27,124,591)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	2,570,181	2,446,996
Right-to-Use Subscription Amortization	562,637	572,807
Bad Debt Expense	357,133	399,355
Tax Collection Fee	242,394	242,666
Payments made directly by state for benefits	(2,148,527)	1,648,661
Changes in Assets and Liabilities:		
Interest receivable	(338,265)	(18,753)
Ad valorem taxes receivable	(147,240)	93,841
Federal receivable - Non-operating	(1,176,546)	976,577
Accounts receivable (net)	(1,063,625)	(299,212)

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

ANGELINA COLLEGE
EXHIBIT 3
STATEMENT OF CASH FLOWS
For the Years Ended August 31, 2024 and August 31, 2023

Page 2 of 2

	2024	2023
Inventories	2,691	2,188
Other assets	(116,499)	(348,945)
Pension related outflows	184,435	(2,645,847)
OPEB related outflows	486,759	993,283
Accounts payable	(222,688)	364,518
Accrued liabilities	119,056	61,951
Unearned revenue	145,163	(158,523)
Pension related inflows	184,435	(680,364)
OPEB related inflows	486,759	2,774,283
Deposits	6,500	2,500
Accrued compensable absences	110,786	84,194
Net OPEB liability (adjusted for prior period)	1,140,732	(4,765,820)
Net pension liability	(1,239,019)	3,392,668
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (31,880,262)	\$ (22,558,377)

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

Items costing less than \$5,000 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, 2024 or 2023, 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.

ANGELINA COLLEGE
NOTES TO FINANCIAL STATEMENTS

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

ANGELINA COLLEGE
NOTES TO FINANCIAL STATEMENTS

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,	
	2024	2023
Bank Deposits:		
Demand deposits and money market mutual funds	\$ 19,126,297	\$ 23,710,073
Certificates of deposit - Long-term	2,443,507	2,897,445
	<u>21,569,804</u>	<u>26,607,518</u>
Cash and Cash Equivalents:		
Petty cash on hand	5,942	5,942
TOTAL CASH AND DEPOSITS	<u><u>\$ 21,575,746</u></u>	<u><u>\$ 26,613,460</u></u>

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

Table 4-2 Current and Non-Current Cash, Deposits and Investments		
TYPE OF SECURITY	FAIR VALUE	
	2024	2023
U.S. government agencies	\$ 149,960	\$ 246,543
Mutual funds	8,096,582	7,205,576
Corporate bonds	2,116,460	1,173,504
Total cash and bank deposits	21,575,746	26,613,460
Total endowment bank deposits	560,112	39,934
TOTAL CASH, DEPOSITS, AND INVESTMENTS	<u><u>\$ 32,498,860</u></u>	<u><u>\$ 35,279,017</u></u>
Current (Exhibit 1):		
Cash and cash equivalents	12,004,966	18,518,121
Noncurrent (Exhibit 1):		
Restricted cash and cash equivalents	7,450,656	5,237,828
Endowment investments	13,043,238	11,523,068
TOTAL CURRENT AND NONCURRENT CASH AND INVESTMENTS	<u><u>\$ 32,498,860</u></u>	<u><u>\$ 35,279,017</u></u>

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:

ANGELINA COLLEGE
NOTES TO FINANCIAL STATEMENTS

Table 4-3 Investments Subject to Risk			
Investment Type	Investment Maturities (In Years)		
	Fair value (level 1)	Less than 1	1 to 5
August 31, 2024:			
U.S. Government Securities	\$ 149,960	\$ -	\$ 149,960
Certificates of Deposits	2,680,236	236,729	2,443,507
Corporate Bonds	2,116,460	-	2,116,460
TOTAL	\$ 4,946,656	\$ 236,729	\$ 4,709,927
Investment Type	Investment Maturities (In Years)		
	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

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, 2024 and 2023, 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, 2024 and 2023, 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, 2024 and 2023.

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, 2024 and 2023, the bank balances of the College's deposits were \$21,426,939 and \$22,902,779 respectively. Of these balances, the amounts covered by FDIC insurance were \$3,517,793 and \$3,508,282 at August 31, 2024 and 2023, respectively. The remaining balances at August 31, 2024 and 2023 of \$17,909,146 and \$19,394,497 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 2024 or 2023.

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.

ANGELINA COLLEGE
NOTES TO FINANCIAL STATEMENTS

Table 6-1 Endowment Assets		AUGUST 31,	
	2024	2023	
Beginning net position	\$ 9,471,933	\$ 8,902,159	
Interest, dividends, earnings, capital gains (losses)	573,672	392,769	
Unrealized gains (losses)	1,410,653	507,789	
Contributions	84,694	241,258	
FUNDS AVAILABLE IN THE ENDOWMENT	11,540,952	10,043,975	
Less scholarship distributions from current year endowment interest	520,000	572,042	
ENDING NET POSITION	\$11,020,952	9,471,933	
Bank/brokerage deposits	560,299	39,934	
Endowment investments	12,444,153	11,439,637	
Interest receivable	38,786	43,497	
ENDOWMENT ASSETS	\$13,043,238	\$ 11,523,068	

Note 7 Capital Assets

Capital assets activity for the year ended August 31, 2024 and August 31, 2023 was as follows in Table 7-1:

ANGELINA COLLEGE
NOTES TO FINANCIAL STATEMENTS

Table 7-1 Capital Assets FY 2024 and FY 2023				
Governmental Activities:	Balance August 31, 2023	Increase	Decrease	Balance August 31, 2024
Capital Assets Not Being Depreciated:				
Land	1,773,999	-	-	1,773,999
Construction in progress	2,000,163	2,835,790	3,436,348	1,399,605
TOTAL ASSETS NOT BEING DEPRECIATED	3,774,162	2,835,790	3,436,348	3,173,604
Capital Assets Being Depreciated:				
Buildings	51,657,424	-	-	51,657,424
Land improvements	3,217,603	6,440	-	3,224,043
Building improvements	22,696,982	4,235,812	-	26,932,794
Library books	490,874	5,768	158,573	338,069
Furniture, machinery, vehicles and other equipment	10,905,573	352,813	101,160	11,157,226
Telecommunications and Peripheral equipment	590,173	-	9,100	581,073
Right-to-use Subscription Asset	2,801,710	11,474	-	2,813,184
TOTAL ASSETS BEING DEPRECIATED	92,360,339	4,612,307	268,833	96,703,813
Less Accumulated Depreciation For:				
Buildings	30,314,068	771,055	-	31,085,123
Land improvements	2,828,665	50,147	-	2,878,812
Building improvements	8,734,121	1,135,327	-	9,869,448
Library books	393,366	-	218,246	175,120
Furniture, machinery, vehicles and other equipment	6,919,175	671,956	101,160	7,489,971
Telecommunications and Peripheral equipment	583,791	1,369	9,100	576,060
Right-to-use Subscription Asset	595,064	562,637	-	1,157,701
Total Accumulated Depreciation	50,368,250	3,192,491	328,506	53,232,235
CAPITAL ASSETS, NET	\$ 45,766,251	\$ 4,255,606	\$ 3,376,675	\$ 46,645,182

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, 2024 and August 31, 2023 are listed in Table 8-1 and Table 8-2 below.

ANGELINA COLLEGE
NOTES TO FINANCIAL STATEMENTS

Table 8-1
Long-Term Liabilities FY 2024

	Balance August 31, 2023	Additions	Reductions	Balance August 31, 2024	Current Portion
Bonds:					
Series 2018 limited tax bonds	\$ 5,807,700	\$ -	\$ 434,902	\$ 5,372,798	\$ 459,766
Series 2019 limited tax bonds	3,817,696	-	302,376	3,515,320	301,887
TOTAL BONDS	<u>9,625,396</u>	<u>-</u>	<u>737,278</u>	<u>8,888,118</u>	<u>761,653</u>
Other Liabilities:					
Accrued Compensable					
Absences	486,841	130,337	-	617,178	92,577
Right-to-use Subscriptions	2,196,128		525,445	1,670,683	550,245
Note Payable	377,550	1,024,034	-	1,401,584	220,959
Net Pension Liability	5,731,764	1,140,732	-	6,872,496	-
Net OPEB Liability	18,043,028	-	1,239,019	16,804,009	-
Deposits Payable	22,400	6,500	-	28,900	-
TOTAL LIABILITIES	<u>36,483,107</u>	<u>\$ 2,301,603</u>	<u>\$ 2,501,742</u>	<u>36,282,968</u>	<u>\$ 1,625,434</u>
Current portion	(1,359,695)			(1,625,434)	
TOTAL NONCURRENT PORTION	<u>\$ 35,123,412</u>			<u>\$ 34,657,534</u>	

Table 8-2
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	<u>10,299,866</u>	<u>-</u>	<u>674,470</u>	<u>9,625,396</u>	<u>737,278</u>
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	<u>36,619,900</u>	<u>\$ 5,876,304</u>	<u>\$ 6,013,097</u>	<u>36,483,107</u>	<u>\$ 1,359,695</u>
Current portion	(719,867)			(1,359,695)	
TOTAL NONCURRENT PORTION	<u>\$ 35,900,033</u>			<u>\$ 35,123,412</u>	

ANGELINA COLLEGE
NOTES TO FINANCIAL STATEMENTS

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
2025	\$982,612	\$360,793	\$1,343,405
2026	1,056,931	316,662	1,373,593
2027	1,103,430	272,130	1,375,560
2028	1,024,245	226,067	1,250,312
2029	1,022,522	188,361	1,210,884
2030 - 2034	5,099,962	403,027	5,502,989
TOTAL	\$ 10,289,702	\$ 1,767,040	\$ 12,056,742

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,	
	2024	2023
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:	\$ 5,372,798	\$ 5,807,700
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:	3,515,320	3,817,696
TOTAL BONDS PAYABLE	\$ 8,888,118	\$ 9,625,396

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:

ANGELINA COLLEGE
NOTES TO FINANCIAL STATEMENTS

Table 11-1 Title V 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	-
TOTAL	\$ 417,534	\$ 39,985	\$ 377,550	

On December 14, 2023 the college entered into an agreement with a company to optimize the college's cooling and heating system. The total fee for the project was \$1,391,590 paid over 32 quarterly payments. The payment due is equal to the greater of 80% of the energy savings resulting from optimization or the minimum payment amount of \$43,487.42. The payment schedule is as follows:

Table 11-2 HVAC Optimization Note Payable Payment Schedule				
Fiscal Year Ending August 31,	Payment	Interest	Principal	Balance
2025	\$ 173,949	\$ 71,493	\$ 102,455	\$ 927,579
2026	173,949	63,866	110,082	811,496
2027	173,949	55,666	118,283	693,214
2028	173,949	46,854	127,094	556,120
2029	173,949	37,386	136,562	429,558
2030-2032	521,847	48,803	429,558	-
TOTAL	\$ 1,391,592	\$ 324,068	\$ 1,024,034	

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 \$233,507 and net of \$57,815 in underwriter's discount.
- \$7,602,821 was retained for the redemption of the Limited Tax Refunding Bonds, Series 2008.
- The refunding resulted in a deferred loss on refunding of \$74,488, which will be amortized over 16 years.
- The 2008 Series Limited Tax Refunding Bonds are fully defeased and the liability for those bonds will be removed from the College's financial statements.
- Advance refunding of the 2008 Series Limited Tax Refunding Bonds reduced the College's debt service payments over the next 5 years by approximately \$302,384.

Limited Tax Refunding Bonds, Series 2019

- Refunded \$4,525,000 of Limited Tax Refunding Bonds, Series 2008.
- Issued refunding bonds on June 13, 2019.
- \$4,525,000, all authorized bonds have been issued.
- Angelina College Limited Tax Refunding Bonds, Series 2019.
- Average interest rate of bonds refunded - 3.30%.
- Net proceeds from Refunding Series - \$4,880,032 including premium of \$314,788 and net of \$43,182 in underwriter's discount.
- \$4,800,716 was retained for the redemption of the Limited Tax Refunding Bonds, Series 2009.

- The refunding resulted in a deferred loss on refunding of \$72,541 which will be amortized over 16 years.
- The 2009 Series Limited Tax Refunding Bonds are fully defeased and the liability for those bonds 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 \$5,171,429 and \$5,331,438 and federal, state, and local grants of \$710,393 and \$405,221 have been reported as unearned revenues at August 31, 2024 and 2023, 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. Subsequent to the preparation of this report, the College settled an outstanding lawsuit. The College recognized an expense of \$170,000 related to the settlement.

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.

ANGELINA COLLEGE
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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	
	2023	2024
Member	8.00%	8.25%
Non-Employer Contributing Entity	8.00%	8.25%
Employers	8.00%	8.25%
Employer Contributions – 2024	\$ 575,969	
Member Contributions – 2024	\$ 949,062	
NECE On-behalf Contributions – 2023	\$ 331,525	

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, 2023 actuarial valuation was determined using the following actuarial assumptions:

ANGELINA COLLEGE
NOTES TO FINANCIAL STATEMENTS

Table 15-2 TRS Changes in Actuarial Assumptions	
Valuation Date	August 31, 2022 rolled forward to August 31, 2023 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, 2023, 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%	4.00%	1.00%
	Non-U.S. Developed	13%	4.50%	0.90%
	Emerging Markets	9%	4.80%	0.70%
	Private Equity	14%	7.00%	1.50%
Stable Value	Government Bonds	16%	2.50%	0.50%
	Absolute Return	- %	3.60%	- %
	Stable Value Hedge Funds	5%	4.10%	0.20%
	Cash	2%	3.70%	- %
Real Return	Real Assets	15%	4.10%	1.10%
	Energy and Natural Resources	6%	5.10%	0.40%
	Commodities	- %	3.60%	- %
Risk Parity	Risk Parity	8%	4.50%	0.40%
	Inflation Expectation			2.30%
	Volatility Drag ³			<u>(0.90)%</u>
TOTAL		100%		8.00%

¹ Target allocations are based on the FY2023 policy model.

² Capital Market Assumptions come from Aon Hewitt (as of 06/30/2023).

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	\$ 10,274,762	\$ 6,872,496	\$ 4,043,510

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

At August 31, 2024, the College reported a liability of \$6,872,496 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	\$ 6,872,496
State's proportionate share that is associated with the District	\$ 4,430,254
TOTAL	\$ 11,302,750

The net pension liability was measured as of August 31, 2023, 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, 2022 through August 31, 2023.

At August 31, 2024, the College's proportion of the collective net pension liability was 0.0100%, which was a change of 0.00035% from its proportion measured as of August 31, 2023.

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, 2024, the College recognized pension expense of \$668,930 and revenue of \$668,930 for support provided by the State.

At August 31, 2024, 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:

ANGELINA COLLEGE
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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	\$ 244,869	\$ 83,2018
Changes in actuarial assumptions	650,004	159,071
Difference between projected and actual investment earnings	2,147,447	1,147,332
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	264,957	199,612
Contributions paid to TRS subsequent to the measurement date	576,774	-
TOTAL	\$ 3,884,051	\$ 1,589,233

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	\$ 345,961
2025	208,734
2026	837,130
2027	281,888
2028	44,331
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 \$103,321 and \$113,170 for the fiscal years ended August 31, 2024 and 2023, 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 \$17,015,175 and \$16,357,421 for fiscal years 2024 and 2023, respectively. The total payroll of employees covered by the TRS was \$11,915,290 and \$10,989,815 and the total payroll of employees covered by the Optional Retirement Program was \$3,787,407 and \$3,972,960 for fiscal years 2024 and 2023, 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 \$617,178 and \$486,841 for fiscal years ended August 31, 2024 and 2023, respectively. The liability is shown in the Statement of Net Position split between current and noncurrent in the amounts of \$92,577 and \$524,601 respectively for August 31, 2024 and \$73,026 and \$413,815, respectively for August 31, 2023.

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

ANGELINA COLLEGE
NOTES TO FINANCIAL STATEMENTS

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 2024 and 2023 for which monies have not been received nor funds expended \$5,289,338 totaled and \$7,024,473. Of these amounts, \$3,914,434 and \$6,052,875 were from federal contract and grant awards; \$831,290 and \$585,798 were from state contract and grant awards; and \$543,614 and \$385,800 from private contract and grant awards for the fiscal years ended 2024 and 2023, respectively.

Note 18 Disaggregation Of Receivables And Payables Balances

Receivables were as follows:

Table 18-1 Receivables Detail		
	AUGUST 31,	
	2024	2023
Students and other customers	\$ 8,458,878	\$ 8,167,164
Allowance for doubtful accounts	(2,454,651)	(2,097,518)
Federal grants and contracts - Operating	370,480	560,383
Federal grants and contracts – Non-operating	1,599,518	422,972
Other grants and contracts	7,449	7,607
Taxes receivable	998,118	862,986
Allowance for uncollectible taxes	(727,113)	(739,221)
Interest receivable	38,786	43,497
TOTAL RECEIVABLES, NET	\$ 8,291,465	\$ 7,227,840

Payables and accrued liabilities were as follows:

Table 18-2 Payables and Accrued Liabilities Detail		
	August 31,	
	2024	2023
Vendors	\$902,408	\$ 1,122,941
Students	(2,041)	135
TOTAL ACCOUNTS PAYABLE	\$ 900,367	\$ 1,123,055
Salaries and benefits	143,935	154,269
Sales taxes	(12,551)	(12,014)
Other	243,106	113,179
TOTAL ACCRUED LIABILITIES	\$ 374,490	\$ 255,434

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.

ANGELINA COLLEGE
NOTES TO FINANCIAL STATEMENTS

Note 20 Post-Retirement Health Care And Life Insurance Benefits

Table 20-1 Post-Retirement Health Care Benefits							
	2024	2023	2022	2021	2020	2019	2018
State's monthly contribution per full-time employee	\$ 625 - \$1,223	\$ 624 - \$1,222	\$ 624 - \$1,222	\$ 624 - \$1,222	\$ 624 - \$1,222	\$ 624 - \$1,222	\$ 624 - \$1,812
State's contribution for retired participants	\$ 692,072	\$ 681,152	\$ 553,829	\$ 593,944	\$ 498,057	\$ 517,888	\$469,535
Number of retired participants	141	139	140	143	139	134	123
State's contribution for active participants	\$ 1,084,642	\$ 1,087,684	\$ 884,263	\$ 840,951	\$ 852,694	\$ 932,602	\$ 944,473
Number of active participants	293	264	235	255	259	243	262
State's total contribution	\$ 1,776,714	\$ 1,768,836	\$ 1,438,092	\$ 1,434,535	\$ 1,350,751	\$ 1,450,490	\$ 1,414,008
Number of total participants	434	403	375	398	398	377	385

Note 21 Ad Valorem Tax

Table 21-1 Assessed Valuation		
	August 31,	
	2024	2023
Assessed valuation of the college	\$ 9,433,344,604	\$ 9,204,354,490
Less: Exemptions	2,070,872,005	2,006,007,189
Less: Abatements	242,614,172	14,758,679
NET ASSESSED VALUATION OF THE COLLEGE	\$ 7,119,858,427	\$ 7,183,588,622

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, 2024 were \$10,428,149 (which includes any penalty and interest assessed if applicable).

Table 21-2 Tax Revenues FY 2024			
	Current		
TAX REVENUES – 2024	Operations	Debt Service	Total
Current taxes	\$ 8,698,228	\$ 963,220	\$ 9,661,448
Delinquent taxes	284,127	36,796	320,923
Penalties and interest	142,459	22,393	164,852
TOTAL TAX REVENUES	\$ 9,124,814	\$ 1,022,409	\$ 10,147,223

ANGELINA COLLEGE
NOTES TO FINANCIAL STATEMENTS

Taxes levied for the year ended August 31, 2023 were \$9,806,122 (which includes any penalty and interest assessed if applicable).

Table 21-3 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

Tax collections for the year ended August 31, 2024 and 2023 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 2024 and 2023, which resulted in abatements of tax revenues. Total tax revenues forgone by the College under these tax abatement agreements were \$207,012 and \$234,966 for the years ended August 31, 2024 and 2023, respectively, which amounted to approximately 2.04% and 2.48% 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, 2024 and 2023.

Note 23 Risk Management

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

During the year ended August 31, 2024, 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, 2024, 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, 2023, 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, 2024, 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, 2023, 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, 2023, 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 provides the use of some of its facilities to an unrelated nonprofit entity at no cost. Included in operating expenses is \$120,126 and \$292,173 in non-monetary transactions representing the value of the donation of the facilities for the years ended August 31, 2024 and 2023, 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	\$1,820

*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		
	<u>Contribution Rates</u>	
	2023	2024
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 – 2023	425,937	
Member Contributions – 2023	114,439	
NECE On-behalf Contributions – 2024	26,573	

25.E Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of August 31, 2024 as shown in Table 25-3 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

ANGELINA COLLEGE
NOTES TO FINANCIAL STATEMENTS

Table 25-3 ERS Actuarial Methods and Assumptions	
Valuation Date	August 31, 2023
Actuarial Cost Method	Entry Age
Last Experience Study	<i>State Agency Members:</i> 5-year period from September 1, 2014 to August 31, 2019 <i>Higher Education Members:</i> 7-year period from September 1, 2010 to August 31, 2017
Actuarial Assumptions:	
Discount Rate	3.81%
Projected Annual Salary Increase	2.30% to 8.95%, including inflation
Annual Healthcare Trend Rate	<i>HealthSelect</i> 5.60% for FY2025, 5.30% for FY2026, 5.00% for FY2027, 4.75% for FY2028, 4.60% for FY2029, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2032 and later years <i>HealthSelect Medicare Advantage</i> 16.40% for FY2025, 8.40% for FY2026, 5.00% for FY2027, 4.75% for FY2028, 4.60% for FY2029, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2032 and later years <i>Pharmacy</i> 10.00% for FY2025 and FY2026, decreasing 100 basis points per year to 5.00% for FY2031 and 4.30% for FY2032 and later years
Inflation Assumption Rate	2.30%
Ad hoc Postemployment Benefit Changes	None
Mortality Rate	<i>State Agency Members</i> 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. <i>Higher Education Members</i> 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 May 2020 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 3.81%.

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 3.81%, which amounted to an increase of 0.22%. 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 (3.81%) in measuring the Net OPEB Liability.

ANGELINA COLLEGE
NOTES TO FINANCIAL STATEMENTS

Table 25-4 Net OPEB Liability Sensitivity to Discount Rate			
	1% Decrease in Discount Rate (2.81%)	Current Single Discount Rate (3.81%)	1% Increase in Discount Rate (4.81%)
District's proportionate share of the net OPEB liability	\$ 19,498,638	\$ 16,804,009	\$ 14,636,649

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	\$ 14,453,783	\$ 16,804,009	\$ 19,788,807

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

At August 31, 2024, the College reported a liability of \$16,804,009 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	\$ 16,804,009
State's proportionate share that is associated with the District	\$ 14,366,119
TOTAL	\$ 31,170,128

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, 2022 thru August 31, 2023.

At August 31, 2023 the College's proportion of the collective Net OPEB Liability was 0.06289507%, which was 0.00044% lower than the same proportion measured as of August 31, 2022.

For the year ended August 31, 2024, the College recognized OPEB expense of \$382,057 and revenue of \$382,057 for support provided by the State. The College also recognized their proportionate share of OPEB expense of \$629,527.

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:

ANGELINA COLLEGE
NOTES TO FINANCIAL STATEMENTS

- 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 3.59% to 3.81% 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 2024, are provided for in the Fiscal Year 2024 Assumed Per Capita Health Benefit Costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is Primary.

At August 31, 2024, 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.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 444,475
Changes in actuarial assumptions	560,562	5,248,115
Difference between projected and actual investment earnings	1,358	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	67,864	803,067
Contributions paid to ERS subsequent to the measurement date	425,937	-
TOTAL	\$ 1,055,721	\$ 6,495,657

YEAR ENDED AUGUST 31,	OPEB EXPENSE AMOUNT
2025	\$ (1,671,784)
2026	(1,597,008)
2027	(1,475,379)
2028	(948,804)
2029	(172,898)
Thereafter	0

Note 26 Related Party Transactions

Under 34 C.F.R. 668.23(d)(1), any transaction between related parties must be disclosed. The regulation went into effect in July 2024. The following related party transactions occurred during the fiscal year:

ANGELINA COLLEGE
NOTES TO FINANCIAL STATEMENTS

Table 26-1
Payments To Related Parties

VENDOR (IF ANY)	TYPE OF TRANSACTION	PERSON/TITLE	LOCATION	RELATIONSHIP	AMOUNT
Lufkin Coca-Cola	Vendor -Goods	Lynn Haney, Owner	Lufkin, Texas	Board Member	\$ 5,865.38
Lufkin Printing Company	Vendor – Goods	Dana Smithhart, Spouse of Owner	Lufkin, Texas	Executive Employee	36,702.56
Wayne Haglund, PC	Vendor- Professional Services	Wayne Haglund, Owner	Lufkin, Texas	Father of Board Member	4,410.00
V-Photobooth	Vendor – Services	Vanessa Cuevas, Owner	Lufkin, Texas	Employee	600.00

Table 26-2
Payments From Related Parties

TYPE OF TRANSACTION	PERSON/ENTITY	LOCATION	RELATIONSHIP	AMOUNT
Pass-Through	Angelina Foundation	Lufkin, Texas	Component	171,222.07
Donation	Dr. Tim Ditoro	Lufkin, Texas	Executive Employee	25.00
Donation	Dr. Sid Roberts	Lufkin, Texas	Board Member	1,250.00
Donation	Lynn Haney	Lufkin, Texas	Board Member	475.00
Donation	Chris Sullivan	Lufkin, Texas	Executive Employee	60.00
Donation	Michael Simon	Lufkin, Texas	President	1,100.00
Donation	Joy Medford	Lufkin, Texas	Executive Employee	100.00
Grant	Southside Bank	Lufkin, Texas	College Bank	20,860.00

The tables above show related party transactions between the college and related parties during the fiscal year. The amount columns list the amount of payments made by the college to the related parties for vendors, and the amount received by the college from related parties. There were no non-cash transactions between related parties for the fiscal year.

Note 27 Subsequent Events

Subsequent to the preparation of this report, the College settled an outstanding lawsuit. The College recognized an expense of \$170,000 related to the settlement in the 2024-2025 fiscal year. The amount was paid on November 20th, 2024.

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Annual Financial Report

For the Fiscal Years Ended August 31, 2024 and 2023

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*	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Teacher's Retirement System (TRS) pension liability	\$ 255,860,887	\$ 243,553,045	\$ 227,273,464	\$ 218,974,205	\$ 209,961,325	\$ 209,611,329	\$ 179,336,535	\$ 171,797,150	\$ 163,887,375	\$ 159,496,076
TRS' net position	(187,170,536)	(184,185,617)	(201,807,002)	(165,416,245)	(157,978,199)	(154,568,902)	(147,361,922)	(134,008,637)	(128,538,706)	(132,779,243)
TR ^S NET PENSION LIABILITY	<u>\$ 68,690,351</u>	<u>\$ 59,367,428</u>	<u>\$ 25,466,461</u>	<u>\$ 53,557,960</u>	<u>\$ 51,983,126</u>	<u>\$ 55,042,427</u>	<u>\$ 31,974,613</u>	<u>\$ 37,788,513</u>	<u>\$ 35,348,669</u>	<u>\$ 26,716,833</u>
TRS net position as a percentage of total pension liability	73.15%	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 (%)	0.010005038%	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 (\$)	6,872,496	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	4,430,254	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	<u>\$ 10,989,815</u>	<u>\$ 9,478,487</u>	<u>\$ 3,994,740</u>	<u>\$ 8,972,675</u>	<u>\$ 8,612,672</u>	<u>\$ 9,053,907</u>	<u>\$ 5,338,366</u>	<u>\$ 6,496,935</u>	<u>\$ 6,218,215</u>	<u>\$ 5,205,814</u>
The College's covered payroll amount in the year of measurement	10,989,815	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	57.68%	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.

**The TRS amounts are reported in thousands.

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 *	2024	2023	2022	2021	2020	2019	2018	2017	2016**
Contractually required contributions	\$ 575,969	\$ 524,798	\$ 446,912	\$ 418,169	\$ 425,644	\$ 344,436	\$ 327,977	\$ 346,162	\$ 321,907
Actual Contributions	575,969	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	\$11,915,290	\$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	4.83%	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	2023	2022	2021	2020	2019	2018	2017
Colleges' proportion of OPEBL	0.06289507%	0.0633378%	0.0635778%	0.0659128%	0.0635712%	0.0667156%	0.0616960%
College Proportionate share OPEBL	\$ 16,804,009	\$ 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	14,336,119	13,893,780	24,267,035	11,821,808	11,821,808	14,426,365	16,349,362
TOTAL	\$ 31,170,128	\$ 31,936,808	\$ 47,075,888	\$ 33,602,453	\$ 33,793,699	\$ 34,199,358	\$ 37,371,062
College's covered-employee payroll*	13,695,474	15,836,488	\$ 14,037,017	\$ 13,102,263	\$ 12,844,728	\$ 13,801,786	\$ 11,159,443
Proportionate share/covered payroll	116.97%	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%	0.57%	0.32%	0.32%	0.17%	2.27%	2.04%
College Contributions	2023	2023	2022	2021	2020	2019	2018
Contractually Required Contribution	\$ 425,937	\$ 410,089	\$ 373,579	\$ 406,092	\$ 460,459	\$564,982	\$ 603,773
Actual Contribution	(425,937)	(410,089)	(373,579)	(406,092)	(460,459)	(564,982)	(603,773)
CONTRIBUTION DEFICIENCY (EXCESS)	-	-	-	-	-	-	-
College's Covered Payroll							
In current fiscal year	\$ 14,366,119	\$ 13,695,474	\$ 15,836,488	\$ 14,037,017	\$ 13,102,263	\$ 12,844,728	\$ 13,801,786
Contributions to covered payroll	2.97%	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 seven 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, the following assumptions have been updated 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.
- Proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement.

1.C Economic Assumptions

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.

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 our short-term expectations.

The Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act and the rate of future increases in the fee have been updated to reflect the most recent available information.

1.D Other Inputs

The discount rate was changed from 3.59% to 3.81% as a result of requirements by GASB No. 75 to utilize the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

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, 2024 and 2023

SUPPLEMENTAL FINANCIAL INFORMATION

ANGELINA COLLEGE
SCHEDULE A
SCHEDULE OF OPERATING REVENUES
For the Year Ended August 31, 2024
With Memorandum Totals for the Year Ended August 31, 2023

Page 1 of 2

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	2024	2023
Tuition						
State Funded Credit Courses						
In-District Resident Tuition	2,890,712	-	2,890,712	-	2,890,712	2,911,138
Out-of-District Resident Tuition	3,145,931	-	3,145,931	-	3,145,931	3,499,586
Non-Resident Tuition	302,311	-	302,311	-	302,311	284,633
TPEG - Credit (set aside)*	248,357	-	248,357	-	248,357	376,968
State Funded Continuing Education Courses	887,117	-	887,117	-	887,117	1,119,505
TPEG - Non-Credit (set aside)*	(235,159)	-	(235,159)	-	(235,159)	(373,217)
TOTAL TUITION	\$ 7,239,269	\$ -	\$ 7,239,269	\$ -	\$ 7,239,269	\$ 7,818,613
Fees						
General Institutional Service Fee	-	-	-	2,111,926	2,111,926	2,663,897
Laboratory Fee	831,658	-	831,658	-	831,658	887,631
Other Fees	202,737	-	202,737	-	202,737	207,101
TOTAL FEES	\$ 1,034,395	\$ -	\$ 1,034,395	\$ 2,111,926	\$ 3,146,321	\$ 3,758,629
Scholarship Allowances and Discounts						
Local Scholarships	(1,344,106)	-	(1,344,106)	(280,645)	(1,624,751)	(2,714,555)
Auxiliary Scholarships	(487,064)	-	(487,064)	(45,992)	(533,056)	(628,695)
Remissions and Exemptions-State	(978,046)	-	(978,046)	(160,134)	(1,138,180)	(329,003)
TPEG Allowances	(215,906)	-	(215,906)	(24,346)	(240,252)	(242,058)
Other State Grants	(14,470)	-	(14,470)	-	(14,470)	(120,826)
Title IV Federal Grants	(2,723,019)	-	(2,723,019)	(936,618)	(3,659,637)	(4,376,746)
Total Scholarship Allowances	(5,762,611)	-	(5,762,611)	(1,447,735)	(7,210,346)	(8,411,883)
TOTAL NET TUITION AND FEES	\$ 2,511,053	\$ -	\$ 2,511,053	\$ 664,191	\$ 3,175,244	\$ 3,165,359
Additional Operating Revenues						
Federal Grants and Contracts	32,465	1,872,247	1,904,712	-	1,904,712	3,419,628
State Grants and Contracts	418	1,174,469	1,174,887	-	1,174,887	460,773
Non-Governmental Grants and Contracts	(49,912)	155,599	105,687	-	105,687	484,688
Investment Income (Program Restricted)	676,352	-	676,352	-	676,352	533,660
Other Operating Revenues	144,168	-	144,168	-	144,168	153,348
TOTAL ADDITIONAL OPERATING REVENUES	\$ 803,491	\$ 3,202,315	\$ 4,005,806	\$ -	\$ 4,005,806	\$ 5,052,097
Auxiliary Enterprises						
Angelina College Foundation	-	-	-	17,215	17,215	18,705
Residential Life	-	-	-	796,581	796,581	799,499
Net Resident Life	-	-	-	813,796	813,796	818,204

ANGELINA COLLEGE
SCHEDULE A
SCHEDULE OF OPERATING REVENUES
For the Year Ended August 31, 2024
With Memorandum Totals for the Year Ended August 31, 2023

Page 2 of 2

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	2024	2023
Bookstore			-	407,593	407,593	234,176
Scholarship Allowances and Discounts			-	(236,680)	(236,680)	(258,761)
Net Bookstore	-	-	-	170,913	170,913	(24,585)
Total Net Auxiliary Enterprises	-	-	-	984,909	984,909	793,619
TOTAL OPERATING REVENUES	\$ 3,314,544	\$ 3,202,315	\$ 6,516,859	\$ 1,648,900	\$ 8,165,759 (Exhibit 2)	\$ 9,011,075 (Exhibit 2)

ANGELINA COLLEGE
SCHEDULE B
SCHEDULE OF OPERATING EXPENSES BY OBJECT
For the Year Ended August 31, 2024
With Memorandum Totals for the Year Ended August 31, 2023

Page 1 of 1

	Operating Expenses			2024	2023	
	Salaries and Wages	State Benefits	Local Benefits			Other Expenses
Unrestricted - Educational Activities						
Instruction	\$ 7,912,584	\$ -	\$ 1,400,146	\$ 1,028,534	\$ 10,341,264	\$ 9,808,900
Public Service	67,843	-	12,005	8,183	88,031	55,486
Academic Support	1,687,983	-	298,692	245,163	2,231,838	2,534,199
Student Services	1,468,970	-	259,937	304,947	2,033,854	1,770,171
Institutional Support	5,857,825	-	(2,602,389)	2,725,147	5,980,583	4,832,464
Operation and Maintenance of Plant	947,075	-	167,586	2,662,097	3,776,758	3,252,076
TOTAL UNRESTRICTED ACTIVITY	\$ 17,942,280	\$ -	\$ (464,023)	\$ 6,974,071	\$ 24,452,328	\$ 22,253,296
Restricted - Educational Activities						
Instruction	(151)	1,118,943	-	382,663	1,501,455	1,346,107
Public Service	689,942	9,594	119,667	68,241	887,444	1,320,280
Academic Support	26,887	238,703	-	-	265,590	197,301
Student Services	104,162	207,731	-	63,984	375,877	260,703
Institutional Support	276,764	439,628	42,451	410,967	1,169,810	2,029,721
Operation and Maintenance of Plant	1,494	133,928	-	1,900	137,322	107,478
Scholarships and Fellowships	-	-	-	4,193,260	4,193,260	1,746,038
TOTAL RESTRICTED ACTIVITY	\$ 1,099,098	\$ 2,148,527	\$ 162,118	\$ 5,121,015	\$ 8,530,758	\$ 7,007,628
TOTAL EDUCATIONAL ACTIVITY	\$ 19,041,378	\$ 2,148,527	\$ (301,905)	\$ 12,095,086	\$ 32,983,086	\$ 29,260,924
Auxiliary Enterprises	689,346		301,806	3,086,217	4,077,369	3,854,942
Depreciation – Buildings/Improvements				1,956,529	1,956,529	1,824,971
Depreciation – Equipment and Amortization				613,652	613,652	634,487
Amortization – Software Agreements				562,637	562,637	560,342
TOTAL OPERATING EXPENSES	\$ 19,730,724	\$ 2,148,527	\$ (99)	\$ 18,314,121	\$ 40,193,273	\$ 36,135,666
				(Exhibit 2)	(Exhibit 2)	

ANGELINA COLLEGE
SCHEDULE C
SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
For the Year Ended August 31, 2024
With Memorandum Totals for the Year Ended August 31, 2023

Page 1 of 1

	Unrestricted	Restricted	Auxiliary Enterprises	Totals 2024	2023
Non-Operating Revenues					
State Appropriations					
Educational General State Support	\$ 7,388,588	\$ -	\$ -	\$ 7,388,588	\$ 5,320,872
State Group Insurance	-	886,735	-	886,735	944,967
State Retirement Matching	-	1,262,748	-	1,262,748	704,701
Special Appropriations	1,691,046	-	-	1,691,046	2,260,971
TOTAL STATE APPROPRIATIONS	<u>\$ 9,079,634</u>	<u>\$ 2,149,483</u>	<u>\$ -</u>	<u>\$ 11,229,117</u>	<u>\$ 9,231,511</u>
Maintenance Ad Valorem Taxes	9,124,814	-	-	9,124,814	8,243,357
Debt Service Ad Valorem Taxes	-	1,022,409	-	1,022,409	974,755
Federal Revenue, Non-Operating	-	8,398,066	-	8,398,066	8,304,866
Gifts	3,334	635,767	173,277	812,378	849,019
Investment Income	544,659	1,508,252	79,976	2,132,887	758,894
Other Non-Operating Revenues	841,686	95,862	-	937,548	108,682
TOTAL NON-OPERATING REVENUES	<u>\$ 19,594,127</u>	<u>\$ 13,809,839</u>	<u>\$ 253,253</u>	<u>\$ 33,657,219</u>	<u>\$ 28,471,084</u>
Non-Operating Expenses					
Interest on Capital Related Debt	-	306,777	-	306,777	(305,372)
TOTAL NON-OPERATING EXPENSES	<u>-</u>	<u>306,777</u>	<u>-</u>	<u>306,777</u>	<u>(305,372)</u>
NET NON-OPERATING REVENUES	<u>\$ 19,594,127</u>	<u>\$ 13,503,062</u>	<u>\$ 253,253</u>	<u>\$ 33,350,442</u> (Exhibit 2)	<u>\$ 28,165,712</u> (Exhibit 2)

ANGELINA COLLEGE
SCHEDULE D
SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY
For the Year Ended August 31, 2024
With Memorandum Totals for the Year Ended August 31, 2023

Page 1 of 1

	Restricted			Net Investment in Capital Assets	Total	Available Current for Operations	
	Unrestricted	Expendable	Non-Expendable			Yes	No
Current:							
Unrestricted	\$ (5,985,086)	\$ -	\$ -	\$ -	\$ (5,985,086)	\$ (5,985,086)	\$ -
Restricted	-	3,059,830	-	-	3,059,830	-	3,059,830
Auxiliary Enterprises	2,085,768	-	-	-	2,085,768	2,085,768	-
Loan	414,896	-	-	-	414,896	-	414,896
Endowment:					-		
Quasi:					-		
Unrestricted		-	-	-	-	-	-
Endowment:					-		
Non-Expendable	-	-	11,020,954	-	11,020,954	-	11,020,954
Plant:					-		
Unexpended	(2,706,820)	-	-	-	(2,706,820)	-	(2,706,820)
Debt Service	-	638,224	-	-	638,224	-	638,224
Investment in Plant	-	-	-	32,202,716	32,202,716	-	32,202,716
Net Position							
August 31, 2024	\$ (6,191,242)	\$ 3,698,054	\$ 11,020,954	\$ 32,202,716	\$ 40,730,482	\$ (3,899,318)	\$ 44,629,800
					(Exhibit 1)		
Net Position							
August 31, 2023	(5,671,935)	3,897,359	9,471,934	31,665,502	39,362,860	(5,955,298)	45,318,158
INCREASE (DECREASE)							
NET POSITION	\$ (519,307)	\$ (199,305)	\$ 1,549,020	\$ 537,214	\$ 1,367,622	\$ 2,055,980	\$ (688,358)
					(Exhibit 2)		

ANGELINA COLLEGE

Annual Financial Report

For the Fiscal Years Ended August 31, 2024 and 2023

SINGLE AUDIT SECTION

INDEPENDENT AUDITOR'S 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, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated December 6, 2024.

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.

Lufkin, Texas
December 6, 2024

Axley & Rode LLP
CERTIFIED PUBLIC ACCOUNTANTS



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE OF TEXAS SINGLE AUDIT CIRCULAR

Board of Trustees
Angelina County Junior College
Lufkin, Texas

Members of the Board of Trustees:

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Angelina County Junior College, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the State of Texas Single Audit Circular, Uniform Grant Management Standards which could have a direct and material effect on each of Angelina County Junior College, Inc.'s major federal and state programs for the year ended August 31, 2024. Angelina County Junior College, Inc.'s major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Angelina County Junior College, Inc., complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2024.

Basis for Opinion on Each Major Federal and State 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) and the State of Texas Single Audit Circular, issued by the Comptroller General of the United States. Our responsibilities under those standards, the Uniform Guidance and State of Texas Circular 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 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 and state program. Our audit does not provide a legal determination of the college and the foundation'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, Inc.'s federal and state 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, Inc.'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*, the Uniform Guidance, and State Single Audit Circular 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, Inc.'s compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, Uniform Guidance, and the Texas State Single Audit Circular, 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, Inc.'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, Inc.'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 and Texas State Single Audit Circular, but not for the purpose of expressing an opinion on the effectiveness of Angelina County Junior College, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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 and state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Conclusion

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


CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas
December 6, 2024



ANGELINA COLLEGE
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 August 31, 2024

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: UNMODIFIED

Internal control over financial reporting:

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

Federal and State Awards

Internal control over major programs:

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

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

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

Identification of major programs:

<u>ALN Number(s)</u>	<u>Name of Federal Program or Cluster*</u>
84.007/84.063/84.033	Student Financial Assistance Cluster
	<u>Name of State Program or Cluster</u>
	Texas Educational Opportunity Grant

Dollar threshold used to distinguish between Type A State and Type B programs:

Federal	750,000
State	300,000

Auditee qualified as low-risk auditee? X Yes No

B. Financial Statements Findings

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

ANGELINA COLLEGE
SCHEDULE E
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2024
Page 1 of 2

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	\$ 147,288	\$ -	\$ 147,288	\$ -
Federal Work-Study Program	84.033	92,513	-	92,513	-
Federal Pell Grant Program	84.063	8,158,265	-	8,158,265	-
TOTAL STUDENT FINANCIAL ASSIST CLUSTER		8,398,066	-	8,398,066	-
Title V Higher Education Act	84.031S	683,333	-	683,333	-
		683,333	-	683,333	-
Pass-Through From:					
Texas Workforce Commission					
Adult Education and Literacy 1718ALF00	84.002A	-	595,974	595,974	111,610
Adult Education and Literacy 2924ALA050	84.002A	-	98,550	98,550	13,541
Adult Education and Literacy 1718ALF00	84.002A	-	31,021	31,021	116,592
Adult Education and Literacy - Local Performance Improvement 1723PQI001	84.002A	-	-	-	-
		-	725,545	725,545	125,151
LCOT East Texas Consortium					
Adult Education and Literacy 0818ALA000 Program Year 22-23	84.002A	-	7,532	7,532	-
		-	7,532	7,532	-
TOTAL CFDA 84.002		-	733,077	733,077	125,151
Texas Higher Education Coordinating Board					
Carl Perkins Vocational Education-Basic 2242020271	84.048	-	377,264	377,264	-
		-	377,264	377,264	-
Governors Emergency Education Relief (GEER)	84.425C	-	8,550	8,550	-
TOTAL U.S. DEPARTMENT OF EDUCATION		\$ 9,081,399	\$ 1,118,891	\$ 10,200,290	\$ 125,151
U.S. Department of Health & Human Services					
Pass-Through From:					
Texas Workforce Commission					
Temporary Assistance Needy Families 1718ALAF00	93.558		81,990	81,990	
Temporary Assistance Needy Families 2924ALA050	93.558		1,523	1,523	
TOTAL U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			83,513	83,513	
U.S. Small Business Administration					
Pass-Through From:					
University of Houston					
Small Business Development Center R-23-0119	59.037	-	48,243	48,243	-
Small Business Development Center R-24-0199	59.037	-	95,883	95,883	-
Total U.S. Small Business Administration		-	144,126	144,126	-
TOTAL EXPENDITURE OF FEDERAL AWARDS		\$ 9,081,399	\$ 1,346,530	\$ 10,427,929	\$ 125,151

Note 1: Federal Assistance Reconciliation

Other Operating Revenues - Federal Grants and Contracts - per Schedule A	1,872,247
Add: Indirect/Administrative Cost Recoveries - per Schedule A	32,465
Add: Non-Operating Revenues - Federal Revenue, Non-operating - per Schedule C	8,398,066
Total Federal Revenues per Schedule A and C	10,302,778

ANGELINA COLLEGE
SCHEDULE E
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2024
Page 2 of 2

Reconciling items:

Add: Funds passed Through to Others	125,151
Total Federal Expenditures per Schedule of Expenditures of Federal Awards	<u><u>\$ 10,427,929</u></u>

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING THE SCHEDULE

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

NOTE 3: EXPENDITURES NOT SUBJECT TO FEDERAL SINGLE AUDIT

N/A

NOTE 4: STUDENT LOANS PROCESSED AND ADMINISTRATIVE COSTS RECOVERED

The College does not offer student loans.

NOTE 5: NONMONETARY FEDERAL ASSISTANCE

The College did not receive nonmonetary federal assistance.

NOTE 6: AMOUNTS PASSED THROUGH BY THE COLLEGE

A total amount of \$125,151 was passed through to Panola College. The entire amount was from the Adult Ed. And Literacy Program CFDA 84.002.

ANGELINA COLLEGE
SCHEDULE F
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended August 31, 2024
Page 1 of 1

Grantor Agency/Program Title	Grant Contract Number	Expenditures
TEXAS HIGHER EDUCATION COORDINATING BOARD		
Direct Programs:		
Nursing Shortage Reduction Regular Program FY 2020, 2021		20,105
Texas College Work-Study Program		81,081
Texas Educational Opportunity Grant Program		927,507
Certified Education Aide Program		1,248
TOTAL TEXAS HIGHER EDUCATION COORDINATING BOARD		1,029,941
 TEXAS WORKFORCE COMMISSION		
Adult Education Professional Development	1718ALAF00	17,978
Adult Education Non-Federal	1718ALAF00	118,962
Adult Education Non-Federal	2924ALA00	1,536
Skills for Small Business	1724SSD001	7,061
Skills Development Fund	1724SDF001	626
TOTAL TEXAS WORKFORCE COMMISSION		146,163
TOTAL STATE FINANCIAL ASSISTANCE		\$ 1,176,104

NOTE 1: State Assistance Reconciliation

State Revenues-per Schedule A	
State Financial Assistance	
Per schedule of expenditures of state awards	\$ 1,176,104
Total State Revenues per Schedule A	1,174,887
Reconciling items:	
Less: Certified Nurse Aide Rollover Balance from 2022-2023	(783)
Add: Amounts Passed Through by the College	2,000
Total State Awards per Schedule of Expenditures of State Awards	\$ 1,176,104

NOTE 2: Significant Accounting Policies Used in Preparing the Schedule

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

NOTE 3: Amounts Passed Through by the College

A total amount of \$2,000 was passed through to Panola College by the College. Of this total, \$2,000 was from the Adult Education and Literacy Professional Development, contract 1718ALAF00. The total amount was passed through the Texas Workforce Commission.

ANGELINA COLLEGE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
August 31, 2024

None