

**BORGER JUNIOR COLLEGE DISTRICT**  
Borger, Texas

**ANNUAL FINANCIAL REPORT**  
August 31, 2017 and 2016

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**BORGER JUNIOR COLLEGE DISTRICT  
ORGANIZATIONAL DATA  
August 31, 2017**

**Board of Regents**

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	<u>Officers</u>	Term Expires <u>May</u>
Scott Radach	Chair	2020
Patrick Nonhof	Vice-Chair	2022
Marlene McKinney	Secretary	2022
	<u>Members</u>	
Spring Creek – Lynne White	Skellytown, Texas	2022
Jesus Heredia, Jr.	Borger, Texas	2022
Ryan Birge	Borger, Texas	2018
Shad Goldston	Borger, Texas	2018
Pete Stynes	Borger, Texas	2020
Andy Green	Borger, Texas	2020

**Principal Administrative Officers**

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Dr. Jud Hicks	President
Dr. Shannon Carroll	Vice President for Academic Affairs
Tiffany Thomas	Dean of Career and Technical Education
Amber Jones	Dean of Allen Campus - Perryton
Ilene Walton	Dean of Rahll Campus - Dalhart
Renee' Prater	Director of Accounting
Debra Wells	Executive Assistant to the President

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## Independent Auditor's Report

Board of Regents  
Borger Junior College District  
Borger, Texas

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Borger Junior College District (the College) and its discretely presented component unit as of and for the year ended August 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material, respects, the respective financial position of the College and of its discretely presented component unit as of August 31, 2017 and 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of the College's Proportionate Share of the Net Pension Liability, and the Schedule of the College's Contributions and Notes to Required Supplemental Information on pages 8-17 and pages 58-60 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 basic financial statements that collectively comprise the College and its discretely presented component unit. The accompanying supplemental information listed in the table of contents, Schedules A, B, C and D, is likewise presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, Schedule E, and Schedule of Expenditures of State of Texas Awards, Schedule F, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State of Texas Uniform Grants Management Standards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards, the Schedule of Expenditures of State of Texas Awards, and the Other Supplemental Information 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, the Schedule of Expenditures of Federal Awards, the Schedule of Expenditures of State of Texas Awards, and the Other Supplemental



Information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2017, on our consideration of the College'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 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 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 the College's internal control over financial reporting and compliance.

*Connor McMellon Mitchell & Sherrum PLLC*

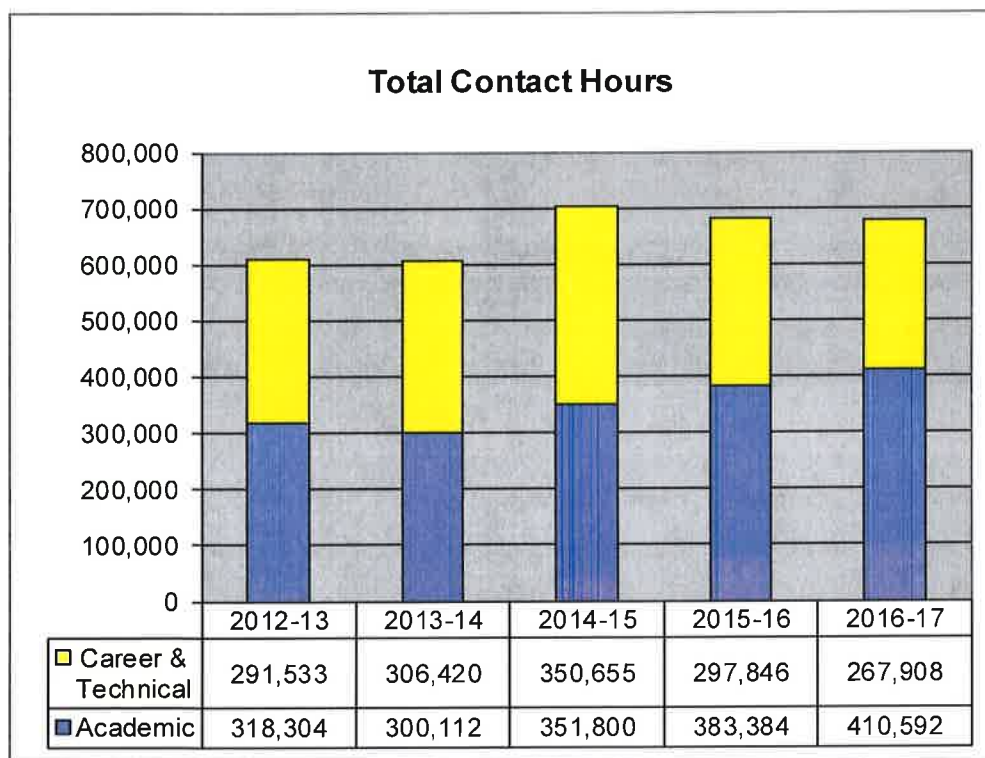
Amarillo, Texas  
November 13, 2017

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**BORGER JUNIOR COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Fiscal Year Ending August 31, 2017**

**Financial and Enrollment Highlights**

- The institution's net position at year-end was \$9,136,803, a decrease of \$224,618 or 2.4% for the year. Net investment in capital assets increased \$90,215 with current year depreciation of \$807,869.
- Contact hours enrollment was flat overall with an increase of academic contact hours of 27,208 contact hours (7.1%) and career and technical contact hours down 29,938 or -10%.



**Statements of Net Position**

The Statements of Net Position include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. Net position is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources.

	<b>Primary Institution</b>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Current assets</b>			
Cash and cash equivalents	\$ 316,385	\$ 613,987	\$ 344,132
Accounts receivables, net	1,742,127	1,539,079	1,463,120
Other current assets	15,281	17,442	14,912
Total current assets	<u>2,073,793</u>	<u>2,170,508</u>	<u>1,822,164</u>

**BORGER JUNIOR COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Fiscal Year Ending August 31, 2017**

**Statements of Net Position (Continued)**

	Primary Institution		
	2017	2016	2015
<b>Noncurrent assets</b>			
Restricted cash and cash equivalents	293,675	633,976	415,810
Other long-term investments			
Capital assets, net	12,459,636	12,621,987	13,040,600
Other noncurrent assets	1,600	1,600	1,600
Total noncurrent assets	<u>12,754,911</u>	<u>13,257,563</u>	<u>13,458,010</u>
<b>Total assets</b>	<u>\$ 14,828,704</u>	<u>\$ 15,428,071</u>	<u>\$ 15,280,174</u>
<b>Deferred outflows of resources</b>			
Deferred outflows on net pension liability	\$ 651,936	\$ 407,995	\$ 301,030
Total Deferred outflows	<u>\$ 651,936</u>	<u>\$ 407,995</u>	<u>\$ 301,030</u>
<b>Current liabilities</b>			
Accounts payable	\$ 316,794	\$ 389,547	\$ 27,043
Accrued liabilities	43,411	62,312	94,136
Accrued compensated absences - current portion	81,226	98,578	90,453
Funds held for others	317,336	252,405	197,946
Unearned revenues	1,737,167	1,845,308	1,515,653
Capital lease obligation - current portion	-	-	70,660
Bonds and Note payable - current portion	339,929	304,288	118,444
Total current liabilities	<u>2,835,863</u>	<u>2,952,438</u>	<u>2,114,335</u>
<b>Noncurrent liabilities</b>			
Capital lease obligation	-	-	-
Notes payable	164,070	267,277	391,565
Bonds payable	785,000	970,000	1,150,000
Net pension liability	2,294,307	1,978,712	1,681,188
Total noncurrent liabilities	<u>3,243,377</u>	<u>3,215,989</u>	<u>3,222,753</u>
<b>Total liabilities</b>	<u>\$ 6,079,240</u>	<u>\$ 6,168,427</u>	<u>\$ 5,337,088</u>
<b>Deferred inflow of resources</b>			
Deferred inflows on net pension liability	\$ 264,597	\$ 306,218	\$ 514,281
Total deferred inflows	<u>\$ 264,597</u>	<u>\$ 306,218</u>	<u>\$ 514,281</u>
<b>Net Position</b>			
Net invested in capital assets	\$ 11,170,637	\$ 11,080,422	\$ 11,309,931
Restricted for:			
Expendable:			
Student aid	475,698	440,847	415,810
Debt service	185,000	180,000	-
Other	-	13,129	-
Equipment	-	-	-
Unrestricted (deficit)	<u>(2,694,532)</u>	<u>(2,352,977)</u>	<u>(1,995,906)</u>
<b>Total net position</b>	<u>\$ 9,136,803</u>	<u>\$ 9,361,421</u>	<u>\$ 9,729,835</u>

Cash and cash equivalents consist of cash in the local financial institution's accounts and TexPool; all are interest-bearing accounts. Unrestricted cash and cash equivalents decreased by \$297,602 or 48.5%, which is reflected in the Statement of Cash Flows.

Accounts receivable consists primarily of student receivables related to tuition and fees for the fall 2017 semester. Accounts receivable increased by \$203,048 or 13.2%, increasing the balance to \$1,742,127.

**BORGER JUNIOR COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Fiscal Year Ending August 31, 2017**

**Statements of Net Position (Continued)**

Other current assets decreased by \$2,161 reflecting a balance of \$15,281.

**Noncurrent Assets:**

Restricted cash and cash equivalents consist of agency and state scholarship funds. The balance of restricted cash and cash equivalents decreased \$340,301 reflecting a balance of \$293,675. The restricted cash means it is designated primarily for scholarships.

Total capital assets consist of land, library books, construction in progress, buildings, land improvements, and equipment and totals approximately \$28.2 million at year-end. Accumulated depreciation totals approximately \$15.7 million, resulting in net capital assets of approximately \$12.5 million. This reflects a decrease of \$162,351 in net capital assets. Capital assets are detailed in Note 6 of the notes to the financial statements. At year-end, asset additions totaled \$688,989, and depreciation expense was \$807,869. The asset additions include furniture, vehicles, and other equipment (\$140,466); telecommunications and peripheral equipment (\$398,809); and library books (\$4,813). Also, additions to buildings of \$144,901 from the completion of livestock and genetics facility for the agriculture program.

**Current Liabilities:**

Accounts payable and accrued liabilities represent amounts due at year-end for goods and services received prior to year-end, but for which cash has not been expended. At year-end the balance of accounts payable was \$316,794, a decrease of \$72,753 over the 2016 balance. The balance of accrued liabilities was \$43,411 for 2017 compared to a balance of \$62,312 for 2016. Accrued compensated absences was \$81,266 for 2017 as compared to \$98,578 for 2016. The decrease of \$17,352 or 17.6% was a result of shoring up accounting procedure to existing college policies.

Unearned revenues represent payments recorded primarily for tuition and fees and food service from students for the upcoming fall 2017 semester. Unearned revenues of \$1,737,167, decreased \$108,141 over last year's ending balance of \$1,845,308 or 5.9%. The decrease in unearned revenues is primarily due to a slight decrease in student enrollment for fall 2017 as compared to fall 2016.

Notes and bonds payable (current portion) represent the College's long-term debt which is payable within the next fiscal year. The current portion of debt, \$339,929, increased \$35,641 from the prior year. The College did purchase two new 15-passenger vans for a total cost of \$73,656. At year-end 2017, the balance of outstanding note payables to bank (3 year notes) is \$51,721.

**Noncurrent Liabilities:**

Notes and bonds payable along with net pension liability is detailed in Note 2 and Note 10 of Notes to Financial Statements) represent the College's long-term debt which is payable more than twelve months from year-end. Long-term debt consists primarily of revenue bonds related to the

**BORGER JUNIOR COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Fiscal Year Ending August 31, 2017**

**Noncurrent Liabilities:** (Continued)

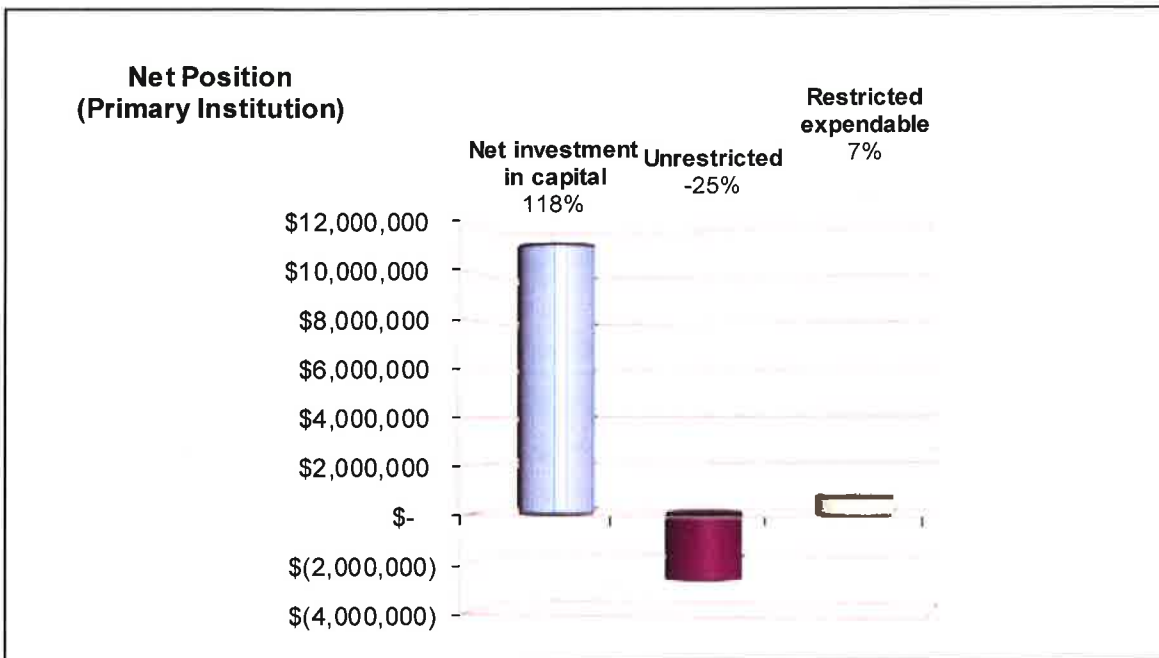
construction of the Center for Access & Innovation completed in 2002. The net pension liability of \$2,294,377, reflects an increase of 315,595 (see Note 10 – Employees' Retirement Plans).

**Net Position:**

Net position represents the difference between the College's assets and deferred outflows of resources and liabilities and deferred inflows of resources. Total net position at August 31, 2017, was approximately \$9.1 million. Compared to the prior year, net position decreased \$224,618 for the current year.

Restricted expendable net position consists of \$475,698 set aside for student aid, \$185,000 for debt service. These balances have specific restrictions placed on them by parties external to the College, such as donors and grant agencies.

Unrestricted net position represents those balances from operational activities that have not been restricted by parties external to the College. Unrestricted net position totals (\$2,694,532) which was a decrease of \$341,555 over the year-end 2016 balance.



**BORGER JUNIOR COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Fiscal Year Ending August 31, 2017**

**Statements of Revenues, Expenses and Changes in Net Position**

The Statements of Revenues, Expenses and Changes in Net Position present the operating results of the College, as well as the nonoperating revenues and expenses.

	Primary Institution		
	2017	2016	2015
<b>Operating revenues</b>			
Tuition and fees, net	\$ 1,479,653	\$ 1,543,126	\$ 993,795
Grants and contracts	1,266,065	839,502	1,135,019
Auxiliary enterprises	786,960	722,183	786,409
Other	95,716	58,483	64,374
Total operating revenues	<u>3,628,394</u>	<u>3,163,294</u>	<u>2,979,597</u>
<b>Operating expenses</b>			
Institutional expense	9,278,725	9,077,219	8,253,795
Auxiliary enterprises	1,312,532	1,284,302	1,184,304
Depreciation	807,869	722,943	685,795
Total operating expenses	<u>11,399,126</u>	<u>11,084,464</u>	<u>10,123,894</u>
Operating loss	<u>(7,770,732)</u>	<u>(7,921,170)</u>	<u>(7,144,297)</u>
<b>Nonoperating revenues (expenses)</b>			
State appropriations	2,975,626	2,993,203	2,748,976
Ad valorem taxes	2,319,123	1,841,383	1,521,526
Federal revenue, nonoperating	1,904,222	1,949,963	2,152,565
Gifts	400,439	850,130	470,056
Investment income, net of investment expenses	4,555	2,130	2,094
Interest on capital related debt	(47,367)	(48,251)	(68,021)
Gain (loss) on disposal of fixed assets	-	(1,194)	-
Other nonoperating revenues (expenses)	(10,484)	(34,608)	15,137
Net nonoperating revenues (expenses)	<u>7,546,114</u>	<u>7,552,756</u>	<u>6,842,333</u>
Decrease in net position	<u>(224,618)</u>	<u>(368,414)</u>	<u>(301,964)</u>
<b>Net Position – Beginning of Year</b>	9,361,421	9,729,835	11,936,593
<b>Prior Period Adjustment</b>	-	-	(1,904,794)
<b>Net Position - Beginning of Year, Restated</b>	<u>9,361,421</u>	<u>9,729,835</u>	<u>10,031,799</u>
<b>Net Position – End of Year</b>	<u>\$ 9,136,803</u>	<u>\$ 9,361,421</u>	<u>\$ 9,729,835</u>

**Operating Revenues:**

Tuition and fees, net of discounts, was \$1,479,532 for the year and represents a decrease of \$63,473 or 4.1% compared to the previous year balance of \$1,543,126. For 2017, gross tuition and fees increased \$26,802 totaling \$3,620,248 and discounts increased \$36,671. Federal grants to students totaled \$1,624,656 for the current year, compared to the prior year balance of \$1,668,991, a decrease of \$44,335 or 2.7%. Gross tuition and fees are netted against discounts and scholarship allowances. Fiscal year (FY) 2017 discounts consist of federal grants to students

**BORGER JUNIOR COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Fiscal Year Ending August 31, 2017**

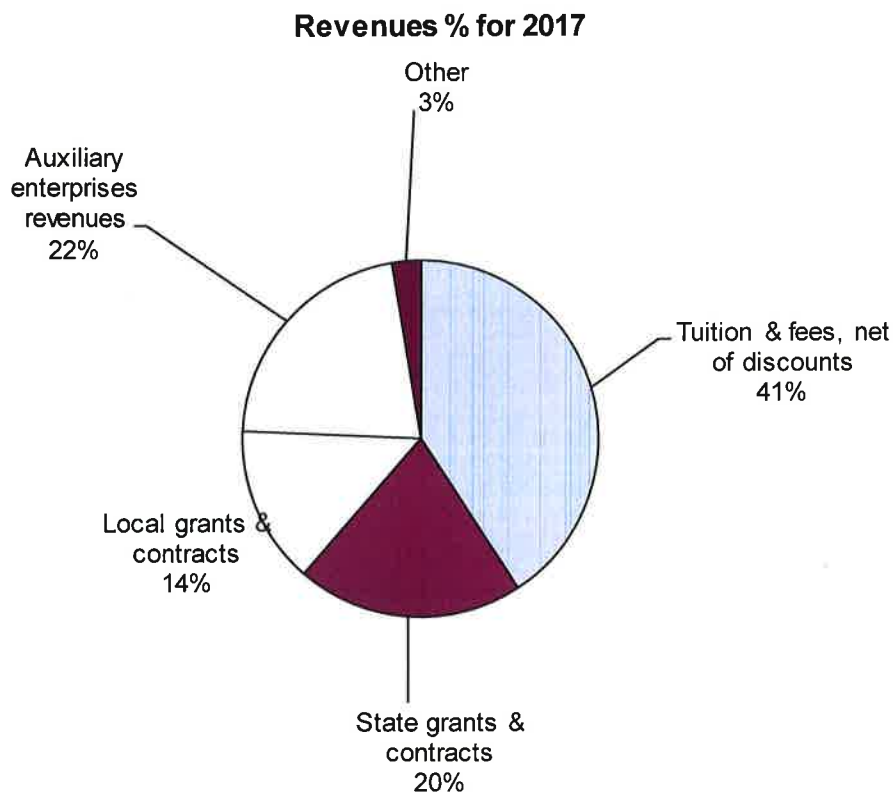
**Operating Revenues: (Continued)**

of \$1,624,656, scholarship allowances of \$445,019, and TPEG/state remissions and exemptions of \$70,920 – all totaled \$2,140,595 in discounts and allowances. In FY 2016 discounts consist of federal grants to students of \$1,668,991, scholarship allowances of \$402,229, and TPEG/state remissions and exemptions of \$32,704 – all totaled \$2,103,924.

Grants and contracts totaled \$1,266,065 for the year. This includes all restricted revenues made available by government agencies. Grant revenues are recorded only to the extent the funds have been expended for the designated purpose. Total grants and contracts increased \$426,563 or 50.8% over the previous year balance of \$839,502. Grants and contracts were more in balance with the 2015 total of \$1,135,019.

Auxiliary enterprises consists of various enterprise entities that provide goods or services to students, faculty, staff or the general public and charge a fee directly related to the cost of those goods or services. Auxiliary revenue was \$786,960 for the year, an increase of \$64,777 or 9% from the prior year balance of \$722,183. The Borger Community Activity Center and the residential life are the primary auxiliary components, which generated \$399,458 and \$389,496 (net of discounts) in revenue, respectively, in the current year.

The chart below depicts the various components of operating revenue as a percentage of total revenues.





**BORGER JUNIOR COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Fiscal Year Ending August 31, 2017**

**Operating Expenses by Functional Classification:**

	Primary Institution					
	2017	%	2016	%	2015	%
Instruction	\$ 5,212,626	46%	\$ 4,986,106	45%	\$ 4,576,493	45%
Academic support	163,679	1%	135,450	1%	145,470	1%
Student services	825,864	7%	867,462	8%	718,535	7%
Institutional support	2,093,679	18%	1,901,551	17%	1,778,884	18%
Operations and maintenance of plant	780,863	7%	862,979	8%	784,914	8%
Scholarships and fellowships	202,014	2%	323,671	3%	249,499	2%
Auxiliary enterprises	1,312,532	12%	1,284,302	12%	1,184,304	12%
Depreciation	807,869	7%	722,943	7%	685,795	7%
<b>Total by function</b>	<b>\$ 11,399,126</b>	<b>100%</b>	<b>\$ 11,084,464</b>	<b>100%</b>	<b>\$ 10,123,894</b>	<b>100%</b>

Instruction includes expenses for all activities that are part of the College's instructional programs – academic, workforce and technical. Instruction expenses of \$5,212,626 increased \$226,520 or 4.5% compared to the previous year balance of \$4,986,106. Salaries and benefits combined account for \$3,843,901 or 73.7% of total instruction. Instruction continues to outdistance all other classifications, accounting for 46% of the total expenses by function.

Academic support includes expenses to provide support services for the College. This includes costs associated with libraries, academic administration, curriculum development, and technical support including computer service. Academic support totaled \$163,679, representing a 20.8% increase from the prior year balance of \$135,450.

Student services consists of expenses related to providing the office of admissions and records and activities that primarily contribute to student's emotional and physical well-being and their intellectual, cultural, and social development outside the context of the formal instructional programs. Student services expenses of \$825,864 decreased by \$41,598 or 4.8% compared to the previous year-end total of \$867,462.

Institutional support consists of expenses incurred for central executive-level management, fiscal operations, administrative data processing, employee and records, support services (excluding auxiliary enterprises), and community and alumni relations (including development and fund raising). Institutional support totaling \$2,093,679 increased \$192,128 or 10.1% from the prior year total of \$1,901,551.

Operations and maintenance of plant consists of all expenses of operations and maintenance of the physical plant. Included are maintenance and repairs to buildings, utilities, and salaries and benefits for maintenance and custodial staffs. Operational and maintenance totaling \$780,863 decreased by \$82,116 or 9.5% from the prior year total of \$862,799.

Scholarships and fellowships include amounts awarded for scholarships, which the College grants to students, by the College's own selection process, or from an entitlement program equaled \$202,014 a decrease of \$121,657 or 37.6%.

**BORGER JUNIOR COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Fiscal Year Ending August 31, 2017**

**Operating Expenses by Functional Classification (Continued):**

Auxiliary enterprises' expenses include all costs to operate the activity center, resident halls, and food service. Auxiliary enterprises totaled \$1,312,532, an increase of \$28,230 or 2.2% as compared to the prior year total of \$1,284,302.

**Operating Expenses by Natural Classification:**

	Primary Institution					
	2017	%	2016	%	2015	%
Salaries and wages	\$ 4,951,508	43%	\$ 4,640,579	42%	\$ 4,375,827	43%
State and local benefits	1,805,433	16%	1,493,704	13%	1,375,405	14%
Scholarships and fellowships	202,014	2%	323,671	3%	249,499	2%
Other expenses	2,319,770	20%	2,619,265	24%	2,253,064	22%
Auxiliary enterprises	1,312,532	12%	1,284,302	12%	1,184,304	12%
Depreciation	807,869	7%	722,943	7%	685,795	7%
<b>Total by natural classification</b>	<b>\$ 11,399,126</b>	<b>100%</b>	<b>\$ 11,084,464</b>	<b>100%</b>	<b>\$ 10,123,894</b>	<b>100%</b>

Salaries and wages, along with benefits, clearly represent the largest operating expense, accounting for 59% of the total expenses. Total dollar expenses for salaries and wages, increased \$310,929 over last year, and, as a percentage of total expenses, salaries and wages, increased by 1% from 42% of total expenditures to 43%.

State and local benefits totaled \$1,805,433 for the year, increasing \$311,729 from the previous year (20.9% increase). The benefit plans (health insurance, retirement, etc.) are determined by the state and are an uncontrollable expense for the College.

**Nonoperating Revenues (Expenses):**

State appropriations of \$2,975,626 indicates a slight decrease (\$17,577 or 0.6%) in revenue from the previous year balance of \$2,993,203.

Ad valorem taxes of \$2,319,123 were up in 2017 by 25.9% or \$477,740 from the prior year balance of \$1,841,383. The tax rate is capped at \$0.22 per \$100 of valuation, so the increase was a result of higher values in 2017 versus 2016.

Federal revenue, nonoperating of \$1,904,222 decreased \$45,741 or 2.3% from the previous year total of \$1,949,963. Federal revenue, nonoperating consists of all Title IV financial aid funds.

Current year gifts of \$400,439, generally considered one-time in nature, decreased from the 2016 level by \$449,691 or 52.9%. This was reflective of the volatility of large, nonrecurring donations and the year-to-year fluctuations that can exist. Investment income, net of investment expenses was \$4,555.

**BORGER JUNIOR COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Fiscal Year Ending August 31, 2017**

**Statements of Cash Flows**

The Statement of Cash Flows provides information about cash receipts and cash payments during the year. This statement also helps users assess the College's ability to generate net cash flows, its ability to meet its obligations as they come due, and its need for external financing.

	<b>Primary Institution</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
Cash provided (used) from:			
Operating activities	\$ (7,278,718)	\$ (6,568,655)	\$ (6,633,195)
Noncapital financing activities	7,581,714	7,597,425	6,888,842
Capital and related financing activities	(945,454)	(542,879)	(730,934)
Investing activities	4,555	2,130	2,094
Increase (decrease) in cash	(637,903)	488,021	(473,193)
<b>Cash (restricted and unrestricted) – beginning of year</b>	<b>1,247,963</b>	<b>759,942</b>	<b>1,233,135</b>
<b>Cash (restricted and unrestricted) – end of year</b>	<b>\$ 610,060</b>	<b>\$ 1,247,963</b>	<b>\$ 759,942</b>

The primary cash receipts from operating activities consist of tuition, fees, and grant revenues. Cash outlays include payment of wages, benefits, supplies, utilities, and scholarships. Federal funds received for student programs continue to be a significant cash source for operating activities.

State appropriations and ad valorem tax revenues are the primary sources of noncapital financing. Other noncapital financing activity includes gifts and endowments. Although the local tax rate is capped at its current level as a result of Board action in 1965, the College is the benefactor of increased values through the expansion of industry. Gifts from private donations continue to be an important revenue source.

The main financing activities include the purchase of capital assets primarily related to facilities, equipment, and technology enhancements. The reinvesting in the infrastructure of the College continues to be emphasized.

Cash and equivalents (restricted and unrestricted) balance of \$610,060 for FY 2017, decreased \$637,903. The balance was comprised of unrestricted cash and cash equivalents of \$316,385 and restricted cash and cash equivalents of \$293,675.

**Component Unit**

The Frank Phillips College Development Corporation, considered a component unit, continues to play a vital role in providing scholarships to students attending Frank Phillips College. In 2017, the Development Corporation contributed \$48,994 in scholarships to the College as compared to \$39,209 in FY 2016. With the investment markets showing a rise in values, investment income, net of expenses was \$163,411, which showed an increase of \$42,020 for the year as compared to \$121,390 in 2016. Overall, the Development Corporation's net position of \$1,716,652 increased \$124,168 from the previous year-end total net position.

**BORGER JUNIOR COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Fiscal Year Ending August 31, 2017**

**Factors That Will Affect the Future for Frank Phillips College**

Closing out the 2016-2017 financial and academic year, the College finds itself in familiar circumstances of working diligently to make ends meet financially, and in particular cash flows. Maintaining enrollment number is also a familiar and continues focus.

Year ending August 31, 2017 has been a year in which significant milestones have been met. Most notably was the establishment of the branch campus in Dalhart which brings with it financial resources in the form of a \$0.05 branch maintenance tax from Dallam and Hartley counties. It is estimated that this will equate to approximately \$500,000 in additional revenue dollars for 2018. In additions, new branch campus facilities are being constructed with occupancy occurring during the summer of 2018. Fall of 2017 marks the inaugural Allen Campus Pathways class of incoming freshman, who because of their hard work and commitment will be afforded a scholarship that will pay for the first two years of tuition and fees at FPC. This has had a significant enrollment impact for the Allen Campus in Perryton in 2018.

In addition, 2018 will bring in added state appropriation revenue of approximately \$300,000 primarily as a result of an increase in core funding and performance funding. With the continued increase in tax values in the local tax base, the College anticipates 2018 will bring in approximately \$250,000 additional tax revenues from Borger Junior College District. With additional revenues and constant attention to remain frugal in spending, perhaps 2018 is the year that allows us to make up some ground on the financial side of the equation.

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## **FINANCIAL STATEMENTS**

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**BORGER JUNIOR COLLEGE DISTRICT  
STATEMENTS OF NET POSITION - PRIMARY INSTITUTION  
AUGUST 31, 2017 and 2016  
Exhibit 1A**

	Primary Institution	
	2017	2016
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 316,385	\$ 613,987
Accounts receivable, net	1,742,127	1,539,079
Inventories	12,015	12,015
Other assets	3,266	5,427
Total current assets	<u>2,073,793</u>	<u>2,170,508</u>
<b>NONCURRENT ASSETS</b>		
Restricted cash and cash equivalents	293,675	633,976
Capital assets, net	12,459,636	12,621,987
Other noncurrent assets	1,600	1,600
Total noncurrent assets	<u>12,754,911</u>	<u>13,257,563</u>
<b>TOTAL ASSETS</b>	<u>\$ 14,828,704</u>	<u>\$ 15,428,071</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
Deferred outflows on net pension liability	\$ 651,936	\$ 407,995
<b>TOTAL DEFERRED OUTFLOWS</b>	<u>\$ 651,936</u>	<u>\$ 407,995</u>
<b>LIABILITIES AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 316,794	\$ 389,547
Accrued liabilities	43,411	62,312
Accrued compensable absences - current portion	81,226	98,578
Funds held for others	317,336	252,405
Unearned revenues	1,737,167	1,845,308
Bonds payable - current portion	185,000	180,000
Notes payable - current portion	154,929	124,288
Total current liabilities	<u>2,835,863</u>	<u>2,952,438</u>
<b>NONCURRENT LIABILITIES</b>		
Notes payable	164,070	267,277
Bonds payable	785,000	970,000
Net pension liability	2,294,307	1,978,712
Total noncurrent liabilities	<u>3,243,377</u>	<u>3,215,989</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 6,079,240</u>	<u>\$ 6,168,427</u>
<b>DEFERRED INFLOW OF RESOURCES</b>		
Deferred inflows on net pension liability	\$ 264,597	\$ 306,218
<b>TOTAL DEFERRED INFLOWS</b>	<u>\$ 264,597</u>	<u>\$ 306,218</u>
<b>NET POSITION</b>		
Net investment in capital assets	\$ 11,170,637	\$ 11,080,422
Restricted for:		
Expendable:		
Student aid	475,698	440,847
Debt service	185,000	180,000
Other	-	13,129
Unrestricted (deficit)	<u>(2,694,532)</u>	<u>(2,352,977)</u>
<b>TOTAL NET POSITION (Schedule D)</b>	<u>\$ 9,136,803</u>	<u>\$ 9,361,421</u>

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



**BORGER JUNIOR COLLEGE DISTRICT  
STATEMENTS OF NET POSITION - COMPONENT UNIT  
AUGUST 31, 2017 and 2016  
Exhibit 1B**

	<b>Component Unit - Foundation</b>	
	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 101,364	\$ 91,559
Short-term investments	1,266,780	1,236,738
Investments	348,508	264,187
<b>TOTAL ASSETS</b>	<b>\$ 1,716,652</b>	<b>\$ 1,592,484</b>
<b>NET POSITION</b>		
Net position restricted for:		
Expendable - Other, primarily donor restrictions	\$ 1,716,652	\$ 1,592,484
<b>TOTAL NET POSITION</b>	<b>\$ 1,716,652</b>	<b>\$ 1,592,484</b>

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

**BORGER JUNIOR COLLEGE DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -**  
**PRIMARY INSTITUTION**  
**YEARS ENDED AUGUST 31, 2017 and 2016**  
**Exhibit 2A**

	<u>Primary Institution</u>	
	<u>2017</u>	<u>2016</u>
<b>OPERATING REVENUES</b>		
Tuition and fees, net of discounts of \$2,140,595 and \$2,103,924 in 2017 and 2016, respectively	\$ 1,479,653	\$ 1,543,126
Federal grant and contracts	454,727	-
State grants and contracts	293,137	332,941
Local grants and revenues	518,201	506,561
Auxiliary enterprises, net of discounts of \$153,121 and \$144,993 in 2017 and 2016, respectively	786,960	722,183
General operating revenues	<u>95,716</u>	<u>58,483</u>
Total operating revenues (Schedule A)	<u>3,628,394</u>	<u>3,163,294</u>
<b>OPERATING EXPENSES</b>		
Instruction	5,212,626	4,986,106
Academic support	163,679	135,450
Student services	825,864	867,462
Institutional support	2,093,679	1,901,551
Operation and maintenance of plant	780,863	862,979
Scholarships and fellowships	202,014	323,671
Auxiliary enterprises	1,312,532	1,284,302
Depreciation	<u>807,869</u>	<u>722,943</u>
Total operating expenses (Schedule B)	<u>11,399,126</u>	<u>11,084,464</u>
Operating loss	<u>(7,770,732)</u>	<u>(7,921,170)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriations	2,975,626	2,993,203
Ad valorem property taxes	2,319,123	1,841,383
Federal revenue, nonoperating	1,904,222	1,949,963
Gifts	400,439	850,130
Investment income, net of investment expenses	4,555	2,130
Interest on capital related debt	(47,367)	(48,251)
Gain (loss) on disposal of capital assets	-	(1,194)
Other nonoperating revenues (expenses), net	<u>(10,484)</u>	<u>(34,608)</u>
Net nonoperating revenues (Schedule C)	<u>7,546,114</u>	<u>7,552,756</u>
Decrease in net position	<u>(224,618)</u>	<u>(368,414)</u>
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>9,361,421</u>	<u>9,729,835</u>
<b>NET POSITION - BEGINNING OF YEAR, RESTATED</b>	<u>9,361,421</u>	<u>9,729,835</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 9,136,803</u>	<u>\$ 9,361,421</u>

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

**BORGER JUNIOR COLLEGE DISTRICT  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -  
COMPONENT UNIT - FOUNDATION  
YEARS ENDED AUGUST 31, 2017 and 2016  
Exhibit 2B**

	<b>Component Unit - Foundation</b>	
	<u>2017</u>	<u>2016</u>
<b>OPERATING EXPENSES</b>		
Institutional support	\$ 3,154	\$ 6,751
Scholarships and fellowships	48,994	39,209
Total operating expense	<u>52,148</u>	<u>45,960</u>
Total operating loss	<u>(52,148)</u>	<u>(45,960)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Gifts	12,905	-
Investment income (loss), net of investment expenses	163,411	121,391
Net nonoperating revenues	<u>176,316</u>	<u>121,391</u>
Increase (decrease) in net position	<u>124,168</u>	<u>75,431</u>
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>1,592,484</u>	<u>1,517,053</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 1,716,652</u></u>	<u><u>\$ 1,592,484</u></u>

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

**BORGER JUNIOR COLLEGE DISTRICT  
STATEMENTS OF CASH FLOWS - PRIMARY INSTITUTION  
YEARS ENDED AUGUST 31, 2017 and 2016  
Exhibit 3A**

	<u>Primary Institution</u>	
	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from students and other customers	\$ 2,006,187	\$ 2,457,526
Receipts from grants and contracts	1,193,513	924,936
Payments to suppliers for goods or services	(3,465,594)	(3,330,640)
Payments to or on behalf of employees	(7,000,460)	(6,394,602)
Payments of scholarships	(202,014)	(317,508)
Other payments or receipts	189,650	91,633
Net cash used by operating activities	<u>(7,278,718)</u>	<u>(6,568,655)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Receipts from state appropriations	2,975,626	2,993,203
Ad valorem tax revenues	2,311,910	1,838,737
Receipts from nonoperating federal revenue	1,904,222	1,949,963
Gifts and grants (other than capital)	400,439	850,130
Other	(10,483)	(34,608)
Net cash provided by noncapital financing activities	<u>7,581,714</u>	<u>7,597,425</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from issuance of capital debt	73,656	-
Purchases of capital assets	(645,518)	(305,524)
Principal payments on debt	(326,222)	(189,104)
Cash paid for interest	(47,370)	(48,251)
Net cash used by capital and related financing activities	<u>(945,454)</u>	<u>(542,879)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment earnings	4,555	2,130
Net cash provided by investing activities	<u>4,555</u>	<u>2,130</u>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	(637,903)	488,021
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR (RESTRICTED AND UNRESTRICTED)</b>	<u>1,247,963</u>	<u>759,942</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR (RESTRICTED AND UNRESTRICTED)</b>	<u>\$ 610,060</u>	<u>\$ 1,247,963</u>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>		
Operating loss	\$ (7,770,732)	\$ (7,921,170)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	807,869	722,943
Change in deferred outflows of financial resources	(243,941)	(106,965)
Change in deferred inflows of financial resources	(41,621)	(208,063)
Changes in assets and liabilities:		
Receivables, net	(195,833)	(73,313)
Inventories	-	(420)
Other assets	2,161	(2,110)
Accounts payable	(72,753)	362,504
Unearned revenue	(108,141)	329,655
Funds held for others	64,931	54,459
Accrued liabilities	(36,253)	(23,699)
Net pension liability	315,595	297,524
Net cash used by operating activities	<u>\$ (7,278,718)</u>	<u>\$ (6,568,655)</u>

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

**BORGER JUNIOR COLLEGE DISTRICT  
STATEMENTS OF CASH FLOWS - COMPONENT UNIT  
YEARS ENDED AUGUST 31, 2017 and 2016  
Exhibit 3B**

	Component Unit - Foundation	
	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers for goods or services	\$ (3,154)	\$ (6,751)
Payments of scholarships	(48,994)	(39,209)
Net cash used by operating activities	(52,148)	(45,960)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Contributions	12,905	-
Cash paid for purchasing investments	(114,363)	(223,862)
Investment earnings (loss)	163,411	121,391
Net cash provided (used) by investing activities	61,953	(102,471)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	9,805	(148,431)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	91,559	239,990
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 101,364	\$ 91,559
<b>Reconciliation of operating loss to net cash used by operating activities:</b>		
Operating loss	\$ (52,148)	\$ (45,960)
Net cash used by operating activities	\$ (52,148)	\$ (45,960)

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

**BORGER JUNIOR COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2017 and 2016**

**NOTE 1 - REPORTING ENTITY**

Borger Junior College District (Frank Phillips College or the College) was established in 1948, in accordance with the laws of the State of Texas, to serve the educational needs of Borger, Texas, and the surrounding communities. The College is considered to be a special purpose, primary government according to the definition in Government Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. 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.

The Frank Phillips College Development Corporation (the Foundation) is a nonprofit organization with the sole purpose of supporting the educational and other activities of the College. The College does not appoint a voting majority nor does it fund or is it obligated to pay debt related to the Foundation. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon that the Foundation holds and invests, is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements. During the years ended August 31, 2017 and 2016, the Foundation distributed approximately \$49,000 and \$39,000, respectively, to the College for restricted purposes.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Guidelines**

The significant accounting policies followed by the 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.

**Tuition Discounting**

*Texas Public Education Grants*

Certain tuition amounts are required to 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 §56.0333). When the award is used by the student for tuition and fees, the amount is recorded as tuition discount. If the amount is disbursed directly to the student, the amount is recorded as a scholarship expense.

**BORGER JUNIOR COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2017 and 2016**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Title IV, Higher Education Act Program Funds*

Certain Title IV Higher Education Act (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 tuition discount. If the amount is disbursed 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 amount is recorded as tuition discount. If the amount is disbursed directly to the student, the amount is recorded as a scholarship expense.

**Basis of Accounting**

The financial statements of the College have been prepared on the accrual basis of accounting 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.

**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 Regents adopts the budget, which is prepared on the accrual basis of accounting. A copy of the approved budget and subsequent amendments must be filed with the Texas Higher Education Coordinating Board, Legislative Budget Board, Legislative Reference Library, and Governor's Office of Budget and Planning by December 1.

**Deferred Inflows**

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, deferred inflows of resources, 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. Governments are only permitted to report deferred inflows in circumstances specifically authorized by the GASB. As of August 31, 2017 and 2016, the College reported a deferred inflow of \$264,597 and \$306,218, respectively, related to the net pension liability.

**Deferred Outflows**

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, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will

**BORGER JUNIOR COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2017 and 2016**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Outflows** (Continued)

not be recognized as an outflow of resources (expense) until then. Governments are only as permitted to report deferred outflows in circumstances specifically authorized by the GASB. As of August 31, 2017 and 2016, the College reported a deferred outflow of \$651,936 and \$407,995, respectively, related to the net pension liability.

**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 the date of acquisition. Restricted cash consists of restricted funds from donors.

**Investments**

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments are reported at fair value. Fair values are based on published market rates. Short-term investments have an original maturity greater than three months but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

**Inventories**

Inventories consist of consumable office supplies and pro shop. Inventories are valued at the lower of cost or market using the first-in, first-out (FIFO) method and are charged to expense as consumed.

**Capital Assets**

Capital assets are recorded at cost at the date of acquisition or fair value at the date of donation. For equipment, the College's capitalization policy includes all items with a unit cost of \$5,000 and an estimated useful life in excess of one year. Renovations to buildings, infrastructures, 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 the assets' lives are charged to operating expense in the year in which the expense is incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The following lives are used:

Buildings	50 years
Facilities and other improvements	20 years
Library books	15 years
Furniture, machinery, vehicles and other equipment	10 years
Telecommunications and peripheral equipment	5 years



**BORGER JUNIOR COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2017 and 2016**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Unearned Revenues**

Tuition, fees, and other revenues received and related to the following fiscal year have been deferred. Tuition and fees of \$1,737,167 and \$1,845,308 have been reported as unearned revenue at August 31, 2017 and 2016, respectively.

**Pensions**

The fiduciary net position of the Teacher Retirement System of Texas (TRS) 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 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' 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.

**Estimates**

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

**Operating and Nonoperating Revenue and Expense Policy**

The College distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the College's principal ongoing operations. The principal operating revenues are tuition and related fees. The major nonoperating revenues are state appropriations, federal Title IV revenue and property tax collections. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. The operations of the book store and food service are not performed by the College. When both restricted and unrestricted resources are available for use, it is the College's practice to use restricted resources first and then unrestricted resources as they are needed.

**Reclassification**

Certain prior year amounts have been reclassified to conform with the current year presentation.

**NOTE 3 - AUTHORIZED INVESTMENTS**

The 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)

**BORGER JUNIOR COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2017 and 2016**

**NOTE 3 - AUTHORIZED INVESTMENTS (CONTINUED)**

obligations of the United States or its agencies, (2) direct obligations of the state of Texas or its agencies, (3) obligations of political subdivisions rated not less than A by a national investment rating firm, (4) certificates of deposit, and (5) other instruments and obligations authorized by statute.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

Cash and cash equivalents included on Exhibit 1A, Statements of Net Position, as of August 31, 2017 and 2016, consist of the items reported below:

	<u>2017</u>	<u>2016</u>
Bank deposits		
Demand deposits	\$ 602,227	\$ 918,115
Cash and cash equivalents		
Petty cash on hand	3,833	3,833
TexPool	<u>4,000</u>	<u>326,015</u>
<b>Total cash and cash equivalents</b>	<u>\$ 610,060</u>	<u>\$ 1,247,963</u>

The following represents a reconciliation of cash and cash equivalents, as of August 31, 2017 and 2016, as reported on Exhibit 1A:

	<u>2017</u>	<u>2016</u>
Unrestricted cash and cash equivalents - current	\$ 316,385	\$ 613,987
Restricted cash and cash equivalents - noncurrent	<u>293,675</u>	<u>633,976</u>
<b>Total cash and cash equivalents</b>	<u>\$ 610,060</u>	<u>\$ 1,247,963</u>

**Custodial Credit Risk:** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The College's investments are registered and held by the College or by its agent in the College's name.

**Interest Rate Risk:** In accordance with state law and College policy, the College does not purchase any investments with maturities greater than 10 years.

**Credit Risk:** State law limits investments in commercial paper to those rated not less than A-1 or P-1 and no-load money market mutual funds to those rated not less than AAA. As of August 31, 2017, the College did not have any investments in commercial paper or no-load money market mutual funds.

The following is a summary of the investments at fair value of the Foundation at August 31, 2017 and 2016.

**BORGER JUNIOR COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2017 and 2016**

**NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)**

	<u>2017</u>	<u>2016</u>
Managed equity funds	\$ 1,191,707	\$1,033,685
Certificates of deposit – short term	75,073	203,053
Certificates of deposit – long term	<u>348,508</u>	<u>264,187</u>
<b>Total short-term investments at fair value</b>	<u>\$ 1,615,288</u>	<u>\$1,500,925</u>

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less than 1</u>	<u>1 to 2</u>	<u>2 to 3</u>	<u>3 to 4</u>
<b>August 31, 2017</b>					
Managed equity funds	\$ 1,191,707	\$ 1,191,707	\$ -	\$ -	\$ -
Certificates of deposit	<u>423,581</u>	<u>75,073</u>	<u>124,874</u>	<u>223,634</u>	<u>-</u>
<b>Total</b>	<u>\$ 1,615,288</u>	<u>\$ 1,266,780</u>	<u>\$ 124,874</u>	<u>\$ 223,634</u>	<u>\$ -</u>

**Participation in External Investment Pools**

As of August 31, 2017, the carrying amount of amounts invested in investment pools was \$4,000. Investment pools are recorded at cost, which approximated market value at August 31, 2017. All investment pools are uninsured and are not registered with the Securities and Exchange Commission. Investment pools are not subject to custodial credit risk as they are not evidenced by securities that exist in physical or book entry form.

The College's investment in investment pools is TexPool Participant Services. TexPool Participant Services' regulatory oversight agent is the Texas Treasury Safekeeping Trust Company and their credit risk rating is AAAM. Their financial reports may be obtained by writing Federated Investment Management Company, 1001 Texas Avenue, Suite 1400, Houston, TX 77002.

**NOTE 5 - FAIR VALUE MEASUREMENTS**

The College adopted Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*, as guidance on fair value measurements. The standard established a three-level valuation hierarchy for disclosure based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). An asset's fair value measurement level within the hierarchy is based on the lowest level of input that is significant to the valuation.

**BORGER JUNIOR COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2017 and 2016**

**NOTE 5 - FAIR VALUE MEASUREMENTS (CONTINUED)**

The three levels are defined as follows:

- Level 1 – Quoted prices for identical assets or liabilities in active markets.
- Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The College uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the College measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were used only when Level 1 or Level 2 inputs were not available.

The College did not have any assets or liabilities measured at fair value on a recurring or non-recurring basis for years ended August 31, 2017 and 2016.

The Foundation had the following:

**Assets Measured at Fair Value on a Recurring Basis**

	<u>Fair Value</u>	<u>Fair Value Measurements Using:</u>		
		<u>Quoted Prices In Active Markets for Identical Assets (Level1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<b><u>August 31, 2017:</u></b>				
Restricted Investments:				
Certificate of deposits	\$ 423,581	\$ –	\$ 423,581	\$ –
Managed equity funds	<u>1,191,707</u>	<u>1,191,707</u>	<u>–</u>	<u>–</u>
<b>Total</b>	<b><u>\$ 1,615,288</u></b>	<b><u>\$ 1,191,707</u></b>	<b><u>\$ 423,581</u></b>	<b><u>\$ –</u></b>
<b><u>August 31, 2016:</u></b>				
Restricted Investments:				
Certificate of deposits	\$ 467,240	\$ –	\$ 467,240	\$ –
Managed equity funds	<u>1,033,685</u>	<u>1,033,685</u>	<u>–</u>	<u>–</u>
<b>Total</b>	<b><u>\$ 1,500,925</u></b>	<b><u>\$ 1,033,685</u></b>	<b><u>\$ 467,240</u></b>	<b><u>\$ –</u></b>

The Foundation did not have any assets or liabilities measured at fair value on a nonrecurring basis at August 31, 2017 and 2016.

**BORGER JUNIOR COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2017 and 2016**

**NOTE 6 - CAPITAL ASSETS**

Capital assets activity for the year ended August 31, 2017, was as follows:

	<u>Balance</u> <u>September 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>August 31, 2017</u>
Not depreciated:				
Land	\$ 333,687	\$ -	\$ -	\$ 333,687
Construction in process, net	43,471	-	43,471	-
Total not depreciated	<u>377,158</u>	<u>-</u>	<u>43,471</u>	<u>333,687</u>
Other capital assets:				
Buildings	15,904,862	144,901	-	16,049,763
Land improvements	5,678,809	-	-	5,678,809
Furniture, machinery, vehicles and other equipment	1,433,853	140,466	-	1,574,319
Telecommunications and peripheral equipment	2,960,706	398,809	-	3,359,515
Library books	1,183,682	4,813	-	1,188,495
Total other capital assets	<u>27,161,912</u>	<u>688,989</u>	<u>-</u>	<u>27,850,901</u>
Total cost of capital assets	<u>27,539,070</u>	<u>688,989</u>	<u>43,471</u>	<u>28,184,588</u>
Accumulated depreciation:				
Buildings	6,775,651	310,582	-	7,086,233
Land improvements	3,426,390	193,368	-	3,619,758
Furniture, machinery, vehicles and other equipment	1,096,975	61,375	-	1,158,350
Telecommunications and peripheral equipment	2,470,182	236,072	-	2,706,254
Library books	1,147,885	6,472	-	1,154,357
Total accumulated depreciation	<u>14,917,083</u>	<u>807,869</u>	<u>-</u>	<u>15,724,952</u>
Capital assets, net	<u>\$ 12,621,987</u>	<u>\$ (118,880)</u>	<u>\$ 43,471</u>	<u>\$ 12,459,636</u>

Capital assets activity for the year ended August 31, 2016, was as follows:

	<u>Balance</u> <u>September 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>August 31, 2016</u>
Not depreciated:				
Land	\$ 333,687	\$ -	\$ -	\$ 333,687
Construction in process, net	-	43,471	-	43,471
Total not depreciated	<u>333,687</u>	<u>43,471</u>	<u>-</u>	<u>377,158</u>
Other capital assets:				
Buildings	15,904,862	-	-	15,904,862
Land improvements	5,678,809	-	-	5,678,809
Furniture, machinery, vehicles and other equipment	1,322,634	111,219	-	1,433,853

**BORGER JUNIOR COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2017 and 2016**

**NOTE 6 - CAPITAL ASSETS (CONTINUED)**

Capital assets activity for the year ended August 31, 2016, was as follows:

	<u>Balance September 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance August 31, 2016</u>
(Continued)				
Telecommunications and peripheral equipment	2,838,835	146,361	24,490	2,960,706
Library books	1,179,209	4,473	-	1,183,682
Total other capital assets	<u>26,924,349</u>	<u>262,053</u>	<u>24,490</u>	<u>27,161,912</u>
Total cost of capital assets	<u>27,258,036</u>	<u>305,524</u>	<u>24,490</u>	<u>27,539,070</u>
Accumulated depreciation:				
Buildings	6,510,961	264,690	-	6,775,651
Land improvements	3,232,054	194,336	-	3,426,390
Furniture, machinery, vehicles and other equipment	1,030,502	66,473	-	1,096,975
Telecommunications and peripheral equipment	2,303,064	190,414	23,296	2,470,182
Library books	1,140,855	7,030	-	1,147,885
Total accumulated depreciation	<u>14,217,436</u>	<u>722,943</u>	<u>23,296</u>	<u>14,917,083</u>
Capital assets, net	<u>\$ 13,040,600</u>	<u>\$ (417,419)</u>	<u>\$ 1,194</u>	<u>\$ 12,621,987</u>

Included in capital assets for the years ended August 31, 2017 and 2016, are the following capital leases:

	<u>2017</u>	<u>2016</u>
Telecommunications and peripheral equipment	\$ 225,000	\$225,000
Less: Accumulated depreciation	<u>135,049</u>	<u>90,074</u>
<b>Total</b>	<u>\$ 89,951</u>	<u>\$ 134,926</u>

Future minimum lease payments under a noncancellable operating lease with initial or remaining terms of one year or more are as follows:

<u>Year Ending August 31,</u>	
2018	\$ 55,200
2019	55,200
2020	55,200
2021	<u>36,800</u>
<b>Total future minimum lease payments</b>	<u>\$ 202,400</u>

**BORGER JUNIOR COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2017 and 2016**

**NOTE 7 - NONCURRENT LIABILITIES**

Noncurrent liability activity for the year ended August 31, 2017, was as follows:

	Balance September 1, 2016	Additions	Deductions	Balance August 31, 2017	Current
Bonds and notes					
Maintenance tax notes - Series 2007	\$ 391,565	\$ -	\$ 124,287	\$ 267,278	\$ 130,421
Combined Fee Revenue Refunding Bonds - Series 2012	1,150,000	-	180,000	970,000	185,000
Notes Payable	-	73,656	21,935	51,721	24,508
Total bonds and notes	1,541,565	73,656	326,222	1,288,999	339,929
Accrued compensated absences	98,578	107,380	124,732	81,226	81,226
Net pension liability	1,978,712	508,884	193,289	2,294,307	-
Total	\$ 3,618,855	\$ 689,920	\$ 644,243	3,664,532	\$ 421,155
Due in one year				(421,155)	
				\$ 3,243,377	

Noncurrent liability activity for the year ended August 31, 2016, was as follows:

	Balance September 1, 2015	Additions	Deductions	Balance August 31, 2016	Current
Bonds and notes					
Maintenance tax notes - Series 2007	\$ 510,009	\$ -	\$ 118,444	\$ 391,565	\$ 124,288
Combined Fee Revenue Refunding Bonds - Series 2012	1,150,000	-	-	1,150,000	180,000
Total bonds and notes	1,660,009	-	118,444	1,541,565	304,288
Capital lease	70,660	-	70,660	-	-
Accrued compensated absences	90,453	104,071	95,946	98,578	98,578
Net pension liability	1,681,188	463,275	165,751	1,978,712	-
Total	\$ 3,502,310	\$ 567,346	\$ 450,801	3,618,855	\$ 402,866
Due in one year				(402,866)	
				\$ 3,215,989	

**NOTE 8 - DEBT AND LEASE OBLIGATIONS**

Debt service requirements at August 31, 2017, were as follows:

For the Year Ended August 31,	Combined Fee Revenue Refunding Bond Series 2012		Maintenance Tax Notes Series 2007		Notes Payable		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 185,000	\$ 21,938	\$ 130,421	\$ 13,187	\$ 24,508	\$ 1,013	\$ 339,929	\$ 36,138
2019	185,000	17,313	136,857	6,752	25,129	393	346,986	24,458
2020	195,000	12,563	-	-	2,084	4	197,084	12,567
2021	200,000	7,625	-	-	-	-	200,000	7,625
2022	205,000	2,563	-	-	-	-	205,000	2,563
Total	\$ 970,000	\$ 62,002	\$ 267,278	\$ 19,939	\$ 51,721	\$ 1,410	\$ 1,288,999	\$ 83,351

**BORGER JUNIOR COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2017 and 2016**

**NOTE 9 - BONDS AND NOTES PAYABLE**

General information related to bonds payable and the note payable is summarized below:

Combined Fee Revenue Refunding Bonds - Series 2012

On March 28, 2012, the College issued the Combined Fee Revenue Refunding Bonds - Series 2012 in the amount of \$1,800,000 to refund the Combined Fee Revenue Bonds - Series 2001 issue. The refunding was undertaken to reduce total debt service payments over the next ten years by approximately \$187,000 and resulted in an economic gain of approximately \$164,000.

The 2001 Series are considered fully redeemed and the liability has been removed from the College's books. The outstanding principal for the 2012 issue matures annually through September 1, 2021, with principal amounts ranging from \$180,000 to \$205,000 and provide for an interest rate of 2.50%. Balance outstanding at August 31, 2017 and 2016, is \$970,000 and \$1,150,000, respectively.

Maintenance Tax Notes - Series 2007

To renovate the College's facility, \$1,300,000 Maintenance Tax Notes, issued on June 28, 2007, interest at 4.934%. Source of revenue for debt service is all available current revenues of the College, including maintenance and operation tax revenues. Annual payments varying from \$130,421 to \$136,857, with a maturity date of February 1, 2019. Balance outstanding at August 31, 2017 and 2016 is \$267,278 and \$391,565, respectively.

Notes Payable to Bank

Note payable to bank issued on September 1, 2016, interest at 2.50%, monthly payments of \$989, with a maturity date of September 2019. The note is secured by a vehicle. Balance outstanding at August 31, 2017 and 2016 is \$24,054 and \$-0-, respectively.

Note payable to a bank issued on September 1, 2016, interest at 2.50%, monthly payments of \$1,138, with a maturity date of September 2019. The note is secured by a vehicle. Balance outstanding at August 31, 2017 and 2016 is \$27,667 and \$-0-, respectively.

Line of Credit

The College has a line of credit in the amount of \$300,000. The amount outstanding at August 31, 2017 and 2016, was \$-0-, respectively. All outstanding principal plus all accrued unpaid interest are due on May 15, 2018. The note bears interest at variable rates and requires monthly interest payments. The line of credit is collateralized by all accounts and general intangibles and contains various restrictive covenants.



**BORGER JUNIOR COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2017 and 2016**

**NOTE 10 - EMPLOYEES' RETIREMENT PLANS**

**TRS Multiple-Employer Defined Benefit Pension Plan**

*Plan description*

The College participates in a cost-sharing, multiple-employer defined benefit pension plan (the Plan) 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 (IRC). The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

*Pension Plan Fiduciary Net Position*

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [http://www.trs.texas.gov/TRS%20Documents/cafr\\_2016.pdf](http://www.trs.texas.gov/TRS%20Documents/cafr_2016.pdf); by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

*Benefits Provided*

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (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 members who are grandfathered, 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 (COLAs). Ad hoc postemployment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

**BORGER JUNIOR COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2017 and 2016**

**NOTE 10 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)**

**TRS Multiple-Employer Defined Benefit Pension Plan (Continued)**

*Contributions*

Contribution requirements are established or amended pursuant to Article XVI, 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.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84<sup>th</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

Contribution rates for Plan fiscal years (September to August) 2017 and 2016 follow:

	<b>Contribution Rates</b>	
	<b><u>Plan Fiscal Year</u></b>	
	<b><u>2017</u></b>	<b><u>2016</u></b>
Member	7.7%	7.2%
Non-Employer Contributing Entity	6.8%	6.8%
Employer	6.8%	6.8%

	<b>Contributions</b>	
	<b><u>Required and Made</u></b>	
	<b><u>2017</u></b>	<b><u>2016</u></b>
College (Employer)	\$ 240,549	\$ 193,555
Member (Employee)	311,075	272,606
Non-employer contributing agency (State)	65,610	81,833

Contributors to the plan include members, employers, and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

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

**BORGER JUNIOR COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 10 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)**

**TRS Multiple-Employer Defined Benefit Pension Plan (Continued)**

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. Employers including junior colleges 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, when employing a retiree of the TRS, the employer shall pay both the member contribution and the state contribution as an employment-after-retirement surcharge.

*Actuarial Assumptions*

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the four-year period ending August 31, 2014, and adopted on September 24, 2015 by the TRS Board of Trustees, who have sole authority to determine the actuarial assumptions used for the plan.

The total pension liability in the August 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	August 31, 2016
Actuarial cost method	Individual Entry Age Normal
Asset valuation method	Market Value
Single Discount rate	8.00%
Long-term expected investment rate of return	8.00%
Inflation	2.50%
Salary increases including inflation	3.50% to 9.50%
Payroll growth rate	2.50%
Benefit changes during the year	None
Ad hoc Post Employment Benefit Changes	None

**BORGER JUNIOR COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2017 and 2016**

**NOTE 10 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)**

**TRS Multiple-Employer Defined Benefit Pension Plan (Continued)**

*Actuarial Assumptions*

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.

*Discount Rate*

The discount rate used to measure the total pension liability was 8.0 %. There was no change in the discount rate since the previous fiscal year. 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 those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8.0%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates 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 the Systems target asset allocation as of August 31, 2016 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Return Geometric Basis</u>	<u>Long-Term Expected Portfolio Real Rate of Return*</u>
<b>Global Equity</b>			
U.S.	18.0%	4.6%	1.0%
Non-U.S. developed	13.0%	5.1%	0.8%
Emerging markets	9.0%	5.9%	0.7%
Directional hedge funds	4.0%	3.2%	0.1%
Private equity	13.0%	7.0%	1.1%
<b>Stable Value</b>			
U.S. treasuries	11.0%	0.7%	0.1%
Absolute return	0.0%	1.8%	0.0%
Stable value hedge funds	4.0%	3.0%	0.1%
Cash	1.0%	-0.2%	0.0%

**BORGER JUNIOR COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2017 and 2016**

**NOTE 10 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)**

**TRS Multiple-Employer Defined Benefit Pension Plan (Continued)**

*Discount Rate (Continued)*

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Return Geometric Basis</u>	<u>Long-Term Expected Portfolio Real Rate of Return*</u>
<b>Real Return</b>			
Global inflation linked bonds	3.0%	0.9%	0.0%
Real assets	16.0%	5.1%	1.1%
Energy and natural resources	3.0%	6.6%	0.2%
Commodities	0.0%	1.2%	0.0%
<b>Risk Parity</b>			
Risk parity	<u>5.0%</u>	<u>6.7%</u>	<u>0.3%</u>
Inflation Expectation			2.2%
Alpha			1.0%
<b>Total</b>	<u>100.0%</u>		<u>8.7%</u>

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

*Sensitivity of the College's Share of the Net Pension Liability*

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 (8%) in measuring the 2016 Net Pension Liability.

	<u>1% Decrease Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase Discount Rate</u>
	<u>7%</u>	<u>8%</u>	<u>9%</u>
College's proportionate share of the net pension liability	\$ 3,550,814	\$ 2,294,307	\$ 1,228,535

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

At August 31, 2017 and 2016, the College reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the College. The net pension liability was measured as of August 31, 2016 and 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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:

**BORGER JUNIOR COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2017 and 2016**

**NOTE 10 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)**

**TRS Multiple-Employer Defined Benefit Pension Plan (Continued)**

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

	<u>2017</u>	<u>2016</u>
College's proportionate share of the net pension liability	\$2,294,307	\$ 1,978,712
State's proportionate share of the net pension liability		
net pension liability	778,780	976,625
<b>Total</b>	<b>\$ 3,073,087</b>	<b>\$ 2,955,337</b>

The net pension liability was measured as of August 31, 2016, 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 participating entities to the Plan for the period September 1, 2015, through August 31, 2016.

At August 31, 2016 and 2015, respectively, the College's proportion of the collective net pension liability was 0.0060714% and 0.0055977%, which is an increase of 0.00047374%.

*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 years ended August 31, 2017 and 2016, the College recognized pension expense of \$80,819 and \$139,153 and revenue of \$80,819 and \$139,153 for support provided by the State in the Statements of Net Position – Primary Institution.

At August 31, 2017, the College reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources: (The amounts shown below will be the cumulative layers for the current and prior years combined.):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 35,974	\$ 68,507
Changes of assumptions	69,926	63,595

**BORGER JUNIOR COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2017 and 2016**

**NOTE 10 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)**

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between projected and actual earnings on pension plan investments	194,277	-
Changes in proportion and differences between College contributions and proportionate share of contributions	111,210	132,495
College contributions subsequent to the measurement date	<u>240,549</u>	<u>-</u>
<b>Total</b>	<u>\$ 651,936</u>	<u>\$ 264,597</u>

At August 31, 2016, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 21,623	\$ 76,044
Changes of assumptions	90,884	70,592
Difference between projected and actual earnings on pension plan investments	101,933	-
Changes in proportion and differences between College contributions and proportionate share of contributions	-	159,582
College contributions subsequent to the measurement date	<u>193,555</u>	<u>-</u>
<b>Total</b>	<u>\$ 407,995</u>	<u>\$ 306,218</u>

The \$240,549 and \$193,555 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2017 and 2016, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended August 31,

2018	\$	10,246
2019		10,246
2020		134,165
2021		725
2022		(26,057)
Thereafter		<u>17,465</u>
<b>Total</b>	<b>\$</b>	<b><u>146,790</u></b>

**BORGER JUNIOR COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2017 and 2016**

**NOTE 10 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)**

**Optional Retirement Plan – Defined Contribution Plan**

*Plan Description*

Participation in the Optional Retirement Program is in lieu of participation in the TRS. The optional retirement program provides for the purchase of annuity contracts and operates under the provisions of the Texas Constitution, Article XVI, Sec. 67, and 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 6.60%, respectively for 2017 and 2016. The College contributes 1.31% 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. S.B. 1812, effective September 1, 2013, limits the amounts of the state's contribution to 50% of eligible employees in the reporting district.

The retirement expense to the state for the College was approximately \$95,000, \$153,000, and \$78,000 for the fiscal years ended August 31, 2017, 2016, and 2015, respectively. This amount represents the portion of expended appropriations made by the state legislature on behalf of the College for TRS and the Optional Retirement Program.

The total payroll of employees covered by the Optional Retirement Program was approximately \$434,000, \$413,000, and \$413,000 for fiscal years 2017, 2016, and 2015, respectively.

**College-Sponsored Benefit Plans**

The College has a defined contribution plan qualified under Section 401(k) of the IRC. Under the provisions of the plan, employees are eligible to participate when they have attained the age of 18 and have been credited with one year of service. Employee deferral contributions are not limited by the plan. The College's contributions are discretionary. The related expense was approximately \$103,255, \$98,000, and \$90,000, for the years ended August 31, 2017, 2016, and 2015, respectively.

The College has a voluntary employee defined contribution 403(b) plan administered by the Plan's trustee. The Plan is funded by employee deferrals of compensation. Plan funds are held in trust and are administered by the College's with oversight by the Board of Regents. Full-time employees and certain part-time employees are eligible to participate and are fully vested at all times. At August 31, 2017, 2016, and 2015, there were 2, 2, and 3, respectively, Plan participants.



**BORGER JUNIOR COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2017 and 2016**

**NOTE 11 - DEFERRED COMPENSATION PROGRAM**

College employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government Code 609.001.

**NOTE 12 - COMPENSATED ABSENCES**

Full-time employees earn annual leave from 80 to 120 hours per year depending on the number of years employed by the College. The College's policy is that an employee may carry his accrued leave forward from one fiscal year to another fiscal year. However, accrued leave time accumulated over the set maximum (0 to 5 years a maximum of 40 hours and over 5 years a maximum of 80 hours) will be forfeited on the employee's anniversary date. Employees with at least six months of service who terminate their employment are entitled to payment for accumulated annual leave up to the set maximum as stated above.

Compensated absences liabilities are reported as a current liability as the average maturity of such liability is considered to be less than one year. As a result, the College recognized the accrued liability for unpaid annual leave in the amount of \$81,226 and \$98,578 at August 31, 2017 and 2016, respectively. Sick leave, which can be accumulated up to 50 days, is earned at the rate of eight hours per month; however, sick leave is not paid at termination. The College's policy is to recognize the cost of sick leave when utilized by employees. The liability is not shown in the financial statements since experience indicates the expenditure for sick leave to be minimal.

**NOTE 13 - COMMITMENTS, CONTINGENCIES AND LAWSUITS**

The College participates in various state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. In the opinion of the College's management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no other provision has been recorded in the accompanying financial statements for such contingencies. Additionally, the College's students participate in the Federal Direct Loan Program for which the proceeds are used for tuition and education-related costs. Regulations require that default rates pertaining to loans to persons attending the College not exceed certain levels at the College. In the event that specific levels were exceeded, the program could be discontinued at the College; however, the College does not anticipate this occurring. The total amount of Direct Loans made during 2017 and 2016 was \$689,699 and \$734,015, respectively.

At August 31, 2017, there were no lawsuits or claims involving the College.

September 13, 2016, the College received a letter from the Texas Higher Education Coordinating Board (THECB) summarizing the findings from their on site Methods of Administration Civil Rights Compliance Review. The College responded to the THECB on the November 11, 2016. The College developed a five year plan to address the findings.

**BORGER JUNIOR COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2017 and 2016**

**NOTE 14 - RISK FINANCING**

The College does not participate in public entity risk pools. Claims and judgments are accounted for in accordance with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*. Property and casualty risks are insured through insurance contracts. Workers compensation risks are substantially covered by insurance. Health claims are fully covered by the state of Texas.

**NOTE 15 - DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES**

Receivables at August 31, 2017 and 2016, consisted of the following:

	<u>2017</u>	<u>2016</u>
Student receivables, net of allowance of \$366,415 and \$438,320 for 2017 and 2016, respectively	\$ 1,372,972	\$ 1,424,693
Tuition payment processing program	204,006	-
Taxes receivable, net of allowance of \$114,192 and \$106,978 for 2017 and 2016, respectively	57,549	50,334
Government grants and contracts	106,181	33,629
Other	<u>1,419</u>	<u>30,423</u>
<b>Total accounts receivable, net</b>	<u>\$ 1,742,127</u>	<u>\$ 1,539,079</u>

Accounts payable at August 31, 2017 and 2016, consisted of the following:

	<u>2017</u>	<u>2016</u>
Vendors payable and other	\$ 316,794	\$ 389,547
<b>Total accounts payable</b>	<u>\$ 316,794</u>	<u>\$ 389,547</u>

**NOTE 16 - CONTRACT AND GRANT AWARDS**

Contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, *Audits of Colleges and Universities*. Revenues are recognized on Exhibit 2A and Schedules A and C. For federal and nonfederal contract and grant awards, funds expended, but not collected, are reported as accounts receivable on Exhibit 1A. 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.

**NOTE 17 - POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

In addition to providing pension benefits, the state provides certain health care and life insurance benefits for retired employees. Almost all of the employees may become eligible for those benefits if they reach normal retirement age while working for the state. Those and similar benefits for

**BORGER JUNIOR COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2017 and 2016**

**NOTE 17 - POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS  
(CONTINUED)**

active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The state recognizes the cost of providing these benefits by expending the annual insurance premiums. The state's contribution per full-time employee was \$617 per month for Health Select for the year ended August 31, 2017 and totaled approximately \$427,000 for the year ended August 31, 2017. The state's contribution per full-time employee was \$577 per month for Health Select for the year ended August 31, 2016 and totaled approximately \$399,000 for the year ended August 31, 2016. The cost of providing those benefits for retirees is not separable from the cost of providing benefits for the active employees.

**NOTE 18 - AD VALOREM TAX**

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

**At August 31, 2017:**

Assessed valuation of the District	\$ 1,323,938,610
Less: exemptions and abatements	<u>207,035,470</u>
<b>Net assessed valuation of the District</b>	<b><u>\$ 1,116,903,140</u></b>

	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Tax rate per \$100 valuation for authorized	\$ .22000	\$ .5000	\$ .72000
Tax rate per \$100 valuation for assessed	.22000	.0000	.72000

<u>Taxes Collected</u>	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Taxes collected	\$ 2,254,206	\$ -	\$ 2,254,206
Delinquent taxes collected	29,813	-	29,813
Penalties and interest collected	<u>24,917</u>	<u>-</u>	<u>24,917</u>
<b>Total collections</b>	<b><u>\$ 2,308,936</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,308,936</u></b>

**At August 31, 2016:**

Assessed valuation of the District	\$ 1,247,981,190
Less: exemptions and abatements	<u>199,540,350</u>
<b>Net assessed valuation of the District</b>	<b><u>\$ 1,048,440,840</u></b>

**BORGER JUNIOR COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2017 and 2016**

**NOTE 18 - AD VALOREM TAX (CONTINUED)**

	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Tax rate per \$100 valuation for authorized	\$ .22000	\$ .50000	\$ .72000
Tax rate per \$100 valuation for assessed	.22000	.00000	.22000

<u>Taxes Collected</u>	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Taxes collected	\$ 1,763,343	\$ -	\$ 1,763,343
Delinquent taxes collected	36,344	-	36,344
Penalties and interest collected	<u>30,165</u>	<u>-</u>	<u>30,165</u>
<b>Total collections</b>	<u><b>\$ 1,829,852</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 1,829,852</b></u>

Taxes levied for the year ended August 31, 2017 and 2016, were approximately \$2,303,000 and \$1,809,000, respectively, (which included penalty and interest assessed, if applicable). Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

Tax collections for the years ended August 31, 2017 and 2016, were 97.91% and 97.61%, respectively, 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 to either maintenance and operations or interest and sinking expenditures.

**NOTE 19 - BRANCH CAMPUS MAINTENANCE TAX**

A branch campus maintenance tax that is established by election is levied by Ochiltree County. It is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District. Collections are transferred to the College to be used for operation of a branch campus in Perryton, Texas. This revenue is reported under local grant contracts. Collections in fiscal years 2017 and 2016 (including penalties and interest) from Ochiltree County totaled approximately \$518,000 and \$506,000, respectively.

Voters of Dallam and Hartley Counties passed a Branch Maintenance Tax, not to exceed \$0.05 per \$100 value on November 8, 2016. The Texas Higher Education Coordinating Board approved the College to operate a branch campus at Dalhart, Texas, on January 27, 2017. Starting October 1, 2017, a tax will be levied on the assessed value listed as of the prior January 1 for all real and business personal property located in College. Collections will be transferred to the College to be used for operation of the Branch Campus at Dalhart.

On behalf of the College, the Dalhart Education Foundation has obtained funds to construct a facility of approximately 18,000 sq. ft. estimated at \$4,500,000. Construction is estimated to be completed by the Summer of 2018. The Dalhart Education Foundation will lease the building exclusively to the College.

**BORGER JUNIOR COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 20 - INCOME TAXES**

The College is exempt from income taxes under IRC Section 115, "Income of States, Municipalities, Etc.," although unrelated business income may be subject to income taxes under IRC Section 511 (a)(2)(B), "Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations." The College had no unrelated business income tax liability for the years ended August 31, 2017 and 2016.

**NOTE 21 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**Plan Description**

In addition to providing pension benefits, the state provides certain health care and life insurance benefits for retired employees. Almost all of the employees may become eligible for those benefits if they reach normal retirement age while working for the state. The College contributes to the State Retiree Health Plan (SRHP), a cost-sharing, multiple-employer, defined benefit postemployment healthcare plan administered by the Employees Retirement System of Texas (ERS). SRHP provides medical benefits to retired employees of participating universities, community colleges, and state agencies in accordance with Chapter 1551, Texas Insurance Code. Benefit and contribution provisions of the SRHP are authorized by state law and may be amended by the Texas Legislature.

The ERS issues a publicly available financial report that includes financial statements and required supplementary information for SRHP. That report may be obtained from ERS via their website at <http://www.ers.state.tx.us/>.

**Funding Policy**

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. Plan members or beneficiaries receiving benefits pay any premium over and above the employer contribution.

The employer's share of the cost of retiree healthcare coverage for the current year is known as the implicit rate subsidy. It is the difference between the claims costs for the retirees and the amounts contributed by the retirees. The ERS Board of Trustees sets the employer contribution rate based on the implicit rate subsidy which is actuarially determined in accordance with the parameters of GASB Statement No. 45.

The employer contribution rate represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

Beginning September 1, 2013, S.B. 1812 limited the state's contribution to 50% of eligible employees for community colleges.

**BORGER JUNIOR COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 21 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**Funding Policy (Continued)**

The College's contributions to SRHP for the years ended August 31, 2017, 2016, and 2015, were \$148,500, \$157,815, and \$145,400, respectively, which equaled the required contributions each year.

**NOTE 22 - COMPONENT UNIT**

**Frank Phillips College Development Corporation - Discrete Component Unit**

The Foundation was established as a separate nonprofit organization to raise funds to provide student scholarships and assistance in the development and growth of the College. Under Governmental Standards Board Statement No. 61, *The Financial Reporting Entity Omnibus – an Amendment of GASB Statements No. 14 and No. 34*, an organization should report as a discretely presented component unit those organizations that raise and hold economic resources for the direct benefit of a government unit.

Accordingly, the Foundation financial statements are included in the College's annual report as a discrete component unit (see table of contents).

**NOTE 23 - NEW GASB PRONOUNCEMENTS**

The Governmental Accounting Standards Board has issued several new pronouncements that the College has reviewed for application to their accounting and reporting.

*Recently Issued Accounting Pronouncements*

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, replaces GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Statement 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement 74 also sets forth note disclosure requirements for defined contribution OPEB plans. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2016. The College is currently evaluating the effect of this statement on their financial statements.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of GASB Statement No. 45, *Accounting and Financial*

**BORGER JUNIOR COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2017 and 2016**

**NOTE 23 - NEW GASB PRONOUNCEMENTS (CONTINUED)**

*Recently Issued Accounting Pronouncements (Continued)*

*Reporting by Employers for Postemployment Benefits Other Than Pensions.* Among other things, Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide and requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information about their OPEB liabilities. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2017. The College is currently evaluating the effect of this statement on their financial statements.

GASB Statement No. 77, *Tax Abatement Disclosures*, requires state and local governments, for the first time, to disclose information about tax abatement agreements. It requires governments to disclose information about their own tax abatements separately from information about tax abatements that are entered into by other governments and reduce the reporting government's tax revenues. The requirements of this Statement are effective for financial statements for reporting periods beginning after December 15, 2015. This statement did not have a significant impact on the College's financial statements.

GASB Statement No. 78, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, amends the scope and applicability of GASB 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that: (1) is not a state or local governmental pension plan; (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers; and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. GASB 78 is effective for financial statements for reporting periods beginning after December 15, 2015. This statement did not have a significant impact on the College's financial statements.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, permits qualifying external investment pools to measure pool investments at amortized cost for financial reporting purposes and provides guidance that will allow many pools to continue to qualify for amortized cost accounting. Existing standards provide that external investment pools may measure their investments at amortized cost for financial reporting purposes, if they follow substantially all of the provisions of the SEC's Rule 2a-7. Likewise, participants in those pools are able to report their investments in the pool at amortized cost per share. GASB 79 replaces the reference in existing GASB literature to Rule 2a-7 with criteria that are similar in many respects to those in Rule 2a-7. GASB 79 is effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. This statement did not have a significant impact on the College's financial statements.

**BORGER JUNIOR COLLEGE DISTRICT  
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**NOTE 23 - NEW GASB PRONOUNCEMENTS (CONTINUED)**

*Recently Issued Accounting Pronouncements (Continued)*

GASB Statement No. 80, *Blending Requirement for Certain Component Units*, clarifies the display requirements in GASB Statement No. 14, *The Financial Reporting Entity*, by requiring these component units to be blended into the primary state or local government's financial statements in a manner similar to a department or activity of the primary government. The guidance addresses diversity in practice regarding the presentation of not-for-profit corporations in which the primary government is the sole corporate member. Although GASB 80 applies to a limited number of governmental units, such as, for example, public hospitals, the GASB intends for it to enhance the comparability of financial statements among those units and improve the value of this information for users of state and local government financial statements. GASB 80 is effective for financial statements for reporting periods beginning after June 15, 2016. This statement did not have a significant impact on the College's financial statements.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. GASB 81 requires that a government recognize revenue when the resources become applicable to the reporting period. GASB 81 is effective for financial statements for reporting periods beginning after June 15, 2016. This statement did not have a significant impact on the College's financial statements.

GASB Statement No. 82, *Pension Issues*, is designed to improve consistency in the application of the pension standards by clarifying or amending related areas of existing guidance. Specifically, the practice issues raised by stakeholders during implementation relate to GASB 67, 68, and 73. GASB 82 is effective for financial statements for reporting periods beginning after June 15, 2016. This statement did not have a significant impact on the College's financial statements.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (AROs). It requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred and requires that a deferred outflow of resources associated with an ARO to be measured at the amount of the corresponding liability upon initial measurement. In addition, this statement requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation, at least annually, and requires a government to evaluate all relevant factors, at least annually, and requires a government to evaluate all relevant factors, at least annually, to determine whether the effects of one or more of the factors are expected to significantly change the estimated asset retirement outlays. In cases where governments are legally required to provide funding or other financial assurance for their performance of asset retirement activities, this statement requires disclosure of how those funding and assurance requirements are being met, as well as the amount of any assets restricted for payment of the government's AROs, if not



**BORGER JUNIOR COLLEGE DISTRICT  
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**NOTE 23 - NEW GASB PRONOUNCEMENTS (CONTINUED)**

*Recently Issued Accounting Pronouncements (Continued)*

separately displayed in the financial statements. This statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. GASB 83 is effective for financial statements for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The College is currently evaluating the effect of this statement on their financial statements.

GASB Statement No. 84, *Fiduciary Activities*, the objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement establishes criteria for identifying fiduciary activities of all state and local governments. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. GASB No. 84 is effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The College is currently evaluating the effect of this statement on their financial statements.

GASB Statement No. 85, *Omnibus 2017*, the objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). GASB 85 is effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. The College is currently evaluating the effect of this statement on their financial statements.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, the primary objective of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance debt that is extinguished and notes to financial statements for debt that is defeased in substance. GASB 86 is effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. The College is currently evaluating the effect of this statement on their financial statements.

GASB Statement No. 87, *Leases*, the objective of this statement is to better meet the information needs of the financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement establishes a single model for

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**NOTE 23 - NEW GASB PRONOUNCEMENTS (CONTINUED)**

*Recently Issued Accounting Pronouncements (Continued)*

lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB 87 is effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The College is currently evaluating the effect of this statement on their financial statements.

**NOTE 24 - SUBSEQUENT EVENT**

The College has evaluated for inclusion as a subsequent event disclosure only those events that occurred prior to November 13, 2017, the date the financial statements were available to be issued.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**BORGER JUNIOR COLLEGE DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION -  
SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
TEACHERS RETIREMENT SYSTEM OF TEXAS  
Last Fiscal Years**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
College's proportionate share (percentage) of the net pension liability	0.0060714%	0.0055977%	0.0062939%
College's proportionate share (amount) of the net pension liability	\$ 2,294,307	\$ 1,978,712	\$ 1,681,188
State's proportionate share (amount) of the net pension liability associated with the College	<u>778,780</u>	<u>976,625</u>	<u>698,014</u>
<b>Total</b>	<u>\$ 3,073,087</u>	<u>\$ 2,955,337</u>	<u>\$ 2,379,202</u>
College's covered-employee payroll (for measurement year)	\$ 3,801,828	\$ 3,633,572	\$ 3,235,450
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	60.64%	52.30%	51.96%
Plan's fiduciary net pension as a percentage of the total pension liability	78.00%	78.43%	83.25%

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the Plan's measurement date.

Note: In accordance with GASB 68, Paragraph 138, only three years of the data are presented this reporting period. "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."

**BORGER JUNIOR COLLEGE DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION -  
SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS  
TEACHERS RETIREMENT SYSTEM OF TEXAS  
Last Fiscal Years**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 240,549	\$ 193,555	\$ 165,751
Contributions in relation to the contractually required contributions	<u>(240,549)</u>	<u>(193,555)</u>	<u>165,751</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered-employee payroll	<u>\$ 4,043,089</u>	<u>\$ 3,801,828</u>	<u>\$ 3,633,572</u>
Contributions as a percentage of covered-employee payroll	5.95%	5.09%	4.56%

Note: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement date.

Note: In accordance with GASB 68, Paragraph 138, only three years of data are presented this reporting period. "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."

**BORGER JUNIOR COLLEGE DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
Years Ended August 31, 2017 and 2016**

**NOTE 1 - CHANGES OF BENEFIT TERMS**

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

**NOTE 2 - CHANGES OF ASSUMPTIONS**

There were no changes of assumptions that affected measurement of the total liability during the measurement period.

## **OTHER SUPPLEMENTAL INFORMATION**



**BORGER JUNIOR COLLEGE DISTRICT  
SCHEDULE A  
SCHEDULE OF OPERATING REVENUES  
YEAR ENDED AUGUST 31, 2017  
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2016)**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total Educational Activities</u>	<u>Auxiliary Enterprises</u>	<u>2017</u>	<u>2016</u>
<b>TUITION</b>						
State-funded courses						
In-district resident tuition	\$ 319,533	\$ -	\$ 319,533	\$ -	\$ 319,533	\$ 323,307
Out-of-district resident tuition	596,411	-	596,411	-	596,411	624,159
Non-resident tuition	153,756	-	153,756	-	153,756	143,275
TPEG - Credit (set aside)*	56,335	-	56,335	-	56,335	49,972
Non-state funded continuing education	508,608	-	508,608	-	508,608	469,797
Total tuition	<u>1,634,643</u>	<u>-</u>	<u>1,634,643</u>	<u>-</u>	<u>1,634,643</u>	<u>1,610,510</u>
<b>FEES</b>						
General fee	720,264	-	720,264	-	720,264	752,686
Student service fee	-	-	-	175,513	175,513	169,061
Laboratory fee	81,623	-	81,623	-	81,623	86,681
Other fees	1,008,205	-	1,008,205	-	1,008,205	1,028,112
Total fees	<u>1,810,092</u>	<u>-</u>	<u>1,810,092</u>	<u>175,513</u>	<u>1,985,605</u>	<u>2,036,540</u>
<b>SCHOLARSHIP ALLOWANCES AND DISCOUNTS</b>						
Scholarship allowances	-	-	-	(445,019)	(445,019)	(402,229)
TPEG allowances	(6,103)	-	(6,103)	-	(6,103)	(4,235)
Title IV Federal grants	(1,604,656)	-	(1,604,656)	-	(1,604,656)	(1,648,991)
Other Federal grants	(20,000)	-	(20,000)	-	(20,000)	(20,000)
Remissions and exemptions - state	(64,817)	-	(64,817)	-	(64,817)	(28,469)
Total scholarship allowances and discounts	<u>(1,695,576)</u>	<u>-</u>	<u>(1,695,576)</u>	<u>(445,019)</u>	<u>(2,140,595)</u>	<u>(2,103,924)</u>
Total net tuition and fees	<u>1,749,159</u>	<u>-</u>	<u>1,749,159</u>	<u>(269,506)</u>	<u>1,479,653</u>	<u>1,543,126</u>

**BORGER JUNIOR COLLEGE DISTRICT  
SCHEDULE A, CONTINUED  
SCHEDULE OF OPERATING REVENUES  
YEAR ENDED AUGUST 31, 2017  
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2016)**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total Educational Activities</u>	<u>Auxiliary Enterprises</u>	<u>2017</u>	<u>2016</u>
<b>ADDITIONAL OPERATING REVENUES</b>						
Federal grants and contracts	-	454,727	454,727	-	454,727	-
State grants and contracts	-	293,137	293,137	-	293,137	332,941
Local grants and contracts	518,201	-	518,201	-	518,201	506,561
General operating revenues	95,716	-	95,716	-	95,716	58,483
Total additional operating revenues	<u>613,917</u>	<u>747,864</u>	<u>1,361,781</u>	<u>-</u>	<u>1,361,781</u>	<u>897,985</u>
<b>AUXILIARY ENTERPRISES</b>						
Bookstore	-	-	-	-	-	-
Less: Discounts	-	-	-	(1,994)	(1,994)	(3,745)
Residential	-	-	-	540,623	540,623	463,955
Less: Discounts	-	-	-	(151,127)	(151,127)	(141,248)
Other Auxiliary Enterprises	-	-	-	399,458	399,458	403,221
Total net auxiliary enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>786,960</u>	<u>786,960</u>	<u>722,183</u>
<b>TOTAL OPERATING REVENUES</b>	<u>\$ 2,363,076</u>	<u>\$ 747,864</u>	<u>\$ 3,110,940</u>	<u>\$ 517,454</u>	<u>\$ 3,628,394</u>	<u>\$ 3,163,294</u>

(Exhibit 2A)

\*In accordance with Education Code 56.033, \$56,335 and \$49,972 for years ended August 31, 2017 and 2016, respectively, of tuition was set aside for Texas Public Education Grants (TPEG).

**BORGER JUNIOR COLLEGE DISTRICT  
SCHEDULE B  
SCHEDULE OF OPERATING EXPENSES BY OBJECT  
YEAR ENDED AUGUST 31, 2017  
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2016)**

	Operating Expenses			2017	2016	
	Salaries and Wages	Benefits				Other Expenses
		State	Local			
<b>UNRESTRICTED EDUCATIONAL ACTIVITIES</b>						
Instruction	\$ 3,157,432	\$ -	\$ 686,469	\$ 1,035,691	\$ 4,879,592	\$ 4,646,503
Academic support	56,516	-	12,287	88,915	157,718	128,480
Student services	344,793	-	105,978	41,536	492,307	431,955
Institutional support	979,194	-	383,612	627,591	1,990,397	1,807,288
Operation and maintenance of plant	273,671	-	59,500	418,826	751,997	826,205
Scholarship and fellowships	-	-	-	193,859	193,859	317,508
Total unrestricted educational activities	<u>4,811,606</u>	<u>-</u>	<u>1,247,846</u>	<u>2,406,418</u>	<u>8,465,870</u>	<u>8,157,939</u>
<b>RESTRICTED EDUCATIONAL ACTIVITIES</b>						
Instruction	-	333,034	-	-	333,034	339,603
Academic support	-	5,961	-	-	5,961	6,970
Student services	139,902	51,124	35,320	107,211	333,557	435,507
Institutional support	-	103,282	-	-	103,282	94,263
Operation and maintenance of plant	-	28,866	-	-	28,866	36,774
Scholarship and fellowships	-	-	-	8,155	8,155	6,163
Total restricted educational activities	<u>139,902</u>	<u>522,267</u>	<u>35,320</u>	<u>115,366</u>	<u>812,855</u>	<u>919,280</u>
Total educational activities	<u>4,951,508</u>	<u>522,267</u>	<u>1,283,166</u>	<u>2,521,784</u>	<u>9,278,725</u>	<u>9,077,219</u>
<b>AUXILIARY ENTERPRISES</b>	202,562	-	68,669	1,041,301	1,312,532	1,284,302
<b>DEPRECIATION EXPENSE - buildings and other real estate improvements</b>	-	-	-	503,950	503,950	459,027
<b>DEPRECIATION EXPENSE - equipment and furniture</b>	-	-	-	303,919	303,919	263,916
<b>TOTAL OPERATING EXPENSES</b>	<u>\$ 5,154,070</u>	<u>\$ 522,267</u>	<u>\$1,351,835</u>	<u>\$ 4,370,954</u>	<u>\$ 11,399,126</u>	<u>\$11,084,464</u>

(Exhibit 2A)

**BORGER JUNIOR COLLEGE DISTRICT  
SCHEDULE C  
SCHEDULE OF NONOPERATING REVENUES AND EXPENSES  
YEAR ENDED AUGUST 31, 2017  
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2016)**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>2017</u>	<u>2016</u>
<b>NONOPERATING REVENUES</b>					
State appropriations:					
Education and general state support	\$ 2,453,359	\$ -	\$ -	\$ 2,453,359	\$ 2,450,136
State group insurance	-	427,139	-	427,139	390,271
State retirement matching	-	95,128	-	95,128	152,796
Total state appropriations	2,453,359	522,267	-	2,975,626	2,993,203
Maintenance ad valorem taxes	2,319,123	-	-	2,319,123	1,841,383
Federal revenue, nonoperating	-	1,904,222	-	1,904,222	1,949,963
Gifts	178,450	221,989	-	400,439	850,130
Investment income	1,451	3,104	-	4,555	2,130
Total nonoperating revenues	<u>4,952,383</u>	<u>2,651,582</u>	<u>-</u>	<u>7,603,965</u>	<u>7,636,809</u>
<b>NONOPERATING EXPENSES</b>					
Interest on capital related debt	47,367	-	-	47,367	48,251
Loss on disposal of capital assets	-	-	-	-	1,194
Other nonoperating (income) expenses	10,484	-	-	10,484	34,608
Total nonoperating expenses	<u>57,851</u>	<u>-</u>	<u>-</u>	<u>57,851</u>	<u>84,053</u>
<b>NET NONOPERATING REVENUES</b>	<u>\$ 4,894,532</u>	<u>\$ 2,651,582</u>	<u>\$ -</u>	<u>\$ 7,546,114</u>	<u>\$ 7,552,756</u>

(Exhibit 2A)

**BORGER JUNIOR COLLEGE DISTRICT  
SCHEDULE D  
SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY  
YEAR ENDED AUGUST 31, 2017  
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2016)**

	Detail by Source					Available for Current Operations	
	Unrestricted	Restricted		Capital Assets Net of Depreciation & Related Debt	Total	Yes	No
		Expendable	Nonexpendable				
<b>CURRENT</b>							
Unrestricted	\$ (3,177,869)	\$ -	\$ -	\$ -	\$ (3,177,869)	\$ (3,177,869)	\$ -
Board designated	483,337	-	-	-	483,337	483,337	-
Restricted	-	475,698	-	-	475,698	-	475,698
Auxiliary enterprises	-	-	-	-	-	-	-
<b>LOAN</b>	-	-	-	-	-	-	-
<b>ENDOWMENT</b>							
Quasi:							
Unrestricted	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Endowment							
True	-	-	-	-	-	-	-
Term (per instructions at maturity)	-	-	-	-	-	-	-
Life income contracts	-	-	-	-	-	-	-
Annuities	-	-	-	-	-	-	-
<b>PLANT</b>							
Unexpended	-	-	-	-	-	-	-
Renewals	-	-	-	-	-	-	-
Debt service	-	185,000	-	-	185,000	-	185,000
Investment in plant	-	-	-	11,170,637	11,170,637	-	11,170,637
Total net position, August 31, 2017	<u>(2,694,532)</u>	<u>660,698</u>	<u>-</u>	<u>11,170,637</u>	<u>9,136,803</u>	<u>(2,694,532)</u>	<u>11,831,335</u>
					(Exhibit 1A)		
Total net position, August 31, 2016	<u>(2,352,977)</u>	<u>633,976</u>	<u>-</u>	<u>11,080,422</u>	<u>9,361,421</u>	<u>(2,352,977)</u>	<u>11,714,398</u>
<b>NET DECREASE IN NET POSITION</b>	<u>\$ (341,555)</u>	<u>\$ 26,722</u>	<u>\$ -</u>	<u>\$ 90,215</u>	<u>\$ (224,618)</u>	<u>\$ (341,555)</u>	<u>\$ 116,937</u>
					(Exhibit 2A)		

**BORGER JUNIOR COLLEGE DISTRICT  
SCHEDULE E  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED AUGUST 31, 2017**

Federal Grantor/Pass Through Grantor/ Program Title	CFDA Number	Direct Awards	Expenditures		Subrecipients Expenditures
			Pass-Through Awards	Total	
<b>U.S. Department of Education</b>					
Direct Programs:					
Student Financial Aid Cluster					
Federal Supplemental Educational					
Opportunity Grant Program (FSEOG)	84.007	\$ 5,906	\$ -	\$ 5,906	\$ -
Federal Work Study Program	84.033	8,155	-	8,155	-
Federal Pell Grant Program	84.063	1,598,751	-	1,598,751	-
Federal Direct Student Loans	84.268	689,699	-	689,699	-
TRIO Cluster					
Title IV - TRIO	84.042	226,300	-	226,300	-
Total Direct Programs		<u>2,528,811</u>	<u>-</u>	<u>2,528,811</u>	<u>-</u>
Pass-Through From:					
Texas Higher Education Coordinating Board					
Carl Perkins Vocational Education - Basic	84.048	-	65,110	65,110	-
Total Pass-Through from Texas Higher Education Coordinating Board		<u>-</u>	<u>65,110</u>	<u>65,110</u>	<u>-</u>
<b>Total U.S. Department of Education</b>		<u>2,528,811</u>	<u>65,110</u>	<u>2,593,921</u>	<u>-</u>
<b>U.S. Department of Labor</b>					
Pass-Through From:					
Texas Workforce Commission					
Employment Service/Wagner-Peyser Funded Activities	17.207	-	454,727	454,727	-
Total Pass-Through from Employment Service/ Wagner-Peyser Funded Activities		<u>-</u>	<u>454,727</u>	<u>454,727</u>	<u>-</u>
<b>Total U.S. Department of Labor</b>		<u>-</u>	<u>454,727</u>	<u>454,727</u>	<u>-</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>		<u>\$ 2,528,811</u>	<u>\$ 519,837</u>	<u>\$ 3,048,648</u>	<u>\$ -</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

**BORGER JUNIOR COLLEGE DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
August 31, 2017**

**NOTE 1 - FEDERAL ASSISTANCE RECONCILIATION**

Federal grants and contracts revenue, operating - per Schedule A	\$ 454,727
Federal grants and contracts revenue, nonoperating-per Schedule C	1,904,222
Federal Direct Student Loans	<u>689,699</u>
<b>Total federal revenues per Schedule of Expenditures of Federal Awards</b>	<b><u>\$ 3,048,648</u></b>

**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 which 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. The College did not elect to use the 10% de minimis indirect cost rate. The College did not provide pass-through funds to subrecipients for the year ended August 31, 2017.

**BORGER JUNIOR COLLEGE DISTRICT  
SCHEDULE F  
SCHEDULE OF EXPENDITURES OF STATE OF TEXAS AWARDS  
YEAR ENDED AUGUST 31, 2017**

<u>Grantor Agency/Program Title</u>	<u>Grant Contract Number</u>	<u>Expenditures</u>
Texas Higher Education Coordinating Board		
Direct Programs:		
Texas Educational Opportunity Grant 2016-2017	-	\$ 124,932
Accelerate Texas	-	15,858
Total Texas Higher Education Coordinating Board		<u>140,790</u>
Texas Workforce Commission		
Direct Programs:		
Skills - Solvay	0116SDF000	101,623
Skills - Hilmar Cheese Company	0117SFD000	5,915
Total Texas Workforce Commission Skills Program		<u>107,538</u>
Texas Success Grant	-	44,809
Total Texas Workforce Commission		<u>152,347</u>
<b>Total Expenditures of State of Texas Awards</b>		<u><u>\$ 293,137</u></u>

See accompanying notes to Schedule of Expenditures of State of Texas Awards.



**BORGER JUNIOR COLLEGE DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF STATE OF TEXAS AWARDS  
August 31, 2017**

**NOTE 1 - STATE ASSISTANCE RECONCILIATION**

State grants and contracts revenue – per Schedule A	<u>\$ 293,137</u>
Total state expenditures per Schedule A expenditures of State of Texas Awards	<u>\$ 293,137</u>

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING THE SCHEDULE**

The accompanying schedule is presented using the accrual basis of accounting. See Note 2 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.

**SINGLE AUDIT SECTION**

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**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 Regents  
Borger Junior College District  
Borger, Texas

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 Borger Junior College District (the College) and its discretely presented component unit as of and for the years ended August 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated November 13, 2017.

***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 College's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College'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 College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Connor McMillon Mitchell & Shennum PLLC*

Amarillo, Texas  
November 13, 2017

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**Independent Auditor's Report on Compliance for Each Major Program  
and on Internal Control Over Compliance Required by the Uniform Guidance**

Board of Regents  
Borger Junior College District  
Borger, Texas

***Report on Compliance for Each Major Federal Programs***

We have audited Borger Junior College District's (the College) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended August 31, 2017. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

***Opinion on Each Major Federal Programs***

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2017.



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## ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as items 2017-001 and 2017-002. Our opinion on each major federal program is not modified with respect to these matters.

The College's responses to the noncompliance findings identified in our audit is described in the accompanying College's Corrective Action Plan, schedule of findings and questioned costs. The College's responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on these responses.

## ***Report on Internal Control over Compliance***

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of federal programs on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of federal programs 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 federal and state programs 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2017-001 and 2017-002 that we consider significant deficiencies.

The College's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Connor McMillon Mitchell & Spennum PLLC*

Amarillo, Texas  
November 13, 2017

**BORGER JUNIOR COLLEGE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended August 31, 2017**

**SECTION I - Summary of Auditor's Results**

***Financial Statements***

Type of Auditor's report issued:

The Auditor's report expresses an unmodified opinion on the basic financial statements of Borger Junior College District.

Internal control over financial reporting:

- Material weakness(es) identified?                           yes      X   no
- Significant deficiency(ies) identified?                   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 deficiency(ies) identified?              X   yes           none reported

Type of Auditor's report issued on compliance for major programs:       Unmodified      

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?

  X   yes           no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal or State Program or Cluster</u>
17.207	Employment Service/Wagner-Peyer Funded Activities
	<i>Student Financial Aid Cluster</i>
	U.S. Department of Education
84.007	Federal Supplemental Educational Opportunity Grant Program (FSEOG)
84.033	Federal Work Study Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans

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

Auditee qualified as a Federal low-risk auditee?              X   yes           no

**BORGER JUNIOR COLLEGE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended August 31, 2017**

**SECTION II - Financial Statement Findings**

None

**SECTION III - Findings and Questioned Costs - Major Federal Award Programs**

**Finding 2017-001**

*Program:* 84.063 Federal Pell Grant Program  
84.268 Federal Direct Student Loans

*Compliance Requirement:* Special Tests and Provisions – Enrollment Reporting

*Criteria:* Per the OMB 2 CFR Part 200, Appendix XI Compliance Supplement, under the Pell grant and Department of Education (ED) loan programs, institutions must submit any changes in a student's status, the date the enrollment status was effective, and the new anticipated completion date electronically to the National Student Loan Data System (NSLDS).

*Condition:* The effective date of one student's enrollment status was not reported accurately to the NSLDS via the third-party processor used by the College, National Student Clearinghouse (NSC). The date was initially reported correctly and then subsequently changed to the incorrect date.

*Questioned Cost:* N/A

*Context:* CMMS tested 60 students with status changes noting one student was not accurately reported.

*Effect:* The student's eligibility for in-school status, deferment, and grace periods, as well as for the payment of interest subsidies by ED could have been affected.

*Repeat Finding:* Yes

*Recommendation:* Student's enrollment data should be entered correctly and reports generated for NSC should be reviewed for accuracy before being submitted.

**BORGER JUNIOR COLLEGE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended August 31, 2017**

**SECTION III - Findings and Questioned Costs - Major Federal Programs** (Continued)

**Finding 2017-001** (Continued)

*Views of Responsible  
Officials:*

The College agrees and will review all records and reports for necessary corrections before submission. See the College's Corrective Action Plan on page 87 and 88.

**Finding 2017-002**

Program: 17.207 Employment Service/Wagner-Peyser Funded Activities

Program Requirement: Eligibility

Criteria: To be eligible for services Section 4 of Attachment A of the Notice of Grant Award states individuals must be 12 years of age or older, be a U.S. citizen or noncitizen authorized to work in the U.S., and if male, meet U.S. Selective Service requirements. Additionally, the grantee shall determine eligibility prior to participant's receiving any services funded through the grant.

Condition: The College did not obtain completed documentation of all the eligibility requirements prior to providing services for one student.

Questioned Costs: N/A

Context: 17 students were selected for testing. The College was unable to provide completed documentation to support one student's resident eligibility requirement.

Effect: A student received services whose eligibility could not be determined.

Repeat Finding: N/A

**BORGER JUNIOR COLLEGE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended August 31, 2017**

**Finding 2017-002 (Continued)**

Recommendation: A procedure should be established to review student applications for accuracy and completeness prior to providing services

Views of Responsible Officials:

New requirements of the Workforce Innovation and Opportunity Act requires certain data to be collected and submitted to the Department of Labor. Part of this data would show participants' eligibility for Employment Service/Wagner-Peyser Funded Activities. Collection of this data prior to enrollment should alleviate eligibility issues. See the College's Corrective Action Plan on pages 87 and 88.

**BORGER JUNIOR COLLEGE DISTRICT  
SCHEDULE OF CORRECTIVE ACTION  
FOR AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended August 31, 2017**

**Finding 2017-001**

*Program:* 84.063 Federal Pell Grant Program  
84.268 Federal Direct Student Loans

*Condition:* The effective date of one student's enrollment status was not reported accurately to the NSLDS via the third-party processor used by the College, National Student Clearinghouse (NSC). The date was initially reported correctly and then subsequently changed to the incorrect date.

*Corrective Action Plan:* See the College's Corrective Action Plan on pages 87 and 88.

**Finding 2017-002**

*Program:* 17.207 Employment Service/Wager-Peyser Funded Activities

*Condition:* The College did not obtain completed documentation of all the eligibility requirements prior to providing services for one student.

*Corrective Action Plan:* See the College's Corrective Action Plan on pages 87 and 88.



**BORGER JUNIOR COLLEGE DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended August 31, 2017**

**Finding 2016-001**

*Program:* 84.063 Federal Pell Grant Program  
84.268 Federal Direct Student Loans

*Condition:* One student's enrollment status was not reported accurately to the NSLDS via the third-party data processor used by the College, National Student Clearinghouse (NSC).

*Recommendation:* Care should be taken to ensure student's enrollment data is entered correctly, and reports generated for NSC should be checked for accuracy before being submitted.

*Current Status:* See the College's Summary Schedule of Prior Audit Findings on pages 89 and 90.



## Frank Phillips College

Office of the President

P.O. Box 5118 ♦ Borger, TX 79008

806-457-4217

[jhicks@fpctx.edu](mailto:jhicks@fpctx.edu)

November 13, 2017

We have prepared the accompanying corrective action plan as required by the standards applicable to financial audits contain in *Government Auditing Standards* and by 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*. Specifically, for each finding we are providing you with the names of the contact people responsible for corrective action, the corrective action planned, and the anticipated completion date.

A handwritten signature in cursive script that reads "Dr. Jud Hicks".

Dr. Jud Hicks  
President  
Frank Phillips College

Borger Junior College District  
(Frank Phillips College)  
Corrective action plan  
Year ended August 31, 2017

Federal award findings and questioned costs  
2017-001  
84.063 Federal Pell Grant Program  
84.268 Federal Direct Students Loans

Contact person: Beverly Fields, Director of Student Financial Services

Anticipated completion date: corrected

Corrective action plan:  
Student's enrollment data should be entered correctly and reports generated for NSC will be reviewed for accuracy before being submitted.

2017-002

17.207 Employment service / Wagner-Peyser Funded Activities

Contact person: Tiffany Thomas, Dean of Career and Technical Education

Anticipated completion date: Corrected

Corrective Action Plan:  
Student's applications will be reviewed for accuracy and completeness prior to providing services.



## Frank Phillips College

Office of the President

P.O. Box 5118 ♦ Borger, TX 79008

806-457-4217

[jhicks@fpctx.edu](mailto:jhicks@fpctx.edu)

November 13, 2017

We have prepared the accompanying summary schedule of prior audit findings as required by 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*. Specifically, we are reporting the status of audit findings included in the prior audit's schedule of findings and questioned costs. This schedule also includes the status of audit findings reported in the prior audit's summary schedule of prior audit findings that were not correct.

Dr. Jud Hicks  
President  
Frank Phillips College

Borger Junior College District  
(Frank Phillips College)  
Summary schedule of prior audit findings  
Year ended August 31, 2016

Status of federal award findings and questioned costs  
2016-001  
84.063 Federal Pell Grant Program  
84.268 Federal Direct Students Loans

Status: See corrective action plan for finding 2017-001 page 88.

**STATISTICAL SUPPLEMENT  
(Unaudited)**

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**Borger Junior College District  
Statistical Supplement 1  
Net Position by Component  
Fiscal Years 2008 to 2017  
(unaudited)**

**For the Fiscal Year Ended August 31,**

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Net investment in capital assets	\$ 11,170,637	\$ 11,080,422	\$ 11,309,931	\$ 11,332,812	\$ 11,535,927	\$ 11,482,158	\$ 11,426,820	\$ 11,431,135	\$ 11,629,807	\$ 10,170,371
Restricted - expendable	660,698	633,976	415,810	348,775	383,310	880,475	690,876	699,154	921,165	794,065
Unrestricted (deficit)	(2,694,532)	(2,352,977)	(1,995,906)	255,006	696,519	594,025	1,364,810	1,127,470	1,397,624	1,647,619
<b>Total primary government net position</b>	<b>\$ 9,136,803</b>	<b>\$ 9,361,421</b>	<b>\$ 9,729,835</b>	<b>\$ 11,936,593</b>	<b>\$ 12,615,756</b>	<b>\$ 12,956,658</b>	<b>\$ 13,482,506</b>	<b>\$ 13,257,759</b>	<b>\$ 13,948,596</b>	<b>\$ 12,612,055</b>



**Borger Junior College District  
Statistical Supplement 2  
Revenues by Source  
Fiscal Years 2008 to 2017  
(unaudited)**

	For the Year Ended August 31,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>OPERATING REVENUES</b>										
Tuition and fees (net of discounts)	\$ 1,479,653	\$ 1,543,126	\$ 993,795	\$ 1,009,840	\$ 769,545	\$ 619,626	\$ 155,904	\$ 366,868	\$ 1,297,890	\$ 1,284,954
Governmental grants and contracts										
Federal grants and contracts	454,727	-	-	-	-	-	27,640	61,903	106,135	427,959
State grants and contracts	293,137	332,941	629,455	204,271	324,533	221,298	250,546	162,650	1,678,469	746,687
Local grants and revenues	518,201	506,561	505,564	503,138	497,850	466,171	500,454	411,309	473,320	386,272
Auxiliary enterprises	786,960	722,183	786,409	718,938	699,427	764,988	959,784	922,877	894,734	801,071
Other operating revenues	95,716	58,483	64,374	75,795	64,665	61,534	101,952	71,492	65,335	78,783
<b>Total operating revenues</b>	<b>3,628,394</b>	<b>3,163,294</b>	<b>2,979,597</b>	<b>2,511,982</b>	<b>2,356,020</b>	<b>2,133,617</b>	<b>1,996,280</b>	<b>1,997,099</b>	<b>4,515,883</b>	<b>3,725,726</b>
<b>NONOPERATING REVENUES</b>										
State appropriations	2,975,626	2,993,203	2,748,976	2,726,513	2,560,652	2,595,720	3,448,548	3,497,483	3,548,225	3,556,008
Ad valorem taxes	2,319,123	1,841,383	1,521,526	1,503,577	1,455,476	1,382,564	1,378,499	1,370,015	1,338,732	1,230,116
Federal revenue, nonoperating	1,904,222	1,949,963	2,152,565	1,993,812	2,177,240	2,148,755	2,726,219	2,716,379	1,755,556	1,599,178
Gifts	400,439	850,130	470,056	332,002	418,085	568,559	215,497	292,323	435,672	317,139
Investment income	4,555	2,130	2,094	12,642	14,746	23,282	24,353	21,084	36,146	100,293
Gain (loss) on disposal of fixed assets	-	(1,194)	-	-	(9,207)	23,415	246,005	(7,805)	(17,230)	(33,443)
Other nonoperating revenues (losses)	(10,489)	(34,608)	15,137	(10,163)	(43,795)	(42,055)	262,792	(468,571)	200,835	173,732
<b>Total nonoperating revenues</b>	<b>7,593,476</b>	<b>7,601,007</b>	<b>6,910,354</b>	<b>6,558,383</b>	<b>6,573,197</b>	<b>6,700,240</b>	<b>8,301,913</b>	<b>7,420,908</b>	<b>7,297,936</b>	<b>6,943,023</b>
<b>TOTAL REVENUES</b>	<b>\$ 11,221,870</b>	<b>\$ 10,764,301</b>	<b>\$ 9,889,951</b>	<b>\$ 9,070,365</b>	<b>\$ 8,929,217</b>	<b>\$ 8,833,857</b>	<b>\$ 10,298,193</b>	<b>\$ 9,418,007</b>	<b>\$ 11,813,819</b>	<b>\$ 10,668,749</b>

	For the Year Ended August 31,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>OPERATING REVENUES</b>										
Tuition and fees (net of discounts)	13.19%	14.34%	10.05%	11.13%	8.62%	7.01%	1.51%	3.90%	10.99%	12.04%
Governmental grants and contracts										
Federal grants and contracts	4.05%	0.00%	0.00%	0.00%	0.00%	0.00%	0.27%	0.66%	0.90%	4.01%
State grants and contracts	2.61%	3.09%	6.36%	2.25%	3.63%	2.51%	2.43%	1.73%	14.21%	7.00%
Local grants and contracts	4.62%	4.71%	5.11%	5.55%	5.58%	5.28%	4.86%	4.37%	4.01%	3.62%
Auxiliary enterprises	7.01%	6.71%	7.95%	7.93%	7.83%	8.66%	9.32%	9.80%	7.57%	7.51%
Other operating revenues	0.85%	0.54%	0.66%	0.83%	0.72%	0.70%	0.99%	0.75%	0.55%	0.74%
<b>Total operating revenues</b>	<b>32.33%</b>	<b>29.39%</b>	<b>30.13%</b>	<b>27.69%</b>	<b>26.38%</b>	<b>24.16%</b>	<b>19.38%</b>	<b>21.21%</b>	<b>38.23%</b>	<b>34.92%</b>
<b>NONOPERATING REVENUES</b>										
State appropriations	26.52%	27.81%	27.80%	30.06%	28.68%	29.38%	33.49%	37.14%	30.03%	33.33%
Ad valorem taxes	20.67%	17.10%	15.38%	16.58%	16.30%	15.65%	13.39%	14.55%	11.33%	11.53%
Federal revenue, nonoperating	16.97%	18.11%	21.77%	21.98%	24.38%	24.32%	26.47%	28.84%	14.86%	14.99%
Gifts	3.56%	7.90%	4.75%	3.66%	4.68%	6.44%	2.09%	3.10%	3.69%	2.97%
Investment income	0.04%	0.02%	0.02%	0.14%	0.17%	0.26%	0.24%	0.22%	0.31%	0.94%
Gain (loss) on disposal of fixed assets	0.00%	-0.01%	0.00%	0.00%	-0.10%	0.27%	2.39%	-0.08%	-0.15%	-0.31%
Other nonoperating revenues	-0.09%	-0.32%	0.15%	-0.11%	-0.49%	-0.48%	2.55%	-4.98%	1.70%	1.63%
<b>Total nonoperating revenues</b>	<b>67.67%</b>	<b>70.61%</b>	<b>69.87%</b>	<b>72.31%</b>	<b>73.62%</b>	<b>75.84%</b>	<b>80.62%</b>	<b>78.79%</b>	<b>61.77%</b>	<b>65.08%</b>
<b>TOTAL REVENUES</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

**Borger Junior College District  
Statistical Supplement 3  
Program Expense by Function  
Fiscal Years 2008 to 2017  
(unaudited)**

	For the Fiscal Year Ending August 31,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>OPERATING EXPENSES</b>										
Instruction	\$ 5,212,626	\$ 4,986,106	\$ 4,576,493	\$ 4,341,319	\$ 4,094,642	\$ 3,986,808	\$ 3,716,540	\$ 3,470,225	\$ 3,627,995	\$ 3,912,721
Academic support	163,679	135,450	145,470	177,381	158,260	195,025	186,775	245,343	245,325	186,370
Student services	825,864	867,462	718,535	505,947	551,576	665,594	1,031,212	1,075,264	1,243,005	1,410,509
Institutional support	2,093,679	1,901,551	1,778,884	1,744,864	1,672,599	1,577,756	1,782,942	1,817,377	1,796,175	1,855,781
Operation and maintenance of plant	780,863	862,979	784,914	786,357	754,516	736,720	891,378	832,873	809,491	776,676
Scholarships and fellowships	202,014	323,671	249,499	213,460	105,521	132,499	99,268	128,161	149,017	144,065
Auxiliary enterprises	1,312,532	1,284,302	1,184,304	1,188,712	1,154,941	1,208,774	1,384,104	1,469,777	1,500,679	1,412,890
Depreciation	807,869	722,943	685,795	678,566	690,415	732,359	798,156	879,255	893,506	803,301
<b>Total operating expenses</b>	<b>11,399,126</b>	<b>11,084,464</b>	<b>10,123,894</b>	<b>9,636,606</b>	<b>9,182,470</b>	<b>9,235,535</b>	<b>9,890,375</b>	<b>9,918,275</b>	<b>10,265,193</b>	<b>10,502,313</b>
<b>NONOPERATING EXPENSES</b>										
Interest on capital-related debt	47,367	48,251	68,021	112,922	87,649	124,170	181,071	190,569	212,085	211,824
<b>Total nonoperating expenses</b>	<b>47,367</b>	<b>48,251</b>	<b>68,021</b>	<b>112,922</b>	<b>87,649</b>	<b>124,170</b>	<b>181,071</b>	<b>190,569</b>	<b>212,085</b>	<b>211,824</b>
<b>TOTAL EXPENSES</b>	<b>\$ 11,446,493</b>	<b>\$ 11,132,715</b>	<b>\$ 10,191,915</b>	<b>\$ 9,749,528</b>	<b>\$ 9,270,119</b>	<b>\$ 9,359,705</b>	<b>\$ 10,071,446</b>	<b>\$ 10,108,844</b>	<b>\$ 10,477,278</b>	<b>\$ 10,714,137</b>

	For the Fiscal Year Ending August 31,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>OPERATING EXPENSES</b>										
Instruction	45.54%	44.79%	44.90%	44.53%	44.17%	42.60%	36.90%	34.33%	34.63%	36.52%
Academic support	1.43%	1.22%	1.43%	1.82%	1.71%	2.08%	1.85%	2.43%	2.34%	1.74%
Student services	7.21%	7.79%	7.05%	5.19%	5.95%	7.11%	10.24%	10.64%	11.86%	13.16%
Institutional support	18.29%	17.08%	17.45%	17.90%	18.04%	16.86%	17.70%	17.98%	17.14%	17.32%
Operation and maintenance of plant	6.82%	7.75%	7.70%	8.07%	8.14%	7.87%	8.85%	8.24%	7.73%	7.25%
Scholarships and fellowships	1.76%	2.91%	2.45%	2.19%	1.14%	1.42%	0.99%	1.27%	1.42%	1.34%
Auxiliary enterprises	11.47%	11.54%	11.62%	12.19%	12.46%	12.91%	13.74%	14.54%	14.32%	13.19%
Depreciation	7.06%	6.49%	6.73%	6.95%	7.44%	7.82%	7.93%	8.70%	8.54%	7.50%
<b>Total operating expenses</b>	<b>99.59%</b>	<b>99.57%</b>	<b>99.33%</b>	<b>98.84%</b>	<b>99.05%</b>	<b>98.67%</b>	<b>98.20%</b>	<b>98.13%</b>	<b>97.98%</b>	<b>98.02%</b>
<b>NONOPERATING EXPENSES</b>										
Interest on capital related debt	0.41%	0.43%	0.67%	1.16%	0.95%	1.33%	1.80%	1.87%	2.02%	1.98%
<b>Total nonoperating expenses</b>	<b>0.41%</b>	<b>0.43%</b>	<b>0.67%</b>	<b>1.16%</b>	<b>0.95%</b>	<b>1.33%</b>	<b>1.80%</b>	<b>1.87%</b>	<b>2.02%</b>	<b>1.98%</b>
<b>TOTAL EXPENSES</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Borger Junior College District  
 Statistical Supplement 4  
 Tuition and Fees  
 Fiscal Year  
 (unaudited)

Academic Year (Fall)	Processing Fee (per student)	Resident: Fees per semester credit hour (SCH)									
		In District Tuition	Out-of-District Tuition	General Use Fees	Student Service Fees	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Year In District	Increase from Prior Year Out-of-District		
2016	\$ 18	\$ 43	\$ 68	\$ 43	\$ 10	\$ 1,235	\$ 1,535	0.0%	0.0%		
2015	18	43	68	43	10	1,235	1,535	8.7%	8.7%		
2014	18	40	63	40	8	1,136	1,412	0.0%	0.0%		
2013	18	40	63	40	8	1,136	1,412	12.1%	9.5%		
2012	18	36	59	36	8	1,013	1,289	0.0%	0.0%		
2011	18	36	59	36	8	1,013	1,289	0.0%	0.0%		
2010	18	36	59	36	8	1,013	1,289	5.0%	5.9%		
2009	18	32	53	36	8	965	1,217	0.0%	0.0%		
2008	18	32	53	36	8	965	1,217	4.4%	3.5%		
2007	13	32	53	36	5	924	1,176				

Academic Year (Fall)	Registration Fee (per student)	Non-Resident: Fees per semester credit hour (SCH)									
		Non-resident Tuition Out-of-State	Non-resident Tuition International	General Use Fees	Student Service Fees	Cost for 12 SCH Out-of-State	Cost for 12 SCH International	Increase from Prior Year Out-of-State	Increase from Prior Year International		
2016	\$ 18	\$ 76	\$ 76	\$ 43	\$ 10	\$ 1,631	\$ 1,631	0.0%	0.0%		
2015	18	76	76	43	10	1,631	1,631	9.0%	9.0%		
2014	18	70	70	40	8	1,496	1,496	0.0%	0.0%		
2013	18	70	70	40	8	1,496	1,496	8.9%	8.9%		
2012	18	66	66	36	8	1,373	1,373	0.0%	0.0%		
2011	18	66	66	36	8	1,373	1,373	0.0%	0.0%		
2010	18	66	66	36	8	1,373	1,373	5.5%	5.5%		
2009	18	60	60	36	8	1,301	1,301	0.0%	0.0%		
2008	18	60	60	36	8	1,301	1,301	3.3%	3.3%		
2007	13	60	60	36	5	1,260	1,260				

**Borger Junior College District**  
**Statistical Supplement 5**  
**Assessed Value and Taxable Assessed Value of Property**  
**Last Ten Fical Years**  
(unaudited)

Fiscal Year	Assessed Valuation of Property	Less Exemptions	Taxable Assessed Value (TAV)	Ratio of Taxable Assessed Value to Assessed Value	Direct Rates		
					Maintenance & Operations (a)	Debt Service (a)	Total (a)
2016-17	\$ 1,323,938,610	\$ 207,035,470	1,116,903,140	84.36%	0.22000	0.00	0.22000
2015-16	1,247,981,190	199,540,350	1,048,440,840	84.01%	0.22000	0.00	0.22000
2014-15	1,020,388,800	199,050,400	821,338,400	80.49%	0.22000	0.00	0.22000
2013-14	877,088,490	196,998,460	680,090,030	77.54%	0.22000	0.00	0.22000
2012-13	860,134,580	184,868,130	675,266,450	78.51%	0.22000	0.00	0.22000
2011-12	836,477,160	176,414,950	660,062,210	78.91%	0.22000	0.00	0.22000
2010-11	779,639,210	164,535,300	615,103,910	78.90%	0.22000	0.00	0.22000
2009-10	795,586,800	166,208,910	629,377,890	79.11%	0.22000	0.00	0.22000
2008-09	787,849,110	163,212,880	624,636,230	79.28%	0.22000	0.00	0.22000
2007-08	757,259,280	150,817,020	606,442,260	80.08%	0.22000	0.00	0.22000

Source: Local appraisal district

(a) per \$100 taxable assessed valuation

Borger Junior College District  
 Statistical Supplement 6  
 State Appropriation per FTSE and Contact Hour  
 Fiscal Year  
 (unaudited)

Fiscal Year	Appropriation per FTSE			Appropriation per contact hour			
	State Appropriations	FTSE (a)	State Appropriation per FTSE	Academic Contact Hours (a)	Voc/Tech Contact Hours (b)	Total Contact Hours	State Appropriations per Contact Hour
2016-17	\$ 2,975,626	1,557	\$ 1,911	410,592	267,908	678,500	\$ 4.39
2015-16	2,993,203	1,459	2,052	383,384	297,846	681,230	4.39
2014-15	2,280,532	1,348	1,692	351,800	350,655	702,455	3.25
2013-14	2,285,956	1,142	2,002	300,112	306,420	606,532	3.77
2012-13	2,015,171	1,191	1,692	318,034	291,522	609,556	3.31
2011-12	2,062,851	1,041	1,982	296,768	287,994	584,762	3.53
2010-11	2,632,570	1,247	2,111	373,890	301,055	674,945	3.90
2009-10	2,663,017	1,171	2,274	386,752	274,037	660,789	4.03
2008-09	2,715,708	1,290	2,105	394,256	264,602	658,858	4.12
2007-08	2,715,709	1,356	2,003	394,288	297,919	692,207	3.92

**Notes:**

FTSE is defined as the number of full-time students, plus the total hours taken by part-time students, divided by 12.

(a) source CBM001

(b) source CBM00A

**Borger Junior College District**  
**Statistical Supplement 7**  
**Principal Tax Payers**  
**Fiscal Year**  
**(unaudited)**

**Taxable Assessed Value (TAV) by Tax Year (\$000 omitted)**

Taxpayer	Type of Business	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Agrium U.S. Inc	Chemical	500,652,250	432,421,600	\$ 162,936,920	\$ 47,178,070	\$ 45,416,180	\$ 41,737,380	\$ 43,937,070	\$ 41,530,310	\$ 43,181,610	\$ 39,247,400
DCP Midstream (Duke Energy)	Energy	33,092,590	35,455,510	40,151,160	42,315,800	39,822,240	37,504,430	37,699,430	36,382,340	36,918,040	28,957,650
Southwestern Public Service	Utility	16,731,560	16,585,320	16,441,240	14,016,010	13,100,650	11,716,510	11,716,510	9,750,130	9,624,230	9,757,440
National Oil Well	Energy	-	8,584,720	13,481,200	7,085,930	-	-	-	-	-	-
Traditions Oil & Gas	Energy	-	8,540,810	5,557,220	6,851,210	7,451,240	-	-	-	-	-
Turner Energy Services	Energy	-	7,438,340	6,366,110	6,067,160	6,748,650	-	-	-	3,322,570	3,902,700
Pahandle Northern Railroad Co	Transportation	7,180,100	6,478,250	6,375,700	5,965,350	5,783,480	3,014,400	3,014,400	-	-	-
Rice Construction Company	Construction	9,323,860	8,540,810	4,460,990	4,036,700	4,107,130	3,716,850	-	-	-	-
Rice D E Trustee	Construction	-	4,932,070	7,870,630	-	-	-	-	-	-	-
Baker Corp	Energy	-	4,800,000	4,063,620	3,397,180	-	-	-	-	-	-
Eagle Rock Energy	Energy	-	3,051,080	4,408,260	-	-	-	-	-	-	-
Borger Properties	Energy	3,427,330	4,800,000	4,158,390	-	-	-	-	-	-	-
LHM Family LP	Energy	-	4,496,090	7,544,320	-	-	-	-	-	-	-
Walmart Real Estate Business	Real Estate	7,438,350	7,438,340	7,438,340	-	-	-	-	-	-	-
Walmart Stores of Texas	Retail	7,982,510	8,584,720	9,782,420	-	-	-	-	-	-	-
RS12 Hotels LLC	Hotel	6,624,180	7,481,470	6,669,000	-	-	-	-	-	-	-
Amarillo National Bank	Banking	4,945,780	4,932,070	4,953,470	-	-	-	-	-	-	-
Nov Process & Flow Tech Inc.	Energy	8,723,440	5,437,690	-	-	-	-	-	-	-	-
P&B Senior Living Group, LLC	Health Care	4,480,430	4,496,090	-	-	-	-	-	-	-	-
RAYMAC Energy, LTD	Energy	3,630,580	3,666,440	-	-	-	-	-	-	-	-
KAR Spring Ranch	Real Estate	-	-	4,653,330	-	-	-	-	-	-	-
United Supermarkets LLC	Retail	3,177,960	-	-	-	-	-	-	-	-	-
<b>Totals</b>		<b>\$ 617,410,940</b>	<b>\$ 588,161,420</b>	<b>\$ 317,312,320</b>	<b>\$ 136,983,840</b>	<b>\$ 122,039,290</b>	<b>\$ 93,972,720</b>	<b>\$ 96,367,410</b>	<b>\$ 87,662,780</b>	<b>\$ 93,046,450</b>	<b>\$ 81,865,190</b>
<b>Total Taxable Value</b>		<b>\$ 1,116,903,140</b>	<b>\$ 1,048,440,840</b>	<b>\$ 821,338,400</b>	<b>\$ 680,090,030</b>	<b>\$ 675,266,450</b>	<b>\$ 660,062,210</b>	<b>\$ 615,103,910</b>	<b>\$ 629,377,890</b>	<b>\$ 624,636,230</b>	<b>\$ 606,442,260</b>

**% of Taxable Assessed Value (TAV) by Tax Year**

Taxpayer	Type of Business	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Agrium U.S. Inc	Chemical	44.83%	41.24%	19.84%	6.94%	6.73%	6.32%	7.14%	6.60%	6.91%	6.47%
DCP Midstream (Duke Energy)	Energy	2.96%	3.38%	4.89%	6.22%	5.90%	5.68%	6.13%	5.78%	5.91%	4.78%
Southwestern Public Service	Utility	1.50%	1.58%	2.00%	2.06%	1.94%	1.78%	1.90%	1.55%	1.54%	1.61%
National Oil Well	Energy	0.00%	0.82%	1.64%	1.04%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Traditions Oil & Gas	Energy	0.00%	0.81%	0.68%	1.01%	1.10%	0.00%	0.00%	0.00%	0.00%	0.00%
Turner Energy Services	Energy	0.00%	0.71%	0.78%	0.89%	1.00%	0.00%	0.00%	0.00%	0.53%	0.64%
Pahandle Northern Railroad Co	Transportation	0.64%	0.62%	0.78%	0.88%	0.86%	0.46%	0.49%	0.00%	0.00%	0.00%
Rice Construction Company	Construction	0.83%	0.81%	0.54%	0.60%	0.55%	0.00%	0.00%	0.00%	0.00%	0.00%
Rice D E Trustee	Construction	0.00%	0.47%	0.96%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Baker Corp	Energy	0.00%	0.46%	0.49%	0.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Eagle Rock Energy	Energy	0.00%	0.29%	0.54%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Borger Properties	Energy	0.31%	0.46%	0.51%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
LHM Family LP	Energy	0.00%	0.43%	0.92%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Walmart Real Estate Business	Real Estate	0.67%	0.71%	0.91%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Walmart Stores of Texas	Retail	0.71%	0.82%	1.19%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
RS12 Hotels LLC	Hotel	0.59%	0.71%	0.81%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Amarillo National Bank	Banking	0.44%	0.47%	0.60%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Nov Process & Flow Tech Inc.	Energy	0.78%	0.52%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
P&B Senior Living Group, LLC	Health Care	0.40%	0.43%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
RAYMAC Energy, LTD	Energy	0.33%	0.35%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
KAR Spring Ranch	Real Estate	0.00%	0.00%	0.57%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
United Supermarkets LLC	Retail	0.28%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Totals</b>		<b>55.27%</b>	<b>56.09%</b>	<b>38.62%</b>	<b>20.13%</b>	<b>18.07%</b>	<b>14.24%</b>	<b>15.67%</b>	<b>13.93%</b>	<b>14.90%</b>	<b>13.50%</b>

Source: Local County Appraisal District

**Borger Junior College District**  
**Statistical Supplement 8**  
**Property Tax Levies and Collections**  
**Last Ten Years**  
(unaudited)

<b>Fiscal Year Ended August 31</b>	<b>Levy (a)</b>	<b>Cumulative Levy Adjustments</b>	<b>Adjusted Tax Levy (b)</b>	<b>Collections - Year of Levy (c)</b>	<b>Percentage</b>	<b>Prior Collections of Prior Levies (d)</b>	<b>Current Collections of Prior Levies (e)</b>	<b>Total Collections (c+d+e)</b>	<b>Cumulative Collections of Adjusted Levy</b>
2017	\$ 2,303,000	-	\$ 2,303,000	\$ 2,254,206	97.88%	\$ -	\$ 29,813	\$ 2,284,019	99.18%
2016	1,809,048	-	1,809,048	1,763,343	97.47%	-	36,344	1,799,687	99.48%
2015	1,495,000	-	1,495,000	1,449,654	96.97%	-	38,743	1,488,397	99.56%
2014	1,471,000	-	1,471,000	1,440,167	97.90%	-	40,745	1,480,912	100.67%
2013	1,451,000	-	1,451,000	1,402,819	96.68%	-	35,832	1,438,651	99.15%
2012	1,353,000	-	1,353,000	1,305,349	96.48%	-	71,228	1,376,577	101.74%
2011	1,383,000	-	1,383,000	1,299,457	93.96%	-	23,599	1,323,056	95.67%
2010	1,374,000	-	1,374,000	1,322,861	96.28%	-	29,286	1,352,147	98.41%
2009	1,334,000	-	1,334,000	1,292,079	96.86%	-	19,479	1,311,558	98.32%
2008	1,212,000	-	1,212,000	1,175,903	97.02%	-	24,783	1,200,686	99.07%

**Sources:**

- (a) as reported in the notes to the financial statements for the year of the levy
- (b) as of August 31st of the current reporting year
- (c) property tax only - does not include penalties and interest
- (d) represents cumulative collections of prior years not collected in the current year or the year of the tax levy
- (e) represents current year collections of prior years levies

**Borger Junior College District  
Statistical Supplement 9  
Ratios of Outstanding Debt  
Last Ten Fiscal Years  
(unaudited)**

**For the Year Ended August 31**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>General bonded debt:</b>										
General obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes	-	-	-	-	-	-	-	-	-	-
Less: funds restricted for debt service	-	-	-	-	-	-	-	-	-	-
<b>Net general bonded debt</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other debt:</b>										
Revenue bonds	970,000	1,150,000	1,150,000	1,320,000	1,485,000	1,650,000	1,755,000	1,885,000	2,005,000	2,120,000
Notes	318,999	391,565	510,009	622,885	730,452	865,405	1,153,836	1,592,644	1,969,355	2,300,550
Capital leases obligations	-	-	70,660	145,640	-	-	-	147,533	216,132	281,500
<b>Total outstanding debt</b>	<b>\$ 1,288,999</b>	<b>\$ 1,541,565</b>	<b>\$ 1,730,669</b>	<b>\$ 2,088,525</b>	<b>\$ 2,215,452</b>	<b>\$ 2,515,405</b>	<b>\$ 2,908,836</b>	<b>\$ 3,625,177</b>	<b>\$ 4,190,487</b>	<b>\$ 4,702,050</b>
<b>General Bonded Debt Ratios:</b>										
Per capita	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Per FTSE	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
As a percentage of taxable assessed value	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total outstanding debt ratios:</b>										
Per capita	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Per FTSE	\$ 828	\$ 1,459	\$ 1,284	\$ 1,829	\$ 1,860	\$ 2,416	\$ 2,333	\$ 3,096	\$ 3,248	\$ 3,645
As a percentage of taxable assessed value	0.12%	0.15%	0.21%	0.31%	0.33%	0.38%	0.47%	0.58%	0.67%	0.78%

**Notes:**

Ratios calculated using the population and TAV from current year. Debt per student calculated using full-time equivalent enrollment.



**Borger Junior College District  
Statistical Supplement 10  
Legal Debt Limit Margin  
Last Ten Fiscal Years  
(unaudited)**

	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
<b>Total assessed value</b>	\$ 1,116,903,140	\$ 1,048,440,840	\$ 821,338,400	\$ 680,090,030	\$ 675,266,450	\$ 660,062,210	\$ 615,103,910	\$ 629,377,890	\$ 624,636,230	\$ 606,442,260
<b>General obligation bonds:</b>										
Statutory taxable limit for debt service	\$ 5,584,516	\$ 5,242,204	\$ 4,106,692	\$ 3,400,450	\$ 3,376,332	\$ 3,300,311	\$ 3,075,520	\$ 3,146,889	\$ 3,123,181	\$ 3,032,211
Less: Funds restricted for repayment of general obligation bonds	-	-	-	-	-	-	-	-	-	-
Total net general obligation debt	5,584,516	5,242,204	4,106,692	3,400,450	3,376,332	3,300,311	3,075,520	3,146,889	3,123,181	3,032,211
Current year debt service requirements	339,929	304,288	118,444	112,875	107,568	134,953	320,874	482,296	670,565	704,973
<b>Excess of statutory limit for debt service over current requirements</b>	\$ 5,244,587	\$ 4,937,916	\$ 3,988,248	\$ 3,287,575	\$ 3,268,764	\$ 3,165,358	\$ 2,754,646	\$ 2,664,593	\$ 2,452,616	\$ 2,327,238
<b>Net current requirements as a % of statutory limit</b>	6.09%	5.80%	2.88%	3.32%	3.19%	4.09%	10.43%	15.33%	21.47%	23.25%

**Notes:**

Texas Education Code Section 130.122 limits the debt service tax levy of community colleges to \$0.50 per hundred dollars taxable assessed valuation.

**Borger Junior College District**  
**Statistical Supplement 11**  
**Pledged Revenue Coverage**  
**Last Ten Fiscal Years**  
(unaudited)

Fiscal Year Ended August 31	Pledged Revenues											Debt Service Requirements			
	Tuition	Technology Fee	Registration Fees	General Use Fees	Community Education Fees	Interest Income	Vending Income	Vending Commission	Bookstore Commission	Total	Principal	Interest	Total	Coverage Ratio	
2017	\$ 47,422	\$ -	\$ -	\$ 320,775	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 368,197	\$ 180,000	\$ 21,938	\$ 201,938	1.82	
2016	45,967	-	-	299,518	-	-	-	-	-	345,485	170,000	30,875	200,875	1.72	
2015	43,117	-	-	299,672	-	-	-	-	-	342,789	165,000	35,063	200,063	1.71	
2014	35,925	-	-	282,523	-	-	-	-	-	318,448	165,000	39,859	204,859	1.55	
2013	39,007	-	-	295,900	-	-	-	-	-	334,907	165,000	46,128	211,128	1.59	
2012	34,072	-	-	276,700	-	-	-	-	-	310,772	150,000	71,022	221,022	1.41	
2011	37,957	-	-	308,175	-	-	-	-	-	346,132	130,000	92,662	222,662	1.55	
2010	39,697	-	-	316,750	-	-	-	-	-	356,447	120,000	98,982	218,982	1.63	
2009	40,417	-	-	319,787	-	-	-	-	-	360,204	115,000	105,998	220,998	1.63	
2008	42,015	-	-	332,813	-	-	-	-	-	374,828	110,000	112,708	222,708	1.68	

Source: Continuing Disclosure for Borger Junior College District Report filed annually with Southwest Securities.

**Borger Junior College District**  
**Statistical Supplement 12**  
**Demographic and Economic Statistics - Taxing District**  
**Last Nine Fiscal Years**  
(unaudited)

Note: Information on the Borger Junior College District is not available, thus information is presented on the closest entity to approximate the College's district which is the City of Borger.

<b>Calendar Year</b>	<b>City of Borger Population</b>	<b>City of Borger Personal Income</b>	<b>City of Borger Personal Income Per Capita</b>	<b>City of Borger Unemployment Rate</b>
2016	12,865	\$ 289,499,635	\$ 22,503	4.6%
2015	12,964	279,166,776	21,534	4.1%
2014	13,251	285,347,034	21,534	4.2%
2013	13,024	272,839,776	20,949	4.2%
2012	13,077	254,766,114	19,482	5.6%
2011	13,240	298,098,600	22,515	6.3%
2010	13,251	278,111,988	20,988	7.3%
2009	12,655	266,995,190	21,098	7.0%
2008	12,901	246,138,179	19,079	7.0%

**Sources:**

Population from U.S. Bureau of Census

Personal income from U.S. Bureau of Economic Analysis

Unemployment rate from the Texas Workforce Commission

**Note:** Information was only available for the years as indicated.

**Borger Junior College District**  
**Statistical Supplement 13**  
**Principal Employers (in the Borger area)**  
(unaudited)

**Current Fiscal Year**

<b>Employer</b>	<b>Number of Employees</b>	<b>% of Total Employment</b>
Phillips 66	679	INA
Borger ISD	437	INA
Chevron Phillips Chemical Co.	351	INA
Wal-Mart	219	INA
Golden Plains Community Hospital	216	INA
Austin Industrial	210	INA
United Supermarket	160	INA
Sid Richardson	140	INA
H.B. Zachary	80	INA
<b>Total</b>	<b>INA</b>	<b>INA</b>

**Ten Years Prior**

<b>Employer</b>	<b>Number of Employees</b>	<b>% of Total Employment</b>
Phillips 66	INA	INA
Borger ISD	INA	INA
Chevron Phillips Chemical Co.	INA	INA
Wal-Mart	INA	INA
Golden Plains Community Hospital	INA	INA
Austin Industrial	INA	INA
United Supermarket	INA	INA
Sid Richardson	INA	INA
H.B. Zachary	INA	INA
<b>Total</b>	<b>INA</b>	<b>INA</b>

Source:  
Borger Economic Development Corp  
Texas Metropolitan Statistical Area Data

Information for prior years is unavailable; therefore, this schedule will be implemented prospectively.

**Borger Junior College District**  
**Statistical Supplement 14**  
**Faculty, Staff, and Administrators Statistics**  
**Last Ten Fiscal Years**  
(unaudited)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Faculty</b>										
Full-time	40	36	33	30	30	30	28	26	30	30
Part-time	38	34	38	40	43	55	45	60	81	84
<b>Total</b>	<b>78</b>	<b>70</b>	<b>71</b>	<b>70</b>	<b>73</b>	<b>85</b>	<b>73</b>	<b>86</b>	<b>111</b>	<b>114</b>
<b>Percent</b>										
Full-time	51.3%	51.4%	46.5%	42.9%	41.1%	35.3%	38.4%	30.2%	27.0%	26.3%
Part-time	48.7%	48.6%	53.5%	57.1%	58.9%	64.7%	61.6%	69.8%	73.0%	73.7%
<b>Staff and Administrators</b>										
Full-time	65	66	64	62	59	58	66	70	73	66
Part-time	16	17	13	9	9	9	10	10	10	12
<b>Total</b>	<b>81</b>	<b>83</b>	<b>77</b>	<b>71</b>	<b>68</b>	<b>67</b>	<b>76</b>	<b>80</b>	<b>83</b>	<b>78</b>
<b>Percent</b>										
Full-time	80.2%	79.5%	83.1%	87.3%	86.8%	86.6%	86.8%	87.5%	88.0%	84.6%
Part-time	19.8%	20.5%	16.9%	12.7%	13.2%	13.4%	13.2%	12.5%	12.0%	15.4%
<b>FTSE per full-time faculty</b>	<b>39</b>	<b>41</b>	<b>41</b>	<b>38</b>	<b>40</b>	<b>35</b>	<b>45</b>	<b>45</b>	<b>43</b>	<b>45</b>
<b>FTSE per full-time staff member</b>	<b>24</b>	<b>22</b>	<b>21</b>	<b>18</b>	<b>20</b>	<b>18</b>	<b>19</b>	<b>17</b>	<b>18</b>	<b>21</b>
<b>Average annual faculty salary</b>	<b>\$ 42,830</b>	<b>\$ 40,578</b>	<b>\$ 40,389</b>	<b>\$ 40,454</b>	<b>\$ 37,536</b>	<b>\$ 37,710</b>	<b>\$ 40,203</b>	<b>\$ 36,000</b>	<b>\$ 32,494</b>	<b>\$ 37,722</b>

**Borger Junior College District**  
**Statistical Supplement 15**  
**Enrollment Details**  
**Last Ten Fiscal Years**  
(unaudited)

Student Classification	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00-30 hours	1174	75.40%	1100	75.39%	1167	86.57%	802	70.23%	1,011	84.89%	755	72.53%	843	67.60%	931	79.50%	909	70.47%	911	67.18%
31-60 hours	272	17.47%	256	17.55%	140	10.39%	235	20.58%	129	10.83%	226	21.71%	270	21.65%	201	17.16%	242	18.76%	275	20.28%
> 60 hours	111	7.13%	103	7.06%	41	3.04%	105	9.19%	51	4.28%	60	5.76%	134	10.75%	39	3.33%	139	10.78%	170	12.54%
<b>Total</b>	<b>1,557</b>	<b>100.00%</b>	<b>1,459</b>	<b>100.00%</b>	<b>1,348</b>	<b>100.00%</b>	<b>1,142</b>	<b>100.00%</b>	<b>1,191</b>	<b>100.00%</b>	<b>1,041</b>	<b>100.00%</b>	<b>1,247</b>	<b>100.00%</b>	<b>1,171</b>	<b>100.00%</b>	<b>1,290</b>	<b>100.00%</b>	<b>1,356</b>	<b>100.00%</b>

Semester Hour Load	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	19	1.22%	18	1.23%	20	1.48%	0	0.00%	3	0.25%	2	0.19%	2	0.16%	-	0.00%	19	1.47%	44	3.24%
3-5 semester hours	332	21.32%	318	21.80%	271	20.10%	198	17.34%	243	20.40%	214	20.56%	258	20.69%	226	19.30%	305	23.64%	268	19.76%
6-8 semester hours	355	22.80%	320	21.93%	331	24.55%	288	25.22%	238	19.98%	184	17.68%	207	16.60%	250	21.35%	261	20.23%	300	22.12%
9-11 semester hours	241	15.48%	229	15.70%	158	11.72%	155	13.57%	159	13.35%	118	11.34%	94	7.54%	135	11.53%	120	9.30%	138	10.18%
12-14 semester hours	342	21.97%	338	23.17%	329	24.41%	319	27.93%	337	28.30%	296	28.43%	381	30.55%	359	30.66%	288	22.33%	312	23.01%
15-17 semester hours	240	15.41%	204	13.98%	208	15.43%	157	13.75%	176	14.78%	203	19.50%	268	21.49%	176	15.03%	218	16.90%	219	16.15%
18 and over	28	1.80%	32	2.19%	31	2.30%	25	2.19%	35	2.94%	24	2.31%	37	2.97%	25	2.14%	79	6.13%	75	5.54%
<b>Total</b>	<b>1,557</b>	<b>100.00%</b>	<b>1,459</b>	<b>100.00%</b>	<b>1,348</b>	<b>100.00%</b>	<b>1,142</b>	<b>100.00%</b>	<b>1,191</b>	<b>100.00%</b>	<b>1,041</b>	<b>100.00%</b>	<b>1,247</b>	<b>100.00%</b>	<b>1,171</b>	<b>100.00%</b>	<b>1,290</b>	<b>100.00%</b>	<b>1,356</b>	<b>100.00%</b>

Average course load

11	10	10	10	10	11	11
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Tuition Status	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas resident (In-District)	449	28.84%	444	30.43%	411	30.49%	366	32.05%	399	33.50%	342	32.85%	390	31.28%	399	34.07%	389	30.16%	359	26.47%
Texas resident (Out-of-state)	1027	65.96%	950	65.11%	887	65.80%	736	64.45%	763	64.06%	648	62.25%	750	60.14%	709	60.55%	786	60.93%	923	68.07%
Non-resident tuition	81	5.20%	65	4.46%	50	3.71%	40	3.50%	29	2.43%	51	4.90%	107	8.58%	63	5.38%	115	8.91%	74	5.46%
<b>Total</b>	<b>1,557</b>	<b>100.00%</b>	<b>1,459</b>	<b>100.00%</b>	<b>1,348</b>	<b>100.00%</b>	<b>1,142</b>	<b>100.00%</b>	<b>1,191</b>	<b>100.00%</b>	<b>1,041</b>	<b>100.00%</b>	<b>1,247</b>	<b>100.00%</b>	<b>1,171</b>	<b>100.00%</b>	<b>1,290</b>	<b>100.00%</b>	<b>1,356</b>	<b>100.00%</b>

**Borger Junior College District**  
**Statistical Supplement 16**  
**Student Profile**  
**Last Ten Fiscal Years**  
(unaudited)

	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	
<b>Gender</b>																					
Female	898	57.68%	845	57.92%	778	57.72%	609	53.33%	681	57.18%	603	57.93%	679	54.45%	653	55.76%	727	56.36%	759	55.97%	
Male	659	42.32%	614	42.08%	570	42.28%	533	46.67%	510	42.82%	438	42.07%	568	45.55%	518	44.24%	563	43.64%	597	44.03%	
<b>Total</b>	<b>1,557</b>	<b>100.00%</b>	<b>1,459</b>	<b>100.00%</b>	<b>1,348</b>	<b>100.00%</b>	<b>1,142</b>	<b>100.00%</b>	<b>1,191</b>	<b>100.00%</b>	<b>1,041</b>	<b>100.00%</b>	<b>1,247</b>	<b>100.00%</b>	<b>1,171</b>	<b>100.00%</b>	<b>1,290</b>	<b>100.00%</b>	<b>1,356</b>	<b>100.00%</b>	
<b>Ethnic Origin</b>																					
White	1,153	74.05%	1,107	75.87%	1,012	75.07%	780	68.30%	708	59.45%	663	63.69%	843	67.60%	802	68.49%	877	67.98%	1,036	76.40%	
Hispanic	151	9.70%	178	12.20%	181	13.43%	201	17.60%	264	22.17%	250	24.02%	274	21.97%	267	22.80%	294	22.79%	239	17.63%	
African American	68	4.37%	68	4.66%	60	4.45%	53	4.64%	41	3.44%	45	4.32%	82	6.58%	52	4.44%	59	4.57%	40	2.95%	
Asian	9	0.58%	9	0.62%	7	0.52%	8	0.70%	5	0.42%	5	0.48%	7	0.56%	7	0.60%	5	0.39%	3	0.22%	
Foreign	18	1.16%	13	0.89%	2	0.15%	5	0.44%	11	0.92%	23	2.21%	12	0.96%	6	0.51%	22	1.71%	30	2.21%	
Native American	67	4.30%	60	4.11%	67	4.97%	32	2.80%	23	1.93%	17	1.63%	18	1.44%	25	2.13%	32	2.48%	7	0.52%	
Other	91	5.84%	24	1.64%	19	1.41%	63	5.52%	139	11.67%	38	3.65%	11	0.89%	12	1.02%	1	0.08%	1	0.07%	
<b>Total</b>	<b>1,557</b>	<b>100.00%</b>	<b>1,459</b>	<b>100.00%</b>	<b>1,348</b>	<b>100.00%</b>	<b>1,142</b>	<b>100.00%</b>	<b>1,191</b>	<b>100.00%</b>	<b>1,041</b>	<b>100.00%</b>	<b>1,247</b>	<b>100.00%</b>	<b>1,171</b>	<b>100.00%</b>	<b>1,290</b>	<b>100.00%</b>	<b>1,356</b>	<b>100.00%</b>	
<b>Tuition Status</b>																					
Under 18	661	42.45%	562	38.52%	475	35.24%	316	27.67%	315	26.45%	255	24.50%	241	19.33%	327	27.92%	312	24.19%	332	24.48%	
18-21	638	40.98%	608	41.67%	573	42.51%	521	45.62%	530	44.50%	481	46.21%	666	53.41%	521	44.49%	641	49.69%	609	44.91%	
22-24	70	4.50%	90	6.17%	94	6.97%	82	7.18%	81	6.80%	85	8.17%	87	6.98%	70	5.98%	92	7.13%	105	7.74%	
25-35	129	8.29%	138	9.46%	142	10.53%	152	13.31%	182	15.28%	142	13.64%	162	12.99%	163	13.92%	149	11.55%	167	12.32%	
36-50	53	3.40%	54	3.70%	60	4.45%	61	5.34%	68	5.71%	64	6.15%	74	5.93%	69	5.89%	76	5.89%	114	8.41%	
51 & over	6	0.39%	7	0.48%	4	0.30%	10	0.88%	15	1.26%	14	1.34%	17	1.36%	21	1.79%	20	1.55%	29	2.14%	
<b>Total</b>	<b>1,557</b>	<b>100.00%</b>	<b>1,459</b>	<b>100.00%</b>	<b>1,348</b>	<b>100.00%</b>	<b>1,142</b>	<b>100.00%</b>	<b>1,191</b>	<b>100.00%</b>	<b>1,041</b>	<b>100.00%</b>	<b>1,247</b>	<b>100.00%</b>	<b>1,171</b>	<b>100.00%</b>	<b>1,290</b>	<b>100.00%</b>	<b>1,356</b>	<b>100.00%</b>	
Average age	20		20		20		21		22		22		22		22		22		23		

**Borger Junior College District  
 Statistical Supplement 17  
 Transfers to Senior Institutions  
 2015-2016 Fall Students as of Fall 2016**

(unaudited)

(Includes only public senior colleges in Texas)

Rank	Texas Public Senior College	Transfer Student Count Academic	Transfer Student Count Technical	Transfer Student Count Tech-Prep	Total of All Transfer Students	% of All Transfer Students
1	West Texas A&M University	99	3	-	102	56.7%
2	Texas Tech University	43	1	-	44	24.4%
3	Tarleton State University	10	-	-	10	5.6%
4	Texas A&M University	5	-	-	5	2.8%
5	Midwestern State University	4	-	-	4	2.2%
6	Texas State University	4	-	-	4	2.2%
7	Stephen F. Austin State University	2	1	-	3	1.7%
8	University of North Texas	2	-	-	2	1.1%
9	The University of Texas of the Permian Basin	2	-	-	2	1.1%
10	The University of Texas at Austin	2	-	-	2	1.1%
11	The University of Texas at Arlington	1	-	-	1	0.6%
12	Texas A&M University - Corpus Christi	1	-	-	1	0.6%
<b>Totals</b>		<b>175</b>	<b>5</b>	<b>-</b>	<b>180</b>	<b>100.00%</b>

Source: Automated Student and Adult Learner Follow-up Report - Coordinating Board



**Borger Junior College District**  
**Statistical Supplement 18**  
**Capital Asset Information**  
**Fiscal Year 2008 to 2017**  
(unaudited)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Academic buildings</b>	8	8	7	7	7	7	7	8	8	7
Square footage	170,180	170,180	162,980	162,980	162,980	162,980	162,980	177,546	177,546	162,546
<b>Library</b>	1	1	1	1	1	1	1	1	1	1
Square footage	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000
Number of volumes	22,900	22,900	22,900	22,900	22,900	22,900	22,900	22,900	22,900	22,900
<b>Administrative and support buildings</b>	2	2	2	2	2	2	2	2	2	2
Square footage	22,400	22,400	22,400	22,400	22,400	22,400	22,400	22,400	22,400	22,400
<b>Dormitories</b>	3	3	3	3	3	3	3	3	3	3
Square footage	54,640	54,640	54,640	54,640	54,640	54,640	54,640	54,640	54,640	54,640
Number of beds	246	246	246	246	246	246	246	246	246	246
<b>Apartments</b>	0	0	0	0	0	0	0	0	0	0
Square footage	0	0	0	0	0	0	0	0	0	0
Number of beds	0	0	0	0	0	0	0	0	0	0
<b>Dining facilities</b>	1	1	1	1	1	1	1	1	1	1
Square footage	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Average daily customers	158	158	158	158	158	158	158	158	158	158
<b>Athletic facilities</b>										
Square footage	252,910	252,910	252,910	252,910	252,910	252,910	252,910	252,910	252,910	252,910
Stadiums	1	1	1	1	1	1	1	1	1	1
Gymnasiums	1	1	1	1	1	1	1	1	1	1
Fitness centers	1	1	1	1	1	1	1	1	1	1
Tennis courts	2	2	2	2	2	2	2	2	2	2
<b>Plant facilities</b>	1	1	1	1	1	1	1	1	1	1
Square footage	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
<b>Transportation</b>										
Cars	8	9	9	9	10	10	9	8	8	8
Light trucks	6	6	6	6	5	6	6	6	6	5
Buses	6	3	3	3	3	3	3	3	3	3