

CLARENDON COLLEGE
Clarendon, Texas

ANNUAL FINANCIAL REPORT
August 31, 2017 and 2016

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**CLARENDON COLLEGE
ORGANIZATIONAL DATA
August 31, 2017**

Board of Regents

	<u>Officers</u>	Term Expires <u>May</u>
Jerry W. Woodard	Chair	2018
Lon Adams	Vice Chair	2022
Darlene Spier	Secretary	2020

	<u>Members</u>	
Edwin Campbell	Clarendon, Texas	2018
Douglas Lowe	Clarendon, Texas	2018
Jack A. Moreman	Clarendon, Texas	2020
Ruth Robinson	Clarendon, Texas	2022
Dr. William A. Sansing	Clarendon, Texas	2020
Mary Ellen Shields	Clarendon, Texas	2022

Principal Administrative Officers

Dr. Robert Riza	President
Brian Fuller	Vice President of Instruction
Tex Buckhaults	Executive Vice President of Academic and Student Affairs
Rit Christian	Vice President of Administrative Services

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Independent Auditor's Report

Board of Regents
Clarendon College
Clarendon, Texas

Report on the Financial Statements

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

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

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

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Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of the College's Proportionate Share of the Net Pension Liability, and the Schedule of the College's Contributions and Notes to Required Supplementary Information on pages 9-20 and pages 59-61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements of the College. The accompanying supplemental information listed in the table of contents, Schedules A, B, C and D (Other Supplemental Information), is likewise presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, Schedule E, and Schedule of Expenditures of State of Texas Awards, Schedule F, 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 the State of Texas Uniform Grants Management Standards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards, the Schedule of Expenditures of State of Texas Awards, and the Other Supplemental Information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, the Schedule of Expenditures of State of Texas Awards, and the Other Supplemental Information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2017, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Connor, McMillon, Mitchell & Shennum, PLLC

Amarillo, Texas
December 14, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

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**CLARENDON COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending August 31, 2017**

Discussion of Currently Known Facts, Decisions, or Conditions:

Clarendon College has seen positive growth in the last three years. With enrollment this fall and registration for Fall 2017 being the highest enrollment in the College's history.

The personnel changes made in the financial aid offices continue to improve operations, and the office is functioning extremely well. We have expanded offerings and this office has been instrumental in those operations. Financial Aid continues to offer staff development training resulting in greater efficiency for our students as well as fewer mistakes.

This year saw another balanced budget with increased tuition and fees due to enrollment growth. Revenue is also seen increasing on the Auxiliary budget as the headcount in the residence halls also increased. Although revenues were increased slightly, the college maintains a careful approach as expenses were maintained as flat, the College did not raise tuition and fees for our students.

Clarendon College takes great pride in its role in our community as a leader and partner to increase the economic development and educational attainment of our communities.

Thank you for your assistance to the Bulldog Nation.

**CLARENDON COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending August 31, 2017**

This section presents the management's discussion and analysis of the financial performance of Clarendon College (the College) during the fiscal years ending August 31, 2017 and 2016. This discussion and analysis focuses on current activities, resulting changes and currently known facts, and should be read in conjunction with the accompanying financial statements and footnotes. The financial analysis is for fiscal year 2017, with fiscal years 2016 and 2015 data for comparative purposes. The financial statements, footnotes and discussion are the responsibility of the College management.

Using the Annual Financial Report:

In June 1999, the Governmental Accounting Standards Board (GASB) released Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Statement No. 34 requires a comprehensive look at the entity as a whole and the depreciation of capital assets. In November 1999, GASB issued Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, which applies the provisions of Statement No. 34 to public colleges and universities.

The financial report for the College includes the Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and Statements of Cash Flows. These statements are prepared under the accrual basis of accounting and in accordance with GASB principles.

Condensed Statements of Net Position as of August 31, 2017, 2016, and 2015 (in thousands):

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Current Assets			
Cash and cash equivalents	\$ 401	\$ 492	\$ 370
Short-term investments	1,492	1,491	961
Accounts receivable, net	1,590	1,713	1,420
Inventory	7	-	-
Other assets	84	225	149
Total current assets	<u>3,574</u>	<u>3,921</u>	<u>2,900</u>
Noncurrent Assets			
Restricted cash and cash equivalents	57	216	64
Restricted short-term investments	110	110	-
Endowment investments	1,195	1,195	1,195
Other long-term investments	1,608	1,608	2,547
Real estate held by endowments	503	503	503
Deposits	21	21	20
Capital assets, net	17,027	17,167	16,294
Total noncurrent assets	<u>20,521</u>	<u>20,820</u>	<u>20,623</u>
Total Assets	<u>\$ 24,095</u>	<u>\$ 24,741</u>	<u>\$ 23,523</u>
Deferred Outflows of Resources	<u>\$ 413</u>	<u>\$ 380</u>	<u>\$ 260</u>

**CLARENDON COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending August 31, 2017**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Current Liabilities			
Accounts payable and accrued liabilities	\$ 582	\$ 584	\$ 236
Unearned revenue	1,865	2,117	1,537
Other current liabilities	786	773	834
Total current liabilities	<u>3,233</u>	<u>3,474</u>	<u>2,607</u>
Noncurrent Liabilities	<u>6,266</u>	<u>6,647</u>	<u>5,550</u>
Total Liabilities	<u>\$ 9,499</u>	<u>\$ 10,121</u>	<u>\$ 8,157</u>
Deferred Inflows of Resources	<u>\$ 166</u>	<u>\$ 155</u>	<u>\$ 427</u>
Net Position			
Net investment in capital assets	\$ 12,196	\$ 11,894	\$ 11,819
Nonexpendable	1,748	1,748	1,698
Restricted for expendable	1,501	1,660	1,716
Unrestricted	(602)	(457)	(34)
Total Net Position	<u>\$ 14,843</u>	<u>\$ 14,845</u>	<u>\$ 15,199</u>

There was a decrease of \$ 347,000 in the total current assets for 2016-2017 when compared to 2015-2016. Cash and short-term investments showed a decrease due to changes in investment strategy. Accounts receivable showed a decrease of 7.18%. The decrease in student accounts receivable of \$123,000 going from \$1,713,000 in 2015-2016 to \$1,590,000 in 2016-2017, is the result of a change in calculating unearned revenue. The overall change in calculation on unearned revenue had no material effect on the financial statements. The change in calculation is also reflected in the \$241,000 decrease in current liabilities. The unearned revenue accounted for most of this change, going from \$2,117,000 in 2015-2016 to \$1,865,000 in 2016-2017.

Noncurrent assets decreased \$299,000 in 2016-2017. They went from \$20,820,000 in 2015-2016 to \$20,521,000 in 2016-2017. The change in restricted cash and cash equivalents was a decrease of \$159,000 in 2016-2017, going from \$216,000 in 2015-2016 to \$57,000 in 2016-2017. There was an increase in restricted short-term investments in 2015-2016 which is the bond reserve on the new bond refunding that took place in 2015-16.

Net capital assets for 2016-2017 were \$17,027,000, for 2015-2016 were \$17,167,000, and for 2014-2015 were \$16,294,000. The capital additions for 2016-2017 totaled \$753,000. At August 31, 2017, there was no construction in progress. Depreciation expense for 2016-2017 was \$892,000 and \$924,000 for 2015-2016.

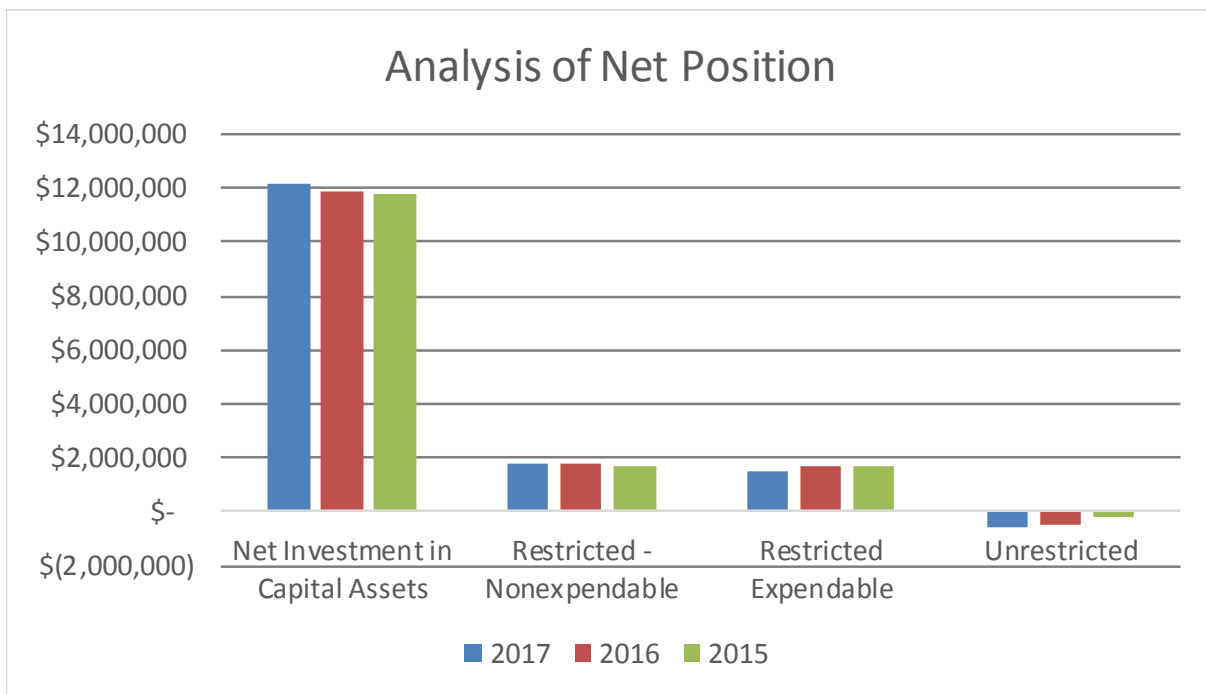
**CLARENDON COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending August 31, 2017**

In 2015-2016 current liabilities were \$3,474,000 and decreased to \$3,233,000 in 2016-2017. The \$241,000 decrease was a combination of a decrease of \$2,000 in accounts payable and accrued liabilities, an increase of \$13,000 in other current liabilities, and a decrease of \$252,000 in unearned revenue. Accounts payable increased \$37,000 in 2016-2017, going from \$216,000 in 2015-2016 to \$ 253,000 in 2016-2017. Unearned revenue showed a decrease of \$252,000. This decrease was due to a change in the calculation of unearned revenue, as discussed earlier. Other current liabilities increased \$13,000 in 2016-2017.

Noncurrent liabilities decreased by \$381,000 in 2016-2017 when compared to 2015-2016, \$6,266,000 compared to \$6,647,000, respectively.

The net of this activity resulted in a decrease in total net position of \$2,000, from \$14,845,000 in 2015-2016 compared to \$14,843,000 at the end of 2016-2017.

The following is a comparison of net position and net investment in capital assets at August 31, 2017, 2016, and 2015:



**CLARENDON COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending August 31, 2017**

Condensed Statements of Revenues, Expenses and Changes in Net Position as of August 31, 2017, 2016, and 2015 (in thousands):

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Operating revenue			
Tuition & fees (net of discounts)	\$ 1,764	\$ 1,368	\$ 1,241
Federal grants and contracts	406	555	418
State grants and contracts	572	402	219
Local grants and contracts	1,365	1,487	1,458
Auxiliary enterprises (net of discounts)	398	420	501
Other operating revenues	96	50	38
Total operating revenue	<u>4,601</u>	<u>4,282</u>	<u>3,875</u>
Operating expenses			
Instruction	3,615	3,616	3,580
Academic support	363	332	281
Student services	822	836	723
Institutional support	1,818	1,954	1,630
Operation and maintenance of plant	940	982	961
Scholarship expense	546	542	622
Auxiliary enterprises	1,193	1,046	1,188
Depreciation	892	924	938
Total operating expenses	<u>10,189</u>	<u>10,232</u>	<u>9,923</u>
Operating loss	<u>(5,588)</u>	<u>(5,950)</u>	<u>(6,048)</u>
Nonoperating revenues (expenses)			
State appropriations	3,213	3,221	3,007
Ad valorem taxes	485	434	463
Federal revenue, nonoperating	1,982	1,907	2,258
Gifts	60	94	131
Investment income	57	128	209
Interest on capital related debt	(211)	(214)	(227)
Other gain/revenue (loss/expense)	-	26	7
Net nonoperating revenues (expenses)	<u>5,586</u>	<u>5,596</u>	<u>5,848</u>
Decrease in net position	(2)	(354)	(200)
Net position – beginning of year	14,845	15,199	16,980
Prior period adjustment	-	-	(1,581)
Net position – end of year	<u>\$ 14,843</u>	<u>\$ 14,845</u>	<u>\$ 15,199</u>

**CLARENDON COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending August 31, 2017**

Operating revenue includes tuition and fees, net of scholarship discounts and allowances, federal, state and local grants and contracts, auxiliary enterprises and other. The College's total operating revenue increased slightly, going from \$4,282,000 in 2015-2016 to \$ 4,601,000 in 2016-2017. Tuition and fees (net of discounts) showed an increase of \$396,000 in 2016-2017, from \$1,368,000 in 2015-2016 and \$1,764,000 in 2016-2017. The College's rate of tuition and fees remained the same per semester credit hour between 2015-2016 and 2016-2017. Contact hours went from 648,832 in 2014-2015 to 649,584 in 2015-2016 and 693,276 in 2016-2017. Total head count for the Fall term went from 1,343 in 2015-2016; 1,482 in 2016-2017, and to 1,590 in the fall of 2017. The increase in head count came from:

- The College has continued to increase the scope of dual credit offerings to service area high school and as a results enrollment in dual credit has increased directly and accounts for a significant portion of overall enrollment increases from fall 2015 to fall 2016. The College received approval for offering academic coursework at the Rufe Jordan Unit of the Texas Department of Criminal Justice from the regional accreditor, SACSCOC, which accounts for the remainder of the enrollment increases for FY17.
- Clarendon College's graduation rate for students who do not take developmental education courses is over double that of the state at 48.1% compared to the statewide average of 21.7%. The Graduation rate for fulltime students is the 5th highest at 38.1% compared to the state average of 18.6%. According to the *2017 Texas Higher Education Almanac* published by the Texas Higher Education Coordinating Board.
- The College started and concluded calendar year 2017 with record enrollments for every scheduled term.

All of these factors lead to a 10.94% increase in academic contact hours, going from 396,800 in 2015-2016 to 440,224 in 2016-2017. Technical contact hours increased .11%, from 252,784 in 2015-2016 to 253,052 in 2016-2017.

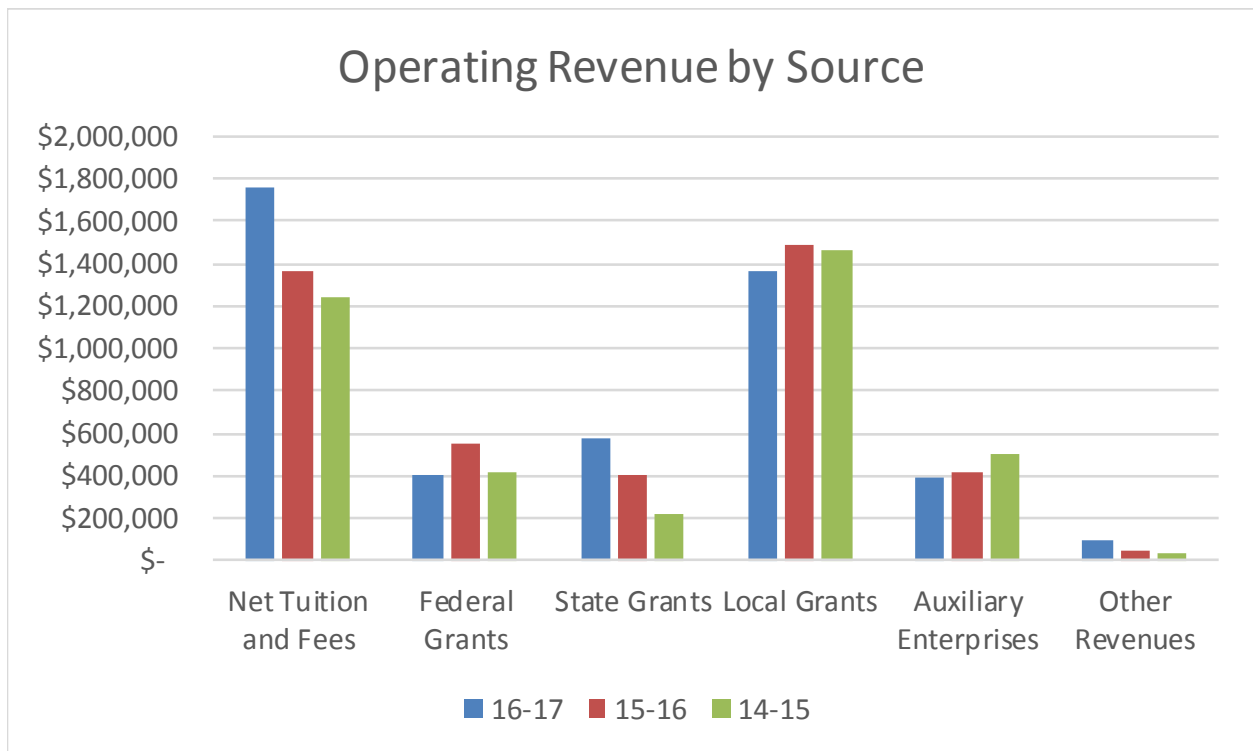
Federal grants and state grants increased \$21,000 up from \$957,000 in 2015-2016 to \$978,000 in 2016-2017. There was a decrease of \$22,000 in auxiliary revenue. There was a decrease of \$122,000 local grants and contracts. This decrease is the result of decline in the College maintenance tax in 2016-2017 when compared to 2015-2016. There was an increase of \$46,000, in other operating revenue.

Operating expenses decreased \$43,000 in 2016-2017 over 2015-2016. Instruction decreased \$1,000, and academic support increased by \$31,000. Institutional support decreased \$136,000 while student services decreased by \$14,000. Maintenance of plant expenses decreased \$42,000 and depreciation decreased \$32,000. Increases in expenditures were found in scholarship expense by \$4,000 and auxiliary enterprises by \$147,000.

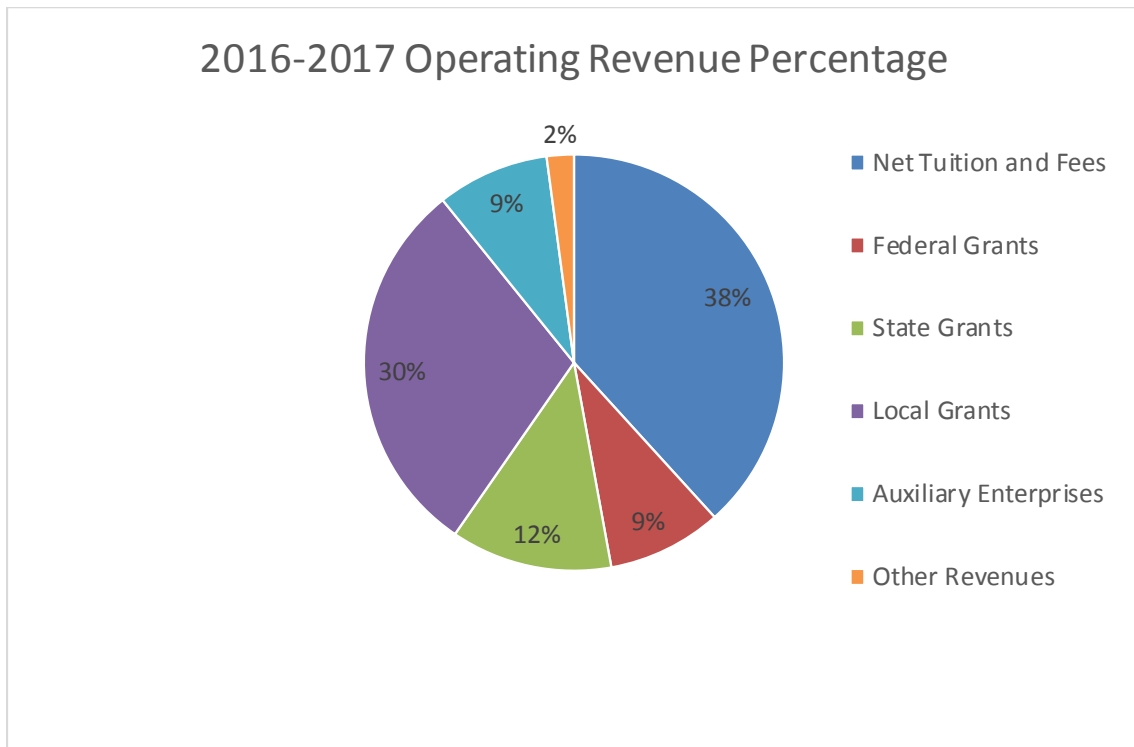
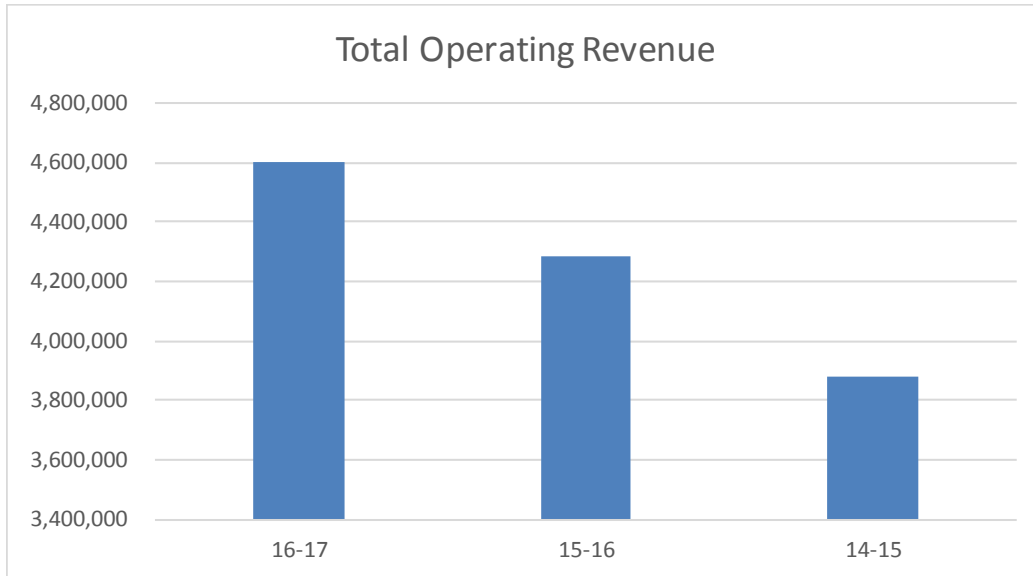
**CLARENDON COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending August 31, 2017**

Total non-operating revenue for 2016-2017 decreased \$10,000 from \$5,596,000 in 2015-2016 to \$5,586,000 in 2016-2017. The federal aid received by the students, which is classified as federal revenue–non-operating, increased \$75,000 in 2016-2017 when compared to 2015-2016 and up from \$1,907,000 in 2015-2016 compared to \$1,982,000 in 2016-2017. This is a 3.9% increase in the total amount awarded. State appropriations for 2016-2017 decreased \$8,000. The total appropriations went from \$3,221,000 in 2015-2016 to \$3,213,000. Investment income for 2016-2017 decreased \$71,000. The College saw a decrease of \$34,000, in gifts for 2016-2017. Overall, total net position, end of year 2016-2017 decreased \$2,000.

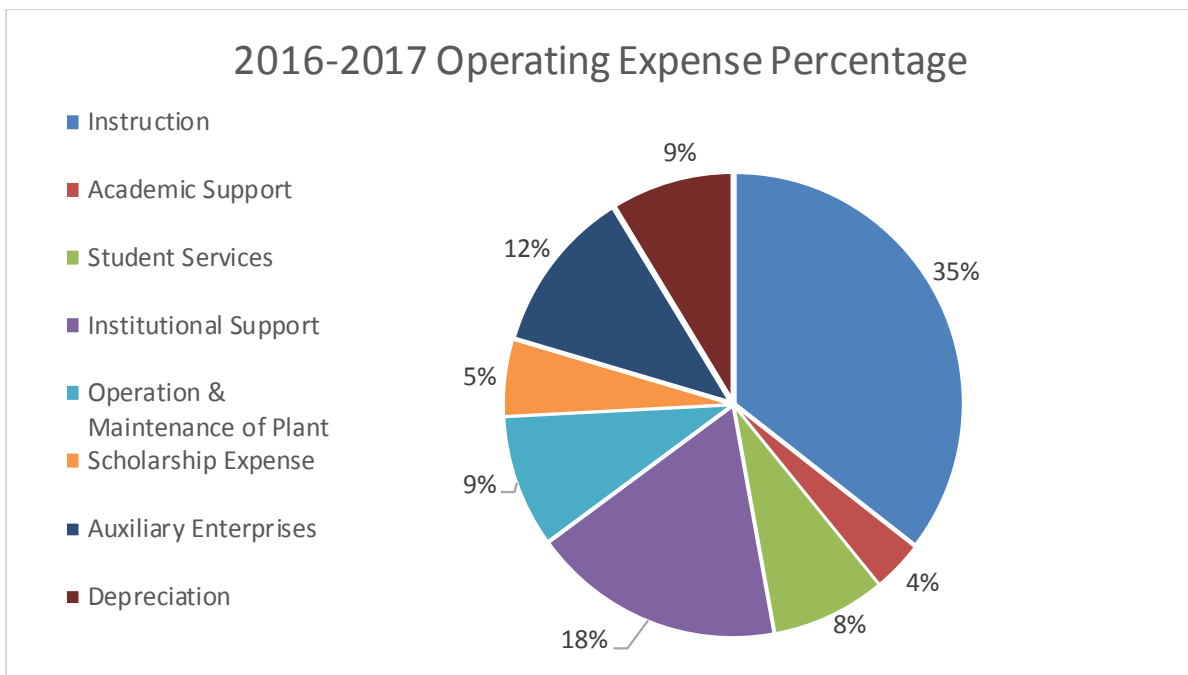
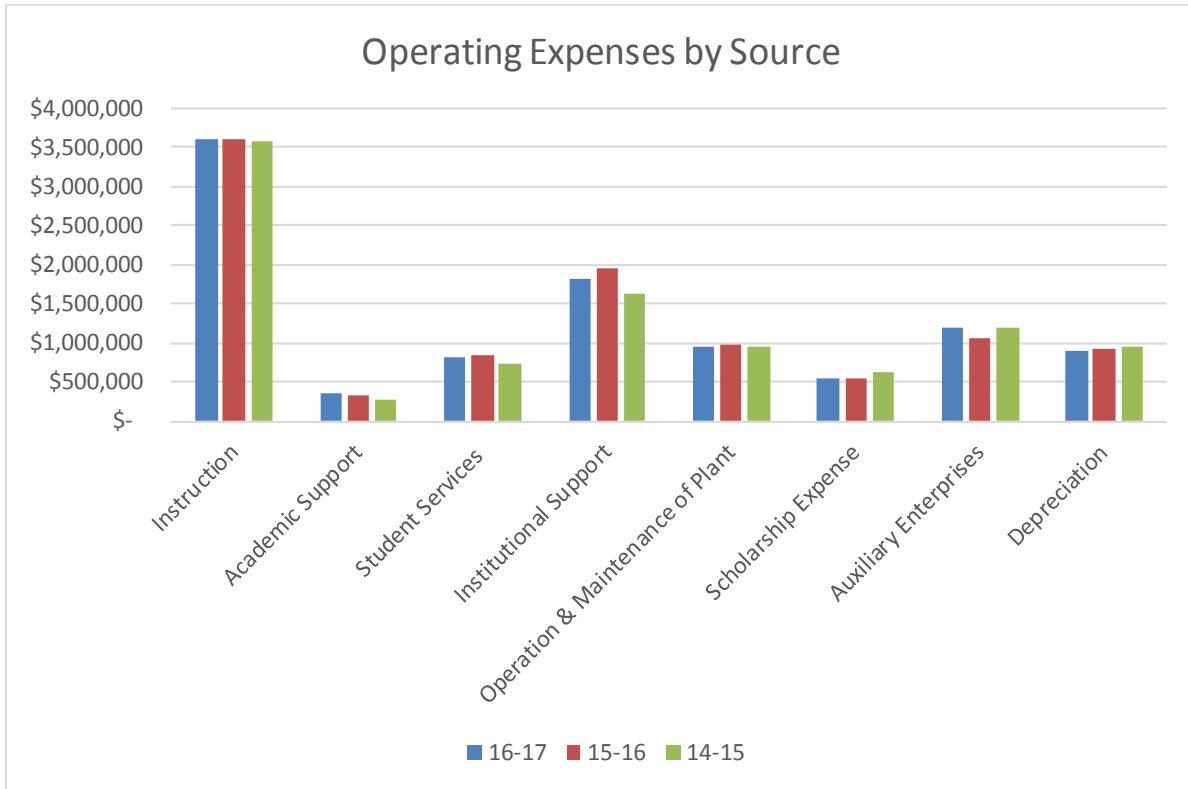
The following charts are an Analysis of Revenue and Expenses as of August 31, 2017, 2016, and 2015:



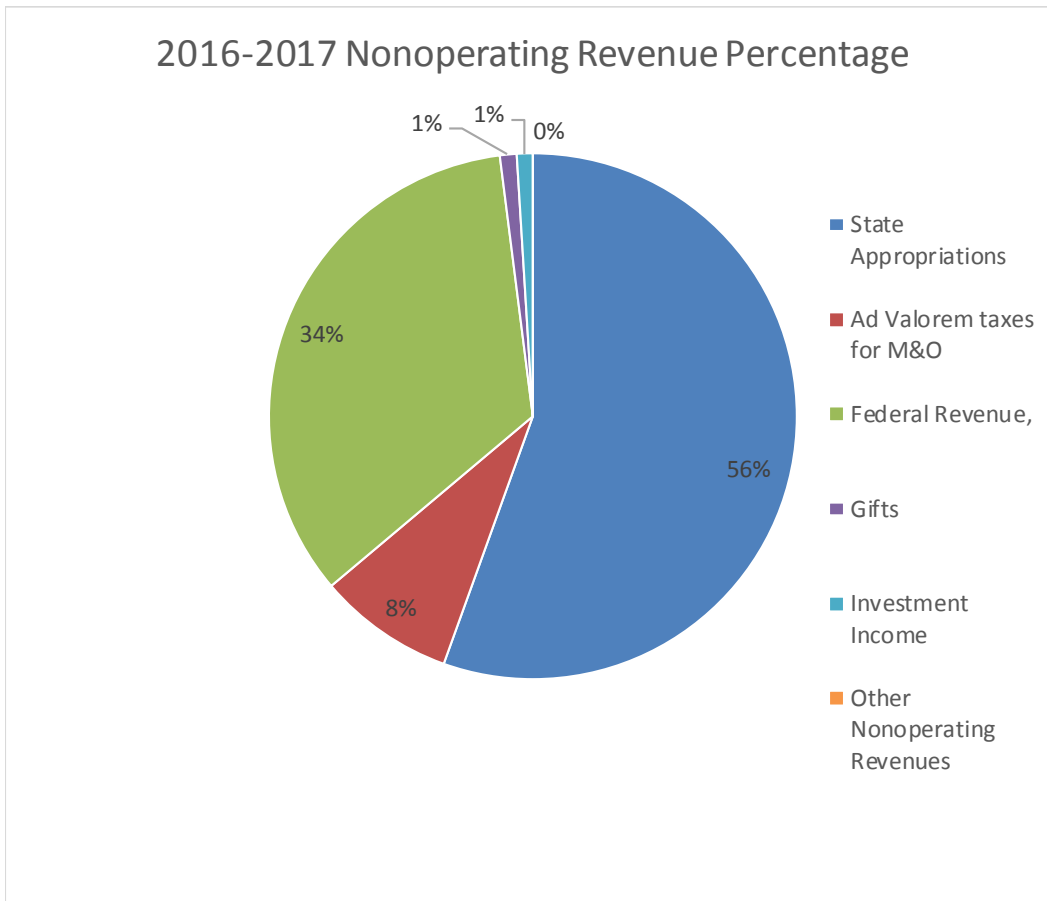
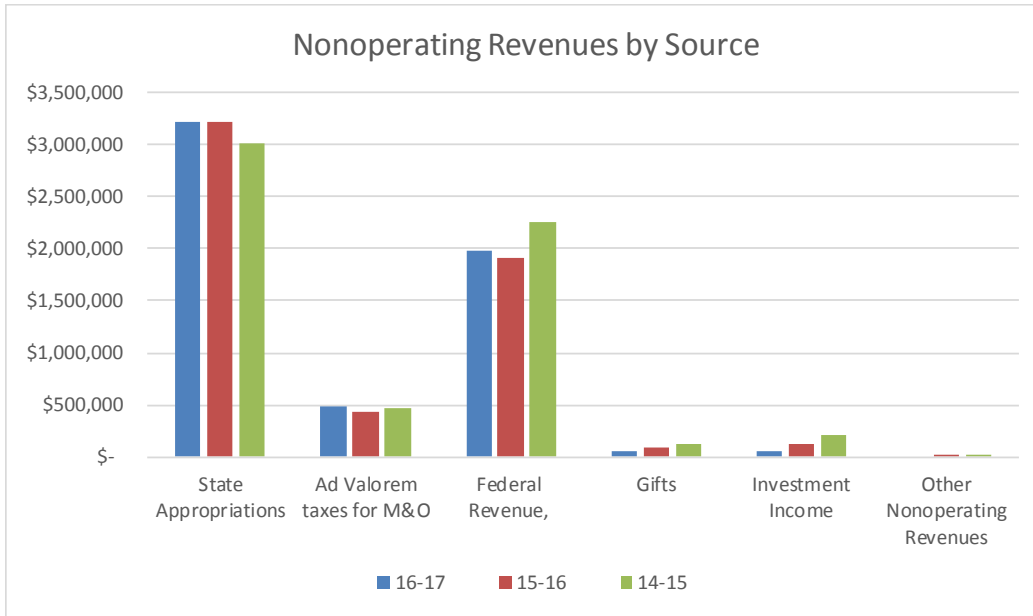
**CLARENDON COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending August 31, 2017**



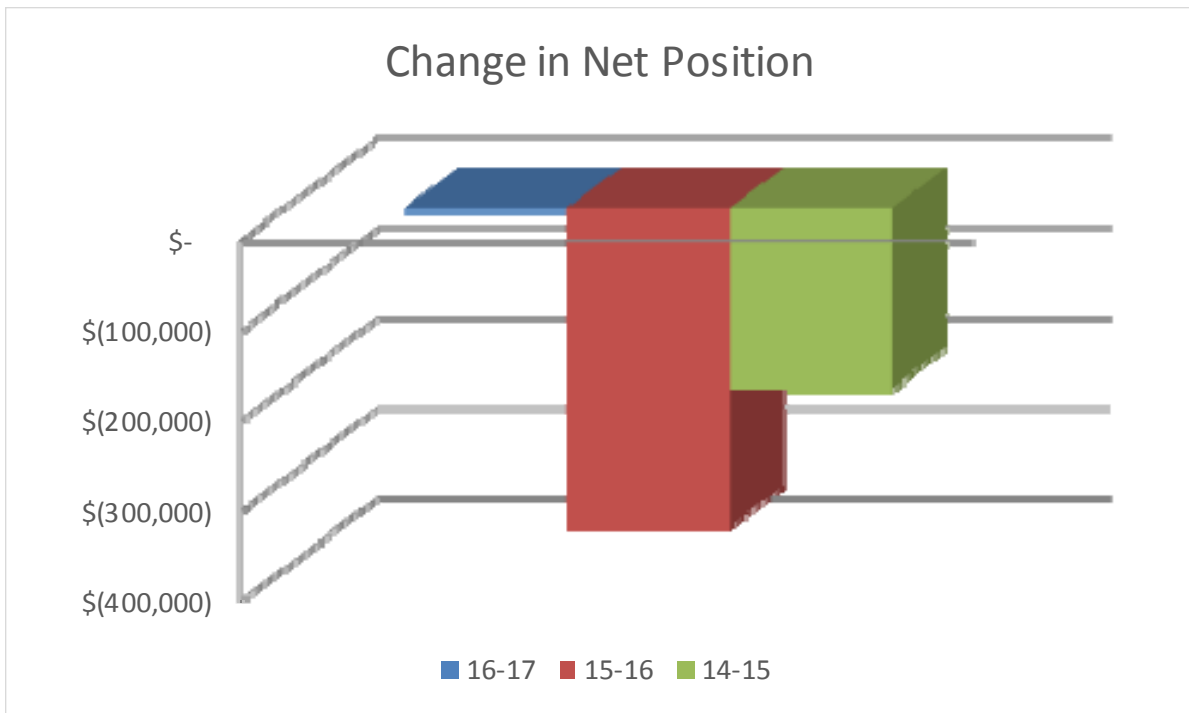
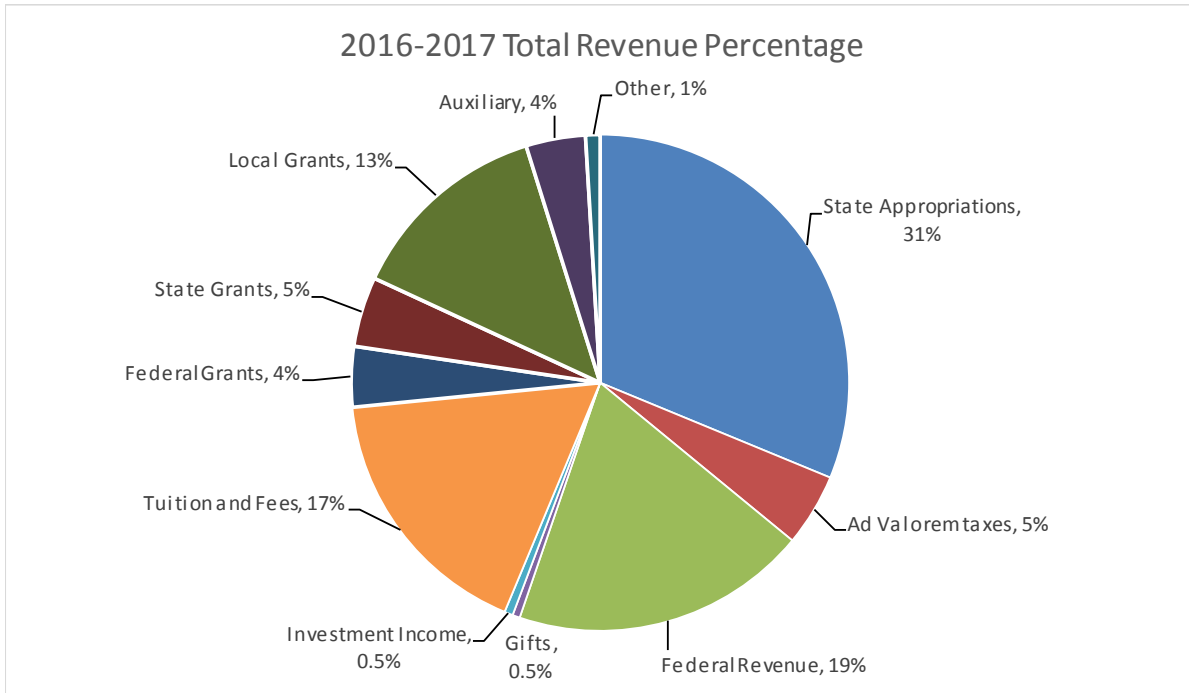
**CLARENDON COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending August 31, 2017**



**CLARENDON COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending August 31, 2017**



**CLARENDON COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending August 31, 2017**



**CLARENDON COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending August 31, 2017**

Statement of Cash Flows as of August 31, 2017, 2016, and 2015 (in thousands):

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Cash provided by (used in):			
Operating activities	\$ (4,027)	\$ (4,025)	\$ (4,465)
Noncapital financing activities	5,125	5,067	5,327
Capital and related financing activities	(1,406)	(1,203)	(1,447)
Investing activities	<u>56</u>	<u>436</u>	<u>64</u>
Net increase (decrease) in cash and cash equivalents	(252)	275	(521)
Cash and cash equivalents, beginning of year	<u>709</u>	<u>434</u>	<u>955</u>
Cash and cash equivalents, end of year	<u>\$ 457</u>	<u>\$ 709</u>	<u>\$ 434</u>

This statement is used to determine the College's ability to meet its obligations and to determine if external financing is needed.

The net cash used by operating activities decreased by \$2,000, going from \$4,025,000 in 2015-2016 to \$4,027,000 in 2016-2017. The net cash provided by noncapital financing activities went from \$5,067,000 in 2015-2016 to \$5,125,000 in 2016-2017. The net cash that is provided by noncapital financing activities increased \$58,000; the majority of this increase is due to the increase in federal financial aid received by our students. The net cash used by capital and related financing activities is due to the annual bond and lease payments and the purchase of capital assets in the amount of \$753,000. The change in net cash provided by investing activities is due to the investment practices of the College. Operating cash has been moved to a short-term investment account, and investment maturity dates on other investments were laddered out over a one-year period. The College will continue to watch this and invest the funds available in a safe and secure manner. Overall, there was a net cash decrease of \$252,000.

Significant Capital Assets and Long-Term Debt Activity:

During 2016-2017 the College invested \$753,000 in buildings, computers, equipment, and facility improvements. A Public Property Finance Agreement was utilized to improve the energy efficiency of the physical plant in 2015-2016.

The notes, lease and bond payable portions of noncurrent liabilities decreased by \$442,000 in 2016-2017 when compared to 2015-2016, \$6,266,000 compared to \$6,647,000, respectively. Principal payments during 2016-2017 totaled \$442,000 and an additional \$457,000 was moved to current liabilities for the 2016-2017 year.

The net pension liability increased by \$76,000 from \$1,816,000 in 2015-2016 to \$1,892,000 in 2016-2017.

Please refer to the financial statement footnotes, Note 6 - Capital Assets, Note 7 - Noncurrent Liabilities, and Note 8 - Debt Obligations for more information.

FINANCIAL STATEMENTS

CLARENDON COLLEGE
STATEMENTS OF NET POSITION
August 31, 2017 and 2016
Exhibit 1

ASSETS		
	2017	2016
CURRENT ASSETS		
Cash and cash equivalents	\$ 400,645	\$ 492,598
Short-term investments	1,441,809	1,441,498
Short-term investments endowed	49,690	49,442
Accounts receivable, net	1,590,282	1,713,030
Inventory	7,137	-
Prepaid expenses	84,290	224,982
Total current assets	3,573,853	3,921,550
NONCURRENT ASSETS		
Restricted cash and cash equivalents	56,517	216,208
Restricted short-term investments	110,000	110,000
Endowment investments	1,195,372	1,195,372
Other long-term investments	1,608,221	1,608,221
Real estate held as investments by endowments	502,750	502,750
Deposits	20,500	20,500
Capital assets, net	17,027,388	17,166,952
Total noncurrent assets	20,520,748	20,820,003
TOTAL ASSETS	\$ 24,094,601	\$ 24,741,553
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows on net pension liability	\$ 413,263	\$ 379,831
TOTAL DEFERRED OUTFLOWS	\$ 413,263	\$ 379,831
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 253,365	\$ 215,506
Accrued liabilities	328,595	368,242
Funds held for others	261,710	269,131
Unearned revenues	1,865,246	2,117,403
Deposits	67,630	61,650
Leases payable - current portion	185,000	175,000
Bonds payable - current portion	161,000	157,000
Notes payable - current portion	110,894	109,726
Total current liabilities	3,233,440	3,473,658
NONCURRENT LIABILITIES		
Leases payable - noncurrent portion	2,740,000	2,925,000
Bonds payable - noncurrent portion	617,000	778,000
Notes payable - noncurrent portion	1,017,035	1,127,929
Net pension liability	1,891,594	1,816,497
Total noncurrent liabilities	6,265,629	6,647,426
TOTAL LIABILITIES	\$ 9,499,069	\$ 10,121,084

CLARENDON COLLEGE
STATEMENTS OF NET POSITION, CONTINUED
August 31, 2017 and 2016
Exhibit 1

LIABILITIES AND NET POSITION, CONTINUED

	2017	2016
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows on net pension liability	\$ 165,905	\$ 154,787
TOTAL DEFERRED INFLOWS	\$ 165,905	\$ 154,787
NET POSITION		
Net investment in capital assets	\$ 12,196,459	\$ 11,894,297
Restricted for:		
Nonexpendable:		
Endowment - True	1,747,812	1,747,543
Expendable:		
Student aid	446,214	446,741
Debt service	110,000	110,000
Other	944,355	1,103,638
Unrestricted (deficit)	(601,950)	(456,706)
TOTAL NET POSITION (Schedule D)	\$ 14,842,890	\$ 14,845,513

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

CLARENDON COLLEGE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years ended August 31, 2017 and 2016
Exhibit 2

	<u>2017</u>	<u>2016</u>
OPERATING REVENUES		
Tuition and fees, net of discounts of \$2,134,654 and \$2,238,855 in 2017 and 2016, respectively	\$ 1,763,593	\$ 1,368,620
Federal grants and contracts	406,108	554,576
State grants and contracts	572,297	401,951
Local grants and contracts	1,365,395	1,487,154
Auxiliary enterprises, net of discounts of \$601,129 and \$589,945 in 2017 and 2016, respectively	397,874	419,997
Other operating revenues	96,377	49,738
	<u>4,601,644</u>	<u>4,282,036</u>
OPERATING EXPENSES		
Instruction	3,614,878	3,615,964
Academic support	363,472	331,800
Student services	822,156	836,425
Institutional support	1,818,104	1,954,165
Operation and maintenance of plant	939,990	981,949
Scholarship expense	545,727	541,741
Auxiliary enterprises	1,193,198	1,045,960
Depreciation	892,410	924,392
	<u>10,189,935</u>	<u>10,232,396</u>
Total operating expenses (Schedule B)	<u>10,189,935</u>	<u>10,232,396</u>
Operating loss	<u>(5,588,291)</u>	<u>(5,950,360)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	3,213,361	3,221,077
Ad valorem taxes for maintenance and operations	484,869	434,112
Federal revenue, nonoperating	1,981,565	1,907,130
Gifts	59,643	94,245
Investment income	56,753	128,090
Interest on capital-related debt	(210,523)	(213,775)
Other nonoperating revenues (expenses)	-	25,871
	<u>5,585,668</u>	<u>5,596,750</u>
Net nonoperating revenues (Schedule C)	<u>5,585,668</u>	<u>5,596,750</u>
Increase (Decrease) in net position	<u>(2,623)</u>	<u>(353,610)</u>
NET POSITION - BEGINNING OF YEAR	<u>14,845,513</u>	<u>15,199,123</u>
NET POSITION - END OF YEAR	<u>\$ 14,842,890</u>	<u>\$ 14,845,513</u>

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

CLARENDON COLLEGE
STATEMENTS OF CASH FLOWS
Years ended August 31, 2017 and 2016
Exhibit 3

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from students and other customers	\$ 2,145,875	\$ 2,084,854
Receipts from grants and contracts	2,309,078	2,447,528
Payments to or on behalf of employees	(5,267,485)	(5,051,261)
Payments to suppliers for goods or services	(2,668,365)	(2,964,312)
Payments of scholarships	(545,727)	(541,741)
	(4,026,624)	(4,024,932)
Net cash used by operating activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipts from state appropriations	2,581,318	2,577,949
Receipts from ad valorem tax revenues	502,151	461,409
Receipts from nonoperating federal revenue	1,981,565	1,907,130
Gifts and grants	59,643	94,245
Student organizations and other agency transactions	-	25,925
	5,124,677	5,066,658
Net cash provided by noncapital financing activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(752,846)	(1,796,922)
Proceeds on note payable	-	1,237,655
Principal payments on capital debt	(266,726)	(270,000)
Principal payments on capital leases	(175,000)	(170,000)
Interest payments on capital debt	(211,319)	(204,122)
	(1,405,891)	(1,203,389)
Net cash used by capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment earnings	147,231	158,050
Maturities of investments	2,922,559	3,079,283
Purchase of investments	(3,013,596)	(2,800,959)
	56,194	436,374
Net cash provided by investing activities		
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(251,644)	274,711
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	708,806	434,095
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 457,162	\$ 708,806
 Cash and cash equivalents are reported in the Statement of Net Position as follows:		
Cash and cash equivalents	\$ 400,645	\$ 492,598
Restricted cash and cash equivalents	56,517	216,208
	\$ 457,162	\$ 708,806

CLARENDON COLLEGE
STATEMENTS OF CASH FLOWS, CONTINUED
Years ended August 31, 2017 and 2016
Exhibit 3

	2017	2016
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (5,588,291)	\$ (5,950,360)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	892,410	924,392
State-funded benefits	632,043	643,128
Change in allowance for bad debt	92,636	165,554
Deferred outflows of resources	(33,432)	(440,135)
Deferred inflows of resources	11,118	47,772
Changes in operating assets and liabilities:		
Receivables	12,830	(495,520)
Inventories	(7,137)	-
Prepaid expenses	140,692	(75,644)
Accounts payable	37,859	(21,519)
Accrued liabilities	(46,272)	172,359
Unearned revenue	(252,157)	580,258
Deposits	5,980	4,009
Net pension liability	75,097	420,774
Net cash used by operating activities	<u>\$ (4,026,624)</u>	<u>\$ (4,024,932)</u>

Non-cash investing and financing activity:

During the year ended August 31, 2017, the College had net depreciation on the fair market value of investments of \$76,342.

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

CLARENDON COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2017 and 2016

NOTE 1 - REPORTING ENTITY

Clarendon College (the College) was established in 1927 in accordance with the laws of the State of Texas, to serve the educational needs of Clarendon, Texas, and the surrounding communities. The College is considered to be a special-purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. While the College receives funding from local, state, and federal sources, and must comply with the spending, reporting, and record-keeping requirements of these entities, it is not a component unit of any other governmental entity.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Guidelines

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

Tuition Discounting

Texas Public Education Grants

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

Title IV, HEA Program Funds

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

Other Tuition Discounts

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

CLARENDON COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2017 and 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

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

Budgetary Data

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

Deferred Inflows

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Governments are only permitted to report deferred inflows in circumstances specifically authorized by the GASB. The College has deferred inflows related to the recording of the net pension liability.

Deferred Outflows

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will 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. The College has deferred outflows related to the net pension liability.

Cash and Cash Equivalents

The College's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

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

CLARENDON COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2017 and 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

There is \$7,137 and \$-0- in inventory at August 31, 2017 and 2016, respectively; the College has partnered with the E-Campus for textbooks. Materials and supplies are charged to expense when purchased.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation. The capitalization policy includes items valued at \$5,000 or more and an estimated useful life of greater than one year. Renovations to buildings, infrastructures, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are charged to operating expense in the year in which the expense is incurred.

The College reports depreciation under a single line item as a business-type unit. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The following lives are used:

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

Unearned Revenues

Tuition, fees, and other revenues received and related to the following fiscal year have been deferred. Tuition and fees of \$1,865,246 and \$2,117,403 have been reported as unearned revenue at August 31, 2017 and 2016, respectively.

Pensions

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS' fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**CLARENDON COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2017 and 2016**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

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

Operating and Nonoperating Revenue and Expense Policy

The College distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the College's principal ongoing operations. The principal operating revenues are tuition and related fees. The major nonoperating revenues are state appropriations, federal Title IV revenue and property tax collections. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. The College has contracted with Great Western Living for food service. Payments under this agreement were \$385,918 and \$379,855 for the years ended August 31, 2017 and 2016, respectively.

When both restricted and unrestricted resources are available for use, it is the College's practice to use restricted resources first and then unrestricted resources as they are needed.

Reclassifications

Certain items in the prior year presentation have been reclassified to be comparable to the current year presentation.

NOTE 3 - AUTHORIZED INVESTMENTS

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

	<u>2017</u>	<u>2016</u>
Petty cash on hand	\$ 1,019	\$ 1,019
Demand deposits	<u>456,143</u>	<u>707,787</u>
Total cash and cash equivalents	<u>\$ 457,162</u>	<u>\$ 708,806</u>

CLARENDON COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2017 and 2016

NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 400,645	\$ 492,598
Restricted cash and cash equivalents	<u>56,517</u>	<u>216,208</u>
Total cash and cash equivalents	<u>\$ 457,162</u>	<u>\$ 708,806</u>

The following represents a reconciliation of deposits and investments, as of August 31, 2017 and 2016, as reported on Exhibit 1:

<u>Type of Security</u>	<u>Market Value</u>	
	<u>2017</u>	<u>2016</u>
Money market funds	\$ 99,073	\$ 184,565
Certificates of deposit	1,601,499	1,600,940
Other instruments	<u>2,704,520</u>	<u>2,619,028</u>
Total investments (Exhibit 1)	<u>\$ 4,405,092</u>	<u>\$ 4,404,533</u>
Cash and cash equivalents (Exhibit 1)	\$ 457,162	\$ 708,806
Investments (Exhibit 1)	<u>4,405,092</u>	<u>4,404,533</u>
Total deposits and investments	<u>\$ 4,862,254</u>	<u>\$ 5,113,339</u>

Investments, as of August 31, 2017 and 2016, are classified as follows:

<u>Type of Security</u>	<u>Market Value</u>	
	<u>2017</u>	<u>2016</u>
Endowed assets in short-term investments	\$ 49,690	\$ -
Short-term investments	1,441,809	1,490,940
Restricted short-term investments	110,000	110,000
Endowment investments	1,195,372	1,195,372
Other long-term investments	<u>1,608,221</u>	<u>1,608,221</u>
Total investments	<u>\$ 4,405,092</u>	<u>\$ 4,404,533</u>

As of August 31, 2017, the College had the following investments and maturities:

<u>Investment Type</u>	<u>Market Value</u>	<u>Percent</u>	<u>Weighted Average Maturity (Years)</u>	<u>Security Rating</u>
Money market funds	\$ 99,073	2.25%	-	-
Corporate bonds	1,246,252	28.29%	1.02	Aa1 - Ba2
Mortgage-backed securities	112,170	2.55%	0.65	-

CLARENDON COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2017 and 2016

NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)

<u>Investment Type</u>	<u>Market Value</u>	<u>Percent</u>	<u>Weighted Average Maturity (Years)</u>	<u>Security Rating</u>
(Continued)				
U.S. Government securities and other Government agencies	1,346,098	30.55%	2.21	AA+ - Aaa
Certificates of deposit	<u>1,601,499</u>	<u>36.36%</u>	<u>0.19</u>	-
Total investments	<u>\$ 4,405,092</u>	<u>100.00%</u>	<u>4.07</u>	

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

Concentration of Credit Risk - The College does not place a limit on the amount the College may invest with one issuer. All of the certificates of deposit are held at a local bank. The College has 9.51% with FHLMC and 9.14% in U.S. Treasuries NTS.

Credit Risk: In accordance with state law and the College's investment policy, with the exception of endowed investments, 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 at least A. As of August 31, 2017, the College did not have any investments in commercial paper or no-load money market mutual funds.

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

NOTE 5 - FAIR VALUE MEASUREMENTS

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

The three levels are defined as follows:

- Level 1 – Quoted prices for identical assets or liabilities in active markets.

CLARENDON COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2017 and 2016

NOTE 5 - FAIR VALUE MEASUREMENTS (CONTINUED)

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

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

Assets Measured at Fair Value on a Recurring Basis

	<u>Fair Value</u>	<u>Fair Value Measurements Using:</u>		
		<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>August 31, 2017:</u>				
Money market funds	\$ 99,073	\$ 99,073	\$ -	\$ -
Certificate of deposits	1,601,499	-	1,601,499	-
U.S. Government securities and other Government agencies	1,346,098	1,346,098	-	-
Mortgage-backed securities	112,170	112,170	-	-
Corporate bonds	1,246,252	1,246,252	-	-
Real estate held for investment by endowment	<u>502,750</u>	<u>-</u>	<u>-</u>	<u>502,750</u>
Total	<u>\$ 4,907,842</u>	<u>\$ 2,803,593</u>	<u>\$ 1,601,499</u>	<u>\$ 502,750</u>
<u>August 31, 2016:</u>				
Money market funds	\$ 184,565	\$ 184,565	\$ -	\$ -
Certificate of deposits	1,600,940	-	1,600,940	-
U.S. Government securities and other Government agencies	1,210,773	1,210,772	-	-
Mortgage-backed securities	220,579	220,579	-	-
Corporate bonds	1,187,676	1,187,676	-	-
Real estate held for investment by endowment	<u>502,750</u>	<u>-</u>	<u>-</u>	<u>502,750</u>
Total	<u>\$ 4,907,283</u>	<u>\$ 2,803,593</u>	<u>\$ 1,600,940</u>	<u>\$ 502,750</u>

CLARENDON COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2017 and 2016

NOTE 5 - FAIR VALUE MEASUREMENTS (CONTINUED)

For the valuation of certain government and corporate bonds and notes, mortgage-backed securities, at August 31, 2017 and 2016, the College used quoted prices in principal active markets for identical assets as of the valuation date (Level 1).

For the valuation of certificates of deposit at August 31, 2017 and 2016, the College used significant observable inputs, particularly dealer market prices for comparable investments as of the valuation date (Level 2).

For the valuation of land (Level 3) at August 31, 2017 and 2016, the College uses the Donley County Tax Appraisal Value (Level 3). The land is valued on an annual basis, which are unobservable inputs.

A summary of investments classified according to any restrictions at August 31, 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>
Unrestricted investments	<u>\$ 3,050,030</u>	<u>\$ 3,099,161</u>
Restricted investments:		
Temporarily restricted	110,000	110,000
Permanently restricted	<u>1,747,812</u>	<u>1,698,122</u>
Total restricted investments	<u>1,857,812</u>	<u>1,808,122</u>
Total investments	<u>\$ 4,907,842</u>	<u>\$ 4,907,283</u>

Assets Measured at Fair Value on a Nonrecurring Basis

There were no fair values of assets and liabilities measured on a nonrecurring basis at August 31, 2017 and 2016.

NOTE 6 - CAPITAL ASSETS

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

	<u>Beginning Balance September 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance August 31, 2017</u>
Not depreciated:				
Land	\$ 1,313,633	\$ -	\$ -	\$ 1,313,633
Construction in progress	-	-	-	-
Total not depreciated	<u>1,313,633</u>	<u>-</u>	<u>-</u>	<u>1,313,633</u>
Other capital assets:				
Buildings	15,584,411	248,354	-	15,832,765
Facility and land improvements	4,276,291	5,349	-	4,281,640
Furniture, machinery, vehicles and other equipment	3,352,502	428,724	-	3,781,226
Telecommunications and peripheral equipment	2,287,015	64,356	-	2,351,371
Library books	559,525	6,063	-	565,588
Total other capital assets	<u>26,059,744</u>	<u>752,846</u>	<u>-</u>	<u>26,812,590</u>
Total cost of capital assets	<u>27,373,377</u>	<u>752,846</u>	<u>-</u>	<u>28,126,223</u>

CLARENDON COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2017 and 2016

NOTE 6 - CAPITAL ASSETS (CONTINUED)

(Continued)	<u>Beginning Balance</u> <u>September 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u> <u>August 31, 2017</u>
Accumulated depreciation:				
Buildings	4,299,747	284,532	-	4,584,279
Facility and land improvements	1,314,373	197,404	-	1,511,777
Furniture, machinery, vehicles and other equipment	2,184,006	248,756	-	2,432,762
Telecommunications and peripheral equipment	1,901,665	154,690	-	2,056,355
Library books	506,634	7,028	-	513,662
Total accumulated depreciation	<u>10,206,425</u>	<u>892,410</u>	<u>-</u>	<u>11,098,835</u>
Capital assets, net	<u>\$ 17,166,952</u>	<u>\$ (139,564)</u>	<u>\$ -</u>	<u>\$ 17,027,388</u>

Capital assets include gross assets acquired under capital leases of \$3,749,999 at August 31, 2017. Related amortization included in accumulated amortization was \$420,846. Capital leases are included as a component of building, equipment and land. Amortization of assets under capital leases is included in depreciation expense.

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

	<u>Beginning Balance</u> <u>September 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u> <u>August 31, 2016</u>
Not depreciated:				
Land	\$ 1,313,633	\$ -	\$ -	\$ 1,313,633
Construction in progress	-	-	-	-
Total not depreciated	<u>1,313,633</u>	<u>-</u>	<u>-</u>	<u>1,313,633</u>
Other capital assets:				
Buildings	15,502,503	81,908	-	15,584,411
Facility and land improvements	2,915,336	1,360,955	-	4,276,291
Furniture, machinery, vehicles and other equipment	3,151,522	200,980	-	3,352,502
Telecommunications and peripheral equipment	2,142,070	144,945	-	2,287,015
Library books	551,391	8,134	-	559,525
Total other capital assets	<u>24,262,822</u>	<u>1,796,922</u>	<u>-</u>	<u>26,059,744</u>
Total cost of capital assets	<u>25,576,455</u>	<u>1,796,922</u>	<u>-</u>	<u>27,373,377</u>
Accumulated depreciation:				
Buildings	4,018,971	280,776	-	4,299,747
Facility and land improvements	1,148,980	165,393	-	1,314,373
Furniture, machinery, vehicles and other equipment	1,928,806	255,200	-	2,184,006
Telecommunications and peripheral equipment	1,685,594	216,071	-	1,901,665
Library books	499,682	6,952	-	506,634
Total accumulated depreciation	<u>9,282,033</u>	<u>924,392</u>	<u>-</u>	<u>10,206,425</u>
Capital assets, net	<u>\$ 16,294,422</u>	<u>\$ 872,530</u>	<u>\$ -</u>	<u>\$ 17,166,952</u>

CLARENDON COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2017 and 2016

NOTE 7 - NONCURRENT LIABILITIES

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

	<u>Balance September 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance August 31, 2017</u>	<u>Current Portion</u>
Bonds payable	\$ 935,000	\$ -	\$ 157,000	\$ 778,000	\$ 161,000
Long-term capital lease	3,100,000	-	175,000	2,925,000	185,000
Note payable	1,237,655	-	109,726	1,127,929	110,894
Net pension liability	1,816,497	234,458	159,361	1,891,594	-
Noncurrent liabilities	<u>\$ 7,089,152</u>	<u>\$ 234,458</u>	<u>\$ 601,087</u>	6,722,523	<u>\$ 456,894</u>
Current portion				(456,894)	
				<u>\$ 6,265,629</u>	

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

	<u>Balance September 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance August 31, 2016</u>	<u>Current Portion</u>
Bonds payable	\$ 1,205,000	\$ 1,103,000	\$ 1,373,000	\$ 935,000	\$ 157,000
Long-term capital lease	3,270,000	-	170,000	3,100,000	175,000
Note payable	-	1,237,655	-	1,237,655	109,726
Net pension liability	1,395,723	727,415	306,641	1,816,497	-
Noncurrent liabilities	<u>\$ 5,870,723</u>	<u>\$ 3,068,070</u>	<u>\$ 1,849,641</u>	7,089,152	<u>\$ 441,726</u>
Current portion				(441,726)	
				<u>\$ 6,647,426</u>	

NOTE 8 - DEBT OBLIGATIONS

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

<u>For the Year Ended August 31,</u>	<u>Revenue Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 161,000	\$ 18,828	\$ 179,828
2019	165,000	14,931	179,931
2020	169,000	10,938	179,938
2021	283,000	6,849	289,849
Total	<u>\$ 778,000</u>	<u>\$ 51,546</u>	<u>\$ 829,546</u>

**CLARENDON COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2017 and 2016**

NOTE 8 - DEBT OBLIGATIONS (CONTINUED)

Details of bonds and notes payable as of August 31, 2017 and 2016, are as follows:

Refunding Revenue Bonds, Series 2005

- To refund the 2006 through 2022 maturities of the Series 2002 Improvement and Refunding Revenue Bonds.
- Issued April 15, 2005
- Original principal amount of \$2,380,000
- Secured by a pledge of revenues, including certain tuition and fees, 20% of the gross revenues received from the cafeteria and 60% of the gross revenues received from the dormitory system.
- These bonds were redeemed in 2015 with Refunding Revenue Bonds, Series 2015.

Refunding Revenue Bonds, Series 2015

- To refund the 2016 through 2022 maturities of the Refunding Revenue Bonds, Series 2005.
- Issued October 21, 2015.
- Original principal amount \$1,103,000.
- Secured by a pledge of revenues, including certain tuition and fees, 20% of the gross revenues received from the cafeteria and 60% of the gross revenue received from the dormitory system.
- Bonds payable are due in annual installments varying from \$161,000 to \$283,000 with an interest rate of 2.42% with the final installment due in 2021.

On October 21, 2015, the Clarendon College District issued refunding revenue bonds in the amount of \$1,103,000 with an interest rate of 2.42%. As a result of the refunding, the College reduced its total debt service requirements by \$252,844 which resulted in an economic gain of \$54,386.

Notes Payable

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

<u>For the Year Ended August 31,</u>	<u>Notes Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 110,894	\$ 34,193	\$ 145,087
2019	114,255	30,832	145,087
2020	117,719	27,368	145,087
2021	121,223	23,864	145,087
2022	124,963	20,124	145,087
2023-2026	538,875	41,473	580,348
Total	<u>\$ 1,127,929</u>	<u>\$ 177,854</u>	<u>\$ 1,305,783</u>

CLARENDON COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2017 and 2016

NOTE 8 - DEBT OBLIGATIONS (CONTINUED)

Notes Payable (Continued)

Note payable to Public Property Finance Contract provided by Prosperity Bank to finance upgrades to the infrastructure of campus buildings. Note dated December 23, 2015. Original principal of note \$1,237,655. Secured by a security interest in all property listed in Schedule B of the finance contract. Notes payable are due in annual installments of \$145,087 with an interest rate of 2.99% with the final installment due December 1, 2025.

Lease Payable to Gray County

Lease payable to Gray County, Texas, issued on September 1, 2009, in the amount of \$4,175,000, interest varies from 4.5% to 5.125%, annual principal installments varying from \$170,000 to \$315,000 plus interest due semi-annually, with a maturity date of August 1, 2029. The loan proceeds were used for the construction of two new buildings and equipment at the Pampa, Texas, Campus. The College paid \$328,331 and \$330,981 lease expense, principal and interest, in the years ended August 31, 2017 and 2016, respectively.

Obligations under capital leases at August 31, 2017 were as follows:

<u>For the Year</u> <u>Ended August 31,</u>	<u>Total</u>
2018	\$ 330,456
2019	331,669
2020	327,406
2021	327,406
2022	331,906
2023-2027	1,651,938
2028-2029	<u>662,663</u>
Total minimum lease payments	3,963,444
Less: Amount representing interest costs	<u>(1,038,444)</u>
Present value of minimum lease payments	<u><u>\$ 2,925,000</u></u>

NOTE 9 - DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

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

	<u>2017</u>	<u>2016</u>
Taxes receivable	\$ 152,793	\$ 136,075
Student receivables	2,227,908	2,290,863
Grants receivable	63,137	28,415

CLARENDON COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2017 and 2016

NOTE 9 - DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES
(CONTINUED)

	<u>2017</u>	<u>2016</u>
Other receivables	<u>48,978</u>	<u>33,575</u>
Allowance for doubtful accounts	<u>(902,534)</u>	<u>(775,898)</u>
Total accounts receivable, net	<u>\$ 1,590,282</u>	<u>\$ 1,713,030</u>

Accounts payable at August 31, 2017 and 2016, consisted of amounts payable to vendors.

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

	<u>2017</u>	<u>2016</u>
Accrued interest payable	\$ 45,870	\$ 46,666
Accrued liability to U.S. Department of Education	46,795	61,547
Other accrued liabilities	<u>235,930</u>	<u>260,029</u>
Total accrued liabilities	<u>\$ 328,595</u>	<u>\$ 368,242</u>

NOTE 10 - CONTRACT AND GRANT AWARDS

Contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, *Audits of Colleges and Universities*. Revenues are recognized on Exhibit 2 and Schedules A and C. For federal and nonfederal contract and grant awards, funds expended, but not collected, are reported as accounts receivable on Exhibit 1. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements. Contract and grant awards funds already committed, e.g., multi-year awards or funds awarded during fiscal years 2017 and 2016 for which monies have not been received nor funds expended, totaled \$566,802 and \$874,824, respectively. All of these funds are on federal contract and grant awards. Additionally, the College deferred state grant awards in the amount of \$300,630 in 2017 and \$290,712 in 2016 and deferred federal awards of \$-0- for 2017. These funds are to be spent in the year following their deferral.

NOTE 11 - EMPLOYEES' RETIREMENT PLANS

Plan Description

The College participates in a cost-sharing, multiple-employer defined benefit pension plan (the Plan) that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in

CLARENDON COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2017 and 2016

NOTE 11 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Plan Description (Continued)

accordance with the Texas Constitution, Article XVI, Section 67, and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code (IRC). The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefits.

The Texas Legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Pension Plan Fiduciary Net Position

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

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, whose formulas use the three highest annual salaries. The normal service retirement is at age 65 with 5 years of service credit or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes, including automatic cost of living adjustments (COLAs). Ad hoc postemployment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

Contributions

Contribution requirements are established or amended pursuant to Article XVI, Section 67 of the Texas Constitution which requires the Texas Legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the

**CLARENDON COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2017 and 2016**

NOTE 11 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Contributions (Continued)

system during the fiscal year. Texas Government Code Section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. The 84th Texas Legislature, GAA established the employer contribution rates for fiscal years 2016 and 2017. Contributions are as follows:

	<u>Contributions Required and Made</u>
2017 College (Employer) Contributions	\$ 165,775
2017 Member (Employee) Contributions	312,179
2016 Non-employer contributing agency (State)	111,209

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

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

Contributors to the plan include members, employers, and the State of Texas as the only non-employer contributing entity.

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. Employers including junior colleges are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.

**CLARENDON COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2017 and 2016**

NOTE 11 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Contributions (Continued)

- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, when employing a retiree of the TRS, the employer shall pay both the member contribution and the state contribution as an employment-after-retirement surcharge.

Actuarial Assumptions

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

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

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

Changes Since the Prior Actuarial Valuation

There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

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

CLARENDON COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2017 and 2016

NOTE 11 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 8.0 %. There was no change in the discount rate since the previous fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability with no cross-over point to a municipal bond rate. The long-term rate of return on pension plan investments is 8.0%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2016, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Return Geometric Basis</u>	<u>Long-Term Expected Portfolio Real Rate of Return *</u>
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%

**CLARENDON COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2017 and 2016**

NOTE 11 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Discount Rate (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Return Geometric Basis</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u> *
Risk Parity			
Risk parity	<u>5.0%</u>	<u>6.7%</u>	<u>0.3%</u>
Inflation Expectations			<u>2.2%</u>
Alpha			<u>1.0%</u>
Total	<u>100.0%</u>		<u>8.7%</u>

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

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

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

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

	<u>1% Decrease in Discount Rate 7%</u>	<u>Current Discount Rate 8%</u>	<u>1% Increase in Discount Rate 9%</u>
College's proportionate share of the net pension liability	\$ 2,927,551	\$ 1,891,594	\$ 1,012,894

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

At August 31, 2017, the College reported a liability for its proportionate share of the net pension liability that reflected an increase for State pension support provided to the College. The amount recognized by the College as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the College were as follows:

College's proportionate share of the net pension liability	\$ 1,891,594
State's proportionate share of the net pension liability associated with the College	<u>1,320,035</u>
Total	<u>\$ 3,211,629</u>

CLARENDON COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2017 and 2016

NOTE 11 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

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

The net pension liability was measured as of August 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on the College's contributions to the pension plan relative to the contributions of all participating entities to the Plan for the period September 1, 2015, through August 31, 2016. At August 31, 2016, the College's proportion of the collective net pension liability was 0.0050057%, which is a decrease of 0.0001331% from its proportion measured as of August 31, 2015.

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

For the year ended August 31, 2017, the College recognized pension expense of \$136,988 and revenue of \$136,988 for support provided by the State.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 29,660	\$ 56,482
Changes of assumptions	57,652	52,432
Net difference between projected and actual earnings on pension plan investments	160,176	-
Changes in proportion and differences between College contributions and proportionate share of contributions	-	56,991
College contributions subsequent to the measurement date	<u>165,775</u>	<u>-</u>
Total	<u>\$ 413,263</u>	<u>\$ 165,905</u>

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 17,944	\$ 69,810
Changes of assumptions	75,420	64,807

**CLARENDON COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2017 and 2016**

NOTE 11 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	127,422	-
Changes in proportion and differences between College contributions and proportionate share of contributions	-	20,170
College contributions subsequent to the measurement date	<u>159,045</u>	<u>-</u>
Total	<u>\$ 379,831</u>	<u>\$ 154,787</u>

The \$165,755 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended August 31,

2018	\$ 4,453
2019	4,453
2020	106,621
2021	(3,393)
2022	(27,304)
Thereafter	<u>(3,247)</u>
Total	<u>\$ 81,583</u>

Optional Retirement Plan – Defined Contribution Plan

Plan Description. Participation in the Optional Retirement Program (ORP) is in lieu of participation in the TRS. The optional retirement program provides for the purchase of annuity contracts and operates under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C.

Funding Policy. Contribution requirements are not actuarially determined, but are established and amended by the Texas State Legislature. The percentage of participant salaries currently contributed by the state is 6.6% for fiscal years 2017 and 2016. The participant contribution rate is 6.65% for both years. Benefits fully vest after one year plus one day of employment.

Because these are individual annuity contracts, the state has no additional or unfunded liability for this program. S.B. 1812, effective September 1, 2013, limits the amounts of the state's contribution to 50% of eligible employees in the reporting district.

CLARENDON COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2017 and 2016

NOTE 11 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Optional Retirement Plan – Defined Contribution Plan (Continued)

The ORP expense to the state for the College was \$-0-, \$2,299, and \$3,078 for the fiscal years ended August 31, 2017, 2016, and 2015, respectively. This amount represents the portion of expended appropriations made by the state legislature on behalf of the College.

The total payroll of employees covered by the ORP was \$-0-, \$70,000, and \$93,000, for fiscal years 2017, 2016, and 2015, respectively.

College-Sponsored Benefit Plans

The College has a voluntary employee defined contribution 403(b) plan administered by the Plan's trustee. The Plan is funded by employee deferrals of compensation. Plan funds are held in trust and are administered by the College's Vice-President of Business Affairs with oversight by the Board of Regents. Full-time employees and certain part-time employees are eligible to participate and are fully vested at all times. At August 31, 2017, 2016, and 2015, there were 6, 7, and 8, respectively, Plan participants. The College contributed \$8,400, \$8,640, and \$10,360 for fiscal years 2017, 2016, and 2015, respectively.

NOTE 12 - HEALTH CARE AND LIFE INSURANCE BENEFITS

Certain healthcare 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.

For the year ended August 31, 2017, the state's contribution per full-time employee and retiree was \$617 per month and totaled approximately \$505,000 for the year. The cost of providing those benefits for 34 retirees was approximately \$154,000 and for 88 active employees was approximately \$341,000.

For the year ended August 31, 2016, the state's contribution per full-time employee and retiree was \$576 per month and totaled approximately \$462,000 for the year. The cost of providing those benefits for 35 retirees was approximately \$149,000 and for 85 active employees was approximately \$313,000.

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

CLARENDON COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2017 and 2016

NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The College contributes to the State Retiree Health Plan (SRHP), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Employees Retirement System of Texas (ERS). SRHP provides medical benefits to retired employees of participating universities, community colleges and state agencies in accordance with Chapter 1551, Texas Insurance Code. Benefit and contribution provisions of the SRHP are authorized by State law and may be amended by the Texas Legislature.

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

Funding Policy

Section 1551.055 of Chapter 1551, Texas Insurance Code provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS board of trustees. Plan members or beneficiaries receiving benefits pay any premium over and above the employer contribution.

The employer's share of the cost of retiree healthcare coverage for the current year is known as the implicit rate subsidy. It is the difference between the claims costs for the retirees and the amounts contributed by the retirees. The ERS board of trustees sets the employer contribution rate based on the implicit rate subsidy which is actuarially determined in accordance with the parameters of GASB Statement 45.

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

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

The College's contributions to SRHP for the years ended August 31, 2017, 2016, and 2015 were \$309,913, \$294,292, and \$294,592, respectively, which equaled the required contributions each year.

NOTE 14 - 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.

CLARENDON COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2017 and 2016

NOTE 15 - ENDOWMENTS

The College has received several contributions of endowed funds over the years. These endowments include land, cash, and investments. Most of the endowed funds are to be used for scholarships while maintaining the corpus. The College currently holds land valued at \$502,750 and investments of \$1,245,062 as endowments.

NOTE 16 - AD VALOREM TAX

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

At August 31, 2017:

Assessed valuation of the College	\$ 223,077,323
Less: Exemptions	<u>(1,077,577)</u>
Net assessed valuation of the College	<u>\$ 221,999,746</u>

	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Tax rate per \$100 valuation for authorized	\$.850000	\$ -	\$.850000
Tax rate per \$100 valuation for assessed	.230667	-	.230667

<u>Taxes Collected</u>	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Current taxes collected	\$ 490,664	\$ -	\$ 490,664
Delinquent taxes collected	7,365	-	7,365
Penalties and interest collected	<u>6,233</u>	<u>-</u>	<u>6,233</u>
Total collections	<u>\$ 504,262</u>	<u>\$ -</u>	<u>\$ 504,262</u>

At August 31, 2016:

Assessed valuation of the College	\$ 225,250,980
Less: Exemptions	<u>748,765</u>
Net assessed valuation of the College	<u>\$ 224,502,215</u>

	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Tax rate per \$100 valuation for authorized	\$.850000	\$ -	\$.850000
Tax rate per \$100 valuation for assessed	.220802	-	.220802

CLARENDON COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2017 and 2016

NOTE 16 - AD VALOREM TAX (CONTINUED)

<u>Taxes Collected</u>	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Current taxes collected	\$ 457,821	\$ -	\$ 457,821
Delinquent taxes collected	12,113	-	12,113
Penalties and interest collected	<u>7,807</u>	<u>-</u>	<u>7,807</u>
Total collections	<u>\$ 477,741</u>	<u>\$ -</u>	<u>\$ 477,741</u>

Taxes levied for the year ended August 31, 2017 and 2016, were approximately \$514,000 and \$476,000, respectively, (which included penalty and interest assessed, if applicable).

Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

Tax collections for the year ended August 31, 2017 and 2016, were 95% and 96%, respectively, of the current tax levy for the year. Property tax revenues are recognized in the year for which they are levied. The use of tax proceeds is restricted for the maintenance and operations of the College.

NOTE 17 – TAX ABATEMENTS

The College receives reduced property tax revenues as a result of abatements granted by Donley County. The abatements are intended to promote economic development in the Clarendon area. For the fiscal year ended August 31, 2017, the College's property tax revenues were reduced by \$346,661 under these abatements. There are no significant abatements made by the College.

NOTE 18 - EXTENSION CENTER MAINTENANCE TAX

A maintenance tax was established by election in 2009 and is levied by Gray County tax office and Childress County Appraisal District. It is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the College. Collections are transferred to the College to be used for operation of a campus at Gray and Childress counties. This revenue is reported under local grants and contracts. Collections in fiscal years 2017 and 2016 (including penalties and interest) from Gray County totaled approximately \$760,000 and \$902,000, respectively, and from Childress County totaled approximately \$235,000 and \$229,000, respectively.

NOTE 19 - 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*

CLARENDON COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2017 and 2016

NOTE 19 - INCOME TAXES (Continued)

Income of Charitable, Etc. Organizations. The College had no significant unrelated business income tax liability for the years ended August 31, 2017 and 2016.

NOTE 20 - RELATED PARTIES

The Clarendon College Foundation (CCF) is a nonprofit organization with the sole purpose of supporting the educational and other activities of the College. The College does not appoint a voting majority of CCF's Board of Directors, and it does not fund, nor is it obligated to pay, debt related to CCF. CCF solicits donations and acts as coordinator of gifts made by other parties as well as providing scholarships to students attending the College. During the fiscal year, the College furnished certain services, i.e., office space, utilities, and some staff assistance, to CCF for which CCF did not reimburse the College. CCF is controlled by an autonomous Board of Directors and is not considered a component unit of the College for financial reporting purposes. During the years ended August 31, 2017 and 2016, the College received funds consisting of donations and scholarships for students from CCF totaling \$20,541 and \$13,250, respectively.

The Pampa Center Foundation (PCF) was organized by the residents of the city of Pampa, Texas, for the purpose of providing educational support for the Pampa Center of Clarendon College. PCF is controlled by an autonomous Board of Directors and is not considered a component unit of the College for financial reporting purposes.

NOTE 21 - COMMITMENTS, CONTINGENCIES AND LAWSUITS

The College participates in various state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. In the opinion of the College's management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Additionally, the College's students participate in the Federal Direct Loan Program for which the proceeds are used for tuition and education-related costs. Regulations require that default rates pertaining to loans to persons attending the College not exceed certain levels at the College. In the event that specific levels were exceeded, the program could be discontinued at the College; however, the College does not anticipate this occurring. The total amount of Direct Loans made during 2017 and 2016 was \$1,364,107 and \$1,939,298, respectively.

The College has committed to purchase a bus for approximately \$134,000. The bus will be delivered in October 2017.

On August 31, 2017, claims involving the College were pending. While the ultimate liability with respect to claims asserted against the College cannot be reasonably estimated at this time, this liability, if any, to the extent not provided for by insurance, is not likely to have a material effect on the College.

CLARENDON COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2017 and 2016

NOTE 22 - NEW GASB PRONOUNCEMENTS

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

Recently Issued Accounting Pronouncements

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, replaces GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Statement 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement 74 also sets forth note disclosure requirements for defined contribution OPEB plans. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2016. The College is currently evaluating the effect of this statement on their financial statements. The implementation of this statement does not effect the College's financial statements in the current year.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Among other things, Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide and requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information about their OPEB liabilities. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2017. The College is currently evaluating the effect of this statement on their financial statements.

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

GASB Statement No. 78, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, amends the scope and applicability of GASB 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that: (1) is not a state or local governmental pension plan; (2) is used

CLARENDON COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2017 and 2016

NOTE 22 - NEW GASB PRONOUNCEMENTS (CONTINUED)

Recently Issued Accounting Pronouncements (Continued)

to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers; and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. GASB 78 is effective for financial statements for reporting periods beginning after December 15, 2015. The implementation of this statement did not have a significant impact on the financial statements.

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

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

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

GASB Statement No. 83, *Certain Asset Retirement Obligations*, establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (AROs). It requires the measurement of an

CLARENDON COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2017 and 2016

NOTE 22 - NEW GASB PRONOUNCEMENTS (CONTINUED)

Recently Issued Accounting Pronouncements (Continued)

ARO to be based on the best estimate of the current value of outlays expected to be incurred and requires that a deferred outflow of resources associated with an ARO to be measured at the amount of the corresponding liability upon initial measurement. In addition, this statement requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation, at least annually, and requires a government to evaluate all relevant factors, at least annually, and requires a government to evaluate all relevant factors, at least annually, to determine whether the effects of one or more of the factors are expected to significantly change the estimated asset retirement outlays. In cases where governments are legally required to provide funding or other financial assurance for their performance of asset retirement activities, this statement requires disclosure of how those funding and assurance requirements are being met, as well as the amount of any assets restricted for payment of the government's AROs, if not separately displayed in the financial statements. This statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. GASB 83 is effective for financial statements for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The College is currently evaluating the effect of this statement on their financial statements.

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

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

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, the primary objective of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement

CLARENDON COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2017 and 2016

NOTE 22 - NEW GASB PRONOUNCEMENTS (CONTINUED)

Recently Issued Accounting Pronouncements (Continued)

also improves accounting and financial reporting for prepaid insurance debt that is extinguished and notes to financial statements for debt that is defeased in substance. GASB 86 is effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. The College is currently evaluating the effect of this statement on their financial statements.

GASB Statement No. 87, *Leases*, the objective of this statement is to better meet the information needs of the financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB 87 is effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The College is currently evaluating the effect of this statement on their financial statements.

NOTE 23 - SUBSEQUENT EVENTS

The College has evaluated for inclusion as a subsequent event disclosure only those events that occurred prior to December 14, 2017, the date the financial statements were available to be issued.

This information is an integral part of the accompanying financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

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**CLARENDON COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT SYSTEM OF TEXAS
For the Years Ended August 31**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
College's proportionate share (percentage) of the net pension liability	0.0050057%	0.0051388%	0.0052252%
College's proportionate share (amount) of the net pension liability	\$ 1,891,594	\$ 1,816,497	\$ 1,395,723
State's proportionate share (amount) of the net pension liability associated with the College	<u>1,320,035</u>	<u>1,258,424</u>	<u>1,097,988</u>
Total	<u>\$ 3,211,629</u>	<u>\$ 3,074,921</u>	<u>\$ 2,493,711</u>
College's covered-employee payroll (for measurement year)	\$ 3,868,441	\$ 3,707,746	\$ 3,461,695
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	48.90%	48.99%	40.32%
Plan's fiduciary net pension as a percentage of the total pension liability	78.00%	78.43%	83.25%
Plan's net pension liability as a percentage of covered-employee payroll	92.75%	91.94%	72.89%

Note 1: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates.

Note 2: In accordance with GASB 68, Paragraph 138, only three years of data are presented this reporting period. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

**CLARENDON COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS
TEACHERS RETIREMENT SYSTEM OF TEXAS
For the Years Ended August 31**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 165,775	\$ 159,045	\$ 152,162
Contributions in relation to the contractually required contributions	<u>(165,775)</u>	<u>(159,045)</u>	<u>(152,162)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered-employee payroll	<u>\$ 4,048,686</u>	<u>\$ 3,868,441</u>	<u>\$ 3,707,746</u>
Contributions as a percentage of covered-employee payroll	4.09%	4.11%	4.10%

Note 1: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of College's respective fiscal years as opposed to the time periods covered by the measurement dates.

Note 2: In accordance with GASB 68, Paragraph 138, only three years of data are presented this reporting period. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

CLARENDON COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended August 31, 2017 and 2016

NOTE 1 - CHANGES OF BENEFIT TERMS

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

NOTE 2 - CHANGES OF ASSUMPTIONS

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

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OTHER SUPPLEMENTAL INFORMATION

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

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total Educational Activities</u>	<u>Auxiliary Enterprises</u>	<u>2017</u>	<u>2016</u>
TUITION						
State-funded courses						
In-district resident tuition	\$ 168,988	\$ -	\$ 168,988	\$ -	\$ 168,988	\$ 103,024
Out-of-district resident tuition	1,100,882	-	1,100,882	-	1,100,882	910,790
Non-resident tuition	267,991	-	267,991	-	267,991	225,336
TPEG - Credit (set aside)*	88,892	-	88,892	-	88,892	71,505
Non-state funded continuing education	-	-	-	-	-	-
Total tuition	<u>1,626,753</u>	<u>-</u>	<u>1,626,753</u>	<u>-</u>	<u>1,626,753</u>	<u>1,310,655</u>
FEES						
Building use fee	443,461	-	443,461	-	443,461	470,689
Out-of-district fee	461,940	-	461,940	-	461,940	457,027
General fee	750,250	-	750,250	-	750,250	742,498
Laboratory fee	241,554	-	241,554	-	241,554	328,789
Other fees	374,289	-	374,289	-	374,289	297,817
Total fees	<u>2,271,494</u>	<u>-</u>	<u>2,271,494</u>	<u>-</u>	<u>2,271,494</u>	<u>2,296,820</u>
SCHOLARSHIP ALLOWANCES AND DISCOUNTS						
Scholarship allowances	(348,659)	-	(348,659)	-	(348,659)	(356,601)
Bad debt allowance	(95,941)	-	(95,941)	-	(95,941)	(172,518)
Remissions and exemptions	(99,125)	-	(99,125)	-	(99,125)	(80,599)
TPEG allowances	(30,057)	-	(30,057)	-	(30,057)	(44,419)
Federal grants to students	(1,294,270)	-	(1,294,270)	-	(1,294,270)	(1,272,029)
Other federal grants	(266,602)	-	(266,602)	-	(266,602)	(312,689)
Total scholarship allowances and discounts	<u>(2,134,654)</u>	<u>-</u>	<u>(2,134,654)</u>	<u>-</u>	<u>(2,134,654)</u>	<u>(2,238,855)</u>
Total net tuition and fees	<u>1,763,593</u>	<u>-</u>	<u>1,763,593</u>	<u>-</u>	<u>1,763,593</u>	<u>1,368,620</u>

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

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total Educational Activities</u>	<u>Auxiliary Enterprises</u>	<u>2017</u>	<u>2016</u>
ADDITIONAL OPERATING REVENUES						
Federal grants and contracts	-	406,108	406,108	-	406,108	554,576
State grants and contracts	-	572,297	572,297	-	572,297	401,951
Local grants and contracts	994,853	370,542	1,365,395	-	1,365,395	1,487,154
Other operating revenues	29,015	-	29,015	67,362	96,377	49,738
Total additional operating revenues	<u>1,023,868</u>	<u>1,348,947</u>	<u>2,372,815</u>	<u>67,362</u>	<u>2,440,177</u>	<u>2,493,419</u>
AUXILIARY ENTERPRISES						
Bookstore	-	-	-	108,189	108,189	79,726
Less: Discounts	-	-	-	(30,289)	(30,289)	(84,617)
Residential	-	-	-	890,814	890,814	930,216
Less: Discounts	-	-	-	(570,840)	(570,840)	(505,328)
Total net auxiliary enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>397,874</u>	<u>397,874</u>	<u>419,997</u>
TOTAL OPERATING REVENUES	<u><u>\$ 2,787,461</u></u>	<u><u>\$ 1,348,947</u></u>	<u><u>\$ 4,136,408</u></u>	<u><u>\$ 465,236</u></u>	<u><u>\$ 4,601,644</u></u>	<u><u>\$ 4,282,036</u></u>

(Exhibit 2)

*In accordance with Education Code 56.033, \$88,892 and \$71,505 for years August 31, 2017 and 2016, respectively, of tuition was set aside for Texas Public Education Grants (TPEG).

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

	Operating Expenses				2017	2016
	Salaries and Wages	Benefits		Other Expenses		
		State	Local			
UNRESTRICTED EDUCATIONAL ACTIVITIES						
Instruction	\$ 2,427,816	\$ -	\$ 429,660	\$ 333,322	\$ 3,190,798	\$ 3,181,823
Academic support	241,771	-	45,455	34,768	321,994	293,420
Student services	519,846	-	95,313	117,813	732,972	736,510
Institutional support	494,696	-	135,396	654,109	1,284,201	1,287,880
Operation and maintenance of plant	282,954	-	52,056	604,980	939,990	981,949
Total unrestricted educational activities	<u>3,967,083</u>	<u>-</u>	<u>757,880</u>	<u>1,744,992</u>	<u>6,469,955</u>	<u>6,481,582</u>
RESTRICTED EDUCATIONAL ACTIVITIES						
Instruction	-	416,511	-	7,569	424,080	434,141
Academic support	-	41,478	-	-	41,478	38,380
Student services	-	89,184	-	-	89,184	99,915
Institutional support	394,845	84,870	-	54,188	533,903	666,285
Scholarship expense	-	-	-	545,727	545,727	541,741
Total restricted educational activities	<u>394,845</u>	<u>632,043</u>	<u>-</u>	<u>607,484</u>	<u>1,634,372</u>	<u>1,780,462</u>
Total educational activities	<u>4,361,928</u>	<u>632,043</u>	<u>757,880</u>	<u>2,352,476</u>	<u>8,104,327</u>	<u>8,262,044</u>
AUXILIARY ENTERPRISES	165,766	-	3,095	1,024,337	1,193,198	1,045,960
DEPRECIATION EXPENSE						
Buildings and other real estate improvements	-	-	-	481,936	481,936	446,169
Equipment and furniture	-	-	-	410,474	410,474	478,223
Total depreciation expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>892,410</u>	<u>892,410</u>	<u>924,392</u>
TOTAL OPERATING EXPENSES	<u>\$ 4,527,694</u>	<u>\$ 632,043</u>	<u>\$ 760,975</u>	<u>\$ 4,269,223</u>	<u>\$ 10,189,935</u>	<u>\$10,232,396</u>

(Exhibit 2)

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

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>2017</u>	<u>2016</u>
NONOPERATING REVENUES:					
State appropriations:					
Education and general state support	\$ 2,581,318	\$ -	\$ -	\$ 2,581,318	\$ 2,577,949
State group insurance	-	495,055	-	495,055	461,936
State retirement matching	-	136,988	-	136,988	181,192
Total state appropriations	<u>2,581,318</u>	<u>632,043</u>	<u>-</u>	<u>3,213,361</u>	<u>3,221,077</u>
Ad valorem taxes for maintenance and operations, net	484,869	-	-	484,869	434,112
Federal revenue, nonoperating	1,981,565	-	-	1,981,565	1,907,130
Gifts	59,643	-	-	59,643	94,245
Investment income	56,722	31	-	56,753	128,090
Other nonoperating revenues	-	-	-	-	25,871
Total nonoperating revenues	<u>5,164,117</u>	<u>632,074</u>	<u>-</u>	<u>5,796,191</u>	<u>5,810,525</u>
NONOPERATING EXPENSES:					
Interest on capital-related debt	210,523	-	-	210,523	213,775
(Gain) loss on disposal of assets	-	-	-	-	-
Total nonoperating expenses	<u>210,523</u>	<u>-</u>	<u>-</u>	<u>210,523</u>	<u>213,775</u>
NET NONOPERATING REVENUES	<u>\$ 4,953,594</u>	<u>\$ 632,074</u>	<u>\$ -</u>	<u>\$ 5,585,668</u>	<u>\$ 5,596,750</u>

(Exhibit 2)

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

	Detail by Source					Available for Current Operations	
	Unrestricted	Restricted		Capital Assets Net of Depreciation & Related Debt	Total	Yes	No
		Expendable	Nonexpendable				
CURRENT							
Unrestricted	\$ 2,509,548	\$ -	\$ -	\$ -	\$ 2,509,548	\$ 2,509,548	\$ -
Restricted	-	1,390,569	-	-	1,390,569	1,390,569	-
Auxiliary enterprises	(3,111,498)	-	-	-	(3,111,498)	(3,111,498)	-
LOAN	-	-	-	-	-	-	-
ENDOWMENT							
Quasi:							
Unrestricted	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Endowment							
True	-	-	1,747,812	-	1,747,812	-	1,747,812
Term (per instructions at maturity)	-	-	-	-	-	-	-
Life income contracts	-	-	-	-	-	-	-
Annuities	-	-	-	-	-	-	-
PLANT							
Unexpended	-	-	-	-	-	-	-
Renewals	-	-	-	-	-	-	-
Debt service	-	110,000	-	-	110,000	-	110,000
Investment in plant	-	-	-	12,196,459	12,196,459	-	12,196,459
Total net position, August 31, 2017	<u>(601,950)</u>	<u>1,500,569</u>	<u>1,747,812</u>	<u>12,196,459</u>	<u>14,842,890</u>	<u>788,619</u>	<u>14,054,271</u>
					(Exhibit 1)		
Total net position, August 31, 2016	<u>(456,706)</u>	<u>1,660,379</u>	<u>1,747,543</u>	<u>11,894,297</u>	<u>14,845,513</u>	<u>1,093,673</u>	<u>13,751,840</u>
NET INCREASE (DECREASE) IN NET POSITION	<u>\$ (145,244)</u>	<u>\$ (159,810)</u>	<u>\$ 269</u>	<u>\$ 302,162</u>	<u>\$ (2,623)</u>	<u>\$ (305,054)</u>	<u>\$ 302,431</u>
					(Exhibit 2)		

**CLARENDON COLLEGE
SCHEDULE E
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2017**

<u>Federal Grantor/Cluster/Program Title/Pass Through Grantor/ Pass-Through Grantor's Award Number</u>	<u>CFDA Number</u>	<u>Expenditures</u>			<u>Subrecipients Expenditures</u>
		<u>Direct Awards</u>	<u>Pass-Through Awards</u>	<u>Total</u>	
U.S. Department of Education					
Direct Programs:					
Student Financial Aid Cluster					
Federal Supplemental Educational Opportunity Grant	84.007	\$ 37,401	\$ -	\$ 37,401	\$ -
Federal Work Study Program	84.033	25,470	-	25,470	-
Federal Pell Grant Program	84.063	1,918,694	-	1,918,694	-
Federal Direct Student Loans	84.268	1,364,107	-	1,364,107	-
Total Student Financial Aid		3,345,672	-	3,345,672	-
Title III - Strengthening Institutions	84.031 A	350,221	-	350,221	-
Total Direct Programs		3,695,893	-	3,695,893	-
Pass-Through From:					
Texas Higher Education Coordinating Board					
Career and Technical Education - Basic Grants to States/104210	84.048	-	55,887	55,887	-
Total Pass-Through from Texas Higher Education Coordinating Board		-	55,887	55,887	-
Total U.S. Department of Education		3,695,893	55,887	3,751,780	-
TOTAL FEDERAL FINANCIAL ASSISTANCE		\$ 3,695,893	\$ 55,887	\$ 3,751,780	\$ -

See accompanying notes to Schedule of Expenditures of Federal Awards.

CLARENDON COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
August 31, 2017

NOTE 1 - FEDERAL ASSISTANCE RECONCILIATION

Federal grants and contracts revenue - per Schedule A	\$ 406,108
Nonoperating federal revenue - per Schedule C	1,981,565
Federal Direct Student Loans	<u>1,364,107</u>
Total federal revenues per Schedule of Expenditures of Federal Awards	<u>\$ 3,751,780</u>

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING THE SCHEDULE

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

**CLARENDON COLLEGE
SCHEDULE F
SCHEDULE OF EXPENDITURES OF STATE OF TEXAS AWARDS
YEAR ENDED AUGUST 31, 2017**

<u>Grantor Agency/Program Title</u>	<u>Grant Contract Number</u>	<u>Expenditures</u>
Texas Workforce Commission		
Workforce Investment Act Program	-	\$ 16,487
Total Texas Workforce Commission		<u>16,487</u>
Texas Department of Assistive and Rehabilitative Services		
Tuition Waiver	-	19,329
Total Texas Department of Assistive and Rehabilitative Services		<u>19,329</u>
Texas Higher Education Coordinating Board		
Texas Educational Opportunity Grant	-	83,544
Texas College Work-Study Program	-	6,768
Educational Aide Exemption	-	3,952
College Readiness Success Models	781-17-18681	35,256
Nursing Shortage Reduction Program - Regular	-	96,470
Nursing Shortage Reduction Program - Under 70	-	96,121
Total Texas Higher Education Coordinating Board		<u>322,111</u>
Texas Workforce Commission		
Dual Credit Equipment Grant	0116SD7001	214,370
Total Texas Workforce Commission		<u>214,370</u>
TOTAL STATE FINANCIAL ASSISTANCE		<u>\$ 572,297</u>

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

CLARENDON COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF STATE OF TEXAS AWARDS
August 31, 2017

NOTE 1 - STATE ASSISTANCE RECONCILIATION

A reconciliation of state financial assistance per the schedule of operating revenues to the Schedule of Expenditures of State of Texas Awards is as follows:

State Grants and Contracts Revenue per Schedule A	<u>\$ 572,297</u>
Total state revenues per Schedule of Expenditures of State Awards	<u><u>\$ 572,297</u></u>

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING THE SCHEDULE

The accompanying schedule is presented using the accrual basis of accounting. See Note 2 to the financial statements for the College's significant accounting policies. These expenditures are reported on the College's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis.

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SINGLE AUDIT SECTION

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**Independent Auditor's Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards***

Board of Regents
Clarendon College
Clarendon, 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 Clarendon College (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 December 14, 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies 2017-001, 2017-002, 2017-003, and 2017-004.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an

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Compliance and Other Matters (Continued)

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* and which are described in the accompanying schedule of findings and questioned costs as items 2017-001, 2017-002, 2017-003, and 2017-004.

The College's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the auditing procedures applied in the audit of financial statements and, accordingly, we express no opinion on it.

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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Connor, McMillon, Mitchell & Shennum, PLLC

Amarillo, Texas
December 14, 2017

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

Board of Regents
Clarendon College
Clarendon, Texas

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Program

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

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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 the 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.

Connor, McMillon, Mitchell & Skennum, PLLC

Amarillo, Texas
December 14, 2017

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**CLARENDON COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended August 31, 2017**

SECTION I - Summary of Auditor's Results

Financial Statements

Type of Auditor's report issued:

The Auditor's report expresses an unmodified opinion on the financial statements of Clarendon College.

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? yes X no

Federal and State Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516 (a)? yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal/State Program or Cluster</u>
<i>Federal programs</i>	U.S. Department of Education
	<i>Student Financial Aid Cluster</i>
84.007	Federal Supplemental Educational Opportunity Grant
84.033	Federal Work Study Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans

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

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

CLARENDON COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended August 31, 2017

SECTION II - Financial Statement Findings

Finding 2017-001

Condition: The bank reconciliations are not being agreed to the general ledger.

Criteria: Bank reconciliations need to start with the bank statement balance and list pending items of deposits in transit and checks not cleared to arrive at the general ledger balances. Any discrepancies need to be investigated.

Cause: Lack of review of the bank accounts on a monthly basis to confirm outstanding balances are reconciled to the general ledger.

Effect: Possible misappropriation of College assets

Recommendation: A detailed review of the monthly bank accounts should be done by the VP of Administrative Services.

Views of Responsible

Officials: The bank statement reconciliations were not reviewed by the VP of Administrative Services prior to the auditors receiving them for audit. The VP of Administrative Services will start reviewing all bank reconciliations on a monthly basis.

Finding 2017-002

Condition: Health and dental insurance payments are not being paid in a timely manner. April 2017 through August 2017 premiums were not paid until November 2017.

Criteria: The school is operating in a fiduciary capacity to protect their current and retired employee's insurance liabilities.

Cause: Employee who handled payroll processing and related liabilities no longer works at the college and their job function has not been absorbed into other employee duties effectively.

Effect: Possible denial of coverage from the State.

Recommendation: Remit payment for the insurance premiums in the month after the liability is incurred.

CLARENDON COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended August 31, 2017

SECTION II - Financial Statement Findings (Continued)

Finding 2017-002 (Continued)

Views of Responsible

Officials: The College is changing the payroll functions to other employees. A payroll clerk position will be filled to enable better handling of payroll transactions.

Finding 2017-003

Condition: The individual recording the investing or borrowing transactions is reconciling, reviewing the accounts, and investigating any discrepancies.

Criteria: The investment portfolio represents a large percentage of total assets. The materiality of these balances necessitates certain internal controls be put in place in segregating duties.

Cause: There is a lack of segregation of duties in that the individual who purchases/sells investments is also performing the monthly reconciliation and reviewing and investigating discrepancies.

Effect: Errors could be made that go unnoticed.

Recommendation: The College should separate the duties of investing, reconciling, and reviewing between College employees.

Views of Responsible

Officials: The College will implement the segregation of duties of investing, reconciling, and reviewing the investments and investment transactions.

Finding 2017-004

Condition: During the fiscal year ended August 31, 2017, payroll was being processed by the Vice-President of Administrative Services. The College did not have proper review procedures in place to ensure payroll changes were properly authorized. Due to this lack of segregation of duty, when the Vice-President of Administrative Services resigned she paid herself the balance of her unused vacation days. This is not in compliance with the College's policy which states that there is no payment for unused vacation days.

Criteria: The College should maintain proper segregation of duties which includes review functions by other employees.

CLARENDON COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended August 31, 2017

SECTION II - Financial Statement Findings (Continued)

Finding 2017-004 (Continued)

Cause: During 2015/16 the employee that handled payroll resigned. This employee was not replaced and the Vice President of Administrative Services took over the payroll functions. The College did not involve other management personnel to ensure proper segregation of duties.

Effect: Errors in payroll processing could go undetected, fraudulent employees set up and fraudulent payroll amounts could be processed.

Recommendation: We recommend that an employee be hired to process payroll and that management implement review procedures.

Views of Responsible

Officials: The College subsequently detected the error in payroll and informed the auditors. They are in the process of hiring a full-time employee to process payroll and have implemented review procedures.

SECTION III - Federal and State Award Findings and Questioned Costs

None reported.

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

Finding 2017-001

Condition: The bank reconciliations are not being agreed to the general ledger.

Corrective Action: See the College's response starting on page 90.

Finding 2017-002

Condition: Health and dental insurance payments are not being paid in a timely manner. April 2017 through August 2017 premiums were not paid until November 2017.

Corrective Action: See the College's response starting on page 90.

Finding 2017-003

Condition: The individual recording the investing or borrowing transactions is reconciling, reviewing the accounts, and investigating any discrepancies.

Corrective Action: See the College's response starting on page 90.

Finding 2017-004

Condition: During the fiscal year ended August 31, 2017, payroll was being processed by the Vice-President of Administrative Services. The College did not have proper review procedures in place to ensure payroll changes were properly authorized. Due to this lack of segregation of duty, when the Vice-President of Administrative Services resigned she paid herself the balance of her unused vacation days. This is not in compliance with the College's policy which states that there is no payment for unused vacation days.

Corrective Action: See the College's response starting on page 90.



CLARENDON COLLEGE

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Since 1898

December 14, 2017

We have prepared the accompanying corrective action plan as required by the standards applicable to financial audits contain in *Government Auditing Standards* and by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Specifically, for each finding we are providing you with the names of the contact people responsible for corrective action, the corrective action planned, and the anticipated completion date.

*P.O. Box 968 | Clarendon, Texas 79226 | 1.800.687.9737
1601 West Kentucky | Pampa, Texas 79065 | 1.806.665.8801
1902 Ave. G NW Ste. 1 | Childress, Texas 79201 | 1.940.937.2001
3211 SW 26th Ave. | Amarillo, Texas 79109 | 1.806.322.7871*



Clarendon College
Corrective action plan
Year ended August 31, 2017

Financial statement findings

Finding 2017-001

The bank reconciliations are not being agreed to the general ledger. The bank accounts are showing less money than the general ledger.

Contact person: Rit Christian

Anticipated completion date: 12/31/17

Corrective action plan:

General ledger cash accounts are being compared to Bank Statements to identify missing transactions. Once identified corrective action will be initiated.
On a go forward basis each month Bank Statement will be reconciled to general ledger balance by the VP of Administrative Services.

Finding 2017-002

Health and dental insurance payments are not being paid in a timely manner. June through August 2017 premiums were not paid until November 2017.

Contact person: Ashlee Estlack

Anticipated completion date: 03/31/18

Corrective Action Plan:

A plan is in process to ensure that payroll deposits are made in a timely manner. Based on Cash flow restrictions we believe that all prior payroll will be compliant by the above date.



Findings 2017-003

The Individual recording the investing or borrowing transactions is reconciling, reviewing the accounts, and investigating the discrepancies.

Contact person: Rit Christian

Anticipated completion date: 03/31/18

Corrective Action Plan: New procedures will be implemented to segregate the duties of purchase/sell, reviewing and reconciling the investment.
Each month review and sign off will occur.

Findings 2017-004

During 2015-16 the employee that handled payroll resigned. This employee was not replaced and the Vice President of Administrative Services took over the payroll functions. The College did not involve other management personnel to ensure proper segregation of duties.

Contact person: Rit Christian

Anticipated completion date: 06/30/18

Corrective Action Plan: New employee will be hired by 01/31/18. Cross training will take place to be completed by 03/31/18. New employee will be fully functional at that time.
Ongoing reviews will be implemented to offset any lack of independence.

**CLARENDON COLLEGE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended August 31, 2017**

Significant Deficiencies

None reported.

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**STATISTICAL SUPPLEMENT
(Unaudited)**

Clarendon College
Statistical Supplement 1
Net Position by Component
Fiscal Years 2008 to 2017
 (unaudited)
 (amounts expressed in thousands)

	For the Fiscal Year Ended August 31,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Net investment in capital assets	\$ 12,196	\$ 11,894	\$ 11,819	\$ 11,537	\$ 11,302	\$ 11,423	\$ 11,278	\$ 11,641	\$ 10,358	\$ 6,782
Restricted - nonexpendable	1,748	1,748	1,698	1,536	1,535	1,534	1,450	1,548	1,545	1,184
Restricted - expendable	1,501	1,660	1,716	1,776	1,905	1,619	1,636	714	630	650
Unrestricted (deficit)	(602)	(457)	(34)	2,131	2,339	2,767	2,204	955	940	1,618
Total net position	\$ 14,843	\$ 14,845	\$ 15,199	\$ 16,980	\$ 17,081	\$ 17,343	\$ 16,568	\$ 14,858	\$ 13,473	\$ 10,234

**Clarendon 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)	\$ 1,764	\$ 1,368	\$ 1,241	\$ 1,359	\$ 1,239	\$ 1,170	\$ 1,177	\$ 1,541	\$ 1,349	\$ 1,133
Governmental grants and contracts										
Federal grants and contracts	406	555	418	373	118	110	383	138	100	111
State grants and contracts	572	402	219	230	203	208	516	78	94	86
Local grants and contracts	1,365	1,487	1,458	1,328	1,211	1,143	1,169	911	917	-
Nongovernmental grants and contracts	-	-	-	-	-	-	-	-	-	-
Auxiliary enterprises	398	420	501	462	446	757	775	929	880	941
Other operating revenues	96	50	39	168	171	292	91	81	77	68
Total operating revenues	4,601	4,282	3,876	3,920	3,388	3,680	4,111	3,678	3,417	2,339
State appropriations	3,213	3,221	3,007	2,980	2,813	2,972	3,094	3,133	2,693	2,712
Ad valorem taxes	485	434	463	432	431	411	442	409	425	352
Federal revenue, nonoperating	1,982	1,907	2,258	2,417	2,508	2,957	3,363	2,586	1,484	1,192
Gifts	60	94	131	75	308	207	210	474	281	210
Investment income	57	128	209	75	83	169	96	124	256	206
Gain on disposal of assets	-	-	4	-	-	-	-	-	-	-
Other nonoperating revenues	-	26	3	7	70	14	7	7	-	4
Total nonoperating revenues	5,797	5,810	6,075	5,986	6,213	6,730	7,212	6,733	5,139	4,676
TOTAL REVENUES	\$ 10,398	\$ 10,092	\$ 9,951	\$ 9,906	\$ 9,601	\$ 10,410	\$ 11,323	\$ 10,411	\$ 8,556	\$ 7,015

For the Year Ended August 31,

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Tuition and fees (net of discounts)	16.97%	13.56%	12.47%	13.72%	12.90%	11.24%	10.40%	14.80%	15.77%	16.15%
Governmental grants and contracts										
Federal grants and contracts	3.90%	5.50%	4.20%	3.77%	1.23%	1.06%	3.38%	1.33%	1.17%	1.58%
State grants and contracts	5.50%	3.98%	2.20%	2.32%	2.11%	2.00%	4.56%	0.75%	1.10%	1.23%
Local grants and contracts	13.12%	14.73%	14.65%	13.41%	12.61%	10.98%	10.32%	8.75%	10.72%	0.00%
Nongovernmental grants and contracts	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Auxiliary enterprises	3.83%	4.16%	5.03%	4.66%	4.65%	7.27%	6.85%	8.92%	10.29%	13.41%
Other operating revenues	0.92%	0.49%	0.39%	1.69%	1.79%	2.80%	0.80%	0.78%	0.90%	0.97%
Total operating revenues	44.24%	42.42%	38.94%	39.57%	35.29%	35.35%	36.31%	35.33%	39.95%	33.34%
State appropriations	30.90%	31.93%	30.23%	30.08%	29.30%	28.55%	27.33%	30.09%	31.47%	38.66%
Ad valorem taxes	4.66%	4.30%	4.65%	4.36%	4.49%	3.95%	3.90%	3.93%	4.97%	5.02%
Federal revenue, nonoperating	18.06%	18.90%	22.69%	24.40%	26.12%	28.41%	29.70%	24.84%	17.34%	16.99%
Gifts	0.58%	0.93%	1.32%	0.76%	3.21%	1.99%	1.85%	4.55%	3.28%	2.99%
Investment income	0.56%	1.27%	2.10%	0.76%	0.86%	1.62%	0.85%	1.19%	2.99%	2.94%
Gain on disposal of assets	0.00%	0.00%	0.04%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other nonoperating revenues	0.00%	0.25%	0.03%	0.07%	0.73%	0.13%	0.06%	0.07%	0.00%	0.06%
Total nonoperating revenues	55.76%	57.58%	61.06%	60.43%	64.71%	64.65%	63.69%	64.67%	60.05%	66.66%
TOTAL REVENUES	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Clarendon 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	\$ 3,615	\$ 3,616	\$ 3,580	\$ 3,173	\$ 3,135	\$ 3,053	\$ 3,051	\$ 2,977	\$ 2,317	\$ 2,280
Public service	-	-	-	-	-	-	-	-	-	-
Academic support	363	332	281	480	523	444	518	529	505	432
Student services	822	836	723	682	591	499	507	465	489	392
Institutional support	1,818	1,954	1,630	1,575	1,376	1,140	1,155	1,082	1,072	952
Operation and maintenance of plant	940	982	961	1,055	965	970	999	972	1,012	1,147
Scholarships and fellowships	546	542	623	743	835	832	1,142	872	-	-
Auxiliary enterprises	1,193	1,046	1,187	1,148	1,118	1,567	1,201	1,415	1,378	1,127
Depreciation	892	924	939	909	875	850	720	587	529	506
Total operating expenses	10,189	10,232	9,924	9,765	9,418	9,355	9,293	8,899	7,302	6,836
Interest on capital related debt	211	214	228	241	252	277	287	300	124	132
Other nonoperating expense	-	-	-	-	6	3	33	-	8	8
Total nonoperating expenses	211	214	228	241	258	280	320	300	132	140
Prior period adjustment	-	-	-	-	188	-	-	-	-	-
TOTAL EXPENSES	\$ 10,400	\$ 10,446	\$ 10,152	\$ 10,006	\$ 9,864	\$ 9,635	\$ 9,613	\$ 9,199	\$ 7,434	\$ 6,976

For the Year Ended August 31,

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Instruction	34.76%	34.62%	35.26%	31.71%	31.79%	31.69%	31.74%	32.36%	31.17%	32.68%
Public service	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Academic support	3.49%	3.18%	2.77%	4.80%	5.30%	4.61%	5.39%	5.76%	6.79%	6.19%
Student services	7.90%	8.00%	7.12%	6.82%	5.99%	5.18%	5.28%	5.05%	6.58%	5.62%
Institutional support	17.48%	18.71%	16.06%	15.74%	13.95%	11.83%	12.01%	11.76%	14.42%	13.65%
Operation and maintenance of plant	9.04%	9.40%	9.47%	10.54%	9.78%	10.07%	10.39%	10.57%	13.61%	16.44%
Scholarships and fellowships	5.25%	5.19%	6.14%	7.43%	8.47%	8.64%	11.88%	9.48%	0.00%	0.00%
Auxiliary enterprises	11.47%	10.00%	11.68%	11.47%	11.33%	16.26%	12.49%	15.38%	18.53%	16.16%
Depreciation	8.58%	8.85%	9.25%	9.08%	8.87%	8.82%	7.49%	6.38%	7.12%	7.25%
Total operating expenses	97.97%	97.95%	97.75%	97.59%	95.48%	97.10%	96.67%	96.74%	98.22%	97.99%
Interest on capital related debt	2.03%	2.05%	2.25%	2.41%	2.55%	2.87%	2.99%	3.26%	1.67%	1.89%
Other nonoperating expense	0.00%	0.00%	0.00%	0.00%	0.06%	0.03%	0.34%	0.00%	0.11%	0.12%
Total nonoperating expenses	2.03%	2.05%	2.25%	2.41%	2.61%	2.90%	3.33%	3.26%	1.78%	2.01%
Prior period adjustment	-	-	-	-	1.91%	-	-	-	-	-
TOTAL EXPENSES	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**Clarendon College
Statistical Supplement 4
Tuition and Fees
Last Ten Academic Years
(unaudited)**

Academic Year (Fall)	A	B	C	D	E	F	G	H	I	J	K	L	M
	Resident Fees per Semester Credit Hour (SCH)								Cost for 12 SCH In Maint Tax District	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
	Bldg Use Fee	Out-of-District Fee*	In-District Tuition	Out-of-District Tuition	General Institution Fees	Technology Fees	Student Activity Fees	Library Fees					
2017	\$ 24	14 - 23	\$ 47	\$ 47	\$ 30	\$ -	\$ -	\$ -	\$ 1,380	\$ 1,212	\$ 1,498	0.00%	0.00%
2016	24	14 - 23	47	47	30	-	-	-	1,380	1,212	1,498	0.00%	0.00%
2015	24	14 - 23	47	47	30	-	-	-	1,380	1,212	1,498	10.99%	9.50%
2014	24	14 - 23	42	42	25	-	-	-	1,260	1,092	1,368	0.00%	0.00%
2013	24	14 - 23	42	42	25	-	-	-	1,260	1,092	1,368	0.00%	0.00%
2012	24	14 - 23	42	42	25	-	-	-	1,260	1,092	1,368	7.06%	5.56%
2011	24	14 - 23	42	42	19	-	-	-	1,188	1,020	1,296	2.41%	5.88%
2010	24	10 - 19	42	42	17	-	-	-	1,116	996	1,224	5.06%	4.08%
2009	24	10 - 19	38	38	17	-	-	-	1,068	948	1,176	0.00%	0.00%
2008	24	10 - 19	38	38	17	-	-	-	1,068	948	1,176	3.95%	3.16%

Academic Year (Fall)	Nonresident Fees per Semester Credit Hour (SCH)								Cost for 12 SCH Inter-national	Cost for 12 SCH Out-of-State	Cost for 12 SCH Out-of-District	Increase from Prior Year Out-of-State	Increase from Prior Year International
	Bldg Use Fee	Out-of-District Fee	Out-of-State Tuition	Tuition Inter-national	General Institution Fees	Technology Fees	Student Activity Fees	Library Fees					
2017	\$ 24	23	\$ 78	\$ 78	\$ 30	\$ -	\$ -	\$ -	\$ 1,860	\$ 1,860	\$ -	0.00%	0.00%
2016	24	23	78	78	30	-	-	-	1,860	1,860	-	0.00%	0.00%
2015	24	23	78	78	30	-	-	-	1,860	1,860	-	6.90%	6.90%
2014	24	23	73	73	25	-	-	-	1,740	1,740	-	0.00%	0.00%
2013	24	23	73	73	25	-	-	-	1,740	1,740	-	0.00%	0.00%
2012	24	23	73	73	25	-	-	-	1,740	1,740	-	4.32%	4.32%
2011	24	23	73	73	19	-	-	-	1,668	1,668	-	4.51%	4.51%
2010	24	19	73	73	17	-	-	-	1,596	1,596	-	13.68%	13.68%
2009	24	19	57	57	17	-	-	-	1,404	1,404	-	0.00%	0.00%
2008	24	19	57	57	17	-	-	-	1,404	1,404	-	2.63%	2.63%

Note: Includes basic enrollment tuition and fees but excludes course based fees such as laboratory fees, testing fees and certification fees, etc.

*In 2008-2009 a maintenance tax was passed in two, Gray and Childress, counties in our service district. A reduced out-of-district fee was created for students living in these counties.

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

Fiscal Year	(amounts expressed in thousands)				Direct Rate		
	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value (TAV)	Ratio of Taxable Assessed Value to Assessed Value	Maintenance & Operations (a)	Debt Service (a)	Total (a)
2016-17	\$ 223,077,323	\$ 1,077,577	\$ 221,999,746	99.52%	0.23067	-	0.23067
2015-16	225,250,980	748,765	224,502,215	99.67%	0.22080	-	0.22080
2014-15	212,974,226	913,769	212,060,457	99.57%	0.22082	-	0.22082
2013-14	198,205,860	831,557	197,374,303	99.58%	0.22273	-	0.22273
2012-13	198,970,752	873,388	198,097,364	96.66%	0.22217	-	0.22217
2011-12	189,684,860	2,153,459	187,531,401	98.86%	0.22217	-	0.22217
2010-11	189,977,658	2,200,655	187,777,003	98.84%	0.22193	-	0.22193
2009-10	190,535,874	1,658,181	188,877,693	99.13%	0.22193	-	0.22193
2008-09	181,387,900	2,377,114	179,010,786	98.69%	0.20650	-	0.20650
2007-08	169,308,750	-	169,308,750	100.00%	0.20650	-	0.20650

Source: Donley County Appraisal District

Notes: Property is assessed at full market value.
(a) per \$100 Taxable Assessed Valuation

Clarendon College
Statistical Supplement 6
State Appropriation per FTSE and Contact Hour
Last Ten Fiscal Years

(unaudited)

(amounts expressed in thousands)

Fiscal Year	State Appropriation	Appropriation per FTSE		Appropriation per Contact Hour			
		FTSE (a)	State Appropriation per FTSE	Academic Contact Hours (a)	Voc/Tech Contact Hours (b)	Total Contact Hours	State Appropriation per Contact Hour
2016-17	\$ 2,581,318	954	2,706	440,272	252,928	693,200	3.72
2015-16	2,577,949	896	2,877	396,800	252,784	649,584	3.97
2014-15	2,485,092	930	2,672	390,496	258,336	648,832	3.83
2013-14	2,485,093	867	2,866	409,648	252,864	662,512	3.75
2012-13	2,359,072	878	2,687	438,688	229,203	667,891	3.53
2011-12	2,540,249	957	2,654	477,216	257,109	734,325	3.46
2010-11	2,473,033	1,055	2,344	524,462	288,313	812,775	3.04
2009-10	2,508,554	962	2,608	490,016	261,248	751,264	3.34
2008-09	2,091,792	1,122	1,864	460,736	183,664	644,400	3.25
2007-08	2,088,598	836	2,498	411,360	130,688	542,048	3.85

Note:

FTSE is defined as the number of full-time students plus part-time students divided by 12 hrs for the fall term.
 State appropriation does not include employee health insurance or retirement benefits.

(a) Source CBM001

(b) Source CBM00A

**Clarendon College
Statistical Supplement 7
Principal Taxpayers
Last Ten Tax Years
(unaudited)**

		% of Taxable Assessed Value (TAV) by Tax Year									
Taxpayer	Type of Business	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
BNSF Railway Company	Railroad	\$ 26,706,490	\$ 25,729,760	\$ 23,353,420	\$ 23,453,950	\$ 23,414,130	\$ 21,607,420	\$ 19,050,130	\$ 16,026,810	\$ 14,587,580	\$ 13,908,194
Texas Express Pipeline	Utility	18,194,590	18,755,200	15,570,270	17,038,770	-	-	-	-	-	-
Southwestern Electric Power Co	Utility	7,286,814	7,687,284	7,220,230	8,146,480	7,342,214	7,588,370	4,639,390	4,926,830	4,352,630	-
Cross Texas Transmission LLC	Utility	4,504,431	-	-	-	-	-	-	-	-	-
Nustar Logistics LP	Utility	2,612,130	2,596,810	2,708,890	2,775,440	2,820,100	-	3,128,380	2,899,150	2,992,790	2,765,930
Clarendon Hotel Corporation	Hotel	2,834,584	2,998,858	3,377,720	2,376,489	2,145,612	-	1,220,000	1,156,782	1,289,357	2,214,187
Cattlemens Feedlot LTD	Cattle/Feedlot	-	-	2,423,553	2,181,202	2,669,149	2,790,135	2,604,186	2,694,247	2,685,900	2,759,507
J Lee Milligan Inc	Construction	-	-	-	1,753,000	1,431,550	-	1,027,200	-	-	-
KLM Griffin Ranch LP	Ranch	1,831,869	1,842,428	1,712,362	1,654,980	1,683,245	-	-	-	-	-
Ritchie Birkbeck GC Trust	Ranch	1,621,604	1,625,616	1,619,479	1,572,773	1,576,284	1,681,674	1,681,815	1,823,316	1,825,756	1,815,949
McLean Feed Yard LTD	Cattle/Feedlot	-	-	1,455,726	1,372,801	1,374,367	-	1,455,938	1,533,658	1,697,839	1,740,192
Sunoco Pipeline LP	Utility	-	-	921,340	1,355,860	1,307,190	-	1,674,180	-	-	1,291,760
Crofoot Cattle Co	Cattle/Feedlot	-	-	1,234,302	1,232,438	-	539,558	-	-	-	-
Crop Production Services	Ag Sales	1,903,424	1,413,704	1,261,061	1,114,114	-	-	-	-	-	-
Greenbelt Electric Co-Op Inc.	Utility	1,103,900	1,210,720	1,195,900	1,034,630	-	-	919,810	913,910	-	-
Level 3 Communications LLC	Utility	-	1,087,640	1,057,700	1,019,700	1,081,350	-	936,610	927,390	1,058,170	1,151,215
Jjob, LTD	Ranch	-	1,043,830	1,044,216	1,014,921	1,003,377	1,048,450	1,043,533	1,119,277	1,098,393	1,078,603
Salt Fork Family Ranch	Ranch	-	-	826,297	838,527	-	-	-	-	-	-
Roach, TL	Ranch	-	-	-	815,014	-	909,666	898,626	960,098	976,474	-
Lowes Pay-n-Save Inc	Grocer	-	-	787,700	759,970	-	-	-	-	-	-
Schaefer, Curtis	Farm	-	-	-	745,699	-	-	-	-	-	-
Matthews, Kade L. Trust #1	Ranch	-	-	-	-	-	1,771,844	1,701,744	1,225,285	1,225,285	1,225,287
Oneok Westex Transmission	Utility	1,038,060	-	-	-	-	-	1,616,920	1,229,640	1,307,810	-
Rio Bravo Cattle Feeders	Cattle/Feedlot	1,143,945	1,072,132	876,667	-	1,222,232	-	1,374,975	1,692,178	1,111,405	-
Valor Telecommunications of TX, LP	Utility	-	-	-	-	-	-	-	954,000	1,404,300	1,624,453
Automotive Properties LP	Car Dealer	-	-	-	-	-	-	-	-	1,247,896	-
AEP West Texas Utilities	Utility	-	-	-	-	-	-	-	-	-	2,894,244
Cantex Feeders LP	Cattle/Feedlot	2,362,585	2,499,189	-	-	-	-	-	-	-	-
Briscoe Ranch INC	Ranch	1,305,638	1,357,486	-	-	-	-	-	-	-	-
McLean Farm LLC	Farm	1,363,243	1,114,233	-	-	-	-	-	-	-	-
Crow Hollow LLC	Cattle/Feedlot	-	-	-	-	-	-	-	-	-	-
Valero Logistise OP LP	Utility	-	-	-	-	-	-	-	-	-	-
Bitter Creek LP	Ranch	-	-	-	-	-	899,259	-	-	-	-
Fletcher, Gary	Ranch	-	-	-	-	-	793,613	-	-	-	-
Young, Betty Family LTD	Ranch	-	-	-	-	-	650,120	-	-	-	-
Obrien John Jay	Ranch	-	-	-	-	-	596,128	-	-	-	-
High Card Ranch, LLC	Ranch	-	-	-	-	-	442,492	-	-	-	-
Royal Oil & Gas Corp	Ranch	-	-	-	-	-	392,353	-	-	-	-
Ritchie Birkbest Testamentary	Ranch	-	-	-	-	-	385,664	-	-	-	-
Martinez Ranch LTD	Ranch	-	-	-	-	-	320,640	-	-	-	-
Wild Card Ranch LLC	Ranch	-	-	-	-	-	307,438	-	-	-	-
Obrien, John Jay ET AL	Ranch	-	-	-	-	-	304,289	-	-	-	-
TR Land & Cattle Co.	Ranch	-	-	-	-	-	294,639	-	-	-	-
Totals		\$ 75,813,307	\$ 72,034,890	\$ 68,646,833	\$ 72,256,758	\$ 49,070,800	\$ 43,323,752	\$ 44,973,437	\$ 40,082,571	\$ 38,861,585	\$ 34,469,521
Total Taxable Assessed Value		\$ 221,999,746	\$ 224,502,215	\$ 212,060,457	\$ 197,374,303	\$ 198,097,364	\$ 187,531,401	\$ 187,777,003	\$ 188,877,693	\$ 179,010,786	\$ 169,308,750

**Clarendon College
Statistical Supplement 7, Continued
Principal Taxpayers
Last Ten Tax Years
(unaudited)**

		% of Taxable Assessed Value (TAV) by Tax Year									
Taxpayer	Type of Business	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
BNSF Railway Company	Railroad	12.39%	11.94%	11.01%	11.88%	11.82%	11.52%	10.15%	8.49%	8.15%	8.21%
Texas Express Pipeline	Utility	8.44%	8.70%	7.34%	8.63%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Southwestern Electric Power Co	Utility	3.38%	3.57%	3.40%	4.13%	3.71%	4.05%	2.47%	2.61%	2.43%	0.00%
Nustar Logistics LP	Utility	1.21%	1.20%	1.28%	1.41%	1.42%	0.00%	1.67%	1.53%	1.67%	1.63%
Clarendon Hotel Corporation	Hotel	1.31%	1.39%	1.59%	1.20%	1.08%	0.00%	0.65%	0.61%	0.72%	1.31%
Cattlemens Feedlot LTD	Cattle/Feedlot	0.00%	0.00%	1.14%	1.11%	1.35%	1.49%	1.39%	1.43%	1.50%	1.63%
J Lee Milligan Inc	Construction	0.00%	0.00%	0.00%	0.89%	0.72%	0.00%	0.55%	0.00%	0.00%	0.00%
KLM Griffin Ranch LP	Ranch	0.85%	0.85%	0.81%	0.84%	0.85%	0.00%	0.00%	0.00%	0.00%	0.00%
Ritchie Birkbeck GC Trust	Ranch	0.75%	0.75%	0.76%	0.80%	0.80%	0.90%	0.90%	0.97%	1.02%	1.07%
McLean Feed Yard LTD	Cattle/Feedlot	0.00%	0.00%	0.69%	0.70%	0.69%	0.00%	0.78%	0.81%	0.95%	1.03%
Sunoco Pipeline LP	Utility	0.00%	0.00%	0.43%	0.69%	0.66%	0.00%	0.89%	0.00%	0.00%	0.76%
Crofoot Cattle Co	Cattle/Feedlot	0.00%	0.00%	0.58%	0.62%	0.00%	0.29%	0.00%	0.00%	0.00%	0.00%
Crop Production Services	Ag Sales	0.88%	0.66%	0.59%	0.56%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Greenbelt Electric Co-Op Inc.	Utility	0.51%	0.56%	0.56%	0.52%	0.00%	0.00%	0.49%	0.48%	0.00%	0.00%
Level 3 Communications LLC	Utility	0.00%	0.50%	0.50%	0.52%	0.55%	0.00%	0.50%	0.49%	0.59%	0.68%
Jjob, LTD	Ranch	0.00%	0.48%	0.49%	0.51%	0.51%	0.56%	0.56%	0.59%	0.61%	0.64%
Salt Fork Family Ranch	Ranch	0.00%	0.00%	0.39%	0.42%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Roach, TL	Ranch	0.00%	0.00%	0.00%	0.41%	0.00%	0.49%	0.48%	0.51%	0.55%	0.00%
Lowes Pay-n-Save Inc	Grocer	0.00%	0.00%	0.37%	0.39%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Schaefer, Curtis	Farm	0.00%	0.00%	0.00%	0.38%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Matthews, Kade L. Trust #1	Ranch	0.00%	0.00%	0.00%	0.00%	0.00%	0.94%	0.91%	0.65%	0.68%	0.72%
Oneck Westex Transmission	Utility	0.48%	0.00%	0.00%	0.00%	0.00%	0.00%	0.86%	0.65%	0.73%	0.00%
Rio Bravo Cattle Feeders	Cattle/Feedlot	0.53%	0.50%	0.41%	0.00%	0.62%	0.00%	0.73%	0.90%	0.62%	0.00%
Valor Telecommunications of TX, LP	Utility	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.51%	0.78%	0.96%
Automotive Properties LP	Car Dealer	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.70%	0.00%
AEP West Texas Utilities	Utility	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.71%
Cantex Feeders LP	Cattle/Feedlot	1.10%	1.16%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Briscoe Ranch INC	Ranch	0.61%	0.63%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
McLean Farm LLC	Farm	0.63%	0.52%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Crow Hollow LLC	Cattle/Feedlot	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Valero Logistise OP LP	Utility	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Bitter Creek LP	Ranch	0.00%	0.00%	0.00%	0.00%	0.00%	0.48%	0.00%	0.00%	0.00%	0.00%
Fletcher, Gary	Ranch	0.00%	0.00%	0.00%	0.00%	0.00%	0.42%	0.00%	0.00%	0.00%	0.00%
Young, Betty Family LTD	Ranch	0.00%	0.00%	0.00%	0.00%	0.00%	0.35%	0.00%	0.00%	0.00%	0.00%
Obrien John Jay	Ranch	0.00%	0.00%	0.00%	0.00%	0.00%	0.32%	0.00%	0.00%	0.00%	0.00%
High Card Ranch LLC	Ranch	0.00%	0.00%	0.00%	0.00%	0.00%	0.24%	0.00%	0.00%	0.00%	0.00%
Royal Oil & Gas Corp	Ranch	0.00%	0.00%	0.00%	0.00%	0.00%	0.21%	0.00%	0.00%	0.00%	0.00%
Ritchie Birkbest Testamentary	Ranch	0.00%	0.00%	0.00%	0.00%	0.00%	0.21%	0.00%	0.00%	0.00%	0.00%
Martinez Ranch LTD	Ranch	0.00%	0.00%	0.00%	0.00%	0.00%	0.17%	0.00%	0.00%	0.00%	0.00%
Wild Card Ranch LLC	Ranch	0.00%	0.00%	0.00%	0.00%	0.00%	0.16%	0.00%	0.00%	0.00%	0.00%
Obrien, John Jay ET AL	Ranch	0.00%	0.00%	0.00%	0.00%	0.00%	0.16%	0.00%	0.00%	0.00%	0.00%
TR Land & Cattle Co.	Ranch	0.00%	0.00%	0.00%	0.00%	0.00%	0.16%	0.00%	0.00%	0.00%	0.00%
Totals		33.07%	33.41%	32.34%	36.61%	24.78%	20.24%	23.98%	21.23%	21.70%	20.35%

Source: Donley County Appraisal District

Clarendon College
Statistical Supplement 8
Property Tax Levies and Collections
Last Ten Tax Years
(unaudited)
(amounts expressed in thousands)

Fiscal Year Ended August 31	Levy (a)	Cumulative Levy Adjustments	Adjusted Tax Levy (b)	Collections- Year of Levy (c)	Percentage	Prior Collections of Prior Levies (d)	Current Collections of Prior Levies (e)	Total Collections (c+d+e)	Cumulative Collections of Adjusted Levy
2017	\$ 514,275	\$ (633)	\$ 513,642	\$ 490,664	95.5%	\$ -	\$ 9,157	\$ 499,821	97.31%
2016	475,978	-	475,978	457,821	96.2%	-	12,113	469,934	98.73%
2015	468,234	(486)	467,748	449,393	96.1%	-	11,727	461,120	98.58%
2014	437,340	-	437,340	422,668	96.6%	-	14,215	436,883	99.90%
2013	438,971	-	438,971	422,085	96.2%	-	8,971	431,056	98.20%
2012	417,200	-	417,200	400,225	95.9%	-	14,973	415,198	99.52%
2011	414,559	-	414,559	398,210	96.1%	-	12,596	410,806	99.09%
2010	413,712	-	413,712	397,642	96.1%	-	14,278	396,479	95.83%
2009	370,495	-	370,495	344,528	93.0%	-	25,906	370,434	99.98%
2008	353,718	-	353,718	322,144	91.1%	-	26,973	349,117	98.70%
2007	347,252	-	347,252	334,301	96.3%	-	14,040	348,341	100.31%

Source: Donley County Appraisal District

- Notes: (a) As reported in notes to the financial statements for the year of the levy.
(b) As of August 31st of the current reporting year.
(c) Property tax only - does not include penalties and interest.
(d) Represents cumulative collections of prior years not collected in the current year or the year of the tax levy.
(e) Represents current year collections of prior years levies. Information not available.

Clarendon College
Statistical Supplement 9
Ratios of Outstanding Debt
Last Ten Fiscal Years
(unaudited)

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Bonded Debt										
General obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less: Funds restricted for debt service	-	-	-	-	-	-	-	-	-	-
Net general bonded debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Debt										
Revenue bonds	\$ 778,000	\$ 935,000	\$ 1,205,000	\$ 1,350,000	\$ 1,485,000	\$ 1,615,000	\$ 1,740,000	\$ 1,830,640	\$ 1,975,000	\$ 2,080,000
Notes	1,127,929	1,237,655	-	-	-	-	-	-	330,597	385,093
Capital lease obligations	2,925,000	3,100,000	3,270,000	3,606,111	3,854,444	3,740,000	3,885,000	4,025,000	-	-
Total outstanding debt	\$ 4,830,929	\$ 5,272,655	\$ 4,475,000	\$ 4,956,111	\$ 5,339,444	\$ 5,355,000	\$ 5,625,000	\$ 5,855,640	\$ 2,305,597	\$ 2,465,093
General Bonded Debt Ratios										
Per capita	n/a	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Per FTSE	954	-	-	-	-	-	-	-	-	-
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	\$ 1,366	\$ 1,507	*	*	\$ 1,516	\$ 1,487	\$ 1,549	\$ 1,593	\$ 598	\$ 614
Per FTSE	4,877	5,885	4,811	5,716	6,082	5,596	5,331	6,087	2,055	2,949
As a percentage of Taxable Assessed Value	2.21%	0.00%	2.09%	2.51%	2.70%	2.86%	3.00%	3.10%	1.29%	1.46%

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

* Per capital information is not available for 2015 and 2014.

Clarendon College
Statistical Supplement 10
Legal Debt Margin Information
Last Ten Fiscal Years
(unaudited)

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Taxable assessed value	\$ 221,999,746	\$ 224,502,215	\$ 212,060,457	\$ 197,374,303	\$ 198,097,364	\$ 187,531,401	\$ 187,777,003	\$ 188,877,693	\$ 179,010,786	\$ 169,308,750
General obligation bonds:										
Statutory tax levy limit for debt service	\$ 1,109,999	\$ 1,122,511	\$ 1,060,302	\$ 986,872	\$ 990,487	\$ 937,657	\$ 938,885	\$ 944,388	\$ 895,054	\$ 846,544
Less: funds restricted for repayment of general obligation bonds			-	-	-	-	-	-	-	-
Total net general obligation debt	1,109,999	1,122,511	1,060,302	986,872	990,487	937,657	938,885	944,388	895,054	846,544
Current year debt service requirements	-	-	-	-	-	-	-	-	-	-
Excess of statutory limit for debt service over current requirements	\$ 1,109,999	\$ 1,122,511	\$ 1,060,302	\$ 986,872	\$ 990,487	\$ 937,657	\$ 938,885	\$ 944,388	\$ 895,054	\$ 846,544
Net current requirements as a % of statutory limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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.

Clarendon College
Statistical Supplement 11
Pledged Revenue Coverage
Last Ten Fiscal Years
 (unaudited)

Revenue Bonds

Fiscal Year Ended August 31	Pledged Revenues				Debt Service Requirements			Coverage Ratio
	Tuition	Housing	Food Service	Total	Principal	Interest	Total	
2017	\$ 414,282	\$ 203,376	\$ 108,312	\$ 725,970	\$ 157,000	\$ 22,627	\$ 179,627	4.04
2016	329,604	190,490	113,500	633,594	168,000	40,180	208,180	3.04
2015	330,665	224,280	133,688	688,633	145,000	63,450	208,450	3.30
2014	334,970	205,674	135,277	675,921	135,000	69,795	204,795	3.30
2013	335,346	198,363	129,828	663,537	130,000	75,905	205,905	3.22
2012	334,173	199,962	129,098	663,233	125,000	81,780	206,780	3.21
2011	360,474	200,773	131,950	693,197	120,000	87,420	207,420	3.34
2010	331,276	187,085	118,368	636,729	115,000	92,825	207,825	3.06
2009	335,209	198,390	123,250	656,849	105,000	97,760	202,760	3.24
2008	317,591	194,790	117,579	629,960	100,000	102,460	202,460	3.11
2007	285,573	171,888	112,797	570,258	100,000	107,160	207,160	2.75

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

Calendar Year	District Population	District Personal Income (a) (thousands of dollars)	District Personal Income Per Capita	District Unemployment Rate
2016	3,405	\$ n/a	\$ n/a	n/a
2015	3,499	146,618	41,903	4.3%
2014	3,543	*	*	4.9%
2013	3,522	153,399	43,555	4.8%
2012	3,602	126,837	35,212	6.4%
2011	3,631	124,057	34,166	6.1%
2010	3,677	117,982	32,200	6.7%
2009	3,853	113,379	29,426	6.2%
2008	4,015	114,606	28,544	6.7%
2007	4,030	108,546	26,934	4.4%
2006	4,059	114,783	28,279	4.6%
2005	3,889	113,436	29,168	4.3%

Source: * U.S. Bureau of Economic Analysis - Not available for 2015.

Texas Workforce Commission, Unemployment Rate, TWC Texas LMCI Tracer,
Data Link U.S. Bureau of Labor Statistics

Clarendon College
Statistical Supplement 13
Principle Employers
Last Year Calendar Year
(unaudited)

Employer	Current Fiscal Year	
	Number of Employees	***Percentage of Total Employment***
Lowes Home Improvement	100-499	n/a
Clarendon Consolidated ISD	50-100	n/a
Clarendon College	50-99	n/a
CanTex Feedlot	20-49	n/a
Cattlemen's Feed Lot	20-49	n/a
Clarendon City	20-49	n/a
Clarendon Outpost Company	20-49	n/a
Hedley ISD	20-49	n/a
Pizza Hut	20-49	n/a
Sonic Drive In	20-49	n/a
Associated Ambulance Service	10-19	n/a
Best Western - Red River Inn	10-19	n/a
Clarendon City	10-19	n/a
Clarendon Country Club	10-19	n/a
Clarendon Family Medical Center	10-19	n/a
Clarendon Family Medical Center	10-19	n/a
Crown Correctional Telephone	10-19	n/a
Dollar General	10-19	n/a
Donley County Hospital District	10-19	n/a
Donley County Sherriff	10-19	n/a
Donley County State Bank	10-19	n/a
Great Western Dining	10-19	n/a
Greenbelt Municipal & Ind	10-19	n/a
H & W Indl SVC	10-19	n/a
Hedley Feedlot	10-19	n/a
Herring Bank	10-19	n/a
Texas Dept of Transportation	10-19	n/a
Wallace Monument Co	10-19	n/a
Total	n/a	0.00%
Total Workforce	n/a	

Source: The Texas Workforce Commission

*** NOTE: The percentages for current period were calculated using the mid point.

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

As of November 1,	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Faculty										
Full-Time	38	40	38	34	35	35	37	33	31	32
Part-Time	37	43	40	41	43	41	52	46	48	41
Total	75	83	78	75	78	76	89	79	79	73
Percent										
Full-Time	50.7%	48.2%	48.7%	45.3%	44.9%	46.1%	41.6%	41.8%	39.2%	43.8%
Part-Time	49.3%	51.8%	51.3%	54.7%	55.1%	53.9%	58.4%	58.2%	60.8%	56.2%
Staff and Administrators										
Full-Time	46	44	35	39	42	43	47	46	43	36
Part-Time	3	2	4	4	3	4	2	3	7	7
Total	49	46	39	43	45	47	49	49	50	43
Percent										
Full-Time	93.9%	95.7%	89.7%	90.7%	93.3%	91.5%	95.9%	93.9%	86.0%	83.7%
Part-Time	6.1%	4.3%	10.3%	9.3%	6.7%	8.5%	4.1%	6.1%	14.0%	16.3%
FTSE per Full-Time Faculty	25.10	22.40	24.47	25.50	25.09	27.34	28.51	29.15	36.19	26.13
FTSE per Full-Time Staff Member	20.70	20.36	26.57	22.23	20.90	22.26	22.45	20.91	26.09	23.22
Average Annual Faculty Salary	\$ 38,601	\$ 44,022	\$ 37,522	\$ 40,709	\$ 39,757	\$ 38,757	\$ 41,537	\$ 39,337	\$ 40,828	\$ 40,619

Source: IPEDS Human Resources

**Clarendon College
Statistical Supplement 15
Enrollment Details
Last Five Fiscal Years
(unaudited)**

Student Classification	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00-30 Hours	1,209	81.36%	1,108	82.50%	956	79.73%	978	80.63%	969	77.83%
31-60 Hours	178	11.98%	140	10.42%	180	15.01%	149	12.28%	209	16.79%
>60 Hours	84	5.65%	87	6.48%	58	4.84%	76	6.27%	59	4.74%
Unclassified	15	1.01%	8	0.60%	5	0.42%	10	0.82%	8	0.64%
Total	1,486	100.00%	1,343	100.00%	1,199	100.00%	1,213	100.00%	1,245	100.00%

Semester Hour Load	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	26	1.75%	20	1.49%	1	0.08%	2	0.16%	12	0.96%
3-5 semester hours	306	20.60%	293	21.83%	220	18.36%	234	19.30%	240	19.29%
6-8 Semester hours	425	28.60%	327	24.35%	260	21.68%	237	19.54%	270	21.69%
9-11 semester hours	182	12.25%	169	12.58%	143	11.93%	182	15.00%	222	17.83%
12-14 semester hours	281	18.91%	280	20.85%	309	25.77%	289	23.83%	275	22.09%
15-17 semester hours	201	13.53%	196	14.59%	213	17.76%	221	18.22%	166	13.33%
18 & over	65	4.36%	58	4.31%	53	4.42%	48	3.95%	60	4.81%
Total	1,486	100.00%	1,343	100.00%	1,199	100.00%	1,213	100.00%	1,245	100.00%

Average course load	9.5	9.7	10.4	10.4	10.0
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Tuition Status	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (in-District)	235	15.81%	138	10.28%	129	10.76%	91	7.50%	93	7.47%
Texas Resident (out-of-District)	1,138	76.57%	1,112	82.79%	986	82.23%	1,053	86.81%	1,112	89.32%
Non-Resident Tuition	113	7.62%	93	6.93%	84	7.01%	69	5.69%	40	3.21%
Total	1,486	100.00%	1,343	100.00%	1,199	100.00%	1,213	100.00%	1,245	100.00%

Clarendon College
Statistical Supplement 16
Student Profile
Last Five Fiscal Years
(unaudited)

<u>Gender</u>	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	784	52.76%	565	42.07%	719	59.97%	716	59.03%	740	59.44%
Male	702	47.24%	778	57.93%	480	40.03%	497	40.97%	505	40.56%
Total	1,486	100.00%	1,343	100.00%	1,199	100.00%	1,213	100.00%	1,245	100.00%

<u>Ethnic Origin</u>	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	964	64.87%	833	62.03%	772	64.39%	789	65.05%	798	64.10%
Hispanic	71	4.78%	74	5.51%	153	12.76%	237	19.54%	83	6.67%
African American	91	6.12%	84	6.25%	72	6.01%	52	4.29%	69	5.54%
Asian	9	0.61%	9	0.67%	3	0.25%	4	0.33%	4	0.32%
Foreign	14	0.94%	14	1.04%	8	0.67%	14	1.15%	16	1.29%
Native American	20	1.35%	18	1.34%	17	1.42%	18	1.49%	20	1.61%
Other	317	21.33%	311	23.16%	174	14.50%	99	8.15%	255	20.47%
Total	1,486	100.00%	1,343	100.00%	1,199	100.00%	1,213	100.00%	1,245	100.00%

<u>Age</u>	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 18	600	40.38%	528	39.31%	334	27.86%	361	29.76%	387	31.08%
18 -21	459	30.89%	473	35.22%	514	42.87%	549	45.26%	548	44.02%
22 - 24	72	4.85%	55	4.10%	73	6.09%	78	6.43%	73	5.86%
25 - 35	210	14.13%	164	12.21%	165	13.76%	140	11.54%	150	12.05%
36 - 50	121	8.14%	108	8.04%	103	8.59%	72	5.94%	70	5.62%
51 & over	24	1.61%	15	1.12%	10	0.83%	13	1.07%	17	1.37%
Total	1,486	100.00%	1,343	100.00%	1,199	100.00%	1,213	100.00%	1,245	100.00%

Average Age	23	23	23	22	22
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Clarendon College
Statistical Supplement 17
Transfers to Senior Institutions
2016-17 Graduates, Completers, and Non-Returners as of Fall 2017
(Includes only public senior colleges in Texas)
(unaudited)

	Transfer Student Count Academic	Transfer Student Count Technical	Transfer Student Count Tech-Prep	Total of all Sample Transfer Students	% of all Sample Transfer Students
1 West Texas A&M University	103	-	-	103	51.24%
2 Texas Tech University	51	-	-	51	25.36%
3 Midwestern State University	8	-	-	8	3.98%
4 Texas A&M University	6	-	-	6	2.99%
5 University of North Texas	6	-	-	6	2.99%
6 Angelo State University	4	-	-	4	1.99%
7 Tarleton State University	4	-	-	4	1.98%
8 Texas State University	3	-	-	3	1.49%
9 The University of Texas at Arlington	3	-	-	3	1.49%
10 The University of Texas at Austin	3	-	-	3	1.49%
11 Texas A&M University - Commerce	2	-	-	2	1.00%
12 Sam Houston State University	1	-	-	1	0.50%
13 Texas A&M University - Corpus Christi	1	-	-	1	0.50%
14 Texas A&M University - Texarkana	1	-	-	1	0.50%
15 Texas A&M University at Galveston	1	-	-	1	0.50%
16 Texas Southern University	1	-	-	1	0.50%
17 The University of Texas at Dallas	1	-	-	1	0.50%
18 The University of Texas at El Paso	1	-	-	1	0.50%
19 The University of Texas at Tyler	1	-	-	1	0.50%
Totals	201	-	-	201	100.00%

Clarendon College
Statistical Supplement 18
Capital Asset Information
Fiscal Years 2013 to 2017
(unaudited)

	Fiscal Year				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Academic buildings	10	10	10	10	9
Square footage (in thousands)	120,426	120,426	120,426	120,426	115,210
Libraries*	1	1	1	1	1
Square footage (in thousands)	10,507	10,507	10,507	10,507	10,507
Number of Volumes (in thousands)	18	18	18	18	18
Administrative and support buildings	5	5	5	5	5
Square footage (in thousands)	40,374	40,374	40,374	40,374	40,374
Dormitories	5	5	5	5	5
Square footage (in thousands)	60,489	60,489	60,489	60,489	60,489
Number of Beds	296	296	296	296	296
Apartments	-	-	-	-	-
Square footage (in thousands)	-	-	-	-	-
Number of Beds	-	-	-	-	-
Dining Facilities*	1	1	1	1	1
Square footage (in thousands)	7,788	7,788	7,788	7,788	7,788
Average daily customers	425	425	425	425	425
Athletic Facilities	3	3	3	3	3
Square footage(in thousands)	93,671	93,671	93,671	93,671	93,671
Stadiums	-	-	-	-	-
Gymnasiums*	1	1	1	1	1
Fitness Centers*	1	1	1	1	1
Rodeo Arena	1	1	1	1	1
Tennis Court	-	-	-	-	-
Plant facilities	2	2	2	2	2
Square footage (in thousands)	17,335	17,335	17,335	17,335	17,335
Transportation					
Cars	10	10	8	7	7
Light Trucks/Vans (includes Instructional)	8	8	8	8	8
Buses (Instructional)	9	9	8	8	8