



**WHARTON COUNTY JUNIOR
COLLEGE DISTRICT**

**ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended

August 31, 2017

WHARTON COUNTY JUNIOR COLLEGE DISTRICT

Table of Contents

	Page
Organizational Data	1
Independent Auditors' Report.....	2
Management's Discussion and Analysis	5
 <u>Financial Statements</u>	
Statement of Net Position (Exhibit 1).....	10
Statement of Revenues, Expenses, and Changes in Net Position (Exhibit 2).....	11
Statement of Cash Flows (Exhibit 3).....	12
Notes to Financial Statements.....	13
 <u>Required Supplementary Information (RSI) Schedules</u>	
Schedule of College's Share of Net Pension Liability.....	35
Schedule of College's Contributions	36
Notes to Required Supplementary Information	37
 <u>Supplementary Schedules</u>	
Schedules	
A Schedule of Operating Revenues	38
B Schedule of Operating Expenses by Object	39
C Schedule of Non-Operating Revenues and Expenses	40
D Schedule of Net Position by Source and Availability	41
E Schedule of Expenditures of Federal Awards	42
Notes to Schedule of Expenditures of Federal Awards.....	43
F Schedule of Expenditures of State Awards.....	44
Notes to Schedule of Expenditures of State Awards.....	45
 <u>Auditors' Reports on Controls and Compliance</u>	
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 <i>Governmental Auditing Standards</i> ...	46
Independent Auditor's Report on Compliance for Each Major Program and On Internal Control Over Compliance Required by The Uniform Guidance	48
Schedule of Findings and Questioned Costs.....	50
 <u>Statistical Supplements (Unaudited)</u>	
Net Position by Component.....	51
Revenues by Source.....	52
Program Expenses by Function	53
Tuition and Fees	54
Assessed Value and Taxable Assessed Value of Property	55
State Appropriation per FTSE and Contact Hour	56
Principal Taxpayers	57
Property Tax Levies and Collections.....	59
Ratios of Outstanding Debt.....	60
Legal Debt Margin Information.....	61
Pledged Revenue Coverage	62
Demographic and Economic Statistics – Taxing District.....	63

WHARTON COUNTY JUNIOR COLLEGE DISTRICT
Organizational Data
Year Ended August 31, 2017

Board of Trustees

Officers

Mr. P.D. (Danny) Gertson, III, Chair
Ms. Amy Rod, Vice Chair
Mr. Monty Merecka, Secretary

<u>Members</u>		Term Expires
		<u>May</u>
Mr. P.D. (Danny) Gertson, III	East Bernard, Texas	2018
Mr. Scott Glass	Wharton, Texas	2022
Mrs. Merle Hudgins	Hungerford, Texas	2018
Ms. Ann Hundl	El Campo, Texas	2020
Mr. Oliver Kunkel	Needville, Texas	2020
Mr. Monty Merecka	Boling, Texas	2018
Mr. Jack C. Moses	Wharton, Texas	2022
Ms. Amy Rod	El Campo, Texas	2020
Mr. Larry Sitka	Wharton, Texas	2022

Principal Administrative Officers

Ms. Betty McCrohan, President

Ms. Leigh Ann Collins, Vice President of Instruction

Mr. Bryce Kocian, Vice President of Administrative Services

Ms. Pamela J. Youngblood, Vice President of Technology and Institutional Research

Mr. David Leenhouts, Vice President of Student Services

Mr. Gus Wessels, Jr., CPA, Dean of Financial and Business Services

Ms. Megan Costanza, Dean of Vocational Instruction



LOTT, VERNON & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

20 SOUTH FOURTH STREET 254/778/4783
POST OFFICE BOX 160 800/460/4783
TEMPLE, TEXAS 76503 FAX 254/778/4792

KILLEEN • COPPERAS COVE • TEMPLE

*Member of
American Institute & Texas Society of
Certified Public Accountants*

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Wharton County Junior College District
Wharton, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Wharton County Junior College District, (the College) 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 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Wharton County Junior College District as of August 31, 2017 and 2016, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents and the Schedule of College's Share of Net Pension Liability and Schedule of College Contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The supplemental schedules (schedules A through D) and statistical supplements, as described in the table of contents, are presented for purposes of additional analysis and are 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 awards (schedule F) are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplemental schedules, the schedule of expenditures of federal awards and the schedule of expenditures of state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The statistical supplements (marked "unaudited") have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 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.



Temple, Texas
November 7, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

In June 1999, the Governmental Accounting Standard's Board (GASB) released Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, which established a new reporting format for annual financial statements. In November 1999, GASB released Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*, which applies the new reporting standards to public colleges and universities. Wharton County Junior College District (the College) adopted these new standards in fiscal year 2002.

The following analysis provides an overview of the College's financial activities. Both 2017 and 2016 are presented in the audited financial statements. Since management's discussion and analysis is designed to focus on current activities, resulting change and currently known facts, please read in conjunction with the College's basic financial statements and additional information.

The annual report consists of three basic financial statements that provide information on the College as a whole: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. Each of these statements will be discussed.

Financial and Enrollment Highlights

There were a number of items that had a financial impact in the 2017 fiscal year.

- During fiscal 2017 the following grants were received.
 - The U.S. Department of Education awarded \$225,847 for Hispanic-Serving Institutions and articulation programs. This grant is designated for developing science, technology engineering, and math programs for all students.
 - Tenaris SA gifted \$125,000 for instructional equipment for the manufacturing curriculum.
 - Jobs and Education for Texans grant awarded \$350,000 for welding department equipment.
- The property valuation in the taxing district increased \$210,854,711 primarily due to an increase in industrial valuation.
- General revenue appropriations remained the same compared to fiscal 2016. State appropriations accounted for 25% of the total operational budget of the College.
- Sugar Land and Richmond campus semester hours for Fall 2016 increased 4% and 11% compared to Fall 2015.

Statement of Net Position

The Statement of Net Position includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. Net position, the difference between assets, deferred outflows of resources, and liabilities and deferred inflows of resources are one way to measure the financial health of the College.

Statement of Net Position (continued)

	FY 2017	FY 2016	FY 2015
Current Assets:			
Cash and cash equivalents	\$ 13,578,957	\$ 16,464,831	\$ 21,031,781
Short-term investments	5,224,741	4,583,693	4,322,622
Accounts receivable, net	151,118	155,948	103,019
Property taxes receivable	394,686	349,322	320,601
Tuition and fees receivable	4,833,612	4,359,649	4,223,953
Federal and state receivables	211,655	380,986	356,924
Other assets	36,482	35,057	33,304
Total Current Assets	24,431,251	26,329,486	30,392,204
Non-Current Assets:			
Restricted cash and cash equivalents	1,998,760	1,326,958	1,598,446
Restricted endowment cash and cash equivalents	777,887	1,347,536	787,419
Restricted agency funds cash and cash equivalents	210,375	212,867	180,657
Endowment non-current investments	3,950,054	3,425,666	3,408,153
Other non-current investments	26,932,071	25,102,529	18,243,582
Investments in real estate	111,000	111,000	111,000
Capital assets, net	27,124,743	24,734,031	23,683,432
Total Non-Current Assets	61,104,890	56,260,587	48,012,689
Total Assets	85,536,141	82,590,073	78,404,893
Deferred Outflows of Resources			
Deferred Outflows Related to Pensions	1,977,874	2,267,905	886,346
Total Deferred Outflows of Resources	1,977,874	2,267,905	886,346
Current Liabilities:			
Accounts payable	3,511,992	1,667,501	1,389,414
Accrued liabilities	-	-	-
Funds held for others - agency	210,373	212,847	176,973
Unearned revenues	10,501,623	10,468,800	10,258,931
Bonds payable - current portion	295,000	285,000	275,000
Total Current Liabilities	14,518,988	12,634,148	12,100,318
Non-Current Liabilities:			
Bonds payable	1,703,503	2,009,087	2,304,670
Net Pension Liability	6,132,954	5,747,658	5,031,677
Total Non-Current Liabilities	7,836,457	7,756,745	7,336,347
Total Liabilities	22,355,445	20,390,893	19,436,665
Deferred Inflows of Resources			
Deferred Inflows Related to Pensions	1,606,311	2,169,564	1,539,205
Total Deferred Inflows of Resources	1,606,311	2,169,564	1,539,205
Net Position:			
Invested in capital assets, net of related debt	27,124,743	24,734,031	23,683,432
Restricted for:			
Nonexpendable - endowments	10,046,797	9,375,892	8,608,924
Expendable:			
Federal and State grants	587,964	613,539	786,659
Debt service	344,445	340,259	490,222
Student aid	886,714	516,496	452,865
Unrestricted - undesignated	24,561,596	26,717,304	24,293,267
Total Net Position	\$ 63,552,259	\$ 62,297,521	\$ 58,315,369

Statement of Net Position (continued)

The short-term investments are funds invested at financial institutions with maturities of one year or less.

The receivable figures consist primarily of final grant billings, Federal financial aid reimbursements, student loans, and returned checks.

The agency funds consist of money on deposit from various student association organizations.

The deferred revenues primarily represent tuition and fee income for the next academic year paid to the College during the 2017 fiscal year.

During 2005 the college changed its policy regarding compensated absences. Employees must take the vacation leave during the fiscal year it is earned or it is forfeited. Therefore, no compensated absences are accrued at year-end.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position present the operating results of the College, as well as the non-operating revenues and expenses. The College's revenues are of two types: those from operations and those from all other sources. Operating revenues are primarily those that result directly from the conduct of instruction, the operation of college auxiliary services (e.g., the bookstore, food service, etc.), and Federal, State of Texas, and local grants. State appropriations were the most significant non-operating revenue, representing 25% of total revenue. Property taxes, while budgeted for operations, are considered non-operating revenues according to accounting principles generally accepted in the United States of America and represented 12% of total revenues.

Operating Revenues:	FY 2017		FY 2016		FY 2015	
Student tuition and fees, net of discounts of \$2,395,881, \$2,368,680, and \$2,946,971.	\$ 19,536,140	40.48%	\$ 19,442,839	38.83%	\$ 18,985,613	36.04%
Federal, state, and local grants and contracts	2,097,751	4.35%	3,210,887	6.41%	3,252,976	6.18%
Auxiliary enterprises, net of discounts of \$121,833, \$84,737, and \$86,607	752,910	1.56%	808,629	1.61%	803,689	1.53%
Other operating revenues	265,315	0.55%	317,837	0.63%	350,733	0.67%
Total operating revenues	22,652,116	46.94%	23,780,192	47.48%	23,393,011	44.42%
Non-operating revenues:						
State appropriations	12,027,273	24.92%	11,993,460	23.95%	11,860,568	22.52%
Property taxes	5,920,590	12.27%	5,354,611	10.69%	5,634,423	10.70%
Federal Revenue, Non-Operating	6,435,350	13.34%	6,385,455	12.75%	6,739,252	12.79%
Investment Income	1,049,828	2.18%	992,490	1.98%	231,109	0.44%
Other non-operating revenue	172,101	0.35%	1,566,114	3.15%	4,815,388	9.13%
Total non-operating revenue	25,605,142	53.06%	26,292,130	52.52%	29,280,740	55.58%
Total Revenues	\$ 48,257,258	100.00%	\$ 50,072,322	100.00%	\$ 52,673,751	100.00%

Statement of Revenues, Expenses and Changes in Net Position (continued)

Expenses

Operating Expenses:	FY 2017		FY 2016		FY 2015	
Instruction	\$ 19,076,859	40.59%	\$ 18,139,138	39.36%	\$ 17,867,480	39.20%
Public services and academic support	4,935,669	10.50%	5,480,979	11.89%	5,644,340	12.38%
Student services	3,083,206	6.56%	2,929,826	6.36%	2,845,609	6.24%
Institutional support	7,916,142	16.84%	7,748,180	16.81%	7,288,319	15.99%
Operations and maintenance of plant	4,815,280	10.24%	4,828,264	10.48%	4,870,528	10.69%
Scholarships and fellowships	4,822,696	10.26%	4,758,279	10.32%	4,941,428	10.84%
Auxiliary enterprises	842,015	1.79%	834,762	1.81%	786,876	1.73%
Depreciation	1,271,133	2.70%	1,277,489	2.77%	1,228,573	2.70%
Total operating expenses	46,763,000	99.48%	45,996,917	99.80%	45,473,153	99.77%
Non-Operating Expenses:						
Interest	63,358	0.13%	69,878	0.15%	80,704	0.18%
Other Non-Operating Expenses	176,162	0.39%	23,375	0.05%	21,606	0.05%
Total Non-Operating Expenses	239,520	0.52%	93,253	0.20%	102,310	0.23%
Total Expenses	\$ 47,002,520	100.00%	\$ 46,090,170	100.00%	\$ 45,575,463	100.00%

Change in Net Position

When College expenses are subtracted from revenues from all sources, the difference is either negative, indicating a loss of net position, or positive, indicating an increase in net position. This year the College realized an increase in net position as revenues exceeded the expenses in production of that revenue.

	FY 2017	FY 2016	FY 2015
Operating revenues	\$ 22,652,116	\$ 23,780,192	\$ 23,393,011
Non-operating revenues	25,605,142	26,292,130	29,280,740
Total revenues	48,257,258	50,072,322	52,673,751
Operating expenses	46,763,000	45,996,917	45,473,153
Non-operating expenses	239,520	93,253	102,310
Total expenses	47,002,520	46,090,170	45,575,463
Increase to net position	\$ 1,254,738	\$ 3,982,152	\$ 7,098,288

Statement of Cash Flows

The Statement of Cash Flows provides information about cash receipts and cash payments during the year. The 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.

	FY 2017	FY 2016	FY 2015
Cash provided by (used in):			
Operating activities	\$ (18,389,635)	\$ (17,728,898)	\$ (17,782,231)
Non-capital and related financing activities	21,757,216	22,516,092	22,717,403
Capital and related financing activities	(4,197,993)	(2,846,319)	3,690,780
Investing activities	<u>(1,955,801)</u>	<u>(6,186,986)</u>	<u>(2,730,092)</u>
Net increase (decrease) in cash	(2,786,213)	(4,246,111)	5,895,860
Cash - beginning of year	19,352,192	23,598,303	17,702,443
Cash - end of year	<u>\$ 16,565,979</u>	<u>\$ 19,352,192</u>	<u>\$ 23,598,303</u>

The primary cash receipts from operating activities consist of student tuitions and fees, and grants. Cash outlay for operating activities includes payments of wages, benefits, supplies, utilities, and scholarships. Property tax and state appropriations are the primary source of non-capital financing.

Capital Asset and Debt Administration

The College had total capital asset additions of \$ 3,661,845 for fiscal year 2017 and \$ 2,482,644 for fiscal year 2016. Construction in progress during 2017 for the Johnson Health Occupations Center renovation and the Richmond Campus expansion totaled \$987,847 and \$1,678,905 respectively.

Future Financial Considerations

The College has experienced a steady increase in enrollments over the past ten years. The growth has been, and will continue to be, from Fort Bend County. The funding formula used by the Texas Higher Education Coordinating Board to allocate state appropriated funds is based on the total amount appropriated to all community colleges multiplied by the community college's percentage of the state's total student contact hours, success points, and base funding. Twenty-five per cent (25%) of all College revenues are from state appropriated funds based on instructional activities. The State of Texas funding is based on legislatively established funding levels. The future level of state funding is dependent on the enrollment and legislative actions.

Requests for Information

This financial report is designed to provide a general overview of Wharton County Junior College District's financial activities. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Dean of Financial and Business Services, 911 Boling Highway, Wharton, Texas 77488.

FINANCIAL STATEMENTS

WHARTON COUNTY JUNIOR COLLEGE DISTRICT
Statement of Net Position
August 31, 2017 and August 31, 2016

	<u>F/Y 2017</u>	<u>F/Y 2016</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 13,578,957	\$ 16,464,831
Short-term investments	5,224,741	4,583,693
Accounts receivable, net	5,591,071	5,245,905
Prepaid Expenses	36,482	35,057
Total Current Assets	<u>24,431,251</u>	<u>26,329,486</u>
Noncurrent assets:		
Restricted cash and cash equivalents	1,998,760	1,326,958
Restricted endowment cash and cash equivalents	777,887	1,347,536
Restricted agency funds cash and cash equivalents	210,375	212,867
Endowment non-current investments	3,950,054	3,425,666
Other non-current investments	26,932,071	25,102,529
Investments in real estate	111,000	111,000
Capital assets, net	27,124,743	24,734,031
Total Noncurrent Assets	<u>61,104,890</u>	<u>56,260,587</u>
Total Assets	<u>85,536,141</u>	<u>82,590,073</u>
Deferred Outflows of Resources:		
Deferred Outflow Related to Pensions	1,977,874	2,267,905
Total Deferred Outflows of Resources	<u>1,977,874</u>	<u>2,267,905</u>
LIABILITIES		
Current liabilities:		
Accounts payable	3,511,992	1,667,501
Funds held for others - agency	210,373	212,847
Unearned revenues	10,501,623	10,468,800
Bonds payable-current portion	295,000	285,000
Total Current Liabilities	<u>14,518,988</u>	<u>12,634,148</u>
Noncurrent Liabilities:		
Bonds Payable-noncurrent portion	1,703,503	2,009,087
Net Pension Liability	6,132,954	5,747,658
Total Noncurrent Liabilities	<u>7,836,457</u>	<u>7,756,745</u>
Total Liabilities	<u>22,355,445</u>	<u>20,390,893</u>
Deferred Inflows of Resources:		
Deferred Inflows Related to Pensions	1,606,311	2,169,564
Total Deferred Inflows of Resources	<u>1,606,311</u>	<u>2,169,564</u>
NET POSITION		
Invested in capital assets, net of related debt	27,124,743	24,734,031
Restricted for:		
Nonexpendable		
Endowments	10,046,797	9,375,892
Expendable:		
Federal and State grants	587,964	613,539
Debt service	344,445	340,259
Student aid	886,714	516,496
Unrestricted	24,561,596	26,717,304
Total Net Position (Schedule D)	<u>\$ 63,552,259</u>	<u>\$ 62,297,521</u>

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

WHARTON COUNTY JUNIOR COLLEGE DISTRICT
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended August 31, 2017 and August 31, 2016

Operating Revenues	F/Y 2017	F/Y 2016
Tuition and Fees (net of discounts of \$ 2,395,881 and \$2,368,680)	\$ 19,536,140	\$ 19,442,839
Federal Grants and Contracts	1,238,989	2,469,831
State Grants and Contracts	537,255	300,956
Non-Government Grants and Contracts	321,507	440,100
Sales and Services of Educational Activities	28,474	26,263
Auxiliary Enterprises(net of discounts of \$121,833 and \$84,737)	752,910	808,629
General Operating Revenues	236,841	291,574
Total Operating Revenues (Schedule A)	<u>22,652,116</u>	<u>23,780,192</u>
 Operating Expenses		
Instruction	19,076,859	18,139,138
Public Service	1,664,796	1,592,177
Academic Support	3,270,873	3,888,802
Student Services	3,083,206	2,929,826
Institutional Support	7,916,142	7,748,180
Operation and Maintenance of plant	4,815,280	4,828,264
Scholarships and Fellowships	4,822,696	4,758,279
Auxiliary Enterprises	842,015	834,762
Depreciation	1,271,133	1,277,489
Total Operating Expenses (Schedule B)	<u>46,763,000</u>	<u>45,996,917</u>
 Operating Loss	 (24,110,884)	 (22,216,725)
 Non-Operating Revenues (Expenses)		
State Appropriations	12,027,273	11,993,460
Maintenance Ad Valorem Taxes	5,920,590	5,354,611
Federal Revenue, Non Operating	6,435,350	6,385,455
Gifts and Donations	141,703	1,656,758
Investment Income	1,049,828	992,490
Other Non-operating Revenues	30,398	(90,644)
Other Non-operating Expenses	(176,162)	(23,375)
Interest Expense	(63,358)	(69,878)
Net Non-Operating Revenues (Schedule C)	<u>25,365,622</u>	<u>26,198,877</u>
 Increase (Decrease) in Net Position	 1,254,738	 3,982,152
 Net Position		
Net Position, Beginning of Year	<u>62,297,521</u>	<u>58,315,369</u>
Net Position, End of Year	<u>\$ 63,552,259</u>	<u>\$ 62,297,521</u>

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

WHARTON COUNTY JUNIOR COLLEGE DISTRICT
Statement of Cash Flows
Years Ended August 31, 2017 and August 31, 2016

	<u>FY2017</u>	<u>FY2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from students and other customers	\$ 19,803,787	\$ 20,444,552
Receipts of grants and contracts	2,584,866	3,427,018
Payments to or on behalf of employees	(27,990,856)	(27,032,209)
Payments to suppliers for goods and services	(8,334,954)	(9,873,611)
Payments for scholarships and fellowships	<u>(4,452,478)</u>	<u>(4,694,648)</u>
Net cash provided by operating activities	<u>(18,389,635)</u>	<u>(17,728,898)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Receipts from state appropriations	9,159,618	9,154,206
Receipts from ad valorem taxes	5,875,226	5,325,890
Receipts from Federal Revenue	6,435,350	6,385,455
Gifts and grants for other than capital purposes	146,367	1,642,136
Other Receipts/Disbursements	<u>140,655</u>	<u>8,405</u>
Net cash provided by noncapital financing activities	<u>21,757,216</u>	<u>22,516,092</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Purchases of capital assets	(3,660,031)	(2,465,645)
Proceeds from the sale of capital assets	-	-
Payments on capital debt-principal	(295,584)	(285,583)
Payment on capital debt- interest	(66,216)	(71,716)
Payment on non-operating supplies	<u>(176,162)</u>	<u>(23,375)</u>
Net cash used by capital and related financing activities	<u>(4,197,993)</u>	<u>(2,846,319)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	4,431,099	16,125,625
Purchases of investments	(7,426,076)	(23,263,154)
Interest on Investments	<u>1,039,176</u>	<u>950,543</u>
Net cash used by investing activities	<u>(1,955,801)</u>	<u>(6,186,986)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(2,786,213)</u>	<u>(4,246,111)</u>
CASH AND CASH EQUIVALENTS-September 1	<u>19,352,192</u>	<u>23,598,303</u>
CASH AND CASH EQUIVALENTS-August 31	<u>\$ 16,565,979</u>	<u>\$ 19,352,192</u>
RECONCILIATION OF NET OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating loss	\$ (24,110,884)	\$ (22,216,725)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:		
Depreciation expense	1,271,133	1,277,489
Bad debt expense		
Payments made directly by state for benefits	2,867,655	2,839,032
Changes in assets and liabilities:		
Accounts receivable, net:		
Student a/r	(473,471)	(136,351)
Other a/r	14,990	(8,574)
Grants a/r	169,331	(24,062)
Accounts payable:		
Vendors	1,477,131	216,297
Scholarships	368,793	63,631
Funds held for others agency	(2,472)	35,874
Deferred revenues:		
Deferred tuition	(52,784)	275,872
Deferred grant revenue	80,943	(51,381)
Net cash used by operating activities	<u>\$ (18,389,635)</u>	<u>\$ (17,728,898)</u>

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

WHARTON COUNTY JUNIOR COLLEGE DISTRICT

Notes to Financial Statements August 31, 2017

1. Reporting Entity

Wharton County Junior College District (the College) was established in 1946, in accordance with the laws of the State of Texas, to serve the educational needs of Wharton and the surrounding communities. The College is considered a special purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement No. 14. While the College receives funding from local, state, and federal sources, and must comply with the spending, reporting, and record keeping requirements of these entities, it is not a component unit of any other governmental entity.

2. Summary of Significant Accounting Policies

This section provides a summary of the College's significant accounting activities and other topics related to the College's financial reporting.

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 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 (TPEG)

Certain tuition amounts are required to be set aside for use as scholarships by qualifying students. This set-aside, called the TPEG, is shown with tuition and fee revenue amounts as a separate set aside amount (TEC §56.033). When the award is used by the student for tuition and fees, the amount is recorded as tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

Title IV, Higher Education Act Programs Funds

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

Other Tuition Discounts

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

Basis of accounting

The financial statements of the College have been prepared on the accrual basis whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

WHARTON COUNTY JUNIOR COLLEGE DISTRICT

Notes to Financial Statements August 31, 2017

Summary of Significant Accounting Policies (continued)

Budgetary data

Each community college in Texas is required by law to prepare an annual operating budget of anticipated revenues and expenditures for the fiscal year beginning September 1. The College's Board of Trustees adopts the budget, which is prepared on the accrual basis of accounting. 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.

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.

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 not be recognized as an outflow of resources (expense) until then. Governments are only permitted to report deferred outflows in circumstances specifically authorized by the GASB. A typical deferred outflow for community colleges is a deferred charge on a refunding debt.

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. [The governing board has designated public funds investment pools comprised of \$10,013,604 and \$13,269,963 at August 31, 2017 and August 31, 2016, respectively to be short-term investments.] Long-term investments have an original maturity of greater than one year at the time of purchase.

Capital assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation. For equipment, the District's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life in excess of one year. The college capitalizes renovation of \$100,000 to buildings and infrastructure and land improvements that significantly increase the value or extend the useful life of the structure. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend 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, generally 50 years for buildings, 20 years for land improvements, 15 years for library books, 10 years for furniture, machinery, vehicles and other equipment and 5 years for telecommunications and peripheral equipment.

WHARTON COUNTY JUNIOR COLLEGE DISTRICT

Notes to Financial Statements August 31, 2017

Summary of Significant Accounting Policies (continued)

Pensions

The College participates in the Teacher Retirement System of Texas (TRS) pension plan, a multiple-employer cost sharing defined benefit pension plan with a special funding situation. The fiduciary net position of TRS has been determined on the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflow of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Unearned Revenue

Tuition and fees of \$9,960,563 and \$10,013,345, deferred federal state and local grants of \$527,005 and \$446,064, and deferred other \$14,055 and \$9,391 have been reported as unearned revenue at August 31, 2017 and 2016 respectively.

Deferred Inflows

In addition to liabilities, the college is aware that 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.

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, the College is aware that actual results could differ from those estimates.

Operating and Non-Operating Revenue and Expense Policy

The College distinguishes operating revenues and expenses from non-operating items. The College reports as a BTA and as a single, proprietary fund. Operating revenues and expenses generally result from providing services in connection with the College's principal ongoing operations. The principal operating revenues are tuition and related fees. The major non-operating revenues are state appropriations and property tax collections. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. The operation of the bookstore and college food service is not performed by the College.

WHARTON COUNTY JUNIOR COLLEGE DISTRICT

Notes to Financial Statements
August 31, 2017

3. Authorized Investments

The Board of Trustees of the College has adopted a written investment policy regarding the investments of its funds as defined in the Public Funds Investment Act (Sec. 2256.001 Texas Government Code). The investments of the College are in compliance with the Board of Trustees' investment policy and the Public Funds Investment Act. The College is authorized to invest in obligations and instruments as follows: (1) obligations of the United States or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than "A" by a national investment rating firm, (4) certificates of deposit and (5) other instruments and obligations authorized by statute.

During 2014, the Board of Trustees adopted a separate written investment policy regarding the investments of the Endowment Fund. The Endowment fund is comprised of funds donated for a specific purpose the majority of which being scholarship awards. The Endowment Fund investments are not subject to the Public Funds Investment Act. The College is authorized to invest the Endowment Funds as follows: (1) cash and cash equivalents, (2) equity investments both domestic and international generally restricted to high-quality corporate securities traded on the major stock exchanges, (3) fixed income investments, domestic and international, to include U.S. Treasury and government agency obligations, corporate debt, mortgages and asset-backed securities, (4) real estate investments, and (4) mutual or commingled funds.

4. Deposits and Investments

Cash and Deposits included on Exhibit 1, Statement of Net Position, consist of the items reported below:

	<u>2017</u>	<u>2016</u>
Bank Deposits		
Demand Deposits	\$6,546,675	\$6,076,529
	<u>\$6,546,675</u>	<u>\$6,076,529</u>
Cash and Cash Equivalents		
Petty Cash on Hand	\$5,700	\$5,700
Investment pool-TexPool	10,013,604	13,269,963
	<u>10,019,304</u>	<u>12,275,663</u>
 Total Cash and Deposits	 <u>\$16,565,979</u>	 <u>\$19,352,192</u>

WHARTON COUNTY JUNIOR COLLEGE DISTRICT

Notes to Financial Statements
August 31, 2017

Deposits and Investments (continued)

Reconciliation of Deposits and Investments to Exhibit 1

Type of Security	Market Value August 31, 2017	Market Value August 31, 2016
U. S. Government Securities	\$30,607,625	\$28,274,559
Stocks	274,500	253,636
Mutual Fund Investments	5,224,741	4,583,693
Real Estate Investments	111,000	111,000
Totals	<u>\$36,217,866</u>	<u>\$33,222,888</u>
Total Cash and Deposits	16,565,979	19,352,192
Total Investments	<u>36,217,866</u>	<u>33,222,888</u>
Total Deposits and Investments	<u>\$52,783,845</u>	<u>\$52,575,080</u>
Cash and Short-term Investments (Exhibit 1)	21,790,720	19,352,192
Investments (Exhibit 1)	<u>30,993,125</u>	<u>33,222,888</u>
Total Deposits and Investments	<u>\$52,783,845</u>	<u>\$52,575,080</u>

The District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years) as of August 31, 2017			
		Less than 1	1 to 2	2 to 3	More than 3
U.S. Government Securities	\$ 30,607,625	\$ 5,246,497	\$ 4,978,706	\$ 5,466,030	\$ 14,916,392
Total Fair Value	<u>\$ 30,607,625</u>	<u>\$ 5,246,497</u>	<u>\$ 4,978,706</u>	<u>\$ 5,466,030</u>	<u>\$ 14,916,392</u>

Investment Type	Fair Value	Investment Maturities (in Years) as of August 31, 2016			
		Less than 1	1 to 2	2 to 3	More than 3
U.S. Government Securities	\$ 28,274,559	\$ -	\$ 7,256,036	\$ 5,008,317	\$ 16,010,206
Total Fair Value	<u>\$ 28,274,559</u>	<u>\$ -</u>	<u>\$ 7,256,036</u>	<u>\$ 5,008,317</u>	<u>\$ 16,010,206</u>

Interest Rate Risk

In accordance with state law and College policy, the college does not purchase any investments with maturities greater than 5 years.

Credit Risk

In accordance with state law and the College's investment policy, investments in mutual funds, and investment pools must be rated at least AAA, commercial paper must be rated at least A-1 or P-1, and investments in obligations from other states, municipalities, counties, etc. must be rated

WHARTON COUNTY JUNIOR COLLEGE DISTRICT

Notes to Financial Statements
August 31, 2017

Deposits and Investments (continued)

at least A as well. The college is required to disclose credit ratings for its investments in either narrative or table form.

Concentration of Credit Risk

The College does not place a limit on the amount the College may invest in any one issuer. More than 5% of the college's investments are in FFCB (36.65%), FHLB (23.73%), FNMA (16.67%), FHLMC (8.37%) and Dreyfus (6.16%).

5. Fair Value of Financial Instruments

If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to their fair value measurement of the instrument.

The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the government can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The fair value hierarchy of investments at August 31, 2017 follows:

	FY 2017				FY 2016
	Level 1	Level 2	Level 3	Total	Total
Certificate of Deposit	\$ -	\$ -	\$ -	\$ -	\$ -
Mutual funds	5,224,741	-	-	5,224,741	4,583,693
Marketable securities	274,500	-	-	274,500	253,636
U.S. government securities	30,607,625	-	-	30,607,625	28,274,559
Real Estate Investments	-	-	111,000	111,000	111,000
Total	\$ 36,106,866	\$ -	\$ 111,000	\$ 36,217,866	\$ 33,222,888

6. Derivatives

The College did not invest in any derivative investment products or repurchase agreements during the year ended August 31, 2017 or August 31, 2016.

WHARTON COUNTY JUNIOR COLLEGE DISTRICT

Notes to Financial Statements
August 31, 2017

7. Capital Assets

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

	Balance September 1, 2016	Increases	Decreases	Balance August 31, 2017
<u>Not Depreciated:</u>				
Land	\$ 2,501,709	\$ -	\$ -	\$ 2,501,709
Construction in Progress	186,361	2,945,978	-	3,132,339
Subtotal	2,688,070	2,945,978	-	5,634,048
<u>Buildings and Other Capital Assets:</u>				
Buildings and Building Improvements	28,778,883	42,292	-	28,821,175
Other Real Estate Improvements	1,190,152	-	-	1,190,152
Infrastructure	361,136	-	-	361,136
Total Buildings and Other Real Estate Improvements	30,330,171	42,292	-	30,372,463
Library books	3,304,370	13,757	(38,745)	3,279,382
Furniture, Machinery, and Equipment	10,564,032	659,818	(324,203)	10,899,647
Total Buildings and Other Capital Assets	44,198,573	715,867	(362,948)	44,551,492
<u>Accumulated Depreciation:</u>				
Buildings and Building Improvements	10,817,644	507,714	-	11,325,358
Other Real Estate Improvements	917,551	7,450	-	925,001
Infrastructure	325,023	-	-	325,023
Total Buildings and Other Real Estate Improvements	12,060,218	515,164	-	12,575,382
Library books	3,214,936	36,226	(38,745)	3,212,417
Furniture, Machinery, and Equipment	6,877,458	719,743	(324,203)	7,272,998
Total Accumulated Depreciation	22,152,612	1,271,133	(362,948)	23,060,797
Net Capital Assets	<u>\$ 24,734,031</u>	<u>\$ 2,390,712</u>	<u>\$ -</u>	<u>\$ 27,124,743</u>

WHARTON COUNTY JUNIOR COLLEGE DISTRICT

Notes to Financial Statements
August 31, 2017

Capital Assets (Continued)

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

	Balance September 1, 2015	Increases	Decreases	Balance August 31, 2016
<u>Not Depreciated:</u>				
Land	\$ 2,501,709	\$ -	\$ -	\$ 2,501,709
Construction in Progress	-	186,361	-	186,361
Subtotal	2,501,709	186,361	-	2,688,070
<u>Buildings and Other Capital Assets:</u>				
Buildings and Building Improvements	27,979,378	909,359	(109,854)	28,778,883
Other Real Estate Improvements	1,153,039	37,113	-	1,190,152
Infrastructure	361,136	-	-	361,136
Total Buildings and Other Real Estate Improvements	29,493,553	946,472	(109,854)	30,330,171
Library books	3,293,901	16,139	(5,670)	3,304,370
Furniture, Machinery, and Equipment	9,357,925	1,333,672	(127,565)	10,564,032
Total Buildings and Other Capital Assets	42,145,379	2,296,283	(243,089)	44,198,573
<u>Accumulated Depreciation:</u>				
Buildings and Building Improvements	10,303,932	538,429	(24,717)	10,817,644
Other Real Estate Improvements	910,101	7,450	-	917,551
Infrastructure	325,023	-	-	325,023
Total Buildings and Other Real Estate Improvements	11,539,056	545,879	(24,717)	12,060,218
Library books	3,176,983	43,623	(5,670)	3,214,936
Furniture, Machinery, and Equipment	6,247,617	687,987	(58,146)	6,877,458
Total Accumulated Depreciation	20,963,656	1,277,489	(88,533)	22,152,612
Net Capital Assets	<u>\$ 23,683,432</u>	<u>\$ 1,205,155</u>	<u>\$ (154,556)</u>	<u>\$ 24,734,031</u>

WHARTON COUNTY JUNIOR COLLEGE DISTRICT

Notes to Financial Statements
August 31, 2017

8. Non-Current Liabilities

Non-current liability activity for the year ended August 31, 2017 was as follows:

	Balance September 1, 2016	Additions	Reductions	Balance August 31, 2017	Current Portion
Bonds					
Revenue bonds	\$ 2,220,000	\$ -	\$ 285,000	\$ 1,935,000	\$ 295,000
Unamortized bond premium	74,087	-	10,584	63,503	10,584
Subtotal	<u>2,294,087</u>	<u>-</u>	<u>295,584</u>	<u>1,998,503</u>	<u>305,584</u>
Net pension liability	5,747,658	385,296	-	6,132,954	N/A
Total non-current liabilities	<u>\$ 8,041,745</u>	<u>\$ 385,296</u>	<u>\$ 295,584</u>	<u>\$8,131,457</u>	<u>\$305,584</u>

Non-current liability activity for the year ended August 31, 2016 was as follows:

	Balance September 1, 2015	Additions	Reductions	Balance August 31, 2016	Current Portion
Bonds					
Revenue bonds	\$ 2,495,000	\$ -	\$ 275,000	\$2,220,000	\$ 285,000
Unamortized bond premium	84,670	-	10,583	74,087	10,584
Subtotal	<u>2,579,670</u>	<u>-</u>	<u>285,583</u>	<u>2,294,087</u>	<u>295,584</u>
Net pension liability	5,031,677	715,981	-	5,747,658	N/A
Total non-current liabilities	<u>\$ 7,611,347</u>	<u>\$ 715,981</u>	<u>\$ 285,583</u>	<u>\$8,041,745</u>	<u>\$295,584</u>

There were no obligations under capital leases at August 31, 2017.

9. Debt Obligations

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

For the Year Ended August 31,	Revenue Bonds		
	Principal	Interest	Total
2018	295,000	68,250	363,250
2019	305,000	59,400	364,400
2020	315,000	50,250	365,250
2021	325,000	40,800	365,800
2022	340,000	27,800	367,800
2023	355,000	14,200	369,200
Total	<u>\$ 1,935,000</u>	<u>\$ 260,700</u>	<u>\$ 2,195,700</u>

WHARTON COUNTY JUNIOR COLLEGE DISTRICT

Notes to Financial Statements August 31, 2017

10. Bonds Payable

General information related to bonds payable is summarized below:

Revenue Refunding Bonds, Series 2010

- The Board of Trustees of Wharton County Junior College District Combined Fee Revenue Refunding Bonds, Series 2010
- To refund \$3,835,000 of the Board of Trustees of Wharton County Junior College District Combined Fee Revenue Bonds, Series 2001 and \$1,770,000, the Board of Trustees of Wharton County Junior College District Combined Fee Revenue Bonds, Series 1998
- Issued November 4, 2010
- \$5,655,000, all authorized bonds have been issued
- Interest rates range from 2% to 4%
- Source of revenue for debt service – tuition charges, building use fees, other fee charges and designated auxiliary revenues
- Bonds were issued with a net premium of \$137,589.50
- Net proceeds from the refunding series amount to \$5,706,387 after payment of \$249,555 in underwriting fees, insurance and other issuance costs
- Proceeds of \$5,706,387 were used to purchase U.S. Government securities, which were deposited in an irrevocable trust with an escrow agent to provide for future payment of the Series 2001, and Series 1998 bonds at the first call dates.
- The 2001 Series bonds are considered fully defeased and the remaining liability for those bonds is zero.
- The 1998 Series bonds are considered fully defeased and the remaining liability for those bonds is zero.
- Advance refunding of the 2001 and 1998 Series bonds reduced the College debt service payment over the next 13 years by approximately \$547,862.

Under each bond issue, the College is to maintain a reserve account equal to the lesser of (a) 10% of the principal amount of outstanding bonds or (b) the average annual requirements, on a fiscal year basis, for the payment of the principal and interest on the bonds. The College has 60 months to establish this reserve fund. The reserve account balance at August 31, 2017 is \$367,257 which meets the full reserve requirement.

Bonds payable are due in annual installments varying from \$363,250 to \$369,200 with interest rates from 3% to 4% with the final installment due 2023.

11. Advance Refunding Bonds

WCJC has no advance refunding bonds.

12. Defeased Bonds Outstanding

WCJC has no defeased bonds outstanding.

WHARTON COUNTY JUNIOR COLLEGE DISTRICT

Notes to Financial Statements August 31, 2017

13. Short-Term Debt

WCJC has no short-term debt for the fiscal years ended August 31, 2017 and August 31, 2016.

14. Employees' Retirement Plan

The State of Texas has joint contributory retirement plans for almost all its employees.

Defined Benefit Pension Plan

A. Plan Description

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

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

B. Pension Plan Fiduciary Net Position

Detailed information about 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 by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512)542-6592.

C. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible 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, whose formulas use the three highest annual salaries. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic cost of living adjustments (COLA). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan Description above.

WHARTON COUNTY JUNIOR COLLEGE DISTRICT

Notes to Financial Statements
August 31, 2017

Employees' Retirement Plan (continued)

D. Contributions

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

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 thru 2017. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

Contribution Rates

	<u>2016</u>	<u>2017</u>
Member	7.20%	7.70%
Non-Employer Contribution Entity (State)	6.80%	6.80%
Employers	6.80%	6.80%

FY2016 College Contributions	\$	515,658
FY2016 State of Texas On-behalf Contributions	\$	359,657
FY2016 Member Contributions	\$	914,424

The College's contributions to the TRS pension plan in 2017 were \$512,960 as reported in the Schedule of College Contributions in the Required Supplementary Information section of these financial statements. Estimated State of Texas on-behalf contributions for 2017 were \$359,657.

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers.

Public junior colleges or junior college districts are required to pay the employer contribution 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.

WHARTON COUNTY JUNIOR COLLEGE DISTRICT

Notes to Financial Statements August 31, 2017

Employees' Retirement Plan (continued)

- 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 Teacher Retirement System the employer shall pay both the member contribution rate and the state contribution as an employment after retirement surcharge.

E. Actuarial Assumptions

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%
• Municipal Bond Rate*	N/A*
• Last year ending August 31 in the 2016 to 2115 Projection period (100 years)	2115
• Inflation	2.5%
• Payroll Growth Rate	2.5%
• Salary Increases including inflation	3.5% to 9.5%
• Benefit changes during the year	None
• Ad hoc post-employment benefit changes	None

**If a municipal bond rate was to be used, the rate would be 2.84 percent as of August 2016 (i.e., the weekly rate closest to but not later than the Measurement Date). The source for the rate is the Federal Reserve Statistical Release H.15, citing the Bond Buyer Index of general obligation bonds with 20 years to maturity and an average AA credit rating.*

Actuarial methods and assumptions were updated based on a study of actual experience 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. There were no changes to the actuarial assumptions or other inputs that affected the 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.

F. 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 year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of 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 all future benefit payments of

WHARTON COUNTY JUNIOR COLLEGE DISTRICT

Notes to Financial Statements
August 31, 2017

Employees' Retirement Plan (continued)

the 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%. 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 system's target asset allocation as of August 31, 2016 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns*
Global Equity			
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%
Stable Value			
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%
Real Return			
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%
Risk Parity			
Risk Parity	5.0%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
Total	100.0%		8.7%

WHARTON COUNTY JUNIOR COLLEGE DISTRICT

Notes to Financial Statements
August 31, 2017

Employees' Retirement Plan (continued)

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

Source: Teacher Retirement System of Texas 2016 Comprehensive Annual Financial Report

G. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate was used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2016 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
Wharton County Junior College's proportionate share of the net pension liability	\$ 9,491,748	\$ 6,132,954	\$ 3,284,019

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

At August 31, 2017, Wharton County Junior College reported a liability of \$ 6,132,954 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Wharton County Junior College. The amount recognized by Wharton County Junior 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 Wharton County Junior College were as follows:

Wharton County Junior College Proportionate share of the collective net pension liability	\$ 6,132,954
State's proportionate share that is associated with Wharton County Junior College	\$ 4,269,070
Total	\$ 10,402,024

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 employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2015 through August 31, 2016.

WHARTON COUNTY JUNIOR COLLEGE DISTRICT

Notes to Financial Statements
August 31, 2017

Employees' Retirement Plan (continued)

At the measurement date of August 31, 2016, the employer's proportion of the collective net pension liability was 0.0162297%, which was a decrease of 0.000030221% from its proportion measured as of August 31, 2015.

For the year ended August 31, 2017, Wharton County Junior College recognized pension expense of \$443,028 and revenue of \$443,028 for support provided by the State.

At August 31, 2017, Wharton County Junior College reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions for the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 96,164	\$ 183,126
Changes in actuarial assumptions	186,921	169,997
Net difference between projected and actual investment earnings	1,181,829	662,503
Changes in proportions and difference between the employer's contributions and the proportionate share of contributions	-	590,685
Contributions paid to TRS subsequent to the measurement date	512,960	-
Total	\$ 1,977,874	\$ 1,606,311

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

Year ended August 31:	Pension Expense Amount
2018	\$ (69,271)
2019	\$ (69,271)
2020	\$ 261,981
2021	\$ (94,717)
2022	\$ (163,594)
Thereafter	\$ (6,526)

Optional Retirement Plan – Defined Contribution Plan

Plan Description. Participation in the Optional Retirement Program is in lieu of participation in the Teacher Retirement System. 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.

WHARTON COUNTY JUNIOR COLLEGE DISTRICT

Notes to Financial Statements August 31, 2017

Employees' Retirement Plan (continued)

Funding Policy: Contribution requirements are not actuarially determined but are established and amended by the Texas legislature. The percentages of participant salaries currently contributed by the state and each participant are 3.234% and 6.65%, respectively. The college contributes an additional 1.9% 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 amount of the state's contribution to 50% of eligible employees in the reporting district.

The retirement expense to the state for the college was \$611,273 and \$580,755 for the fiscal years ended August 31, 2017 and 2016 respectively. This amount represents the portion of expended appropriations made by the state legislature on behalf of the College.

The total payroll for all college employees was \$22,718,591 and \$22,113,009 for fiscal years 2017 and 2016 respectively. The total payroll of employees covered by the Teacher Retirement System was \$13,113,878 and \$12,703,829 and the total payroll of employees covered by the Optional Retirement System was \$7,112,161 and \$7,166,179 for the fiscal years 2017 and 2016, respectively.

15. 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.

As of August 31, 2017, the College does not have any employees participating in this program.

16. Compensable Absences

The College has three ways in which compensated absences can be earned.

Sick leave

All full-time employees earn sick leave at the rate of one and one-half day per month. Sick leave can accumulate to a maximum of 60 days for the purpose of carry-over from year to year. Unused accrued sick leave is forfeited upon termination of employment with the College. The college's policy is to recognize the cost of sick leave when paid. The liability is not shown in the financial statements since experience indicates the expenditure for sick leave to be minimal.

Vacation

All full-time employees on twelve-month work schedules earn vacation leave at the rate of one day per full month of employment, up to a maximum of 12 days (96 hours) per year. Prior to FY 2005 vacation days not taken in August could be carried forward until November 30 of the same year. However, beginning FY 2005, vacation dates not taken by August 31 are forfeited. Therefore, no accrued liability has been recorded for vacation.

WHARTON COUNTY JUNIOR COLLEGE DISTRICT

Notes to Financial Statements August 31, 2017

Compensable Absences (continued)

Personal leave

Contractual employees are eligible for two days of personal leave per year. Non-contractual employees, after six months of employment, are eligible for two days of personal leave per year. Personal leave may not be accumulated for carry-over from year to year. Unused personal leave is forfeited upon termination of employment with the College. Therefore, no accrued liability has been recorded for personal leave.

17. Health Care and Life Insurance Benefits

Certain health care and life insurance benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The state recognizes the cost of providing these benefits by expending the annual insurance premiums. The state's contribution per full-time employee was \$617 to \$1,207 per month, depending on the coverage elected for the year ended August 31, 2017 (\$577 to \$1,128 per month, depending on the coverage elected for 2016). The cost of providing those benefits for 146 retirees in the year ended 2017 was \$1,216,852 (retiree benefits for 142 retirees cost \$1,101,358 in 2016). For 365 active employees, the cost of providing benefits was \$2,585,026 for the year ended 2017 (active employee benefits for 355 employees cost \$2,453,343 for the year ended 2016). S.B. 1812, effective September 1, 2013, limits the amount of the state's contribution to 50% of eligible employees in the reporting district.

18. Postemployment Benefits Other than Pensions

(In accordance with GASB Statement 45)

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. Wharton County Junior 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 and 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 45.

WHARTON COUNTY JUNIOR COLLEGE DISTRICT

Notes to Financial Statements
August 31, 2017

Postemployment Benefits Other than Pensions (continued)

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, SB 1812 limited the state's contributions to 50% of eligible employees for community colleges.

The college's contributions to SRHP for the years ending August 31, 2017, 2016, and 2015 were \$22,223, \$16,143 and \$17,205, respectively, which equaled the required contributions each year.

19. Pending Lawsuits and Claims

As of August 31, 2017, the College is not involved in any litigation.

20. Disaggregation of Receivable and Payables Balances

Receivables

Receivables at August 31, 2017 and 2016 were as follows:

	FY2017	FY2016
Student Receivables	\$ 5,213,400	\$ 4,708,422
Property Taxes Receivable	438,412	389,767
State Receivables	211,655	380,986
Interest Receivables	115,995	105,343
Subtotal	5,979,462	5,584,518
Allowance for Doubtful Accounts:	(388,391)	(338,613)
TOTAL RECEIVABLES	\$ 5,591,071	\$ 5,245,905

Payables

Payables at August 31, 2017 and 2016 were as follows:

	FY2017	FY2016
Vendors Payable	\$ 2,602,464	\$ 1,125,333
Accrued Interest Payable	22,812	25,670
Scholarships Payable	886,716	516,498
TOTAL PAYABLES	\$ 3,511,992	\$ 1,667,501

21. Contract and Grant Awards

Contract and grant awards are accounted for in accordance with the requirements of the American Institute of Certified Public Accountants (AICPA audit and accounting guide, *State and Local Governments*, 8.99). For Federal Contract and Grant Awards, funds expended, but not collected, are reported as Federal Receivables on Exhibit 1. Non-federal contract and grant awards for which funds are expended, but not collected, are also reported as Accounts Receivable on Exhibit 1. Contract and grant awards that are not yet funded and for which the institution has not yet performed services

WHARTON COUNTY JUNIOR COLLEGE DISTRICT

Notes to Financial Statements
August 31, 2017

Contract and Grant Awards (continued)

are not included in the financial statements. Contract and grant awards funds already committed, e.g., multi-year awards, or funds awarded during fiscal years 2017 and 2016 for which monies have not been received nor funds expended totaled \$2,694,562 and \$2,498,223. Federal Contract and Grant Awards comprised all of these amounts.

22. 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 tax area of the College.

At August 31:

	2017	2016
Assessed Valuation of the College	\$ 6,463,129,357	\$ 5,813,804,380
Less Exemptions	(2,195,537,441)	(1,757,067,175)
Net Assessed Valuation of the College	<u>\$ 4,267,591,916</u>	<u>\$ 4,056,737,205</u>

	2017			2016		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Authorized Tax Rate per \$100 valuation	\$ 0.30000	-	0.30000	\$ 0.30000	-	\$0.30000
Assessed Tax Rate per \$100 valuation	\$ 0.13706	-	0.13706	\$ 0.13028	-	\$0.13028

Taxes levied for the year ended August 31, 2017 and 2016 amounted to \$5,849,003 and \$5,285,237 respectively including any penalty and interest assessed. Taxes are due upon receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

	2017			2016		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Current Taxes Collected	\$ 5,730,539	\$ -	\$ 5,730,539	\$ 5,186,755	\$ -	\$ 5,186,755
Delinquent Taxes Collected	107,600	-	107,600	96,106	-	96,106
Penalties & Interest Collected	82,451	-	82,451	71,750	-	71,750
Total Collections	<u>\$ 5,920,590</u>	<u>\$ -</u>	<u>\$ 5,920,590</u>	<u>\$ 5,354,611</u>	<u>\$ -</u>	<u>\$ 5,354,611</u>

WHARTON COUNTY JUNIOR COLLEGE DISTRICT

Notes to Financial Statements August 31, 2017

Ad Valorem Tax (continued)

Tax collections for the year ended August 31, 2017 and 2016 were 98% and 98% respectively of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted for the use of maintenance and/or general obligation debt service.

23. Income Taxes

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

REQUIRED SUPPLEMENTARY INFORMATION (RSI)

WHARTON COUNTY JUNIOR COLLEGE DISTRICT
Schedule of Wharton County Junior College's Share of Net Pension Liability
Last Three Fiscal Years**

Fiscal year ending August 31*	2017	2016	2015
College's proportionate share of collective net pension liability (%)	0.0162297%	0.0162599%	0.0188372%
College's proportionate share of collective net pension liability (\$)	\$ 6,132,954	\$ 5,747,658	\$ 5,031,677
State's proportionate share of net pension liability associated with College	4,269,070	3,972,796	3,243,545
Total	\$ 10,402,024	\$ 9,720,454	\$ 8,275,222
College's covered payroll amount	\$ 12,703,829	\$ 11,862,997	\$ 11,414,663
College's proportionate share of collective net pension liability as a percentage of covered payroll	48.28%	48.45%	44.08%
Plan fiduciary net position as a percentage of the total pension liability	78.00%	78.43%	83.25%

* The amounts presented above are as of the measurement date of the collective net pension liability

**Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

WHARTON COUNTY JUNIOR COLLEGE DISTRICT
Schedule of Wharton County Junior College's Contributions
Last Three Fiscal Years**

Fiscal year ending August 31*	2017	2016	2015
Legally required contributions	512,960	515,658	481,464
Actual contributions	512,960	515,658	481,464
Contributions deficiency (excess)	-	-	-
College's covered employee payroll amount	\$ 13,113,878	\$ 12,703,829	\$ 11,862,997
Contributions as a percentage of covered payroll	3.91%	4.06%	4.06%

* The amounts presented above are as of the College's most recent fiscal year-end.

**Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

WHARTON COUNTY JUNIOR COLLEGE DISTRICT

Notes to Required Supplementary Information Year Ended August 31, 2017

1. **Changes of Benefit Terms:**

The college implemented a salary and wage increase effective September 1, 2016 for full time faculty/administrators and staff. Full time employees were given the equivalent of a three-step increase consisting of one longevity increase and one increase in the base. The average increase for a faculty/administrator and staff position was 2.97% and 3.42% respectively.

2. **Changes of Assumptions**

There were no changes of assumptions for the year ended August 31, 2017.

SUPPLEMENTARY SCHEDULES

WHARTON COUNTY JUNIOR COLLEGE DISTRICT
Schedule of Operating Revenues
For the Year Ended August 31, 2017 (With Memorandum Totals for the Year Ended August 31, 2016)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	F/Y 2017 Total	F/Y 2016 Total
Tuition:						
State funded credit courses:						
In-district resident tuition	\$ 655,757	\$ -	\$ 655,757	\$ -	\$ 655,757	\$ 763,544
Out-of-district resident tuition	3,423,409	-	3,423,409	-	3,423,409	3,473,282
Non-resident tuition	272,738	-	272,738	-	272,738	261,254
TPEG (set aside)*	275,821	-	275,821	-	275,821	278,752
State funded continuing education	238,306	-	238,306	-	238,306	258,378
Non-state funded continuing education	675,288	-	675,288	-	675,288	671,368
Total Tuition	5,541,319	-	5,541,319	-	5,541,319	5,706,578
Fees:						
Distance learning fee	-	-	-	-	-	-
Installment plan fees	280,490	-	280,490	-	280,490	258,440
General service fees	8,804,996	-	8,804,996	-	8,804,996	8,170,771
Building use	-	-	-	-	-	-
Other fees	7,305,216	-	7,305,216	-	7,305,216	7,675,730
Total fees	16,390,702	-	16,390,702	-	16,390,702	16,104,941
Scholarship allowances and discounts:						
TPEG awards	(275,821)	-	(275,821)	-	(275,821)	(278,752)
Scholarship allowances	(283,834)	-	(283,834)	-	(283,834)	(286,822)
Federal grants to students	(1,483,912)	-	(1,483,912)	-	(1,483,912)	(1,486,026)
Exemptions	(352,314)	-	(352,314)	-	(352,314)	(317,080)
Total scholarship allowances	(2,395,881)	-	(2,395,881)	-	(2,395,881)	(2,368,680)
Total Net Tuition and Fees	19,536,140	-	19,536,140	-	19,536,140	19,442,839
Additional operating revenues:						
Federal grants and contracts	-	1,238,989	1,238,989	-	1,238,989	2,469,831
State grants and contracts	-	537,255	537,255	-	537,255	300,956
Local grants and contracts	-	321,507	321,507	-	321,507	440,100
Sales and services of educational activities	28,474	-	28,474	-	28,474	26,263
Other operating revenues	236,841	-	236,841	-	236,841	291,574
Total Additional Operating Revenues	265,315	2,097,751	2,363,066	-	2,363,066	3,528,724
Auxiliary enterprises:						
Residential life	-	-	-	627,896	627,896	581,427
Scholarship allowances and discounts	-	-	-	(121,833)	(121,833)	(84,737)
Net resident life	-	-	-	506,063	506,063	496,690
Bookstore commission	-	-	-	231,890	231,890	303,719
Other auxiliary revenue	-	-	-	14,957	14,957	8,220
Total Net Auxiliary Enterprises	-	-	-	752,910	752,910	808,629
Total Operating Revenues	\$ 19,801,455	\$ 2,097,751	\$ 21,899,206	\$ 752,910	\$ 22,652,116	\$ 23,780,192
					(Exhibit 2)	(Exhibit 2)

*In accordance with Education Code 56.033, \$275,821 and \$278,752 for years August 31, 2017 and 2016, respectively, of tuition was set aside for Texas Public Education Grants (TPEG)

WHARTON COUNTY JUNIOR COLLEGE DISTRICT
Schedule of Operating Expenses by Object
Year Ended August 31, 2017 (with Memorandum Totals for the Year Ended August 31, 2016)

	Operating Expenses				2017 Total	2016 Total
	Salaries and Wages	Benefits		Other Expenses		
		State	Local			
Unrestricted-Educational activities						
Instruction	\$ 12,855,090	\$ -	\$ 2,979,069	\$ 1,007,336	\$ 16,841,495	\$ 15,989,501
Public Service	389,380	-	90,264	156,397	636,041	570,111
Academic Support	1,701,843	-	393,534	627,753	2,723,130	2,591,934
Student services	1,991,343	-	461,583	344,914	2,797,840	2,644,191
Institutional support	3,514,187	-	813,589	3,095,949	7,423,725	7,232,734
Operating and maintenance of plant	1,071,022	-	248,146	3,496,112	4,815,280	4,828,264
Scholarships and Fellowships	-	-	-	783,323	783,323	742,848
Total Unrestricted Educational Activities	21,522,865	-	4,986,185	9,511,784	36,020,834	34,599,583
Restricted-Educational activities						
Instruction	163,851	1,803,055	34,623	233,835	2,235,364	2,149,637
Public Service	596,677	54,631	147,295	230,152	1,028,755	1,022,066
Academic Support	185,813	238,183	59,350	64,397	547,743	1,296,868
Student services	-	279,369	-	5,997	285,366	285,635
Institutional support	-	492,417	-	-	492,417	515,446
Operating and maintenance of plant	-	-	-	-	-	-
Scholarships and Fellowships	-	-	-	4,039,373	4,039,373	4,015,431
Total Restricted Educational Activities	946,341	2,867,655	241,268	4,573,754	8,629,018	9,285,083
Total Educational Activities	22,469,206	2,867,655	5,227,453	14,085,538	44,649,852	43,884,666
Auxiliary enterprises	242,449	-	51,748	547,818	842,015	834,762
Depreciation Expense - Buildings and Other Real Estate	-	-	-	476,808	476,808	500,788
Depreciation Expense-Equipment & furniture	-	-	-	794,325	794,325	776,701
Total Operating Expense:	\$ 22,711,655	\$ 2,867,655	\$ 5,279,201	\$ 15,904,489	\$ 46,763,000 (Exhibit 2)	\$ 45,996,917 (Exhibit 2)

WHARTON COUNTY JUNIOR COLLEGE DISTRICT
Schedule of Non-Operating Revenues and Expenses
Year Ended August 31, 2017 (with Memorandum Totals for the Year Ended August 31, 2016)

	Unrestricted	Restricted	Auxiliary Enterprises	2017 Total	2016 Total
NON-OPERATING REVENUES:					
State Appropriations:					
Education and General State Support	\$ 9,159,618	\$ -	\$ -	\$ 9,159,618	\$ 9,154,206
State Group Insurance	-	2,256,382	-	2,256,382	2,258,498
State Retirement Matching	-	611,273	-	611,273	580,756
Total State Appropriations	<u>9,159,618</u>	<u>2,867,655</u>	<u>-</u>	<u>12,027,273</u>	<u>11,993,460</u>
Federal Revenue Non Operating	6,435,350	-	-	6,435,350	6,385,455
Maintenance Ad Valorem Taxes	5,920,590	-	-	5,920,590	5,354,611
Gifts and Donations	141,703	-	-	141,703	1,656,758
Investment Income	1,049,828	-	-	1,049,828	992,490
Other Non-Operating Revenues	30,398	-	-	30,398	(90,644)
Total Non-Operating Revenues	<u>22,737,487</u>	<u>2,867,655</u>	<u>-</u>	<u>25,605,142</u>	<u>26,292,130</u>
NON-OPERATING EXPENSES:					
Interest on Capital Related Debt	63,358	-	-	63,358	69,878
Other Non-Operating Expense	176,162	-	-	176,162	23,375
Total Non-Operating Expenses	<u>239,520</u>	<u>-</u>	<u>-</u>	<u>239,520</u>	<u>93,253</u>
Net Non-Operating Revenues	<u>\$ 22,497,967</u>	<u>\$ 2,867,655</u>	<u>\$ -</u>	<u>\$ 25,365,622</u> (Exhibit 2)	<u>\$ 26,198,877</u> (Exhibit 2)

WHARTON COUNTY JUNIOR COLLEGE DISTRICT
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 Expendable	Non-Expendable	Capital Assets Net of Depreciation & Related Debt	Total	Yes	No
Current:							
Unrestricted	\$ 4,456,383	\$ -	\$ -	\$ -	\$ 4,456,383	\$ 4,456,383	\$ -
Board Designated	3,200,000	-	-	-	3,200,000	3,200,000	-
Restricted	-	1,474,678	-	-	1,474,678	1,474,678	-
Auxiliary enterprises	891,960	-	-	-	891,960	891,960	-
Endowment:							
True	-	-	10,046,797	-	10,046,797	-	10,046,797
Plant							
Unexpended	8,687,112	-	-	-	8,687,112	-	8,687,112
Renewals	7,326,141	-	-	-	7,326,141	-	7,326,141
Debt Service	-	344,445	-	-	344,445	-	344,445
Investment in Plant	-	-	-	27,124,743	27,124,743	-	27,124,743
Total Net Position, August 31, 2017	24,561,596	1,819,123	10,046,797	27,124,743	63,552,259 (Exhibit 1)	10,023,021	53,529,238
Total Net Position, August 31, 2016	26,717,304	1,470,294	9,375,892	24,734,031	62,297,521 (Exhibit 1)	9,528,559	52,768,962
Net Increase (Decrease) in Net Position	<u>\$ (2,155,708)</u>	<u>\$ 348,829</u>	<u>\$ 670,905</u>	<u>\$ 2,390,712</u>	<u>\$ 1,254,738</u> (Exhibit 2)	<u>\$ 494,462</u>	<u>\$ 760,276</u>

WHARTON COUNTY JUNIOR COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards
Year Ended August 31, 2017

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass-Through Disbursements
U.S. DEPARTMENT OF EDUCATION			
Direct Programs:			
Student Financial Aid Cluster			
Supplemental Education Opportunity Grant	84.007		\$ 118,807
College Work Study Program	84.033		82,439
Pell Grant Program	84.063		6,211,926
William D Ford Direct Loans	84.268		4,549,942
Total Student Financial Assistance Cluster			<u>10,963,114</u>
Higher Education Institutional Aid			
HSI STEM Success Project	84.031C	P031C110007	32,231
TRIO-Student Support Services	84.042A	P042A151264	221,936
Pass-Through From:			
Houston-Galveston Area Council			
Federal Adult Education Literacy	84.002A	217-16	35,259
Federal Adult Education Literacy	84.002A	217-17	385,113
EL CIVICS	84.002A	217-16	1,270
EL CIVICS	84.002A	217-17	52,813
Region 6 Education Service Center			
Professional Development Services	84.002A		2,163
Professional Development Services	84.002A		1,034
Subtotal:			<u>477,652</u>
Texas Higher Education Coordinating Board			
Perkins Basic Grants	84.048	174269	213,471
TOTAL U.S. DEPARTMENT OF EDUCATION			<u><u>11,908,404</u></u>
NATIONAL SCIENCE FOUNDATION			
Pass-Through From:			
University of Houston			
Education and Human Resources	47.076	R-16-0063	2,096
U.S. NUCLEAR REGULATORY COMMISSION			
Nuclear Studies Curriculum Project	77.006	NRC-HQ-12-G-38-0049	119,910
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Pass-Through From:			
Houston-Galveston Area Council			
Social Services Program	93.044		33,687
Nutrition Program	93.045		111,692
Total Aging Cluster			<u>145,379</u>
Temporary Assistance for Needy Families	93.558	217-16	8,975
Temporary Assistance for Needy Families	93.558	217-17	39,517
Total Temporary Assistance for Needy Families			<u>48,492</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u><u>193,871</u></u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 12,224,281</u></u>

Notes to schedule on following page

WHARTON COUNTY JUNIOR COLLEGE DISTRICT

**Notes to Schedule of Expenditures of Federal Awards
Year Ended August 31, 2017**

1. Federal Assistance Reconciliation

Federal revenues:	
Federal grants and contracts - per Schedule A and C	\$ 7,674,339
Reconciling items:	
William D Ford Direct Loans	<u>4,549,942</u>
Total per Schedule of Expenditures of Federal Awards	<u>\$ 12,224,281</u>

2. Significant Accounting Policies Used in Preparing the Schedule

The expenditures used in preparing 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 recorded in the schedule may differ from the amounts used in the preparation of the basic financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the schedule. Since the College has agency approved Indirect Recovery Rate it has elected not to use the 10 percent *de minimis* cost rate as permitted in the UG, section 200.414.

WHARTON COUNTY JUNIOR COLLEGE DISTRICT

**Schedule of Expenditures of State Awards
Year Ended August 31, 2017**

<u>Grantor Agency/Program Title</u>	<u>Grant Contract Number</u>	<u>Expenditures</u>
Texas Department of Agriculture		
Home-Delivered Meals Grant Program	HDM-16-1747	\$ 1,836
Home-Delivered Meals Grant Program	HDM-17-1912	3,390
Home-Delivered Meals Grant Program	HDM-16-1775	2,353
Home-Delivered Meals Grant Program	HDM-17-1911	3,483
Subtotal:		<u>11,062</u>
Texas Workforce Commission		
WCJC In Partnership With Southwest Electronic Energy Corporation	2815SDF001	5,699
WCJC In Partnership With J-M Manufacturing Company, Inc.	2816SDF004	75,965
Skills For Small Business Program	2816SSD000	4,639
Jobs and Education for Texans Grant Program	2816JET002	347,322
Houston-Galveston Area Council State Adult Education Literacy	217-17	92,568
Total State Financial Assistance		<u>\$ 537,255</u>

WHARTON COUNTY JUNIOR COLLEGE DISTRICT

**Notes to Schedule of Expenditures of State Awards
Year Ended August 31, 2017**

1. State Assistance Reconciliation

State revenues:	
State grants and contracts - per Schedule A	\$ 537,255
Indirect/administrative cost recoveries	<u>-</u>
Total per Schedule of Expenditures of State Awards	<u>\$ 537,255</u>

2. Significant Accounting Policies Used in Preparing the Schedule

The expenditures used in preparing 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 recorded in the schedule may differ from the 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.

AUDITORS' REPORT ON CONTROLS AND COMPLIANCE



LOTT, VERNON & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

20 SOUTH FOURTH STREET 254/778/4783
POST OFFICE BOX 160 800/460/4783
TEMPLE, TEXAS 76503 FAX 254/778/4792

KILLEEN • COPPERAS COVE • TEMPLE

Member of
American Institute & Texas Society of
Certified Public Accountants

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

Board of Trustees
Wharton County Junior College District
Wharton, 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 Wharton County Junior College District (The "College"), 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 7, 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.

**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* (CONTINUED)**

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, including the Public Funds Investment Act (Chapter 2256, Texas Government Code), 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* or the Public Funds Investment Act (Chapter 2256, Texas Government Code).

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.


Temple, Texas
November 7, 2017



LOTT, VERNON & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

20 SOUTH FOURTH STREET 254/778/4783
POST OFFICE BOX 160 800/460/4783
TEMPLE, TEXAS 76503 FAX 254/778/4792

KILLEEN • COPPERAS COVE • TEMPLE

Member of
American Institute & Texas Society of
Certified Public Accountants

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

Board of Trustees
Wharton County Junior College District
Wharton, Texas

Report on Compliance for Each Major Federal Program

We have audited Wharton County Junior College District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its 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.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(CONTINUED)**

Opinion on Each Major Federal Program

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

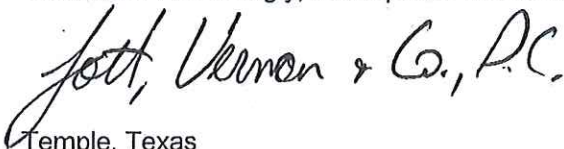
Report on Internal Control Over Compliance

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



Temple, Texas
November 7, 2017

WHARTON COUNTY JUNIOR COLLEGE
Schedule of Findings and Questioned Costs
August 31, 2017

I. Summary of Audit Results

Financial Statements

1. Type of auditor's report issued: Unmodified
2. Internal control over financial reporting:
 Material weakness(es) identified? _____ Yes X No
 Significant deficiencies identified that are not
 considered to be material weakness(es)? _____ Yes X none reported
3. Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

4. Internal control over major programs:
 Material weakness(es) identified? _____ Yes X No
 Significant deficiencies identified that are not
 considered to be material weakness(es)? _____ Yes X none reported

5. Type of auditor's report issued on compliance for major programs: Unmodified

6. Any audit findings disclosed that are required to be reported
 in accordance with section 200.516a of the Uniform Guidance? _____ Yes X No

7. Identification of major programs:

Name of Federal Programs

Federal
CFDA Number

Name of State Program

U.S. Department of Education

Student Financial Aid Cluster:

Supplemental Education Opportunity Grant	84.007
Federal College Work Study Program	84.033
Federal Pell Grant Program	84.063
William D Ford Direct Loans	84.268

Texas Higher Education Coordinating Board

Perkins Basic Grants	84.048
----------------------	--------

N/A - State financial assistance was less than \$750,000 in fiscal year ending August 31, 2017.

8. Dollar Threshold used to distinguish between type A and type B Programs (Federal): \$ 750,000
 Dollar Threshold used to distinguish between type A and type B Programs (State): \$ 300,000

9. Auditee qualify as low-risk auditee? X Yes _____ No

II. Financial Statement Findings

None

III. Federal Awards Findings and Questioned Costs

None

STATISTICAL SUPPLEMENT (UNAUDITED)

Wharton County Junior College
 Statistical Supplement 1
 Net Position by Component
 Fiscal Years 2008 to 2017
 (unaudited)

For the Fiscal Year Ended August 31,
 (Amounts expressed in thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Invested in capital assets, net of related debt	\$27,125	\$24,734	\$23,683	\$22,287	\$21,756	\$19,958	\$19,210	\$17,265	\$14,512	\$14,060
Restricted - expendable	\$1,819	\$1,470	\$1,730	\$1,250	1,606	1,445	1,202	1,237	1,548	1,458
Restricted - nonexpendable	\$10,047	\$9,376	\$8,609	\$8,724	8,261	7,581	7,417	7,139	7,079	6,733
Unrestricted	24,561	26,717	24,293	24,657	20,146	20,319	18,594	17,970	17,053	18,236
Total primary government net position	\$ 63,552	\$ 62,297	\$ 58,315	\$ 56,918	\$ 51,769	\$ 49,303	\$ 46,423	\$ 43,611	\$ 40,192	\$ 40,487

Wharton County Junior College
Statistical Supplement 2
Revenues by Source
Fiscal Years 2008 to 2017
(unaudited)

For the Year Ended August 31,
(amounts expressed in thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Tuition and Fees (Net of Discounts)	\$19,536	\$19,443	\$18,986	\$18,656	\$18,007	\$16,572	\$14,974	\$14,300	\$11,945	\$11,120
Governmental Grants and Contracts										
Federal Grants and Contracts	1,238	2,475	2,282	2,761	2,749	2,489	2,032	1,115	675	961
State Grants and Contracts	537	298	373	431	396	328	1,086	504	270	181
Local Grants and Contracts	-	-	-	-	-	-	-	-	-	-
Non-Governmental Grants and Contracts	322	437	598	493	359	286	537	288	212	307
Sales and services of educational activities	28	26	29	31	31	36	41	47	47	37
Auxiliary enterprises	753	809	803	841	893	807	805	654	596	755
Other Operating Revenues	237	282	322	310	344	323	359	286	210	251
Total Operating Revenues	22,651	23,780	23,393	23,523	22,769	20,841	19,834	17,174	13,955	13,612
State Appropriations	12,027	11,993	11,861	11,485	10,745	10,530	10,696	11,037	11,125	11,112
Ad Valorem Taxes	5,921	5,355	5,634	5,364	5,228	5,170	5,172	5,146	4,750	4,246
Gifts	142	1,657	845	1,405	322	188	319	1,673	505	339
Investment income	1,050	992	231	666	353	368	493	523	885	1,327
Other non-operating revenues	6,465	6,295	10,710	7,790	8,292	8,691	8,479	6,870	4,187	3,354
Total Non-Operating Revenues	25,605	26,292	29,281	26,710	24,940	24,947	25,159	25,249	21,452	20,378
Total Revenues	\$ 48,256	\$ 50,072	\$ 52,674	\$ 50,233	\$ 47,709	\$ 45,788	\$ 44,993	\$ 42,423	\$ 35,407	\$ 33,990

For the Year Ended August 31,
(amounts expressed in thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Tuition and fees (net of discounts)	40.48%	38.83%	36.04%	37.14%	37.74%	36.19%	33.28%	33.71%	33.74%	32.72%
Governmental grants and contracts										
Federal grants and contracts	2.57%	4.94%	4.33%	5.50%	5.76%	5.44%	4.52%	2.63%	1.91%	2.83%
State grants and contracts	1.11%	0.60%	0.71%	0.88%	0.83%	0.72%	2.41%	1.19%	0.76%	0.53%
Local grants and contracts	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Non-governmental grants and contracts	0.67%	0.87%	1.14%	0.98%	0.75%	0.62%	1.19%	0.63%	0.60%	0.90%
Sales and services of educational activities	0.06%	0.05%	0.06%	0.06%	0.06%	0.08%	0.09%	0.11%	0.13%	0.11%
Auxiliary enterprises	1.56%	1.62%	1.52%	1.67%	1.85%	1.76%	1.79%	1.54%	1.68%	2.22%
Other operating revenues	0.49%	0.58%	0.61%	0.62%	0.72%	0.71%	0.80%	0.67%	0.59%	0.74%
Total Operating Revenues	46.94%	47.49%	44.41%	46.83%	47.72%	45.52%	44.08%	40.48%	39.41%	40.05%
State appropriations	24.92%	23.95%	22.52%	22.86%	22.52%	23.00%	23.77%	26.02%	31.42%	32.69%
Ad valorem taxes	12.27%	10.69%	10.70%	10.68%	10.96%	11.29%	11.50%	12.13%	13.42%	12.49%
Gifts	0.29%	3.31%	1.60%	2.80%	0.67%	0.41%	0.71%	3.94%	1.43%	1.00%
Investment income	2.18%	1.98%	0.44%	1.33%	0.74%	0.80%	1.10%	1.23%	2.50%	3.90%
Other non-operating revenues	13.40%	12.57%	20.33%	15.51%	17.38%	18.98%	18.85%	16.19%	11.83%	9.87%
Total Non-Operating Revenues	53.06%	52.51%	55.59%	53.17%	52.28%	54.48%	55.92%	59.52%	60.59%	59.95%
Total Revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Wharton County Junior College
 Statistical Supplement 3
 Program Expenses by Function
 Fiscal Years 2008 to 2017
 (unaudited)

For the Year Ended August 31,
 (amounts expressed in thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Instruction	\$19,077	\$18,139	\$17,868	\$16,949	\$16,763	\$15,399	\$15,899	\$15,005	\$13,481	\$12,521
Research							-			
Public service	1,665	1,592	1,409	1,658	1,878	1,711	1,774	1,580	1,585	1,607
Academic support	3,271	3,889	4,235	4,410	4,313	3,977	2,966	2,669	2,868	2,621
Student services	3,083	2,930	2,846	2,861	2,740	2,407	2,379	2,266	2,083	2,091
Institutional support	7,916	7,748	7,288	6,789	6,744	6,312	6,141	5,938	5,617	5,480
Operation and maintenance of plant	4,815	4,828	4,871	4,809	4,905	4,834	4,823	4,576	4,718	3,871
Scholarships and fellowships	4,823	4,758	4,941	5,539	5,845	6,201	6,105	5,018	3,275	2,515
Auxiliary enterprises	842	835	787	781	734	705	632	659	667	624
Depreciation	1,271	1,278	1,228	1,191	1,210	1,195	1,101	997	1,003	1,035
Total Operating Expenses	46,763	45,997	45,473	44,987	45,132	42,741	41,820	38,708	35,297	32,365
Interest on capital related debt	176	70	81	94	107	119	152	293	393	424
Other non-operating expenses	63	23	21	3	4	3	252	3	12	12
Total Non-Operating Expenses	239	93	102	97	111	122	404	296	405	436
Total Expenses	\$ 47,002	\$ 46,090	\$ 45,575	\$ 45,084	\$ 45,243	\$ 42,863	\$ 42,224	\$ 39,004	\$ 35,702	\$ 32,801

For the Year Ended August 31,
 (amounts expressed in thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Instruction	40.59%	39.36%	39.21%	37.59%	37.05%	35.93%	37.65%	38.47%	37.76%	38.17%
Research	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Public service	3.54%	3.45%	3.09%	3.68%	4.15%	3.99%	4.20%	4.05%	4.44%	4.90%
Academic support	6.96%	8.44%	9.29%	9.78%	9.53%	9.28%	7.02%	6.84%	8.03%	7.99%
Student services	6.56%	6.36%	6.24%	6.35%	6.06%	5.62%	5.63%	5.81%	5.83%	6.37%
Institutional support	16.84%	16.81%	15.99%	15.06%	14.91%	14.73%	14.54%	15.22%	15.73%	16.71%
Operation and maintenance of plant	10.24%	10.48%	10.69%	10.67%	10.84%	11.28%	11.42%	11.73%	13.21%	11.80%
Scholarships and fellowships	10.26%	10.32%	10.84%	12.29%	12.92%	14.47%	14.46%	12.87%	9.17%	7.67%
Auxiliary enterprises	1.79%	1.81%	1.73%	1.73%	1.62%	1.64%	1.50%	1.69%	1.87%	1.90%
Depreciation	2.70%	2.77%	2.69%	2.64%	2.67%	2.79%	2.61%	2.56%	2.81%	3.16%
Total Operating Expenses	99.49%	99.80%	99.78%	99.78%	99.75%	99.72%	99.04%	99.24%	98.87%	98.67%
Interest on capital related debt	0.37%	0.15%	0.18%	0.21%	0.24%	0.28%	0.36%	0.75%	1.10%	1.29%
Other non-operating expenses	0.13%	0.05%	0.05%	0.01%	0.01%	0.01%	0.60%	0.01%	0.03%	0.04%
Total Non-Operating Expenses	0.51%	0.20%	0.22%	0.22%	0.25%	0.28%	0.96%	0.76%	1.13%	1.33%
Total Expenses	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Wharton County Junior College
 Statistical Supplement 4
 Tuition and Fees
 Last Ten Academic Years
 (unaudited)

Resident
 Fees per Semester Credit Hour (SCH)

Academic Year (Fall)	Application Fee (per student)	In-District Tuition	Out-District Tuition	General Service Fee	Building Use Fee In-District	Student/ Out-District Fee	Technology Fee	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
2017	\$ -	\$ 32	\$ 32	\$ 56	-	\$ 51	\$ 55	1,111	\$ 1,723	0.00%	0.00%
2016	-	32	32	56	-	51	55	1,111	1,723	0.00%	0.00%
2015	-	32	32	56	-	51	5	1,111	\$ 1,723	0.00%	0.00%
2014	-	32	32	56	-	51	5	1,111	1,723	7.66%	8.78%
2013	-	32	32	46	6	52	2	1,032	1,584	16.22%	10.00%
2012	-	32	32	36	6	52	-	888	1,440	0.00%	0.00%
2011	-	32	32	36	6	52	-	888	1,440	15.63%	9.09%
2010	-	32	32	26	6	52	-	768	1,320	0.00%	0.00%
2009	-	32	32	26	6	52	-	768	1,320	18.52%	10.00%
2008	-	32	32	16	6	52	-	648	1,200	0.00%	11.11%

Non - Resident
 Fees per Semester Credit Hour (SCH)

Academic Year (Fall)	Application Fee (per student)	Non-Resident Tuition Out of State	Non-Resident Tuition International	General Service Fee	Building Use Fee In-District	Student/ Out-District Fee	Technology Fee	Cost for 12 SCH Out of State/ International	Increase from Prior Year Out of State	Increase from Prior Year International
2017	\$ -	\$ 64	\$ 64	\$ 56	-	\$ 51	\$ 5	2,112	0.00%	0.00%
2016	-	64	64	56	-	51	5	2,112	0.00%	0.24%
2015	-	64	64	56	-	51	5	2,107	0.00%	0.00%
2014	-	64	64	56	-	51	5	2,107	3.28%	3.28%
2013	-	64	64	46	6	52	2	2,040	7.59%	7.59%
2012	-	64	64	36	6	52	-	1,896	0.00%	0.00%
2011	-	64	64	36	6	52	-	1,896	6.76%	6.76%
2010	-	64	64	26	6	52	-	1,776	0.00%	0.00%
2009	-	64	64	26	6	52	-	1,776	7.25%	7.25%
2008	-	64	64	16	6	52	-	1,656	7.81%	7.81%

Note: Includes basic enrollment tuition and fees but excludes course based fees such as laboratory fees, testing fees and certification fees. The technology fee is a fixed amount assessment per student, the listed \$5 per credit hour rate is based on 12 semester credit hours.

Wharton County Junior College
Statistical Supplement 5
Assessed Value and Taxable Assessed Value of Property
Last Ten Fiscal Years
(unaudited)

Fiscal Year	(amounts expressed in thousands)			Ratio of Taxable Assessed Value to Assessed Value	Direct Rate		
	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value (TAV)		Maintenance & Operations (a)	Debt Service (a)	Total (a)
2016-17	\$ 6,463,129	\$ 2,195,537	\$ 4,267,592	66.03%	\$ 0.137060	-	\$ 0.137060
2015-16	5,813,804	1,757,067	4,056,737	69.78%	0.130280	-	0.130280
2014-15	5,878,934	1,736,789	4,142,145	70.46%	0.126560	-	0.126560
2013-14	5,588,935	1,737,041	3,851,894	68.92%	0.134190	-	0.134190
2012-13	5,345,379	1,664,245	3,681,134	68.87%	0.138210	-	0.138210
2011-12	5,155,971	1,630,814	3,525,157	68.37%	0.144414	-	0.144414
2010-11	5,179,901	1,701,546	3,478,355	67.15%	0.144448	-	0.144448
2009-10	4,990,731	1,553,569	3,437,162	68.87%	0.146660	-	0.146660
2008-09	4,923,624	477,057	4,446,567	90.31%	0.137970	-	0.137970
2007-08	5,158,991	1,808,434	3,350,557	64.95%	0.134850	-	0.134850

Source: Local Appraisal District

Notes: Property is assessed at full market value.

(a) per \$100 Taxable Assessed Valuation

Wharton County Junior College
Statistical Supplement 6
State Appropriation per FTSE and Contact Hour
Last Ten Fiscal Years
(unaudited)

Fiscal Year	Appropriation per FTSE			Appropriation per Contact Hour			State Appropriation per Contact Hour
	State Appropriation ¹	FTSE ²	State Appropriation per FTSE	Academic Contact Hours (a)	Voc/Tech Contact Hours (b)	Total Contact Hours	
2016-17	\$ 9,159,618	4,709	\$ 1,945	2,071,280	743,937	2,815,217	\$ 3.25
2015-16	9,154,206	4,768	\$ 1,920	2,077,568	769,930	2,847,498	\$ 3.21
2014-15	9,254,439	4,742	1,951	2,093,528	744,918	2,838,446	3.26
2013-14	9,307,591	4,847	1,920	2,162,856	709,157	2,872,013	3.24
2012-13	8,594,090	4,922	1,746	2,201,990	735,191	2,937,181	2.93
2011-12	8,505,372	4,847	1,755	2,149,656	796,819	2,946,475	2.89
2010-11	7,941,513	5,059	1,570	2,170,168	824,468	2,994,636	2.65
2009-10	8,270,791	4,736	1,746	2,085,224	797,504	2,882,728	2.87
2008-09	8,416,004	4,160	2,023	1,859,376	637,026	2,496,402	3.37
2007-08	8,416,004	4,028	2,089	1,811,896	586,159	2,398,055	3.51

Notes:

1-State Appropriations only. These figures do not include any appropriations for employee benefits, remedial education, dramatic growth, or special items (FBTC).

2.-FTSE is defined as the number of full time students plus total hours taken by part time students divided by 30 sch (for the CBM001) or 900 contact hours (for the CBM00A). A full time student is a student taking 30 sch (for the CBM001) or 900 contact hours (for the CBM00A) for the year.

(a) Source CBM001 Academic Contact Hours

(b) Source CBM001 and CBM00A Technical Contact Hours

Wharton County Junior College
 Statistical Supplement 7
 Principal Taxpayers
 Last Ten Tax Years
 (unaudited)

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Tax Year (\$000 omitted)										
		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	
Allagro Exploration Company	Oil and Gas	-	-	-	-	-	-	-	-	-	-	31,637
Apache Corporation	Oil and Gas	27,216	25,544	34,825	90,111	76,617	59,329	18,782	39,818	38,613	67,454	-
Armour Lacy W Etal Est	Oil and Gas	-	-	-	-	34,037	-	-	32,239	-	-	-
CenterPoint Energy	Utility	39,856	34,083	33,404	34,740	31,420	30,818	-	31,086	30,648	31,265	-
Coastal Oil and Gas Corp	Oil and Gas	-	-	-	-	-	-	41,385	-	-	-	-
Colorado Bend I Power, LLC	Utility	217,862	150,754	165,430	136,049	204,504	-	-	-	-	-	-
Colorado Bend II Power, LLC	Utility	131,893	71,500	-	-	-	-	-	-	-	-	-
Cypress E & P Corp	Oil and Gas	-	-	-	-	-	-	-	59,282	34,493	-	-
Enterprise Texas PIP	Manufacturing	41,090	41,090	40,384	27,310	26,243	-	-	-	-	-	-
ETC NGL Transport LLC	Oil and Gas	-	25,361	27,338	29,359	-	-	-	-	-	-	-
Forest Oil Company	Oil and Gas	-	-	-	-	-	-	-	-	23,791	30,275	-
GCR Onshore	Oil and Gas	-	-	-	-	-	30,155	-	-	-	-	-
Gulf South Pipeline Co LP	Oil and Gas	57,560	-	-	-	-	-	-	-	-	-	-
ILI Caverens	Natural Gas	-	-	-	-	-	-	20,066	-	-	-	-
JM Eagle	Manufacturing	34,212	40,231	45,109	47,691	44,390	26,039	19,533	34,120	26,746	34,293	-
Kaiser-Francis Oil	Oil and Gas	-	-	-	-	-	-	26,457	-	-	-	-
Maxim Production Company	Agribusiness	-	-	-	-	-	25,308	-	38,196	22,282	-	-
Milagro Exploration LLC	Oil and Gas	-	-	40,091	73,455	39,055	28,423	-	-	-	-	-
Nan Ya Plastics Corp	Manufacturing	35,721	33,216	33,464	33,657	34,379	23,955	63,451	31,137	29,578	35,047	-
Navasota Energy	Utility	-	-	-	-	-	132,377	-	280,484	178,570	121,381	-
Newfield Exploration	Oil and Gas	-	-	-	-	-	-	-	-	24,253	55,268	-
Pure Resources LP	Oil and Gas	-	-	-	-	-	-	19,983	-	-	-	-
Reliant Energy Houston	Utility	-	-	-	-	-	-	17,769	-	-	-	-
Sandridge Offshore LLC	Oil and Gas	-	-	-	-	-	21,638	-	25,314	-	49,262	-
Southwestern Bell Telephone	Utility	-	-	-	-	-	-	19,592	-	-	-	-
Trans Texas Gas Corporation	Natural Gas	-	-	-	-	-	-	25,126	-	-	-	-
TCV Pipeline LLC	Oil and Gas	35,560	-	-	-	-	-	-	-	-	-	-
Transcontinental Gas Pipeline	Oil and Gas	-	24,575	25,398	24,331	29,357	23,564	-	29,498	24,045	28,921	-
Tres Palacios Gas Storage Inc	Oil and Gas	-	-	-	25,367	-	-	-	-	-	-	-
Wharton County Foods	Agribusiness	27,403	28,096	26,917	-	29,641	-	-	-	-	-	-
	Totals	648,373	474,450	472,360	522,070	549,643	401,606	272,144	601,174	433,019	484,803	-
	Total Taxable Assessed Value	4,267,592	4,056,737	4,142,145	3,851,895	3,661,134	3,525,258	3,478,355	3,350,537	2,337,850	1,963,034	-

Wharton County Junior College
 Statistical Supplement 7
 Principal Taxpayers
 Last Ten Tax Years
 (unaudited)

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year									
		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Allagro Exploration Company	Oil and Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.61%
Apache Corporation	Oil and Gas	0.64%	0.63%	0.84%	2.34%	2.08%	1.68%	0.54%	1.19%	1.65%	3.44%
Armour Lacy W Etal Est	Oil and Gas	0.00%	0.00%	0.00%	0.00%	0.92%	0.00%	0.00%	0.96%	0.00%	0.00%
CenterPoint Energy	Utility	0.93%	0.84%	0.81%	0.90%	0.85%	0.87%	0.00%	0.93%	1.31%	1.59%
Coastal Oil and Gas Corp	Oil and Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.19%	0.00%	0.00%	0.00%
Colorado Bend I Power, LLC	Utility	5.11%	3.72%	3.99%	3.53%	5.56%	0.00%	0.00%	0.00%	0.00%	0.00%
Colorado Bend II Power, LLC	Utility	3.09%	1.76%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cypress E & P Corp	Oil and Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.77%	1.48%	0.00%
Enterprise Texas PIP	Manufacturing	0.96%	1.01%	0.97%	0.71%	0.71%	0.00%	0.00%	0.00%	0.00%	0.00%
ETC NGL Transport LLC	Oil and Gas	0.00%	0.63%	0.66%	0.76%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Forest Oil Company	Oil and Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.02%	1.54%
GCR Onshore	Oil and Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.86%	0.00%	0.00%	0.00%	0.00%
Gulf South Pipeline Co LP	Oil and Gas	1.35%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ILI Caverens	Natural Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.58%	0.00%	0.00%	0.00%
JM Eagle	Manufacturing	0.80%	0.99%	1.09%	1.24%	1.21%	0.74%	0.56%	1.02%	1.14%	1.75%
Kaiser-Francis Oil	Oil and Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.76%	0.00%	0.00%	0.00%
Maxim Production Company	Agribusiness	0.00%	0.00%	0.00%	0.00%	0.00%	0.72%	0.00%	1.14%	0.95%	0.00%
Milagro Exploration LLC	Oil and Gas	0.00%	0.00%	0.97%	1.91%	1.06%	0.81%	0.00%	0.00%	0.00%	0.00%
Nan Ya Plastics Corp	Manufacturing	0.84%	0.82%	0.81%	0.87%	0.93%	0.68%	1.82%	0.93%	1.27%	1.79%
Navasota Energy	Utility	0.00%	0.00%	0.00%	0.00%	0.00%	3.76%	0.00%	8.37%	7.64%	6.18%
Newfield Exploration	Oil and Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.04%	2.82%
Pure Resources LP	Oil and Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.57%	0.00%	0.00%	0.00%
Reliant Energy Houston	Utility	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.51%	0.00%	0.00%	0.00%
Sandridge Offshore LLC	Oil and Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.61%	0.00%	0.76%	0.00%	2.51%
Southwestern Bell Telephone	Utility	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.56%	0.00%	0.00%	0.00%
Trans Texas Gas Corporation	Natural Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.72%	0.00%	0.00%	0.00%
TCV Pipeline LLC	Oil and Gas	0.83%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Transcontinental Gas Pipeline	Oil and Gas	0.00%	0.61%	0.61%	0.63%	0.80%	0.67%	0.00%	0.88%	1.03%	1.47%
Tres Palacios Gas Storage Inc	Oil and Gas	0.00%	0.00%	0.00%	0.66%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Wharton County Foods	Agribusiness	0.64%	0.69%	0.65%	0.00%	0.81%	0.00%	0.00%	0.00%	0.00%	0.00%
		<u>15.19%</u>	<u>11.12%</u>	<u>11.64%</u>	<u>12.60%</u>	<u>14.27%</u>	<u>10.91%</u>	<u>7.72%</u>	<u>17.28%</u>	<u>12.92%</u>	<u>20.74%</u>

Source: Local County Appraisal District

Wharton County Junior College
Statistical Supplement 8
Property Tax Levies and Collections
Last Ten Tax Years
(unaudited)

(amounts expressed in thousands)

Fiscal Year Ended August 31	Total Tax Levy (a)	Collections - Current Levy	Percentage	Current Collections of Prior Levies	Total Collections (b)	Percentage of Current Levy
2017	\$5,849	\$ 5,731	97.98%	\$ 190	\$ 5,921	101.23%
2016	5,285	5,186	98.13%	168	\$ 5,354	101.31%
2015	5,240	4,965	94.75%	669	\$ 5,634	107.52%
2014	5,169	5,139	99.42%	225	\$ 5,364	103.77%
2013	5,090	5,023	98.68%	204	\$ 5,227	102.69%
2012	5,082	4,935	97.11%	234	\$ 5,169	101.71%
2011	5,091	4,922	96.68%	248	\$ 5,170	101.55%
2010	5,078	4,922	96.93%	223	\$ 5,145	101.32%
2009	4,685	4,499	96.03%	231	\$ 4,730	100.96%
2008	4,141	4,014	96.93%	232	\$ 4,246	102.54%

Source: Local Tax Assessor/Collector and District records.

(a) As of August 31st

(b) Ties to sum of M & O and Debt Service taxes on Exhibit 2

Wharton County Junior College
Statistical Supplement 9
Ratios of Outstanding Debt
Last Ten Fiscal Years
(unaudited)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Bonded Debt										
General obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes	-	-	-	-	-	-	-	-	-	-
Less: Funds restricted for debt service	-	-	-	-	-	-	-	-	-	-
Net general bonded debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Debt										
Revenue bonds	\$ 1,935,000	\$ 2,220,000	\$ 2,495,000	\$ 3,170,000	\$ 3,830,000	\$ 4,465,000	\$ 5,090,000	\$ 5,605,000	\$ 7,555,000	\$ 8,205,000
Notes	-	-	-	-	-	-	-	-	-	-
Capital lease obligations	-	-	-	-	-	-	-	-	-	-
Total Outstanding Debt	<u>\$ 1,935,000</u>	<u>\$ 2,220,000</u>	<u>\$ 2,495,000</u>	<u>\$ 3,170,000</u>	<u>\$ 3,830,000</u>	<u>\$ 4,465,000</u>	<u>\$ 5,090,000</u>	<u>\$ 5,605,000</u>	<u>\$ 7,555,000</u>	<u>\$ 8,205,000</u>
General Bonded Debt Ratios										
Per Capita	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Per Student	-	-	-	-	-	-	-	-	-	-
As a percentage of Taxable Assessed Value	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Outstanding Debt Ratios										
Per Capita	47	54	61	77	93	109	120	133	179	198
Per Student	393	450	515	669	809	943	1,075	1,353	1,876	2,002
As a percentage of Taxable Assessed Value	0.48%	0.54%	0.65%	0.86%	1.09%	1.28%	1.48%	1.26%	2.25%	2.71%

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

Wharton County Junior College
Statistical Supplement 10
Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)

	For the Year Ended August 31 , (Amount expressed in thousands)									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Taxable Assessed Value	<u>\$ 4,267,592</u>	<u>\$ 4,056,737</u>	<u>\$ 4,142,145</u>	<u>\$ 3,851,894</u>	<u>\$ 3,681,134</u>	<u>\$ 3,525,157</u>	<u>\$ 3,478,355</u>	<u>\$ 5,003,191</u>	<u>\$ 3,804,635</u>	<u>\$ 3,350,557</u>
General Obligation Bonds										
Statutory Tax Levy Limit for Debt Service	21,338	20,284	20,711	19,259	18,406	17,626	17,392	25,016	19,023	16,753
Less: Funds Restricted for Repayment of General Obligation Bonds	-	-	-	-	-	-	-	-	-	-
Total Net General Obligation Debt	<u>21,338</u>	<u>20,284</u>	<u>20,711</u>	<u>19,259</u>	<u>18,406</u>	<u>17,626</u>	<u>17,392</u>	<u>25,016</u>	<u>19,023</u>	<u>16,753</u>
Current Year Debt Service Requirements	<u>\$ 21,338</u>	<u>\$ 20,284</u>	<u>\$ 20,711</u>	<u>\$ 19,259</u>	<u>\$ 18,406</u>	<u>\$ 17,626</u>	<u>\$ 17,392</u>	<u>\$ 25,016</u>	<u>\$ 19,023</u>	<u>\$ 16,753</u>
Excess of Statutory Limit for Debt Service over Current Requirements	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net Current Requirements as a % of Statutory Limit										

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

Wharton County Junior College
 Statistical Supplement 11
 Pledged Revenue Coverage
 Last Ten Fiscal Years
 (unaudited)

Revenue Bonds

Fiscal Year Ended August 31	Pledged Revenues (\$000 omitted)										Debt Service Requirements (\$000 omitted)		
	Tuition	Technology Fee	General Service Fees	Laboratory Fees	Building Use Fees	Interest Income	Other Fees	Net Auxiliary Enterprises Revenue	Total	Principal	Interest	Total	Coverage Ratio
2017	1,385	-	8,805	-	-	1,050	7,586	-	18,826	285	63	348	54.10
2016	1,426	-	8,171	-	-	993	7,934	8	18,532	275	70	345	53.72
2015	1,409	-	8,125	-	-	231	7,721	8	17,494	675	81	756	23.14
2014	1,408	-	8,216	-	-	666	7,636	59	17,985	660	94	754	23.85
2013	1,521	-	6,955	-	-	(101)	6,514	883	17,405	635	107	742	23.46
2012	1,400	-	6,821	-	1,633	369	5,676	807	16,682	625	134	759	21.98
2011	1,392	-	5,399	-	1,623	596	4,850	740	14,600	565	73	638	22.88
2010	242	-	4,556	-	1,519	523	4,645	625	12,110	510	296	806	15.02
2009	308	-	4,853	-	1,341	885	198	143	7,728	650	404	1,054	7.33
2008	207	-	5,707	-	1,306	1,327	438	160	9,145	620	424	1,044	8.76

Wharton County Junior College
Statistical Supplement 12
Demographic and Economic Statistics - Taxing District
Last Ten Fiscal Years
(unaudited)

Calendar Year	District Population	District Personal Income (thousands of dollars)	District Personal Income Per Capita	District Unemployment Rate
2016	41,735	a.	a.	5.00%
2015	41,486	1,720,001	41,460	4.4%
2014	41,168	1,682,513	40,869	4.7%
2013	41,216	1,671,687	40,559	6.0%
2012	41,150	1,558,501	37,874	6.8%
2011	41,314	1,468,965	35,556	8.2%
2010	41,364	1,362,722	32,945	8.5%
2009	40,998	1,299,574	31,698	6.9%
2008	40,893	1,372,583	33,565	4.5%
2007	40,801	1,262,409	30,941	4.2%

Sources:

Population & Income per capita from Texas Workforce Commission
Unemployment rate from Texas Workforce Commission and US Department of Labor

Notes:

a. Not yet available.
Used Wharton County data only

**Wharton County Junior College
Statistical Supplement 13
Principal Employers
Current Fiscal Year
(unaudited)**

Employer	Number of Employees	Percentage of Total Employment
El Campo ISD	497	2.49%
Wal-Mart Associates, Inc.	392	1.96%
Greenleaf Nursery Company, Inc.	376	1.88%
Leedo Manufacturing Company	363	1.82%
Wharton County Junior College	362	1.81%
Wharton ISD	339	1.70%
H.E.B.	334	1.67%
Nan Ya Plastics Corporation USA	260	1.30%
Wharton County Foods	235	1.18%
Wharton County	225	1.13%
Total	19,954	16.95%

Source:

Texas Workforce Commission
Texas Metropolitan Statistical Area Data

Wharton County Junior College
Statistical Supplement 14
Faculty, Staff, and Administrators Statistics
Last Ten Fiscal Years
(unaudited)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Faculty										
Full-Time	173	171	166	162	163	162	162	155	150	144
Part-Time	124	134	133	141	139	140	161	155	143	148
Total	297	305	299	303	302	302	323	310	293	292
Percent										
Full-Time	58.2%	56.1%	55.5%	53.5%	54.0%	53.6%	50.2%	50.0%	51.2%	49.3%
Part-Time	41.8%	43.9%	44.5%	46.5%	46.0%	46.4%	49.8%	50.0%	48.8%	50.7%
Staff and Administrators										
Full-Time	191	193	189	186	178	170	172	170	172	162
Part-Time	84	88	80	87	75	50	63	73	76	71
Total	275	281	269	273	253	220	235	243	248	233
Percent										
Full-Time	69.5%	68.7%	70.3%	68.1%	70.4%	77.3%	73.2%	70.0%	69.4%	69.5%
Part-Time	30.5%	31.3%	29.7%	31.9%	29.6%	22.7%	26.8%	30.0%	30.6%	30.5%
FTSE per Full-time Faculty	27.2	27.9	28.6	29.9	30.2	29.9	31.2	30.6	27.7	28.0
FTSE per Full-Time Staff Member	24.7	24.7	25.1	26.1	27.7	28.5	29.4	27.9	24.2	24.9
Average Annual Faculty Salary	\$74,076*	\$71,364*	\$70,932*	\$69,936*	\$67,512*	\$56,521	\$54,094	\$53,237	\$52,561	\$50,466

Notes:

Based on IPEDS information that is a Fall snapshot. Library staff /counselors are included in the Faculty category.

*Effective 2013 IPEDS now uses a weighted monthly average multiplied by 12 for salaries

Wharton County Junior College
Statistical Supplement 16
Student Profile
Last Five Fiscal Years
(unaudited)

Gender	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	4,002	55%	4,157	55%	4,066	55%	4,320	57%	4,482	58%
Male	3,262	45%	3,412	45%	3,281	45%	3,260	43%	3,262	42%
Total	7,264	100%	7,569	100%	7,347	100%	7,580	100%	7,744	100%

Ethnic Origin	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	2,585	37%	2,778	37%	2,914	40%	3,190	43%	3,452	45%
Hispanic	2,818	38%	2,816	38%	2,627	36%	2,644	35%	2,458	32%
African American	894	12%	881	12%	853	12%	854	11%	1,001	13%
Asian	831	12%	940	12%	834	11%	787	10%	727	9%
Foreign	1	0%	4	0%	3	0%	6	0%	10	0%
Native American	-	0%	28	0%	18	0%	14	0%	53	1%
Unknown	135	1%	122	1%	98	1%	85	1%	43	1%
Total	7,264	100%	7,569	100%	7,347	100%	7,580	100%	7,744	100%

Age	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 18	817	15%	1,211	15%	1,118	15%	1,254	17%	1,142	15%
18 -21	4,121	55%	4,078	55%	3,840	52%	3,814	51%	3,758	49%
22 - 24	921	12%	885	12%	867	12%	878	11%	913	12%
25 - 35	940	12%	930	12%	992	14%	1,057	14%	1,151	15%
36 - 50	369	5%	372	5%	422	6%	467	6%	602	8%
51 & over	96	1%	93	1%	108	1%	110	1%	178	2%
Total	7,264	100%	7,569	100%	7,347	100%	7,580	100%	7,744	100%

Average Age	22.3	21.9	22.0	22.4	23.3
-------------	------	------	------	------	------

Source: CBM001 and CBM00A Fall reports.

Wharton County Junior College
Statistical Supplement 17
Transfers to Senior Institutions
Academic Year 2015-16 Students as of Fall 2016
(Includes only public senior colleges in Texas)
(unaudited)

Institutions Attended, Fall 2016		Transfer Student Count	Transfer Student Count	Transfer Student Count	Total of all Sample Transfer Students	% of all Sample Transfer Students
		Academic	Technical	Tech-Prep		
1	University of Houston - Main Campus	626	51	12	689	31.26%
2	Texas A&M University - College Station	277	10	7	294	13.34%
3	University of Houston - Victoria	177	12	11	200	9.07%
4	Texas State University	156	17	6	179	8.12%
5	The University of Texas - Austin	145	7	4	156	7.08%
6	Sam Houston State University	102	5	4	111	5.04%
7	Texas Tech University	90	3	3	96	4.36%
8	The University of Texas - San Antonio	69	5	2	76	3.45%
9	University of Houston - Downtown	61	2	0	63	2.86%
10	Stephen F. Austin State University	43	3	1	47	2.13%
11	Texas A&M University - Corpus Christi	36	3	1	40	1.81%
12	The University of Texas - Dallas	29	1	0	30	1.36%
13	The University of Texas - Arlington	15	1	10	26	1.18%
14	Prairie View A&M University	18	1	4	23	1.04%
15	The University of Texas Medical Branch at Galveston	18	2	1	21	0.95%
16	Texas Woman's University	13	2	1	16	0.73%
17	Texas Southern University	14	0	0	14	0.64%
18	Texas A&M University - Kingsville	12	0	1	13	0.59%
19	University of North Texas	8	4	0	12	0.54%
20	Texas A&M University - Galveston	11	1	0	12	0.54%
21	Lamar University	11	0	1	12	0.54%
22	Tarleton State University	12	0	0	12	0.54%
23	The University of Texas Health Science Center at Houston	9	0	0	9	0.41%
24	University of Houston - Clear Lake	6	1	0	7	0.32%
25	Texas Tech University Health Sciences Center	5	0	1	6	0.27%
26	The University of Texas - Tyler	6	0	0	6	0.27%
27	University of Texas of the Permian Basin	5	0	1	6	0.27%
28	The University of Texas M.D. Anderson Cancer Center	4	1	0	5	0.23%
29	Angelo State University	3	1	0	4	0.18%
30	Midwestern State University	3	1	0	4	0.18%
31	Texas A&M University - Commerce	3	1	0	4	0.18%
32	Texas A&M International University	2	1	0	3	0.14%
33	Texas A&M University System Health Science Center	2	0	0	2	0.09%
34	West Texas A&M University	2	0	0	2	0.09%
35	Sul Ross State University	1	0	0	1	0.05%
36	Texas A&M University - San Antonio	1	0	0	1	0.05%
37	The University of Texas - El Paso	1	0	0	1	0.05%
38	Baylor College of Medicine	1	0	0	1	0.05%
39	The University of Texas - Rio Grande Valley	0	0	0	0	0.00%
40	The University of Texas Health Science Center at San Antonio	0	0	0	0	0.00%
41	The University of Texas Southwestern Medical Center	0	0	0	0	0.00%
Totals		1,997	136	71	2,204	100.00%

Source: THECB Automated Student and Adult Learner Follow-up Report

Wharton County Junior College
Statistical Supplement 18
Schedule of Capital Asset Information
Fiscal Years 2008 to 2017
(unaudited)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Academic buildings	11	11	11	12	12	12	12	12	12	12
Square footage (in thousands)	425	425	425	507	507	507	507	507	507	369
Libraries	2	2	2	2	2	2	2	2	2	2
Square footage (in thousands)	55	55	55	55	55	55	55	55	55	55
Number of Volumes (in thousands)	66,200	66,200	66,200	66,200	66,200	66,200	66,200	66,200	66,200	66,200
Administrative and support buildings	4	4	4	4	4	4	4	4	4	4
Square footage (in thousands)	64	64	64	64	64	64	64	64	64	64
Dormitories	3	3	3	3	3	3	3	3	3	3
Square footage (in thousands)	45	45	45	45	45	45	45	45	45	45
Number of Beds	158	158	158	158	158	158	158	158	158	158
Apartments	-	-	-	-	-	-	-	-	-	-
Square footage (in thousands)	-	-	-	-	-	-	-	-	-	-
Number of beds	-	-	-	-	-	-	-	-	-	-
Dining Facilities	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	69	69	69	69	69	69	69	69	69	69
Average daily customers	500	500	500	500	500	500	500	500	500	500
Athletic Facilities	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	27	27	27	27	27	27	27	27	27	27
Stadiums	-	-	-	-	-	-	-	-	-	-
Gymnasiums	1	1	1	1	1	1	1	1	1	1
Fitness Centers	1	1	1	1	1	1	1	1	1	1
Tennis Court	1	1	1	1	1	1	1	1	1	1
Plant facilities	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	5	5	5	5	5	5	5	5	5	5
Transportation										
Cars	1	1	1	1	1	1	1	1	1	1
Light Trucks/Vans	16	16	16	14	14	14	14	14	14	14
Buses	1	1	1	1	1	1	1	1	-	-