

# **RANGER COLLEGE DISTRICT**

**ANNUAL FINANCIAL AND COMPLIANCE REPORT**

**FOR THE YEAR ENDED AUGUST 31, 2017**

# RANGER COLLEGE DISTRICT

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# RANGER COLLEGE DISTRICT

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**RANGER COLLEGE DISTRICT  
ORGANIZATIONAL DATA  
For the Year Ended August 31, 2017**

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Board of Regents

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Officers

Jackie Stephens	Chairman
Ron Butler	Vice Chairman
Dr. Philip Webb	Secretary

Members

		<u>Term Expires</u>
Ron Butler	Ranger, Texas	2018
Joe Walraven	Ranger, Texas	2018
Gay A. Wolford	Ranger, Texas	2018
Doug Crawley	Ranger, Texas	2020
Jo Ann Greenwood	Ranger, Texas	2018
Bobby Murry	Ranger, Texas	2020
Dr. Philip Webb	Ranger, Texas	2022
Sandi Herod	Ranger, Texas	2022
Jackie Stephens	Ranger, Texas	2022

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Key Administrative Personnel

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Dr. Bill Champion	President
Mr. Jon Dixon Bailey	Executive Vice President for Workforce Development
Dr. Kerry Schindler	Senior Vice President for Student Instruction
Dr. Jennifer Kent	Vice President - Erath County
Mr. Gordon Warren	Vice President - Brown County
Mr. Manuel McGriff	Vice President for Student Services
Mr. Paul Woodfin	Vice President for Business Services/CFO
Mr. Matt Cardin	Associate Vice President for Instruction
Ms. Crystal Rose	Associate Vice President for Academic Advising
Mrs. Carolyn Zapata	Dean of Nursing
Mr. Robert Culverhouse	Dean of Enrollment Management/Registrar
Mr. Michael Winslow	Dean - Olney Center

**FINANCIAL SECTION**



**SNOW GARRETT WILLIAMS**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Regents  
Ranger College

**Report on the Financial Statements**

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

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

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

## **Opinion**

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

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the College's share of net pension liability and the schedule of the College's contributions and related notes 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 an opinion on the financial statements that collectively comprise the Ranger College District's financial statements. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. The schedule of expenditures of state awards is presented for purposes of additional analysis as required by the State of Texas Uniform Grant Management Standards, and is also not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2018, on our consideration of Ranger College District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Ranger College District's internal control over financial reporting and compliance.



Snow Garrett Williams

February 19, 2018



**RANGER COLLEGE DISTRICT**  
**Management's Discussion and Analysis**  
**August 31, 2017 and 2016**

This section of the Ranger College District's annual financial report presents management's discussion and analysis of the College's financial activity during the fiscal years ended August 31, 2017 and 2016. Since this management's discussion and analysis is designed to focus on current activities, resulting change, and currently known facts, please read it in conjunction with the College's financial statements and the footnotes. Responsibility for the completeness and fairness of this information rests with the College.

**Using This Annual Report**

The financial statements focus on the College as a whole. The statements are designed to emulate corporate presentation models whereby all College activities are consolidated into one total. The focus of the statement of net position is designed to be similar to bottom line results for the College.

The statement of revenues, expenses, and changes in net position focuses on both the gross costs and the net costs of the College's activities which are supported mainly by tuition and fees and by federal, state and other revenues. This approach is intended to summarize and simplify the user's analysis of the costs of various College services to students and the public.

The final required financial statement, the statement of cash flows, reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities.

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found beginning on page 22 of this report.

The Ranger College Foundation, Inc. is a discretely presented component unit of the College and is reported as separate financial statements.

**RANGER COLLEGE DISTRICT**  
**Management's Discussion and Analysis**  
**August 31, 2017 and 2016**

**Financial Highlights**

The College's net position increased from August 31, 2016 to August 31, 2017 by \$326,570 and increased from August 31, 2015, restated, to August 31, 2016 by \$788,826. During the fiscal year ending August 31, 2016, management determined that an error resulting in the overstatement of accounts receivable and an overstatement of net tuition and fee revenue of \$194,926 therefore requiring these applicable August 31, 2015 balances to be restated. Also, with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, the beginning net position for the year ended August 31, 2015 was decreased by \$1,138,930. As of August 31, 2017 and 2016 the College's net position was \$7,973,380 and \$7,646,810, which includes \$4,738,821 and \$4,074,809 in net investment in capital assets, \$286,767 and \$286,669 in restricted net position, and \$2,947,792 and \$3,285,332 in unrestricted net position, respectively.

Operating expenses for fiscal years 2017 and 2016 were \$14,215,484 and \$13,262,455, of which \$6,213,405 and \$5,662,435 were expended for instruction, \$2,107,068 and \$1,860,750 were expended for institutional support, and \$2,764,608 and \$2,364,277 were expended for auxiliary enterprises, respectively. In fiscal years 2017 and 2016, depreciation expense was \$445,139 and \$470,707, respectively.

Operating revenues for fiscal years 2017 and 2016 were \$7,337,203 and \$6,806,777, which includes \$4,146,154 and \$4,097,064 in tuition and fees (net of discounts), \$949,814 and \$1,214,243 in auxiliary revenue (net of discounts), \$431,002 and \$445,937 in federal grants and contracts, and \$1,342,771 and \$662,162, in state grants and contracts, respectively.

Net non-operating revenues for fiscal years 2017 and 2016 were \$7,204,851 and \$7,244,504, which includes \$4,233,363 and \$4,057,758 in state allocations, \$2,969,647 and \$2,822,318 in federal grants, and \$341,953 and \$298,871 in ad-valorem taxes for maintenance and operations, respectively.

**RANGER COLLEGE DISTRICT**  
**Management's Discussion and Analysis**  
**August 31, 2017 and 2016**

**Financial Analysis of the College as a Whole**

Statement of Net Position

The statement of net position presents current assets (non restricted assets expected to provide support within a year), non current assets (restricted assets expected to provide long term benefit), deferred outflows of resources, current liabilities (obligations which must be met within the current year), non-current liabilities (obligations which are not settled in the current year), and deferred inflows of resources. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources are presented using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. Net position, the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, is one way to measure the financial position of the College. As of August 31, 2017, net position was \$7,973,380. This was an increase of \$326,570 from the period ended August 31, 2016. As of August 31, 2016, the net position was \$7,646,810. This was an increase of \$788,826 from the period ended August 31, 2015. The College's financial position remains strong with adequate liquid assets at a reasonable level of unrestricted net position.

	<b>Net Position</b>		
	<b>As of August 31,</b>		
	<b>2017</b>	<b>2016</b>	<b>Restated 2015</b>
	<u>          </u>	<u>          </u>	<u>          </u>
Current Assets	\$ 9,902,812	\$ 9,860,748	\$ 8,755,311
Non-current Assets			
Capital Assets, Net of Depreciation	12,567,869	9,089,191	6,493,973
Other	9,443,381	581,287	2,701,538
	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	31,914,062	19,531,226	17,950,822
	<u>          </u>	<u>          </u>	<u>          </u>
Deferred Outflows of Resources	479,507	484,908	191,708
	<u>          </u>	<u>          </u>	<u>          </u>
Current Liabilities	6,152,954	5,701,413	4,644,153
Non-current Liabilities	17,997,616	6,293,413	6,332,891
	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	24,150,570	11,994,826	10,977,044
	<u>          </u>	<u>          </u>	<u>          </u>
Deferred Inflows of Resources	269,619	374,498	307,502
	<u>          </u>	<u>          </u>	<u>          </u>
Net Position			
Net Investment in Capital Assets	4,738,821	4,074,809	3,285,010
Restricted for: Expendable	286,767	286,669	325,501
Unrestricted	2,947,792	3,285,332	3,247,473
	<u>          </u>	<u>          </u>	<u>          </u>
Total Net Position	<u>\$ 7,973,380</u>	<u>\$ 7,646,810</u>	<u>\$ 6,857,984</u>

**RANGER COLLEGE DISTRICT**  
**Management's Discussion and Analysis**  
**August 31, 2017 and 2016**

Investment in capital assets (e.g., land, building and improvements, land improvements, leasehold improvements, library books, and vehicles and equipment) less any related debt used to acquire those assets that is still outstanding was \$4,738,821 and \$4,074,809 at August 31, 2017 and 2016, respectively. The College uses these assets to provide services to the students; consequently, they are not available for future spending. Although the College's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. At August 31, 2017 and 2016, an additional \$286,767 (or 4%) and \$286,669 (or 4%), respectively, of the College's net position represents resources that are subject to external restrictions on how they may be used. All restricted net position of the College is being held for debt service. The remaining portion of the College's net position at August 31, 2017 and 2016 (\$2,947,792 and \$3,285,332, respectively) may be used to meet the College's ongoing obligations.

Statement of Revenues, Expenses and Changes in Net Position

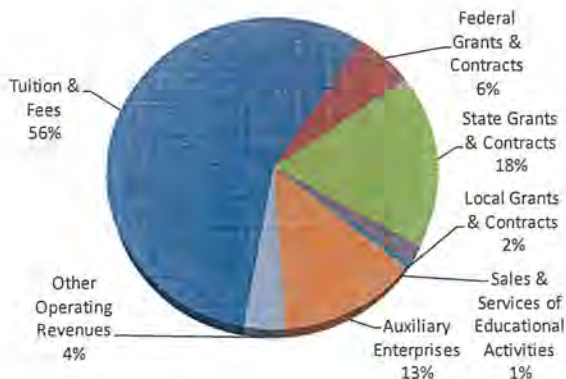
The statement of revenues, expenses and changes in net position presents the operating results of the College, as well as the non-operating revenue and expenses. Operating revenues are primarily those that result directly from instruction, the operation of the College's auxiliary services (cafeteria, dormitories, bookstore, etc.) and Federal, State and local grants. State Allocations and property tax receipts, while budgeted for operations, are considered non operating revenues and depreciation is shown in operating expenses according to accounting principles generally accepted in the United States of America.

**RANGER COLLEGE DISTRICT**  
**Management's Discussion and Analysis**  
**August 31, 2017 and 2016**

**Operating Results for the Years Ended**  
**August 31,**

	2017	2016	Restated 2015
Operating Revenues			
Tuition and Fees (Less Discounts)	\$ 4,146,154	\$ 4,097,064	\$ 3,253,727
Federal Grants and Contracts	431,002	445,937	358,017
State Grants and Contracts	1,342,771	662,162	1,428,720
Local Grants and Contracts	142,500	190,000	410,100
Sales and Services of Educational Activities	41,376	46,609	60,122
Auxiliary Enterprises (Less Discounts)	949,814	1,214,243	776,731
Other Operating Revenues	283,586	150,762	283,340
<b>Total Operating Revenues</b>	<b>7,337,203</b>	<b>6,806,777</b>	<b>6,570,757</b>
Less Operating Expenses	14,215,484	13,262,455	12,875,917
<b>Net Operating Loss</b>	<b>(6,878,281)</b>	<b>(6,455,678)</b>	<b>(6,305,160)</b>
Non-Operating Revenues (Expenses)			
State Allocations	4,233,363	4,057,758	3,891,207
Ad-Valorem Taxes for Maintenance and Operations	341,953	298,871	274,276
Federal Revenue, Non-Operating	2,969,647	2,822,318	3,284,522
Gifts	25,074	140,118	470
Investment Income (Net of Investment Expense)	65,077	5,057	72,617
Interest on Capital Related Debt	(406,712)	(77,592)	(76,138)
Loss on Disposal of Capital Assets	(23,551)	(2,026)	-
Donation to Ranger College Foundation, Inc.	-	-	(1,583,470)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>7,204,851</b>	<b>7,244,504</b>	<b>5,863,484</b>
Change in Net Position	326,570	788,826	(441,676)
Net Position, Beginning of Year	7,646,810	6,857,984	8,438,590
Prior Period Adjustment	-	-	(1,138,930)
Net Position, Beginning of Year	7,646,810	6,857,984	7,299,660
Net Position, End of Year	<b>\$ 7,973,380</b>	<b>\$ 7,646,810</b>	<b>\$ 6,857,984</b>
<b>Total Revenues</b>	<b>\$ 14,972,317</b>	<b>\$ 14,130,899</b>	<b>\$ 14,093,849</b>

Operating Revenue by Source 2017



Operating Revenue by Source 2016

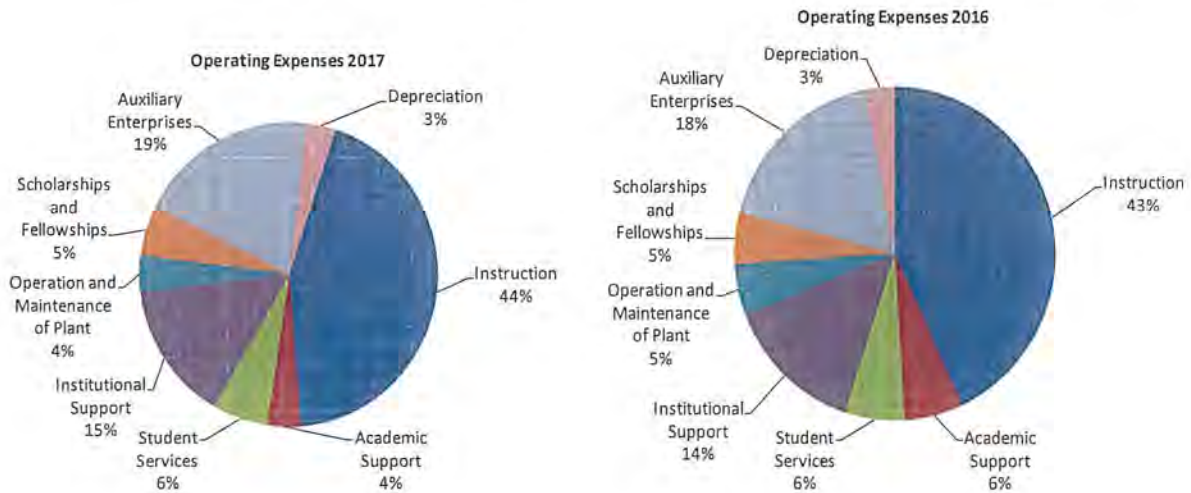




**RANGER COLLEGE DISTRICT**  
**Management's Discussion and Analysis**  
**August 31, 2017 and 2016**

**Operating Expenses**  
**For the Years Ended August 31,**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Instruction	\$ 6,213,405	\$ 5,662,435	\$ 5,748,395
Academic Support	518,849	822,600	688,156
Student Services	845,056	782,996	828,159
Institutional Support	2,107,068	1,860,750	1,635,127
Operation and Maintenance of Plant	552,148	629,758	657,955
Scholarships and Fellowships	769,211	668,931	845,712
Auxiliary Enterprises	2,764,608	2,364,277	1,948,820
Depreciation	445,139	470,708	523,593
<b>Total</b>	<b><u>\$ 14,215,484</u></b>	<b><u>\$ 13,262,455</u></b>	<b><u>\$ 12,875,917</u></b>
 Total Expenses (Including Non-Operating Expenses)	 <b><u>\$ 14,645,747</u></b>	 <b><u>\$ 13,342,073</u></b>	 <b><u>\$ 14,535,525</u></b>



**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital assets.** The College's investment in total capital assets as of August 31, 2017 and 2016 amounts to \$12,567,869 and \$9,089,191, respectively, (net of accumulated depreciation). Investments in capital assets include land, construction in progress, buildings and improvements, land improvements, leasehold improvements, library books, and vehicles and equipment.

**RANGER COLLEGE DISTRICT**  
**Management's Discussion and Analysis**  
**August 31, 2017 and 2016**

Major capital asset events during the current fiscal year include the following:

- Completion of the Stephenville facility;
- Renovations related to energy conservation measures; and
- Welding and machining related equipment purchased with grant funds.

Major capital asset events during the prior fiscal year include the following:

- Renovations to Stephenville facility and Ranger gymnasium;
- Donation and renovations of a quadraplex; and
- Lathe and peripherals purchased with grant funds.

**Capital Assets, Net**  
**August 31,**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Capital Assets			
Land	\$ 739,948	\$ 739,948	\$ 739,948
Construction in Progress	2,866,732	2,720,649	248,386
Building and Improvements	10,465,224	7,393,900	7,049,518
Land Improvements	354,134	342,808	342,808
Leasehold Improvements	716,805	729,790	702,840
Library Books	165,493	150,185	150,185
Vehicles and Equipment	<u>2,420,480</u>	<u>2,046,442</u>	<u>1,829,235</u>
Total	17,728,816	14,123,722	11,062,920
Less Accumulated Depreciation	<u>(5,160,947)</u>	<u>(5,034,531)</u>	<u>(4,568,947)</u>
Net Capital Assets	<u>\$ 12,567,869</u>	<u>\$ 9,089,191</u>	<u>\$ 6,493,973</u>

Additional information on the College's capital assets can be found in Note 5 of this report.

**Long-term debt.** At August 31, 2017 and 2016, the College had total debt outstanding, which represents bonds payable of \$15,023,375 and \$5,309,000, respectively and notes payable of \$1,962,287 and \$0, respectively. The College's total debt increased by a net amount of \$11,676,662 during the fiscal year ending August 31, 2017 due to the issuance of limited tax bonds and notes payable net of the scheduled payments. The College's total debt decreased by a net amount of \$276,000 during the fiscal year ending August 31, 2016 due to scheduled payments.

Additional information on the College's long-term debt can be found in Notes 6 and 7 of this report.

**RANGER COLLEGE DISTRICT**  
**Management's Discussion and Analysis**  
**August 31, 2017 and 2016**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The Board of Regents adopted the College's 2017 – 2018 budget and tax rate on August 29, 2017. The annual budget is developed to provide efficient, effective and economic uses of the College's resources, as well as, a means to accomplish the highest priority objectives. Through the budget, the Board of Regents sets the direction of the College, allocates its resources and establishes its priorities.

In considering the College budget for fiscal year 2018, the Board of Regents and management considered the following factors:

- Many facilities at Ranger remain basically as they were 50-60 years ago and have significant deferred maintenance. With the voter approval of issuing \$10,000,000 in tax-supported bonds in November 2016, the College has begun construction of two new buildings and renovation of other buildings to address the demands of 21st century students, and will help build the Ranger campus for the future of this College and the community.
- Startup costs for a new EMS program at the Stephenville campus and an LVN to ADN bridge program which provides new opportunities for enrollment growth in critical careers.
- Maintaining athletic program spending at levels required for successful competition.
- Establishment of an Upward Bound program funded by a new Federal grant to assist students at participating areas high schools to realize a career path that includes higher education.
- Maintaining sufficient contingency reserves to address any fluctuations in enrollment. The college received an increase in state appropriations from enrollment growth and formula changes.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the Ranger College District's finances and to show the College's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Chief Financial Officer at 1100 College Circle, Ranger, Texas 76470.



**RANGER COLLEGE DISTRICT**  
**Statements of Net Position**  
**August 31, 2017 and August 31, 2016**

**EXHIBIT 1**

	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 5,040,212	\$ 5,363,892
Accounts Receivable (net)	4,801,969	4,439,267
Prepaid Expenses	59,881	56,839
Deposits	750	750
<b>Total Current Assets</b>	<b>9,902,812</b>	<b>9,860,748</b>
<b>Non-Current Assets</b>		
Restricted Cash and Cash Equivalents	9,443,381	581,287
Capital Assets, net of Accumulated Depreciation (See Note 5)	12,567,869	9,089,191
<b>Total Non-Current Assets</b>	<b>22,011,250</b>	<b>9,670,478</b>
<b>Total Assets</b>	<b>31,914,062</b>	<b>19,531,226</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflows Related to Pensions	479,507	484,908

**RANGER COLLEGE DISTRICT**  
**Statements of Net Position**  
**August 31, 2017 and August 31, 2016**

**EXHIBIT 1**

	<b>2017</b>	<b>2016</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 855,799	\$ 994,584
Accrued Liabilities	432,876	474,625
Accrued Compensable Absences - Current Portion	90,358	92,494
Funds Held due for Others	25,182	-
Unearned Revenue	4,369,790	3,854,710
Bonds Payable - Current Portion	378,949	285,000
<b>Total Current Liabilities</b>	<b>6,152,954</b>	<b>5,701,413</b>
<b>Non-Current Liabilities</b>		
Accrued Compensable Absences	20,242	18,106
Notes Payable	1,962,287	-
Bonds Payable	14,644,426	5,024,000
Net Pension Liability	1,370,661	1,251,307
<b>Total Non-Current Liabilities</b>	<b>17,997,616</b>	<b>6,293,413</b>
<b>Total Liabilities</b>	<b>24,150,570</b>	<b>11,994,826</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflows Related to Pensions	269,619	374,498
<b>NET POSITION</b>		
Net Investment in Capital Assets	4,738,821	4,074,809
Restricted for:		
Expendable		
Debt Service	286,767	286,669
Unrestricted	2,947,792	3,285,332
<b>Total Net Position</b>	<b>\$ 7,973,380</b>	<b>\$ 7,646,810</b>

**RANGER COLLEGE DISTRICT  
Component Unit  
Statement of Financial Position**

**EXHIBIT 1**

	<u>August 31, 2017</u>
	<u>Ranger College Foundation, Inc.</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 208,713
Investments	1,727,511
Receivable from Ranger College	<u>48,393</u>
<b>Total Current Assets</b>	<u>1,984,617</u>
<b>Total Assets</b>	<u>1,984,617</u>
<b>LIABILITIES</b>	
<b>Current Assets</b>	
Payable to Ranger College	<u>4,610</u>
<b>Total Current Liabilities</b>	<u>4,610</u>
<b>NET ASSETS</b>	
Unrestricted	1,975,007
Temporarily Restricted	<u>5,000</u>
<b>Total Net Assets</b>	<u><u>\$ 1,980,007</u></u>

**RANGER COLLEGE DISTRICT**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**For the Years Ended August 31, 2017 and August 31, 2016**

**EXHIBIT 2**

	<b>2017</b>	<b>2016</b>
<b>REVENUES</b>		
<b>Operating Revenues</b>		
Tuition and Fees (Net of Discounts of \$3,584,048 and \$3,118,854, respectively)	\$ 4,146,154	\$ 4,097,064
Federal Grants and Contracts	431,002	445,937
State Grants and Contracts	1,342,771	662,162
Non-Governmental Grants and Contracts	142,500	190,000
Sales and Services of Educational Activities	41,376	46,609
Auxiliary Enterprises (Net of Discounts of \$742,223 and \$991,654, respectively)	949,814	1,214,243
Other Operating Revenues	283,586	150,762
<b>Total Operating Revenues (Schedule A)</b>	<b>7,337,203</b>	<b>6,806,777</b>
<b>EXPENSES</b>		
<b>Operating Expenses</b>		
Instruction	6,213,405	5,662,435
Academic Support	518,849	822,600
Student Services	845,056	782,996
Institutional Support	2,107,068	1,860,750
Operation and Maintenance of Plant	552,148	629,758
Scholarships and Fellowships	769,211	668,931
Auxiliary Enterprises	2,764,608	2,364,277
Depreciation	445,139	470,708
<b>Total Operating Expenses (Schedule B)</b>	<b>14,215,484</b>	<b>13,262,455</b>
<b>Operating Loss</b>	<b>(6,878,281)</b>	<b>(6,455,678)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
State Appropriations	4,233,363	4,057,758
Maintenance Ad Valorem Taxes	341,953	298,871
Federal Revenue, Non-Operating	2,969,647	2,822,318
Gifts	25,074	140,118
Investment Income	65,077	5,057
Interest on Capital Related Debt	(406,712)	(77,592)
Loss on Disposal of Capital Assets	(23,551)	(2,026)
<b>Net Non-Operating Revenues (Expenses) (Schedule C)</b>	<b>7,204,851</b>	<b>7,244,504</b>
<b>Change in Net Position</b>	<b>326,570</b>	<b>788,826</b>
<b>NET POSITION</b>		
Net Position - Beginning of Year	7,646,810	6,857,984
Net Position - End of Year	<b>\$ 7,973,380</b>	<b>\$ 7,646,810</b>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**RANGER COLLEGE DISTRICT  
Component Unit  
Statement of Activities**

**EXHIBIT 2**

	<b>For the Year Ending August 31, 2017</b>
	<b>Ranger College Foundation, Inc.</b>
<b>REVENUE</b>	
Contributions	\$ 127,967
Interest and Dividends	28
Gain on Investments	181,074
	181,074
<b>Total Revenue</b>	309,069
<b>EXPENSES</b>	
Contributions	25,000
Legal and Professional	5,203
Salaries and Payroll Taxes	6,459
Supplies	3,403
	3,403
<b>Total Expenses</b>	40,065
<b>Change in Net Assets</b>	269,004
Net Assets - Beginning of Year	1,711,003
Net Assets - End of Year	\$ 1,980,007

**RANGER COLLEGE DISTRICT**  
**Statements of Cash Flows**  
**For the Years Ended August 31, 2017 and August 31, 2016**

**EXHIBIT 3**

	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Students and Other Customers	\$ 5,867,082	\$ 5,061,200
Receipts from Grants and Contracts	1,663,180	1,035,672
Payments to or on Behalf of Employees	(6,598,722)	(6,117,716)
Payments to Suppliers for Goods or Services	(6,346,974)	(5,074,009)
Payments of Scholarships	(769,211)	(668,931)
Other receipts (payments)	283,586	150,762
	<b>(5,901,059)</b>	<b>(5,613,022)</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Receipts from State Appropriations	3,595,437	3,601,348
Receipts from Ad Valorem Taxes	347,084	298,871
Receipts from Non-Operating Federal Revenue	3,091,946	2,805,299
Receipts from Gifts and Grants (Other Than Capital)	25,074	519
Receipts from Student Organizations and Other Agency Transactions	25,182	-
	<b>7,084,723</b>	<b>6,706,037</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from Revenue Bonds	9,999,885	-
Proceeds from Notes Payable	1,962,287	-
Purchases of Capital Assets	(3,947,368)	(2,939,952)
Receipts from Gifts and Grants (Capital)	-	11,599
Payments on Capital Debt - Principal	(285,000)	(276,000)
Payments on Capital Debt - Interest	(440,131)	(80,843)
	<b>7,289,673</b>	<b>(3,285,196)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Receipts from Investment Earnings	65,077	5,057
	<b>65,077</b>	<b>5,057</b>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	<b>8,538,414</b>	<b>(2,187,124)</b>
<b>Cash and Cash Equivalents - September 1</b>	<b>5,945,179</b>	<b>8,132,303</b>
<b>Cash and Cash Equivalents - August 31</b>	<b>\$ 14,483,593</b>	<b>\$ 5,945,179</b>

**RANGER COLLEGE DISTRICT**  
**Statements of Cash Flows**  
For the Years Ended August 31, 2017 and August 31, 2016

**EXHIBIT 3**

	<b>2017</b>	<b>2016</b>
<b>Reconciliation to Exhibit 1:</b>		
Cash and Cash Equivalents	\$ 5,040,212	\$ 5,363,892
Restricted Cash and Cash Equivalents	9,443,381	581,287
<b>Total Cash and Cash Equivalents</b>	<b>\$ 14,483,593</b>	<b>\$ 5,945,179</b>
 <b>Non-Cash Investing and Financing Activities:</b>		
Gift of Capital Asset	\$ -	\$ 128,000
 <b>Reconciliation of Operating Loss to Net Cash Used By Operating Activities:</b>		
Operating Loss	\$ (6,878,281)	\$ (6,455,678)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation Expense	445,139	470,708
Bad Debt Expense	451,697	394,856
Payments Made Directly by State for Benefits	637,926	456,410
Changes in Assets and Liabilities:		
Receivables, Net	(941,829)	(1,640,141)
Prepaid Expenses	(3,042)	89,994
Deferred Outflows of Resources	5,401	(293,200)
Accounts Payable	(138,785)	694,811
Accrued Liabilities	(8,840)	48,776
Unearned Revenue	515,080	291,286
Net Pension Liability	119,354	246,077
Compensated Absences	-	16,083
Deferred Inflows of Resources	(104,879)	66,996
<b>Net Cash Used By Operating Activities</b>	<b>\$ (5,901,059)</b>	<b>\$ (5,613,022)</b>

**NOTES TO THE  
FINANCIAL STATEMENTS**



**RANGER COLLEGE DISTRICT**  
**Notes to the Financial Statements**  
**August 31, 2017 and August 31, 2016**

**1. REPORTING ENTITY**

Ranger College District (the College) was established in 1926, in accordance with the laws of the State of Texas, to serve the educational needs of Ranger and the surrounding communities. The College is considered to be a special purpose, primary government according to the definition in the 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.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

Report Guidelines

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

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 dispersed directly to the student, the amount is recorded as a scholarship expense.

*Title IV, Higher Education Act (HEA) Program Funds*

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

**RANGER COLLEGE DISTRICT**  
**Notes to the Financial Statements**  
**August 31, 2017 and August 31, 2016**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Other Tuition Discounts*

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

Basis of Accounting

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

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.

Cash and Cash Equivalents

For the purpose of cash flows, the College considers cash and cash equivalents as cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Deferred Outflows

In addition to assets, the College is aware that 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 permitted only to report deferred outflows in circumstances specifically authorized by the GASB. The College has deferred outflows related to the pension plan, see additional information in Note 8.

**RANGER COLLEGE DISTRICT**  
**Notes to the Financial Statements**  
**August 31, 2017 and August 31, 2016**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Non-Current Cash and Investments

Non-current cash and cash equivalents are set aside and classified as restricted assets on the Statement of Net Position because they are maintained in separate bank accounts and their use is limited to obligations, such as, scholarships, grant requirements, revenue bonds, and construction.

Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, the College reports investments 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.

Capital Assets

The College records capital assets at cost at the date of acquisition, or fair value at the date of donation. For equipment, the College's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life in excess of one year. The College capitalizes renovations of \$5,000 to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. The College charges costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives to operating expense in the year in which the expense is incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings, 20 years for land improvements, 15 years for library books, 10 years for furniture, machinery, vehicles and other equipment, and 5 years for telecommunications and peripheral equipment.

**RANGER COLLEGE DISTRICT**  
**Notes to the Financial Statements**  
**August 31, 2017 and August 31, 2016**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Pensions

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

Unearned Revenues

Revenues, primarily consisting of tuition, fees, meal charges, and resident hall charges, related to academic terms in the next fiscal year are recorded on the Statement of Net Position as unearned revenue in the current fiscal year. Tuition and fees of \$4,234,247 and \$3,797,329 and federal and state grants of \$135,543 and \$57,381 have been reported as unearned revenue at August 31, 2017 and August 31, 2016, respectively.

Deferred Inflows

In addition to liabilities, the College is aware that the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so is not recognized as an inflow of resources (revenue) until that time. Governments are permitted only to report deferred inflows in circumstances specifically authorized by the GASB. The College has deferred inflows related to the pension plan, see additional information in Note 8.

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

**RANGER COLLEGE DISTRICT**  
**Notes to the Financial Statements**  
**August 31, 2017 and August 31, 2016**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Operating and Non-Operating Revenues and Expenses

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

Application of Restricted and Unrestricted Resources

The College's policy is to first apply an expense against restricted resources then towards unrestricted resources, when both restricted and unrestricted resources are available to pay an expense.

**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.

**4. DEPOSITS AND INVESTMENTS**

The College's deposits and investments are invested pursuant to the Investment Policy, which is approved annually by the College's Board. The Investment Policy includes a list of authorized investment instruments. The Board has only authorized Ranger College to invest in Certificates of Deposit; however the College may hold investments that were authorized investments at the time of purchase or receipt. No other investments shall be made without approval of a majority of the Board of Regents.

**RANGER COLLEGE DISTRICT**  
**Notes to the Financial Statements**  
**August 31, 2017 and August 31, 2016**

**4. DEPOSITS AND INVESTMENTS (Continued)**

**Cash and Deposits**

Cash and Cash Equivalents reported on Exhibit 1, Statements of Net Position, consist of the items reported below:

	August 31,	
	2017	2016
Bank Deposits with Financial Institutions	\$ 14,481,843	\$ 5,942,839
Petty Cash	1,750	2,340
Total Cash and Cash Equivalents	\$ 14,483,593	\$ 5,945,179

Interest Rate Risk – In accordance with the College’s investment policy, the College does not purchase any investments with maturities greater than one year. As of August 31, 2017 and August 31, 2016, the College had no investments and was not exposed to interest rate risk.

Credit Risk – The College has no formal policy addressing credit risk. However, the safety of principal is the primary objective of the College’s investment policy. As of August 31, 2017 and August 31, 2016, the College had no investments and was not exposed to credit risk.

Concentration of Credit Risk - The College does not place a limit on the amount that may be invested in any one issue. As of August 31, 2017 and August 31, 2016, the College had no investments and was not exposed to concentration of credit risk.

Custodial Credit Risk – Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution’s trust department or agent but not in the College’s name. At August 31, 2017 and at August 31, 2016, the College’s cash and cash equivalents were not exposed to custodial credit risk.

**RANGER COLLEGE DISTRICT**  
**Notes to the Financial Statements**  
**August 31, 2017 and August 31, 2016**

**4. DEPOSITS AND INVESTMENTS (Continued)**

**Reconciliation of Deposits and Investments Between Note 4 and Exhibit 1 for Primary Government:**

	<u>August 31,</u>	
	<u>2017</u>	<u>2016</u>
Per Note 4:		
Cash and Cash Equivalents	<u>\$ 14,483,593</u>	<u>\$ 5,945,179</u>
Total Deposits and Investments	<u>\$ 14,483,593</u>	<u>\$ 5,945,179</u>
Per Exhibit 1:		
Cash and Cash Equivalents	\$ 5,040,212	\$ 5,363,892
Restricted Cash and Cash Equivalents	<u>9,443,381</u>	<u>581,287</u>
Total Deposits and Investments	<u>\$ 14,483,593</u>	<u>\$ 5,945,179</u>

**RANGER COLLEGE DISTRICT**  
**Notes to the Financial Statements**  
**August 31, 2017 and August 31, 2016**

**5. CAPITAL ASSETS**

Capital assets activity for the years ended August 31, 2017 and 2016 was as follows:

	Balance 9/1/2016	Increases	Decreases	Balance 8/31/2017
<u>Not Depreciated:</u>				
Land	\$ 739,948	\$ -	\$ -	\$ 739,948
Construction in Progress	2,720,649	2,597,052	2,450,969	2,866,732
Subtotal	3,460,597	2,597,052	2,450,969	3,606,680
<u>Other Capital Assets:</u>				
Buildings and Improvements	7,393,900	3,083,769	12,445	10,465,224
Land Improvements	342,808	11,326	-	354,134
Leasehold Improvements	729,790	-	12,985	716,805
Library Books	150,185	15,308	-	165,493
Vehicles and Equipment	2,046,442	740,879	366,841	2,420,480
Subtotal	10,663,125	3,851,282	392,271	14,122,136
<u>Accumulated Depreciation:</u>				
Buildings and Improvements	2,749,127	198,342	1,245	2,946,224
Land Improvements	274,959	11,233	-	286,192
Leasehold Improvements	705,222	2,155	7,990	699,387
Library Books	119,126	10,352	-	129,478
Vehicles and Equipment	1,186,097	223,057	309,488	1,099,666
Subtotal	5,034,531	445,139	318,723	5,160,947
Net Other Capital Assets	5,628,594	3,406,143	73,548	8,961,189
Net Capital Assets	<u>\$ 9,089,191</u>	<u>\$ 6,003,195</u>	<u>\$ 2,524,517</u>	<u>\$ 12,567,869</u>



**RANGER COLLEGE DISTRICT**  
**Notes to the Financial Statements**  
**August 31, 2017 and August 31, 2016**

**5. CAPITAL ASSETS (Continued)**

	Balance 9/1/2015	Increases	Decreases	Balance 8/31/2016
<u>Not Depreciated:</u>				
Land	\$ 739,948	\$ -	\$ -	\$ 739,948
Construction in Progress	248,386	2,472,263	-	2,720,649
Subtotal	988,334	2,472,263	-	3,460,597
<u>Other Capital Assets:</u>				
Buildings and Improvements	7,049,518	344,382	-	7,393,900
Land Improvements	342,808	-	-	342,808
Leasehold Improvements	702,840	26,950	-	729,790
Library Books	150,185	-	-	150,185
Vehicles and Equipment	1,829,235	224,357	7,150	2,046,442
Subtotal	10,074,586	595,689	7,150	10,663,125
<u>Accumulated Depreciation:</u>				
Buildings and Improvements	2,587,715	161,412	-	2,749,127
Land Improvements	263,819	11,140	-	274,959
Leasehold Improvements	606,278	98,944	-	705,222
Library Books	109,113	10,013	-	119,126
Vehicles and Equipment	1,002,022	189,199	5,124	1,186,097
Subtotal	4,568,947	470,708	5,124	5,034,531
Net Other Capital Assets	5,505,639	124,981	2,026	5,628,594
Net Capital Assets	<u>\$ 6,493,973</u>	<u>\$ 2,597,244</u>	<u>\$ 2,026</u>	<u>\$ 9,089,191</u>

For the fiscal year ended August 31, 2017, the College capitalized interest expense of \$28,258 on the Ranger campus additions and renovations project related to the Series 2017 Limited Tax Bond. For the fiscal years ended August, 31, 2017 and 2016, the College capitalized interest expense of \$58,084 and \$119,207 on the Stephenville campus renovation project in progress related to the Series 2014 Revenue Bond. For the fiscal years ended August 31, 2017 and 2016, the College incurred a total of \$215,510 and \$196,799, respectively, of interest cost for all debt outstanding.

**RANGER COLLEGE DISTRICT**  
**Notes to the Financial Statements**  
**August 31, 2017 and August 31, 2016**

**6. LONG-TERM LIABILITIES**

Long-term liability activity for the years ended August 31, 2017 and 2016 was as follows:

	Balance September 1, 2016	Additions	Reductions	Balance August 31, 2017	Current Portion
Revenue Bonds Payable	\$ 5,309,000	\$ -	\$ 285,000	\$ 5,024,000	\$ 295,000
Limited Tax Bonds Payable	-	9,745,000	-	9,745,000	65,000
Bond Premium	-	254,885	510	254,375	18,949
Note Payable	-	1,962,287	-	1,962,287	-
Net Pension Liability	1,251,307	265,371	146,017	1,370,661	n/a
Compensated Absences	110,600	131,286	131,286	110,600	90,358
<b>Total Long-Term Liabilities</b>	<b>\$ 6,670,907</b>	<b>\$ 12,358,829</b>	<b>\$ 562,813</b>	<b>\$ 18,466,923</b>	<b>\$ 469,307</b>

	Balance September 1, 2015	Additions	Reductions	Balance August 31, 2016	Current Portion
Revenue Bonds Payable	\$ 5,585,000	\$ -	\$ 276,000	\$ 5,309,000	\$ 285,000
Net Pension Liability	1,005,230	417,891	171,814	1,251,307	n/a
Compensated Absences	94,517	93,744	77,661	110,600	92,494
<b>Total Long-Term Liabilities</b>	<b>\$ 6,684,747</b>	<b>\$ 511,635</b>	<b>\$ 525,475</b>	<b>\$ 6,670,907</b>	<b>\$ 377,494</b>

**7. DEBT OBLIGATIONS**

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

Revenue Bonds

- Combined Fee Revenue Bond, Series 2013
- To purchase and renovate a building in Stephenville to be used for instruction.
- Issued May 15, 2013.
- Original balance of \$3,000,000 is payable in thirty semi-annual installments varying from \$160,000 to \$243,000, which includes interest at a rate of 2.95%.
- Final installment is due June 1, 2028.
- Source of revenue for debt service – tuition and fees.
- Outstanding principal balance of \$2,324,000 and \$2,501,000 at August 31, 2017 and August 31, 2016, respectively.

**RANGER COLLEGE DISTRICT**  
**Notes to the Financial Statements**  
**August 31, 2017 and August 31, 2016**

**7. DEBT OBLIGATIONS (Continued)**

Revenue Bonds

- Combined Fee Revenue Bond, Series 2014
- To purchase and renovate a building in Stephenville to be used for instruction.
- Issued July 1, 2014.
- Original balance of \$3,000,000 is payable in forty semi-annual installments varying from \$88,000 to \$215,000, which includes interest at a rate of 4.1%.
- Final installment is due August 15, 2034.
- Source of revenue for debt service – tuition and fees.
- Outstanding principal balance of \$2,700,000 and \$2,808,000 at August 31, 2017 and August 31, 2016, respectively.

Limited Tax Bonds

- Limited Tax Bond, Series 2017
- To renovate, construct and equip school buildings and pay the costs of issuing the bonds.
- Issued March 1, 2017.
- Original balance of \$9,745,000 is payable in fifty-seven semi-annual installments varying from \$65,000 to \$560,000, which includes interest rates from 2% to 4%.
- Final installment is due February 15, 2046.
- Source of revenue for debt service – assessment of property taxes.
- Outstanding principal balance of \$9,745,000 at August 31, 2017.

Note Payable - State Energy Conservation Office

- To fund Energy Conservation Measures.
- Original loan date – December 8, 2016
- Total available to draw down is \$1,968,046 of which \$1,962,287 was drawn down at August 31, 2017.
- Payable in accordance with the terms of the Loan Payment Schedule which will be finalized once the project is complete.
- Interest accrues at a rate of 2% from the date of the borrowing.
- Source of revenue for debt service – unrestricted revenue.
- Outstanding principal balance of \$1,962,287 at August 31, 2017.

**RANGER COLLEGE DISTRICT**  
**Notes to the Financial Statements**  
**August 31, 2017 and August 31, 2016**

**7. DEBT OBLIGATIONS (Continued)**

The principal and interest expense requirements for the next five years and beyond are summarized below for the debt issued.

Year Ended August 31,	Revenue Bonds Payable			Limited Tax Bonds Payable			Amortization of Bond Premium
	Bonds Principal	Interest	Total	Bonds Principal	Interest	Total	
2018	\$ 295,000	\$ 179,258	\$ 474,258	\$ 65,000	\$ 509,783	\$ 574,783	\$ 18,949
2019	305,000	169,258	474,258	200,000	366,174	566,174	13,762
2020	315,000	158,902	473,902	210,000	360,025	570,025	13,531
2021	326,000	148,208	474,208	215,000	352,575	567,575	13,249
2022	337,000	137,128	474,128	225,000	343,775	568,775	12,918
2023 - 2027	1,866,000	505,322	2,371,322	1,250,000	1,602,850	2,852,850	60,236
2028 - 2032	1,159,000	209,089	1,368,089	1,470,000	1,374,000	2,844,000	51,612
2033 - 2037	421,000	26,075	447,075	1,800,000	1,048,000	2,848,000	39,345
2038 - 2042				2,200,000	649,400	2,849,400	24,349
2043 - 2047				2,110,000	172,800	2,282,800	6,424
Total	<u>\$5,024,000</u>	<u>\$1,533,240</u>	<u>\$6,557,240</u>	<u>\$9,745,000</u>	<u>\$6,779,382</u>	<u>\$16,524,382</u>	<u>\$ 254,375</u>

The project related to the State Energy Conservation Office Note Payable is in progress at August 31, 2017, and therefore an amortization schedule has not been released.

**8. EMPLOYEES' RETIREMENT PLANS**

Teacher Retirement System of Texas - Defined Benefit Pension Plan

***Plan Description***

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

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

**RANGER COLLEGE DISTRICT**  
**Notes to the Financial Statements**  
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**8. EMPLOYEES' RETIREMENT PLANS (Continued)**

***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. The College's portion of the plan's fiduciary net position has been determined on the same basis as that used by the plan. The plan is reported using the economic resources measurement focus and the accrual basis of accounting. The plan reports investments at fair value. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan. The Teacher Retirement System's Comprehensive Annual Financial Report may be obtained on the Internet at [http://www.trs.state.tx.gov/TRS%20Documents/cafr\\_2016.pdf](http://www.trs.state.tx.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 credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic cost of living adjustments (COLA). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan Description above.

***Contributions***

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

**RANGER COLLEGE DISTRICT**  
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**8. EMPLOYEES' RETIREMENT PLANS (Continued)**

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

	<u>Contribution Rates</u>	
	<u>Fiscal Years</u>	
	<u>2016</u>	<u>2017</u>
Member	7.2%	7.7%
Non-Employer Contributing Entity (NECE) - State	6.8%	6.8%
Employers	6.8%	6.8%

<u>Contributions</u>	
2016 Employer Contributions	\$109,468
2016 Member Contributions	\$202,266
2016 NECE On-behalf Contributions	\$144,323

The College's contributions to the TRS pension plan in 2017 fiscal year were \$134,611 as reported in the Schedule of College's Contributions in the Required Supplementary Information section of these financial statements. Estimated State of Texas on-behalf contributions for the 2017 fiscal year were \$86,649.

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

Public junior colleges or junior college districts are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.

**RANGER COLLEGE DISTRICT**  
**Notes to the Financial Statements**  
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**8. EMPLOYEES' RETIREMENT PLANS (Continued)**

- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50 percent of the state contribution rate for certain instructional or administrative employees; and 100 percent of the state contribution rate for all other employees.
- In addition to the employer contributions listed above, when employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

***Actuarial Assumptions***

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

Valuation Date	August 31, 2016
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Single Discount Rate	8.00%
Long-term Expected Investment	
Rate of Return*	8.00%
Municipal Bond Rate*	N/A*
Last year ending August 31 in the	
2016 to 2115 Projection period	
(100 years)	2115
Inflation	2.50%
Payroll Growth Rate	2.50%
Salary Increases including inflation	3.5% to 9.5%
Benefit changes during the year	None
Ad hoc post-employment benefit	
changes	None

*\*If a municipal bond rate was to be used, the rate would be 2.84 percent as of August 31, 2016 (i.e. the weekly rate closest to but not later than the Measurement Date). The source for the rate is the Federal Reserve Statistical Release H.15, citing the Bond Buyer Index of general obligation bonds with 20 years to maturity and an average AA credit rating.*

**RANGER COLLEGE DISTRICT**  
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**8. EMPLOYEES' RETIREMENT PLANS (Continued)**

Actuarial methods and assumptions were updated based on a study of actual experience for the four year period ending August 31, 2014, and adopted on September 24, 2015, by the TRS Board of Trustees, who have sole authority to determine the actuarial assumptions used for the plan. There were no changes to the actuarial assumptions or other inputs that affected the measurement of the total pension liability since the prior measurement period.

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

***Discount Rate***

The discount rate used to measure the total pension liability was 8.0 percent. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8.0 percent. 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:



**RANGER COLLEGE DISTRICT**  
**Notes to the Financial Statements**  
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**8. EMPLOYEES' RETIREMENT PLANS (Continued)**

**Asset Allocation and Long-Term Expected Real Rate of Return**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>	<u>Expected Contribution to Long-Term Portfolio Returns *</u>
<b>Global Equity</b>			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
<b>Stable Value</b>			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
<b>Real Return</b>			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy and Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
<b>Risk Parity</b>			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
<b>Total</b>	<u>100%</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

**RANGER COLLEGE DISTRICT**  
**Notes to the Financial Statements**  
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**8. EMPLOYEES' RETIREMENT PLANS (Continued)**

***Discount Rate Sensitivity Analysis***

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

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
College's proportionate share of the net pension liability:	\$2,121,322	\$1,370,661	\$733,949

***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 net pension liability of \$1,370,661 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the College. The amount recognized by the College as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the College were as follows:

College's Proportionate share of the collective net pension liability	\$1,370,661
State's proportionate share that is associated with the College	<u>1,713,093</u>
Total	<u><u>\$3,083,754</u></u>

The net pension liability was measured as of August 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2015 through August 31, 2016.

At the measurement date of August 31, 2016, the College's proportion of the collective net pension liability was 0.003627 percent, which was an increase of 2.457 percent from its proportion measured as of August 31, 2015.

**RANGER COLLEGE DISTRICT**  
**Notes to the Financial Statements**  
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**8. EMPLOYEES' RETIREMENT PLANS (Continued)**

For the fiscal year ended August 31, 2017, the College recognized pension expense of \$177,778 and revenue of \$177,778 for support provided by the State.

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

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Differences between expected and actual economic experience	\$ 21,492	\$ 40,927
Changes in actuarial assumptions	41,775	37,993
Difference between projected and actual investment earnings	264,128	148,064
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	17,501	42,635
Contributions paid to TRS subsequent to the measurement date	134,611	-
Total	\$ 479,507	\$ 269,619

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

Year ended August 31:	Pension Expense Amount
2018	\$ 139,703
2019	5,092
2020	79,124
2021	(597)
2022	(17,319)
Thereafter	3,885
Total	\$ 209,888

**RANGER COLLEGE DISTRICT**  
**Notes to the Financial Statements**  
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**8. EMPLOYEES' RETIREMENT PLANS (Continued)**

Optional Retirement Plan - Defined Contribution Plan

***Plan Description***

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

***Funding Policy***

Contribution requirements are not actuarially determined but are established and amended by the Texas legislature. The percentages of participant salaries currently contributed by the State/College and each participant are 6.60 percent and 6.65 percent, respectively. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the State has no additional or unfunded liability for this program. S.B. 1812, effective September 1, 2013, limits the amount of the State's contribution to 50 percent of eligible employees in the reporting district.

The retirement expense to the State for the College was \$51,357 and \$49,186 for the fiscal years ended August 31, 2017 and August 31, 2016, respectively. This amount represents the portion of expended appropriations made by the State Legislature on behalf of the College.

The total payroll for all College employees was \$5,594,466 and \$5,218,516 for fiscal years 2017 and 2016, respectively. The total payroll of employees covered by the TRS was \$3,253,820 and \$2,809,247, and the total payroll of employees covered by the Optional Retirement Program was \$1,556,266 and \$1,490,490 for fiscal years 2017 and 2016, respectively.

**9. COMPENSABLE ABSENCES**

Full-time employees earn annual leave at a rate of 7.4 hours per month to a maximum of eighty hours each year. Twelve-month employees become eligible for vacation after one year of service. The College's policy is that an employee may carry his accrued leave forward from one fiscal year to another fiscal year with a maximum of twenty days (160 hours). Employees who fail to work one year forfeit vacation benefits. Employees, who have worked a minimum of one year and terminate their employment with a minimum of a two-week notice, are entitled to payment for all accumulated annual leave up to the maximum allowed. The College recognized the accrued liability for unpaid annual leave in the amount of \$110,600 as of August 31, 2017 and August 31, 2016.

**RANGER COLLEGE DISTRICT**  
**Notes to the Financial Statements**  
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**9. COMPENSABLE ABSENCES (Continued)**

Sick leave is earned at the rate of eight hours per month per contract length and can be accumulated up to a maximum of 480 hours. The College's policy is to recognize the cost of sick leave when paid. The liability is not shown in the financial statements since all accrued sick leave is forfeited by employees upon termination of employment.

**10. HEALTH CARE AND LIFE INSURANCE BENEFITS**

Certain health care and life insurance benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The State recognizes the cost of providing these benefits by expending the annual insurance premiums. The State's contribution per full-time employee was \$617.30 per month for the year ended August 31, 2017, and totaled \$439,483 for the year. The cost of providing those benefits for 30 retirees was \$127,962 and for 103 active employees amounted to \$311,521. The State's contribution per full-time employee was \$576.54 per month for the year ended August 31, 2016, and totaled \$410,080 for the year. The cost of providing those benefits for 31 retirees was \$125,291 and for 94 active employees amounted to \$284,789. S.B. 1812, effective September 1, 2013, limits the amount of the State's contribution to 50 percent of eligible employees in the reporting district.

**11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

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

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

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

**RANGER COLLEGE DISTRICT**  
**Notes to the Financial Statements**  
**August 31, 2017 and August 31, 2016**

**11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

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

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

Beginning September 1, 2013, SB 1812 limited the State's contribution to 50 percent of eligible employees for community colleges.

The College's contributions to SRHP for the years ended August 31, 2017, 2016, and 2015 were \$147,604, \$157,328 and \$149,175, respectively, which equaled the required contributions each year.

**12. PENDING LAWSUITS**

On August 31, 2017 and 2016, various lawsuits and claims involving the College were pending. While the ultimate liability with respect to litigation and other claims asserted against the College cannot be reasonably estimated at this time, this liability, to the extent not provided by insurance or otherwise, is not likely to have a material effect on the College.

**RANGER COLLEGE DISTRICT**  
**Notes to the Financial Statements**  
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**13. DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES**

**Receivables**

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

	August 31,	
	2017	2016
Student Receivables (Net of Allowance of \$2,804,934 and \$2,394,131 for 2017 and 2016, respectively)	\$ 3,802,011	\$ 3,862,560
Taxes Receivable (Net of Allowances of \$21,989 for 2017 and 2016)	38,016	43,147
Federal, State, and Local Grants Receivable	602,783	485,883
Other Accounts Receivable	359,159	47,677
Total Accounts Receivable	<u>\$ 4,801,969</u>	<u>\$ 4,439,267</u>

**Payables**

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

	August 31,	
	2017	2016
Vendor Payable	\$ 739,725	\$ 928,121
Benefit Payable	116,074	66,463
Total Accounts Payable	<u>\$ 855,799</u>	<u>\$ 994,584</u>

**14. CONTRACT AND GRANT AWARDS**

Contract and grant awards are accounted for in accordance with the requirements of the American Institute of Certified Public Accountants. Revenues are recognized on Exhibit 2 and Schedule A. For federal and non-federal contract and grant awards, funds expended, but not collected, are included in Accounts Receivable (net) on Exhibit 1. Contract and grant awards that are not yet funded, and for which the College 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 \$216,891 and \$1,453,066, respectively. Of these amounts, \$37,245 and \$586,725 were from Federal contracts and grant awards and \$179,646 and \$866,341 were from State contracts and grant awards for fiscal years ended 2017 and 2016, respectively.

**RANGER COLLEGE DISTRICT**  
**Notes to the Financial Statements**  
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**15. AD VALOREM TAX**

The College's ad valorem property taxes are 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.

	August 31,	
	2017	2016
Assessed Valuation of the College	\$ 133,160,790	\$ 116,281,880
Less: Exemptions	(888,510)	(730,240)
Less: Abatements	-	-
Net Assessed Valuation of the College	\$ 132,272,280	\$ 115,551,640

	Current Operations	Debt Service	Total
At August 31, 2017			
Tax Rate per \$100 valuation of authorized	\$ 0.50000	\$ -	\$0.50000
Tax Rate per \$100 valuation of assessed	\$ 0.24531	\$ -	\$0.24531
At August 31, 2016			
Tax Rate per \$100 valuation of authorized	\$ 0.50000	\$ -	\$0.50000
Tax Rate per \$100 valuation of assessed	\$ 0.22716	\$ -	\$0.22716

Taxes levied for the years ended August 31, 2017 and 2016 were \$324,472 and \$289,340, respectively. 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.



**RANGER COLLEGE DISTRICT**  
**Notes to the Financial Statements**  
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**15. AD VALOREM TAX (Continued)**

August 31, 2017			
	Current Operations	Debt Service	Total
Current Taxes Collected	\$ 309,536	\$ -	\$ 309,536
Delinquent Taxes Collected	22,670	-	22,670
Penalties and Interest Collected	9,747	-	9,747
<b>Total Gross Collections</b>	<b>341,953</b>	<b>-</b>	<b>341,953</b>
Tax Appraisal & Collection Fees	(19,031)	-	(19,031)
Bad Debt Expense	-	-	-
<b>Total Net Collections</b>	<b>\$ 322,922</b>	<b>\$ -</b>	<b>\$ 322,922</b>
August 31, 2016			
	Current Operations	Debt Service	Total
Current Taxes Collected	\$ 272,527	\$ -	\$ 272,527
Delinquent Taxes Collected	15,468	-	15,468
Penalties and Interest Collected	10,876	-	10,876
<b>Total Gross Collections</b>	<b>298,871</b>	<b>-</b>	<b>298,871</b>
Tax Appraisal & Collection Fees	(18,981)	-	(18,981)
Bad Debt Expense	-	-	-
<b>Total Net Collections</b>	<b>\$ 279,890</b>	<b>\$ -</b>	<b>\$ 279,890</b>

Tax collections for the years ended August 31, 2017 and 2016 were 105% and 103% of the current tax levy, respectively. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted for the use of current operations / maintenance.

**16. INCOME TAXES**

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

**RANGER COLLEGE DISTRICT**  
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**17. COMPONENT UNIT**

Ranger College Foundation, Inc. - Discretely Presented Component Unit

The Ranger College Foundation, Inc. (Foundation) was established as a separate nonprofit organization with the sole purpose of supporting the educational and other activities of the College. The Foundation solicits donations and acts as coordinator of gifts made by other parties. It remitted \$25,000 and \$106,990 for other contributions to the College during the years ended August 31, 2017 and 2016, respectively. Also, at August 31, 2017 and 2016, the College reported a receivable from the Foundation of \$4,610 and \$3,607, respectively, and a payable to the Foundation of \$48,393 and \$48,343, respectively. Under GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, an organization should report as a discretely presented component unit those organizations that raise and hold economic resources for the direct benefit of a government unit. Accordingly, the Foundation's financial statements are included in the College's annual report as a discretely presented component unit (see table of contents).

**18. OPERATING LEASE COMMITMENTS AND RENTAL AGREEMENT**

Expenses include \$258,557 and \$251,425 for rent paid under operating leases during the fiscal years ended August 31, 2017 and August 31, 2016, respectively. Future minimum lease rental payments under noncancellable operating leases having an initial term in excess of one year as of August 31, 2017 are as follows:

Year Ended August 31,	Amount
2018	\$ 215,645
2019	157,947
2020	87,837
2021	<u>3,360</u>
Total	<u>\$ 464,789</u>

**19. RISK MANAGEMENT**

The College has the responsibility for making and carrying out decisions that will minimize the adverse effects of accidental losses that involve the College's assets. Accordingly, commercial insurance coverages are obtained to include general liability, property and casualty, employee and automobile liability, fidelity, public official's liability and certain other risks. The amounts of settlements during each of the past three fiscal years have not exceeded insurance coverage.

**RANGER COLLEGE DISTRICT**  
**Notes to the Financial Statements**  
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**20. SUBSEQUENT EVENTS**

The College has evaluated subsequent events through February 19, 2018, the date the financial statements were available to be issued. On December 28, 2017, the College entered into a construction related commitment that included three projects totaling \$8,183,238 for the Ranger campus location that will be paid from the 2017 Limited Tax Bonds.

**REQUIRED SUPPLEMENTARY INFORMATION**

**RANGER COLLEGE DISTRICT**  
**Schedule of the College's Share of Net Pension Liability**  
**Last Three Fiscal Years \*\***

<u>Fiscal Year Ending August 31*</u> ,	<u>2017</u>	<u>2016</u>	<u>2015</u>
College's proportionate share of collective net pension liability (NPL) (%)	0.0036272%	0.0035399%	0.0037633%
College's proportionate share of collective NPL (\$)	\$ 1,370,661	\$ 1,251,307	\$ 1,005,230
State's proportionate share of NPL associated with the College	<u>1,713,093</u>	<u>(34,084)</u>	<u>628,357</u>
Total	<u>\$ 3,083,754</u>	<u>\$ 1,217,223</u>	<u>\$ 1,633,587</u>
College's covered payroll	\$ 3,253,820	\$ 2,186,874	\$ 1,992,401
College's proportionate share of collective NPL as a percentage of covered payroll	42.12%	57.22%	50.45%
Plan fiduciary net position as percentage of total pension liability	78.00%	78.43%	83.25%

\*The amounts presented above are as of the measurement date of the collective net pension liability for the respective fiscal year.

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

**RANGER COLLEGE DISTRICT**  
**Schedule of the College's Contributions**  
**Last Three Fiscal Years \*\***

<u>Fiscal Year Ending August 31*,</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Legally required contributions	\$ 134,611	\$ 109,468	\$ 110,821
Actual contributions	134,611	109,468	110,821
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll amount	\$ 3,253,820	\$ 2,809,247	\$ 2,186,874
Contributions as a percentage of covered payroll	4.14%	3.90%	5.07%

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

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

**RANGER COLLEGE DISTRICT**  
**Notes to Required Supplementary Information**  
**For the Year Ended August 31, 2017**

**1. PENSION LIABILITY**

Changes of Assumptions

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

Changes in Benefit Terms

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

**SUPPLEMENTAL INFORMATION**



**RANGER COLLEGE DISTRICT**  
**Schedule A**  
**Schedule of Operating Revenues**  
**For the Year Ended August 31, 2017**  
(With Memorandum Totals for the Year Ended August 31, 2016)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	Totals	
					August 31, 2017	Restated August 31, 2016
<b>Tuition</b>						
State Funded Credit Courses						
In-District Resident Tuition	\$ 55,771	\$ -	\$ 55,771	\$ -	\$ 55,771	\$ 62,125
Out-of-District Resident Tuition	3,784,650	-	3,784,650	-	3,784,650	3,527,463
Non-Resident Tuition	121,653	-	121,653	-	121,653	149,194
TPEG - credit (set aside)*	164,961	-	164,961	-	164,961	237,772
State Funded Continuing Education	763,577	-	763,577	-	763,577	585,100
Non-State Funded Continuing Education	-	-	-	-	-	-
Non-course remedial instruction	-	-	-	-	-	-
<b>Total Tuition</b>	<b>4,890,612</b>	<b>-</b>	<b>4,890,612</b>	<b>-</b>	<b>4,890,612</b>	<b>4,561,654</b>
<b>Fees</b>						
General Fee	661,218	-	661,218	-	661,218	610,381
Laboratory Fee	97,541	-	97,541	-	97,541	113,036
Registration fees	351,692	-	351,692	-	351,692	349,104
Educational Service fees	210,695	-	210,695	-	210,695	218,346
Other fees	1,518,444	-	1,518,444	-	1,518,444	1,363,397
<b>Total Fees</b>	<b>2,839,590</b>	<b>-</b>	<b>2,839,590</b>	<b>-</b>	<b>2,839,590</b>	<b>2,654,264</b>
<b>Scholarship Allowances and Discounts</b>						
Bad Debt Allowance	(451,697)	-	(451,697)	-	(451,697)	(394,856)
Scholarship Allowances	(861,473)	-	(861,473)	-	(861,473)	(693,924)
Title IV Federal Program	(2,171,784)	-	(2,171,784)	-	(2,171,784)	(1,952,973)
TPEG Awards	(62,800)	-	(62,800)	-	(62,800)	(73,175)
Other State Grants	(36,294)	-	(36,294)	-	(36,294)	(3,926)
<b>Total Scholarship Allowances</b>	<b>(3,584,048)</b>	<b>-</b>	<b>(3,584,048)</b>	<b>-</b>	<b>(3,584,048)</b>	<b>(3,118,854)</b>
<b>Total Net Tuition and Fees</b>	<b>4,146,154</b>	<b>-</b>	<b>4,146,154</b>	<b>-</b>	<b>4,146,154</b>	<b>4,097,064</b>
<b>Additional Operating Revenues</b>						
Federal Grants and Contracts	7,515	423,487	431,002	-	431,002	445,937
State Grants and Contracts	-	1,342,771	1,342,771	-	1,342,771	662,162
Non-Governmental Grants and Contracts	120,000	22,500	142,500	-	142,500	190,000
Sales and Services of Educational Activities	41,376	-	41,376	-	41,376	46,609
Other Operating Revenues	283,586	-	283,586	-	283,586	150,762
<b>Total Additional Operating Revenues</b>	<b>452,477</b>	<b>1,788,758</b>	<b>2,241,235</b>	<b>-</b>	<b>2,241,235</b>	<b>1,495,470</b>
<b>Auxiliary Enterprises</b>						
Residential life	-	-	-	385,349	385,349	529,368
Less Discounts	-	-	-	(215,545)	(215,545)	(206,818)
Bookstore	-	-	-	267,896	267,896	563,712
Less Discounts	-	-	-	(82,432)	(82,432)	(226,215)
Food Services	-	-	-	826,313	826,313	906,047
Less Discounts	-	-	-	(444,246)	(444,246)	(558,621)
Intercollegiate Athletics	-	-	-	73,885	73,885	202,418
Student Services	-	-	-	1,770	1,770	4,302
Child Care Services	-	-	-	136,824	136,824	50
<b>Total Net Auxiliary Enterprises</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>949,814</b>	<b>949,814</b>	<b>1,214,243</b>
<b>Total Operating Revenues</b>	<b>\$ 4,598,631</b>	<b>\$ 1,788,758</b>	<b>\$ 6,387,389</b>	<b>\$ 949,814</b>	<b>\$ 7,337,203</b>	<b>\$ 6,806,777</b>
					(Exhibit 2)	(Exhibit 2)

\* In accordance with Education Code 56.033, \$164,961 and \$237,772 for years August 31, 2017 and 2016, respectively, of tuition was set aside for Texas Public Education Grants (TPEG).

**RANGER COLLEGE DISTRICT**  
**Schedule B**  
**Schedule of Operating Expenses by Object**  
**For the Year Ended August 31, 2017**  
**(With Memorandum Totals for the Year Ended August 31, 2016)**

	<u>Operating Expenses</u>				<u>Totals</u>	
	<u>Salaries and Wages</u>	<u>Benefits</u>		<u>Other Expenses</u>	<u>August 31, 2017</u>	<u>August 31, 2016</u>
		<u>State Benefits</u>	<u>Local Benefits</u>			
Unrestricted Educational Activities						
Instruction	\$ 3,134,282	\$ -	\$ 665,697	1,025,491	\$ 4,825,470	\$ 4,578,068
Academic Support	349,192	-	74,166	48,138	471,496	758,814
Student Services	406,021	-	86,236	56,861	549,118	494,824
Institutional Support	814,727	-	173,041	1,008,817	1,996,585	1,779,151
Operation and Maintenance of Plant	188,551	-	-	363,597	552,148	622,952
<b>Total Unrestricted Educational Activities</b>	<b>4,892,773</b>	<b>-</b>	<b>999,140</b>	<b>2,502,904</b>	<b>8,394,817</b>	<b>8,233,809</b>
Restricted Educational Activities						
Instruction	162,983	425,031	3,942	795,979	1,387,935	1,084,367
Academic Support	-	47,353	-	-	47,353	63,786
Student Services	166,046	55,059	36,208	38,625	295,938	288,172
Institutional Support	-	110,483	-	-	110,483	81,599
Operation and Maintenance of Plant	-	-	-	-	-	6,806
Scholarships and Fellowships	-	-	-	769,211	769,211	668,931
<b>Total Restricted Educational Activities</b>	<b>329,029</b>	<b>637,926</b>	<b>40,150</b>	<b>1,603,815</b>	<b>2,610,920</b>	<b>2,193,661</b>
<b>Total Educational Activities</b>	<b>5,221,802</b>	<b>637,926</b>	<b>1,039,290</b>	<b>4,106,719</b>	<b>11,005,737</b>	<b>10,427,470</b>
Auxiliary Enterprises	372,664	-	25,613	2,366,331	2,764,608	2,364,277
Depreciation Expense - Buildings and Land Improvements	-	-	-	211,730	211,730	271,496
Depreciation Expense - Furniture, Machinery, Vehicles, and Other Equipment	-	-	-	233,409	233,409	199,212
<b>Total Operating Expenses</b>	<b>\$ 5,594,466</b>	<b>\$ 637,926</b>	<b>\$ 1,064,903</b>	<b>\$ 6,918,189</b>	<b>\$ 14,215,484</b>	<b>\$ 13,262,455</b>
				(Exhibit 2)	(Exhibit 2)	

**RANGER COLLEGE DISTRICT**  
**Schedule C**  
**Schedule of Non-Operating Revenues and Expenses**  
**For the Year Ended August 31, 2017**  
**(With Memorandum Totals for the Year Ended August 31, 2016)**

	Unrestricted	Restricted	Auxiliary Enterprises	Totals	
				August 31, 2017	August 31, 2016
<b>Non-Operating Revenues</b>					
<b>State Appropriations</b>					
Education and General State Support	\$ 3,584,306	\$ -	\$ -	\$ 3,584,306	\$ 3,579,205
State Group Insurance	-	439,483	-	439,483	410,080
State Retirement Matching	-	195,680	-	195,680	46,330
Professional Nursing Shortage Reduction	-	13,894	-	13,894	9,515
Miscellaneous Revenues	-	-	-	-	12,628
<b>Total State Appropriations</b>	<b>3,584,306</b>	<b>649,057</b>	<b>-</b>	<b>4,233,363</b>	<b>4,057,758</b>
Maintenance Ad Valorem Taxes	341,953	-	-	341,953	298,871
Federal Revenue, Non-Operating	-	2,969,647	-	2,969,647	2,822,318
Gifts	25,074	-	-	25,074	140,118
Investment Income	65,077	-	-	65,077	5,057
<b>Total Non-Operating Revenue</b>	<b>4,016,410</b>	<b>3,618,704</b>	<b>-</b>	<b>7,635,114</b>	<b>7,324,122</b>
<b>Non-Operating Expenses</b>					
Interest on Capital Related Debt	406,712	-	-	406,712	77,592
Loss on Disposal of Capital Assets	23,551	-	-	23,551	2,026
<b>Total Non-Operating Expenses</b>	<b>430,263</b>	<b>-</b>	<b>-</b>	<b>430,263</b>	<b>79,618</b>
<b>Net Non-Operating Revenues (Expenses)</b>	<b>\$ 3,586,147</b>	<b>\$ 3,618,704</b>	<b>\$ -</b>	<b>\$ 7,204,851</b>	<b>\$ 7,244,504</b>
				(Exhibit 2)	(Exhibit 2)

RANGER COLLEGE DISTRICT  
Schedule D  
Schedule of Net Position by Source and Availability  
For the 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 and Related Debt	Total	Yes	No
		Expendable	Non-Expendable				
Current							
Unrestricted	\$ 2,947,792	\$	\$	\$	\$ 2,947,792	\$ 2,947,792	\$
Board Designated					-		
Restricted					-		
Student Aid					-		
Instructional Programs					-		
Auxiliary Enterprises					-		
Loan					-		
Endowment					-		
Quasi					-		
Unrestricted					-		
Restricted					-		
Endowment					-		
True					-		
Term (per instructions at maturity)					-		
Life Income Contracts					-		
Annuities					-		
Plant					-		
Unexpended					-		
Capital Projects					-		
Debt Service		286,767			286,767		286,767
Investment in Plant				4,738,821	4,738,821		4,738,821
<b>Totals</b>							
Net Position, August 31, 2017	2,947,792	286,767	-	4,738,821	7,973,380 (Exhibit 1)	2,947,792	5,025,588
Net Position, August 31, 2016	3,285,332	286,669	-	4,074,809	7,646,810 (Exhibit 2)	3,179,082	4,467,728
<b>Net Increase (Decrease) in Net Position</b>	<u>\$ (337,540)</u>	<u>\$ 98</u>	<u>\$ -</u>	<u>\$ 664,012</u>	<u>\$ 326,570</u> (Exhibit 2)	<u>\$ (231,290)</u>	<u>\$ 557,860</u>

**OVERALL COMPLIANCE AND  
INTERNAL CONTROLS SECTION**



**SNOW GARRETT WILLIAMS**  
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Regents  
Ranger College District

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 the Ranger College District, as of and for the year ended August 31, 2017, and the related notes to the financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated February 19, 2018.

**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 opinion 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2017-001 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2017-002 and 2017-003 to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, including the Public Funds Investment Act (Chapter 2256, Texas Government Code), noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We have performed tests designed to verify the College's compliance with the requirements of the Public Funds Investment Act. During the year ended August 31, 2017, no instances of noncompliance were noted.

### **Ranger College District's Response to Findings**

Ranger College District's response to the findings identified in our audit is described in the accompanying corrective action plan. The College's response was not subjected to the auditing procedures applied in the audit of the 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Snow Garrett Williams*

Snow Garrett Williams  
February 19, 2018

**RANGER COLLEGE DISTRICT**  
**Summary Schedule of Prior Audit Findings**  
**For the Year Ended August 31, 2017**

**Financial Statement Findings**

Finding 2016-001, 2015-001, 2014-001, 2013-001, 12-1, 11-1, and 10-1: Financial Accounting and Reporting Process.

Condition: Material adjusting entries at fiscal year end were necessary to correct balances and transactions in order to prepare accurate financial statements primarily due to errors in recording transactions in the general ledger during the year.

Auditor's Recommendation: The College should continue developing and implementing policies and procedures to include strong internal controls related to financial reporting and monitoring, including the preparation of reconciliations and recording of financial transactions in the general ledger in a timely manner to produce more useful and accurate financial reports.

Current Status: The discussion for Finding 2017-001 also applies to this Finding.

Finding 2016-002, 2015-006, and 2014-003: Tuition and Fee Revenues.

Condition: The detail reports for tuition and fees revenue related transaction types from the student billing system did not agree to the tuition and fees revenue recorded in the general ledger.

Auditor's recommendation: The College should develop and implement procedures to ensure that student billing system transactions are correctly recorded in the general ledger and that the detailed tuition and fee revenues are reconciled to the general ledger balances regularly.

Current Status: The College implemented the planned corrective action and no similar findings were noted in the fiscal year ending August 31, 2017.

Finding 2016-003, 2015-011, 2014-007, 2013-007, and 12-6: Recording Grant Receivables and Revenue.

Condition: Grant receivables and revenues were not recorded consistently in the general ledger.

Auditor's recommendation: The College should record grant receivables and revenue as the related grant expenses are incurred.

Current Status: The discussion for Finding 2017-002 also applies to this Finding.



**RANGER COLLEGE DISTRICT**  
**Summary Schedule of Prior Audit Findings**  
**For the Year Ended August 31, 2017**

Finding 2016-004 and 2015-004: Budget Process

Condition: The Board did not utilize budget controls as designed, including not revising the budget for new departments set up in the general ledger in which amounts were expended.

Auditor's recommendation: The College should document the factors used in building the annual budget which will assist in its periodic review of budget to actual results and assist in constructing the next year's budget. The budget should also be reviewed against actual results monthly and large variances should be investigated and explained so that any necessary corrective action can be considered. These analyses should also be included in the monthly reports to the Board of Regents to assist them in understanding financial results and their implications and to be able to make informed decisions, including approving budget adjustments based on operational changes, if considered necessary.

Current Status: The College implemented the planned corrective action and no similar findings were noted in the fiscal year ending August 31, 2017.

**Federal Award Findings**

U.S. Department of Education

Finding 2016-005 and 2015-023: Federal Pell Grant Program and Federal Direct Student Loans.

Condition: Two students not maintaining good standing, or satisfactory academic progress, were awarded \$11,550 in Federal Pell Grant in the fiscal year. One of the two students also was awarded \$3,500 of Subsidized Direct Loan and \$6,000 of Unsubsidized Direct Loan in the fiscal year.

Auditor's Recommendation: The College's procedures in place to determine the eligibility requirement of maintaining good standing, or satisfactory academic progress, should be followed and monitored for every student applying for federal financial aid and should be maintained in the system if students enroll in subsequent years.

Current Status: The College implemented the planned corrective action and no similar findings were noted in the fiscal year ending August 31, 2017.

**RANGER COLLEGE DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended August 31, 2017**

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

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

Material weakness(es) identified?  X  yes   no

Significant deficiencies identified that are not considered to be material weaknesses?  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 deficiencies identified that are not considered to be material weaknesses?   yes  X  none reported

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

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

Any audit findings disclosed that are required to be reported in accordance with the State of Texas *Uniform Grant Management Standards*?  X  yes   no

Identification of Major Programs:

Federal Awards

U.S. Department of Education:

Student Financial Assistance Cluster of Programs:

CFDA # 84.007 Federal Supplemental Education Opportunity Grant

CFDA # 84.033 Federal College Workstudy Program

CFDA # 84.063 Federal Pell Grant Program

CFDA # 84.268 Federal Direct Student Loans

State Awards

Texas Workforce Commission

N/A Skills Development Fund - Manufacturing Consortium

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

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

**RANGER COLLEGE DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended August 31, 2017**

**Section II – Financial Statement Findings**

Findings required to be reported in accordance with *Government Auditing Standards*:

2017-001 Material Weakness: Financial Accounting and Reporting Process

2016-001

2015-001 Criteria: Timely and accurate financial reports are essential to perform analysis of  
2014-001 financial condition, review data for accuracy and completeness, monitor compliance with  
2013-001 budget appropriations, prepare long-range financial plans, and to safeguard assets.

12-1

11-1 Condition: Many adjusting and reclassifying entries were necessary to correct balances  
10-1 and transactions in order to prepare accurate financial statements.

Cause: It appears that these conditions are the result of weaknesses in internal controls regarding monitoring financial information, reconciliation of financial reports to related documentation, and recording transactions in the general ledger in a timely manner throughout the fiscal year.

Effect: Due to several fiscal year end adjustments to numerous accounts, financial reports prepared throughout the fiscal year could have been relied upon in error.

Auditor's Recommendation: The College should continue developing and implementing policies and procedures to include strong internal controls related to financial reporting and monitoring, including the preparation of reconciliations and recording of financial transactions in the general ledger in a timely manner to produce more useful and accurate financial reports.

2017-002 Significant Deficiency: Recording Grant Receivables, Unearned Revenue, and Revenue

2016-003

2015-011 Criteria: All of the College's operating and nonoperating grant funding should be recorded  
2014-007 as revenue in the general ledger as related grant expenses are incurred. Grant  
2013-007 receivables and unearned grant revenue should also be recorded as revenue is  
12-6 recognized.

Condition: Grant receivables, unearned revenues, and revenues were not recorded consistently in the general ledger.

Cause: The unrecorded grant receivables, unearned revenues, and revenues appear to be a result of College personnel inconsistently recording grant receivables and unearned revenue as the revenue and expenses were incurred.

Effect: The lack of consistently recording grant receivables, unearned revenues, and revenues resulted in understatements in grant revenue and unearned grant revenue and an overstatement in grant receivables.

Auditor's recommendation: The College should record grant receivables, unearned revenue, and revenue as the related grant expenses are incurred and implement procedures to review and reconcile grant related accounts throughout the fiscal year.

**RANGER COLLEGE DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended August 31, 2017**

**Section II – Financial Statement Findings (Continued)**

2017-003 Significant Deficiency: Bank Reconciliation Process

Criteria: Reconciliations of bank accounts are controls designed to help identify errors in entries related to cash. Appropriate controls over cash accounts require complete and timely reconciliations of all bank accounts to the general ledger.

Condition: While some bank reconciliations were prepared timely throughout the fiscal year, several of these reconciliations did not agree to the general ledger and included unreconciled differences. At fiscal year end, the bank reconciliation process was not being performed timely and was approximately four months behind. Prior to the College's adjustments recorded during the fiscal year end reconciliation process, the bank accounts in total were overstated by approximately \$125,000.

Cause: Bank reconciliations prepared throughout the year included balances that did not agree to the general ledger balances. These unreconciled differences were not researched or adjusted for errors or discrepancies and therefore by fiscal year end several accounts were not being properly reconciled in a timely manner.

Effect: Numerous adjustments were necessary to correct the general ledger cash balances at fiscal year end.

Auditor's recommendation: Bank reconciliations should be prepared in a timely manner each month and all unreconciled differences should be immediately researched and resolved. Any bookkeeping errors that are identified should be researched, thoroughly reviewed, and immediately corrected. The source of any errors should be identified and additional controls should be implemented to prevent those errors from recurring in the future.

**RANGER COLLEGE DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended August 31, 2017**

**Section III – Federal and State Award Findings and Questioned Costs**

2017-004 Non-compliance with Procurement, Suspension and Debarment: Skills Development Fund - Manufacturing Consortium

Program: Skills Development Fund - Manufacturing Consortium #0416SDF001 passed through the Texas Workforce Commission

Criteria: According to the College's Local Policy Section C - Business & Support Services, under the Purchasing and Acquisition (CF) section, any single, budgeted purchase of goods or services that costs \$25,000 or more, regardless of whether the goods or services are competitively purchased, shall require Board approval before a transaction may take place.

Condition: The College purchased equipment for \$49,798 without Board approval before the transaction took place.

Questioned Costs: None

Cause: The Board did not approve the purchase of equipment that was \$25,000 or greater.

Effect: The College was not in compliance with their local purchasing and acquisition policy.

Auditor's recommendation: The College's policies and procedures in place for purchasing and acquisition should be followed and monitored for all purchases.

**RANGER COLLEGE DISTRICT**  
**Corrective Action Plan**  
**August 31, 2017**

Ranger College respectfully submits the following corrective action plan for the year ended August 31, 2017.

The findings from the August 31, 2017 Schedule of Findings and Questioned Costs are discussed below. The finding numbers are consistent with the numbers assigned in the schedule.

**Finding – Financial Statements**

The College's Chief Financial Officer (CFO) agrees with the findings and the necessary corrective actions are being reviewed and implemented.

2017-001      Material Weakness: Financial Accounting and Reporting Process

Recommendation: The College should continue developing and implementing policies and procedures to include strong internal controls related to financial reporting and monitoring, including the preparation of reconciliations and recording of financial transactions in the general ledger in a timely manner to produce more useful and accurate financial reports.

Planned Corrective Actions:

1. The College will continue to implement new or improved processes to address the other findings and recommendations in the audit, along with implementing best practices to more wisely manage college resources.

2017-002      Significant Deficiency: Recording Grant Receivables, Unearned Revenue, and Revenue

Recommendation: The College should record grant receivables, unearned revenue, and revenue as the related grant expenses are incurred and implement procedures to review and reconcile grant related accounts throughout the fiscal year.

**RANGER COLLEGE DISTRICT**  
**Corrective Action Plan**  
**August 31, 2017**

Planned Corrective Actions:

1. The College developed a procedure to accrue a receivable and record the revenue when the grantor/sponsor is billed during fiscal year 2017, but did not uniformly implement this process with all grants and contracts.
2. The College has now set up receivable accounts for each major grant and all sponsors to track the receivables due, and will record all payments received into these receivable accounts.
3. Grant receivable accounts will be reconciled quarterly or monthly, depending on the volume of activity.

2017-003

Significant Deficiency: Bank Reconciliation Process

Recommendation: Bank reconciliations should be prepared in a timely manner each month and all unreconciled differences should be immediately researched and resolved. Any bookkeeping errors that are identified should be researched, thoroughly reviewed, and immediately corrected. The source of any errors should be identified and additional controls should be implemented to prevent those errors from recurring in the future.

Planned Corrective Actions:

1. With the departure of our Accountant in June 2017 and her replacement not starting work until September 2017, the College was significantly behind on bank reconciliations. In addition, the reconciliations were not documented in a formal manner.
2. The College has revised our bank reconciliation process to include a reconciliation summary report for each bank account, including balances and outstanding items, and any difference to be reconciled. Required adjustments will be listed on the report and the bank statements and balance report from Poise are included to prove that the bank account is reconciled.
3. Bank reconciliations will be completed by the Accountant by the end of the following month.

**RANGER COLLEGE DISTRICT**  
**Corrective Action Plan**  
**August 31, 2017**

**Finding – Federal and State Awards**

2017-004    Non-compliance with Procurement, Suspension and Debarment: Skills Development Fund – Manufacturing Consortium

Recommendation: The College's policies and procedures in place for purchasing and acquisition should be followed and monitored for all purchases.

Planned Corrective Actions:

1. The Vice President/CFO will develop a process to make certain that purchases which require Board approval are submitted to the Board for approval in a timely manner.



**FEDERAL AWARDS SECTION**



**SNOW GARRETT WILLIAMS**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE OF TEXAS UNIFORM GRANT MANAGEMENT STANDARDS**

To the Board of Regents  
Ranger College District

**Report on Compliance for Each Major Federal and State Program**

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

***Management's Responsibility***

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the College's major federal and state 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*; and *UGMS*. Those standards, the Uniform Guidance, and *UGMS* 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 and state 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 and state program. However, our audit does not provide a legal determination of the College's compliance.

### ***Opinion on Each Major Federal Program***

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

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the *UGMS* and which is described in the accompanying schedule of findings and questioned costs as item 2017-004. Our opinion on each major federal and state program is not modified with respect to this matter.

Ranger College's response to the noncompliance finding identified in our audit is described in the accompanying corrective action plan. Ranger College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

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

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

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

*Snow Garrett Williams*

Snow Garrett Williams

February 19, 2018

**RANGER COLLEGE DISTRICT**  
**Schedule E**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended August 31, 2017**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass-Through Disbursements
U.S. Department of Education			
Direct Programs:			
Student Financial Aid Cluster			
Federal Supplemental Educational Opportunity Grant	84.007		\$ 32,800
Federal College Workstudy Program	84.033		80,581
Federal Pell Grant Program	84.063		2,863,781
Federal Direct Student Loans	84.268		<u>2,642,067</u>
Total Student Financial Aid Cluster			5,619,229
TRIO Cluster			
TRIO - Student Support Services Grant	84.042A		<u>222,551</u>
Total TRIO Cluster			222,551
Pass-Through From:			
Texas Higher Education Coordinating Board			
Career and Technical Education Basic Grants -			
Texas Counselors' Network	84.048	164250	<u>100,901</u>
Total U.S. Department of Education			<u>5,942,681</u>
U.S. Department of Labor			
Pass-Through From:			
North Central Texas Council of Governments			
WIA / WIOA Cluster			
WIA / WIOA Adult Program - Recognized Skills Certification	17.258	FY15-RSC-01	<u>64,526</u>
Total WIA / WIOA Cluster			<u>64,526</u>
Total U.S. Department of Labor			<u>64,526</u>
U.S. Department of Health and Human Services			
Pass Through From:			
Texas Association of Community Colleges			
Temporary Assistance for Needy Families - Self Sufficiency	93.558		<u>35,509</u>
Total U.S. Department of Health and Human Services			<u>35,509</u>
Total Federal Financial Assistance			<u>\$ 6,042,716</u>

See Notes to Schedule on following page.

**RANGER COLLEGE DISTRICT**  
**Schedule E**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended August 31, 2017**

Note 1: Federal Assistance Reconciliation

Federal Grants and Contracts Revenue - per Schedule A	\$ 423,487
Add: Indirect/Administrative Cost Recoveries - per Schedule A	7,515
Add: Non-Operating Revenues - Federal Revenue, non-operating - per Schedule C	2,969,647
Total Federal Revenues per Schedules A and C	\$ 3,400,649
Reconciling Items:	
Federal Direct Student Loans	2,642,067
Total Federal Revenues per Schedule of Expenditures of Federal Awards	\$ 6,042,716

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 to the basic financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the schedule. The College has elected not to use the 10% de minimis cost rate as permitted in the Uniform Guidance, section 200.414.

Note 3: Student Loans Processed and Administrative Costs Recovered

Federal Grantor CFDA Number / Program Name	New Loans Processed	Administrative Cost Recovered	Total Loans Processed & Admin Cost Recovered
U.S. Department of Education 84.268 Federal Direct Student Loans	\$ 2,642,067	\$ -	\$ 2,642,067

**STATE AWARDS SECTION**

**RANGER COLLEGE DISTRICT**  
**Schedule F**  
**Schedule of Expenditures of State Awards**  
**For the Year Ended August 31, 2017**

Grantor Agency/Program Title	Grant Contract Number	Expenditures
Texas Higher Education Coordinating Board Nursing and Allied Health	14132	\$ 122
Professional Nursing Shortage Reduction	12563	13,894
Texas Education Opportunity Grant	17549	141,950
Texas Science, Technology, Engineering, and Mathematics (T-STEM) Challenge Scholarship Program	16908	22,943
Texas Workforce Commission Skills Development Fund - Manufacturing Consortium	0416SDF001	816,134
Skills Development Fund - Dual Credit Program	0916SDF000	194,071
Skills for Small Business Program	0417SSD001	2,200
Jobs and Education for Texans Grant Program	0417JET001	156,671
West Central Texas Workforce Development Board Supplying the Workforce Pipeline for the Energy Industry		<u>8,680</u>
Total State Financial Assistance		<u>\$ 1,356,665</u>

See Notes to Schedule below.

Note 1: State Assistance Reconciliation

State Financial Assistance - per Schedule of Expenditures of State Awards	\$ 1,356,665
Reconciling Items Professional Nursing Shortage Reduction reported on Schedule C	<u>(13,894)</u>
Total State Revenues per Exhibit 2 and Schedule A	<u>\$ 1,342,771</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.



