

BORGER JUNIOR COLLEGE DISTRICT
Borger, Texas

ANNUAL FINANCIAL REPORT
August 31, 2018

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**BORGER JUNIOR COLLEGE DISTRICT
ORGANIZATIONAL DATA
August 31, 2018**

Board of Regents

	<u>Officers</u>	Term Expires <u>May</u>
Scott Radach	Chair	2020
Patrick Nonhof	Vice-Chair	2022
Marlene McKinney	Secretary	2022
	<u>Members</u>	
Lynne White – Spring Creek	Skellytown, Texas	2022
Jesus Heredia, Jr.	Borger, Texas	2024
Ryan Birge	Borger, Texas	2024
Dr. Shad Goldston	Borger, Texas	2024
Kenny Morrison	Borger, Texas	2020
Steve Williams	Borger, Texas	2020

Principal Administrative Officers

Dr. Jud Hicks	President
Dr. Shannon Carroll	Vice President of Academic Affairs
Taryn Fraley	Dean of Career and Technical Education
Amber Jones	Dean of Allen Campus - Perryton
Ilene Walton	Dean of Dalhart Center - Dalhart
Teri Langwell	Director of Accounting
Jackie Brand	Executive Assistant to the President

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Independent Auditor's Report

Board of Regents
Borger Junior College District
Borger, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Borger Junior College District (the College) and its discretely presented component unit as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material, respects, the respective financial position of the College and of its discretely presented component unit as of August 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As described in Note 2 to the financial statements, in 2018, the College adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of the College's Proportionate Share of the Net Pension Liability, and the Schedule of the College's Contributions, Schedule of the College's Proportionate Share of the Net OPEB Liability and Schedule of College's Contributions to the OPEB Plan and Notes to Required Supplemental Information on pages 8-17 and pages 62-66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the College and its discretely presented component unit. The accompanying supplemental information listed in the table of contents, Schedules A, B, C and D, is likewise presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, Schedule E, and Schedule of Expenditures of State of Texas Awards, Schedule F, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State of Texas Uniform Grants Management Standards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2018, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Connor McMillon Mitchell & Shennum PLLC

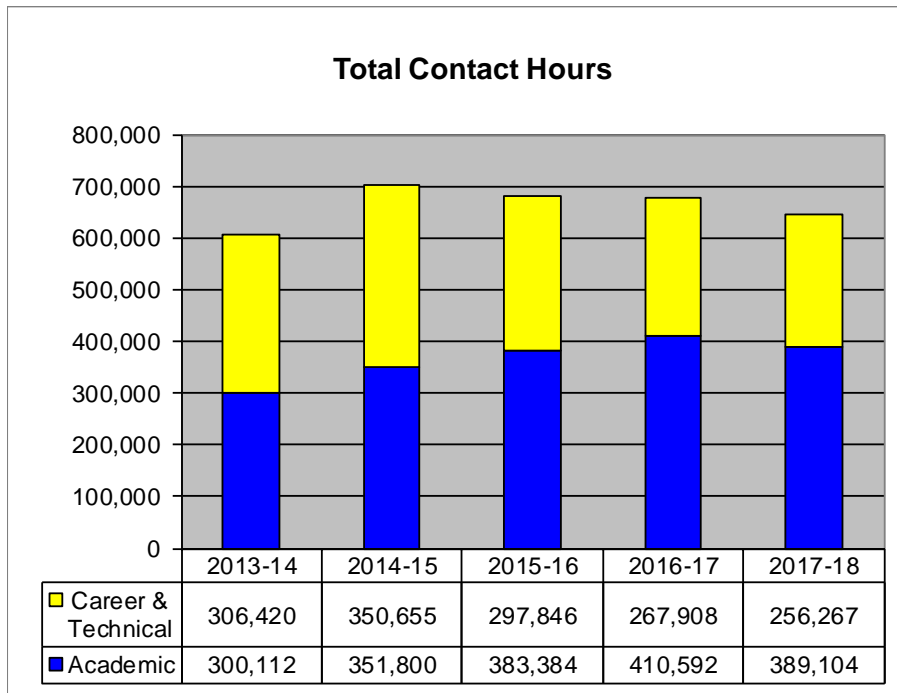
Amarillo, Texas
November 12, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

**BORGER JUNIOR COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending August 31, 2018**

Financial and Enrollment Highlights

- The institution's net position at year-end was \$2,180,165, a decrease of \$6,956,638 or 76.1% for the year. As a result of the adoption of GASB Statement No. 75 (see Note 2 and Note 21 of the Notes to Financial Statements), the College restated its Beginning Net Position by \$6,782,142.
- Contact hours enrollment was down 4.88% overall with a decrease of academic contact hours of 21,488 contact hours (5.23%) and career and technical contact hours down 11,641 or 4.35%.



Statements of Net Position

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

	Primary Institution		
	2018	2017	2016
Current assets			
Cash and cash equivalents	\$ 846,252	\$ 316,385	\$ 613,987
Accounts receivables, net	1,630,600	1,742,127	1,539,079
Other current assets	47,702	15,281	17,442
Total current assets	<u>2,524,554</u>	<u>2,073,793</u>	<u>2,170,508</u>

**BORGER JUNIOR COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending August 31, 2018**

Statements of Net Position (Continued)

	Primary Institution		
	2018	2017	2016
Noncurrent assets			
Restricted cash and cash equivalents	185,000	293,675	633,976
Other long-term investments			
Capital assets, net	12,110,962	12,459,636	12,621,987
Other noncurrent assets	1,600	1,600	1,600
Total noncurrent assets	<u>12,297,562</u>	<u>12,754,911</u>	<u>13,257,563</u>
Total assets	<u>\$ 14,822,116</u>	<u>\$ 14,828,704</u>	<u>\$ 15,428,071</u>
Deferred outflows of resources			
Deferred outflows	\$ 988,235	\$ 651,936	\$ 407,995
Total Deferred outflows	<u>\$ 988,235</u>	<u>\$ 651,936</u>	<u>\$ 407,995</u>
Current liabilities			
Accounts payable	\$ 567,476	\$ 316,794	\$ 389,547
Accrued liabilities	27,470	43,411	62,312
Accrued compensated absences - current portion	87,832	81,226	98,578
Funds held for others	373,950	317,336	252,405
Unearned revenues	1,731,112	1,737,167	1,845,308
Bonds and Note payable - current portion	346,360	339,929	304,288
Total current liabilities	<u>3,134,200</u>	<u>2,835,863</u>	<u>2,952,438</u>
Noncurrent liabilities			
Notes payable	2,082	164,070	267,277
Bonds payable	600,000	785,000	970,000
Net pension liability	2,346,416	2,294,307	1,978,712
Net OPEB liability	5,800,733	-	-
Total noncurrent liabilities	<u>8,749,231</u>	<u>3,243,377</u>	<u>3,215,989</u>
Total liabilities	<u>\$ 11,883,431</u>	<u>\$ 6,079,240</u>	<u>\$ 6,168,427</u>
Deferred inflow of resources			
Deferred inflows	\$ 1,746,755	\$ 264,597	\$ 306,218
Total deferred inflows	<u>\$ 1,746,755</u>	<u>\$ 264,597</u>	<u>\$ 306,218</u>
Net Position			
Net invested in capital assets	\$ 11,162,520	\$ 11,170,637	\$ 11,080,422
Restricted for:			
Expendable:			
Student aid	587,237	475,698	440,847
Debt service	185,000	185,000	180,000
Other	-	-	13,129
Equipment	-	-	-
Unrestricted (deficit)	<u>(9,754,592)</u>	<u>(2,694,532)</u>	<u>(2,352,977)</u>
Total net position	<u>\$ 2,180,165</u>	<u>\$ 9,136,803</u>	<u>\$ 9,361,421</u>

**BORGER JUNIOR COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending August 31, 2018**

Statements of Net Position (Continued)

Cash and cash equivalents consist of cash in the local financial institution's accounts and TexPool; all are interest-bearing accounts. Unrestricted cash and cash equivalents increased by \$421,192 or 69.0%, which is reflected in the Statement of Cash Flows.

Accounts receivable consists primarily of student receivables related to tuition and fees for the fall 2018 semester. Accounts receivable decreased by \$111,527 or 6.4%, decreasing the balance to \$1,630,600.

Other current assets increased by \$32,421 reflecting a balance of \$47,702.

Noncurrent Assets:

Restricted cash and cash equivalents consist of agency and state scholarship funds. The balance of restricted cash and cash equivalents decreased \$108,675 reflecting a balance of \$185,000.

Total capital assets consist of land, library books, construction in progress, buildings, land improvements, and equipment and totals approximately \$28.6 million at year-end. Accumulated depreciation totals approximately \$16.5 million, resulting in net capital assets of approximately \$12.1 million. This reflects a decrease of \$348,674 in net capital assets. Capital assets are detailed in Note 6 of the notes to the financial statements. At year-end, asset additions totaled \$437,515, and depreciation expense was \$786,189. The asset additions include furniture, vehicles, and other equipment \$164,360; and telecommunications and peripheral equipment \$160,990. Also, construction in process, land improvements and additions to buildings of \$112,165.

Current Liabilities:

Accounts payable and accrued liabilities represent amounts due at year-end for goods and services received prior to year-end, but for which cash has not been expended. At year-end the balance of accounts payable was \$567,476, an increase of \$250,682 over the 2017 balance. The balance of accrued liabilities was \$27,470 for 2018 compared to a balance of \$43,411 for 2017. Accrued compensated absences was \$87,832 for 2018 as compared to \$81,266 for 2017. Funds held for others increased \$56,614 (17.8%), bringing the balance to \$373,950.

Unearned revenues represent payments recorded primarily for tuition and fees and food service from students for the upcoming fall 2018 semester. Unearned revenues of \$1,731,112, decreased \$6,055 over last year's ending balance of \$1,737,167.

Notes and bonds payable (current portion) represent the College's long-term debt which is payable within the next fiscal year. The noncurrent portion of debt, \$602,082, decreased \$346,988 from the prior year.

**BORGER JUNIOR COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending August 31, 2018**

Noncurrent Liabilities:

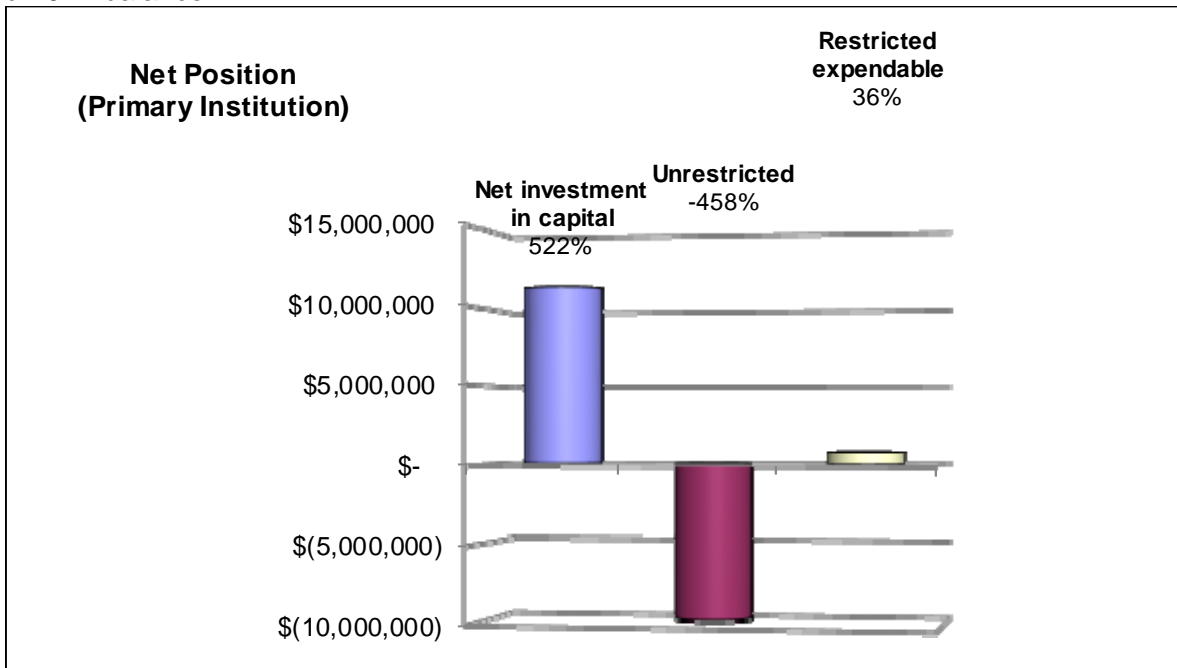
Notes and bonds payable along with net pension liability and net OPEB liability (detailed in Note 2, 10, and 21 of Notes to Financial Statements) represent the College's long-term liabilities which are payable more than twelve months from year-end. Long-term debt consists primarily of revenue bonds related to the construction of the Center for Access & Innovation completed in 2002. The net pension liability of \$2,346,416, reflects an increase of \$52,109 (see Note 10 – Employees' Retirement Plans). The net OPEB liability is \$5,800,733 for year-end 2018 (see Note 21 – Defined Other Postemployment Benefit Plan).

Net Position:

Net position represents the difference between the College's assets and deferred outflows of resources and liabilities and deferred inflows of resources. Total net position at August 31, 2018, was approximately \$2.2 million. Compared to the prior year, net position decreased \$7.0 million for the current year. Primarily to the prior period adjustment of \$6,782,142 related to the net OPEB liability and GASB Statement 75.

Restricted expendable net position consists of \$587,237 set aside for student aid and \$185,000 for debt service. These balances have specific restrictions placed on them by parties external to the College, such as donors and grant agencies.

Unrestricted net position represents those balances from operational activities that have not been restricted by parties external to the College. Unrestricted net position totals (\$9,754,592) which was a decrease of \$7,060,060, including the prior period adjustment of \$6,782,142, over the year-end 2017 balance:



**BORGER JUNIOR COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending August 31, 2018**

Statements of Revenues, Expenses and Changes in Net Position

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

	Primary Institution		
	2018	2017	2016
Operating revenues			
Tuition and fees, net	\$ 1,420,417	\$ 1,479,653	\$ 1,543,126
Grants and contracts	1,483,216	1,266,065	839,502
Auxiliary enterprises	772,651	786,960	722,183
Other	86,365	95,716	58,483
Total operating revenues	<u>3,762,649</u>	<u>3,628,394</u>	<u>3,163,294</u>
Operating expenses			
Institutional expense	10,073,379	9,278,725	9,077,219
Auxiliary enterprises	1,261,840	1,312,532	1,284,302
Depreciation	786,189	807,869	722,943
Total operating expenses	<u>12,121,408</u>	<u>11,399,126</u>	<u>11,084,464</u>
Operating loss	<u>(8,358,759)</u>	<u>(7,770,732)</u>	<u>(7,921,170)</u>
Nonoperating revenues (expenses)			
State appropriations	3,306,429	2,975,626	2,993,203
Ad valorem taxes	2,467,740	2,319,123	1,841,383
Federal revenue, nonoperating	1,980,784	1,904,222	1,949,963
Gifts	433,573	400,439	850,130
Investment income, net of investment expenses	9,247	4,555	2,130
Interest on capital related debt	(31,589)	(47,367)	(48,251)
Gain (loss) on disposal of fixed assets	-	-	(1,194)
Other nonoperating revenues (expenses)	18,079	(10,484)	(34,608)
Net nonoperating revenues (expenses)	<u>8,184,263</u>	<u>7,546,114</u>	<u>7,552,756</u>
Decrease in net position	(174,496)	(224,618)	(368,414)
Net Position – Beginning of Year	9,136,803	9,361,421	9,729,835
Prior Period Adjustment	(6,782,142)	-	-
Net Position - Beginning of Year, Restated	<u>2,354,661</u>	<u>9,361,421</u>	<u>9,729,835</u>
Net Position – End of Year	<u>\$ 2,180,165</u>	<u>\$ 9,136,803</u>	<u>\$ 9,361,421</u>

Operating Revenues:

Tuition and fees, net of discounts, was \$1,420,417 for the year and represents a decrease of \$59,236 or 4.0% compared to the previous year balance of \$1,479,532. For 2018, gross tuition and fees decreased \$61,744 totaling \$3,558,504 and discounts decreased \$2,508. Federal grants to students totaled \$1,675,215 for the current year, compared to the prior year balance of \$1,624,656, an increase of \$50,559 or 3.1%. Gross tuition and fees are netted against discounts

**BORGER JUNIOR COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending August 31, 2018**

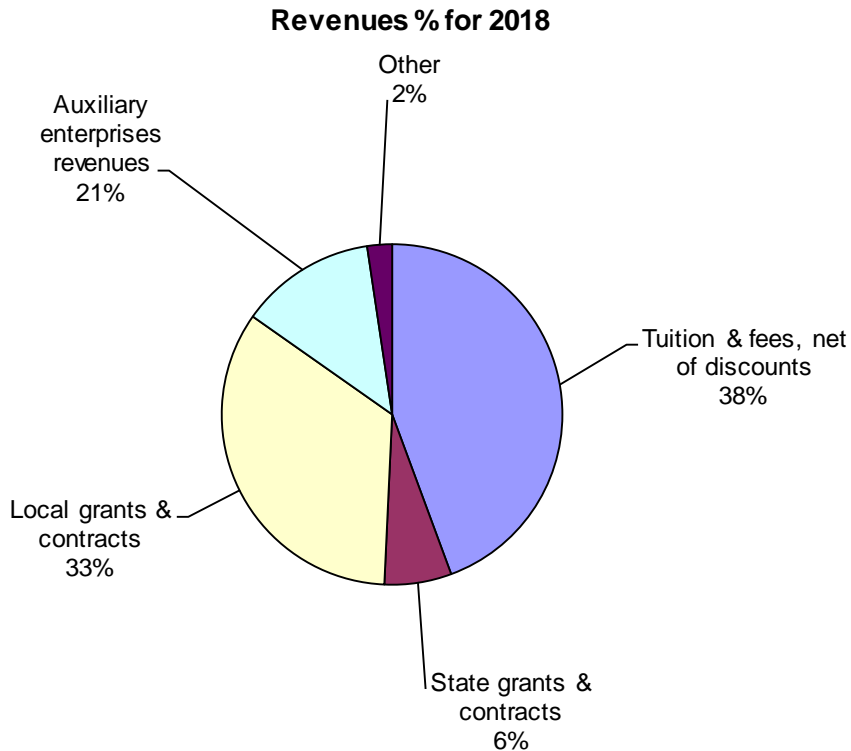
Operating Revenues: (Continued)

and scholarship allowances. Fiscal year (FY) 2018 discounts consist of federal grants to students of \$1,675,215, scholarship allowances of \$382,395, and state remissions and exemptions of \$80,477 – all totaled \$2,138,087 in discounts and allowances. In FY 2017 discounts consist of federal grants to students of \$1,624,656, scholarship allowances of \$445,019, and TPEG/state remissions and exemptions of \$70,920 – all totaled \$2,140,595 in discounts and allowances.

Grants and contracts totaled \$1,483,216 for the year. This includes all restricted revenues made available by government agencies. Grant revenues are recorded only to the extent the funds have been expended for the designated purpose. Total grants and contracts increased \$217,151 or 17.2% over the previous year balance of \$1,266,065.

Auxiliary enterprises consists of various enterprise entities that provide goods or services to students, faculty, staff or the general public and charge a fee directly related to the cost of those goods or services. Auxiliary revenue was \$772,651 for the year, a decrease of \$14,309 from the prior year balance of \$786,960. The Borger Community Activity Center and the residential life are the primary auxiliary components, which generated \$388,028 and \$390,400 (net of discounts) in revenue, respectively, in the current year.

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



**BORGER JUNIOR COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending August 31, 2018**

Operating Expenses by Functional Classification:

	Primary Institution					
	2018	%	2017	%	2016	%
Instruction	\$ 5,599,927	46%	\$ 5,212,626	46%	\$ 4,986,106	44%
Academic support	156,670	1%	163,679	1%	135,450	1%
Student services	818,281	7%	825,864	7%	867,462	8%
Institutional support	2,454,354	20%	2,093,679	18%	1,901,551	17%
Operations and maintenance of plant	836,952	7%	780,863	7%	862,979	8%
Scholarships and fellowships	207,195	2%	202,014	2%	323,671	3%
Auxiliary enterprises	1,261,840	10%	1,312,532	12%	1,284,302	11%
Depreciation	786,189	6%	807,869	7%	722,943	6%
Total by function	\$ 12,121,408	100%	\$ 11,399,126	100%	\$ 11,084,464	97%

Instruction includes expenses for all activities that are part of the College's instructional programs – academic, workforce and technical. Instruction expenses of \$5,599,927 increased \$387,301 or 7.4% compared to the previous year balance of \$5,212,626. Salaries and benefits combined account for \$4,557,721 or 81.4% of total instruction. Instruction continues to outdistance all other classifications, accounting for 46% of the total expenses by function.

Academic support includes expenses to provide support services for the College. This includes costs associated with libraries, academic administration, curriculum development, and technical support including computer service. Academic support totaled \$156,670, representing a 4.3% decrease from the prior year balance of \$163,679.

Student services consists of expenses related to providing the office of admissions and records and activities that primarily contribute to student's emotional and physical well-being and their intellectual, cultural, and social development outside the context of the formal instructional programs. Student services expenses of \$818,281 decreased by \$7,583 or .9% compared to the previous year-end total of \$825,864.

Institutional support consists of expenses incurred for central executive-level management, fiscal operations, administrative data processing, employee and records, support services (excluding auxiliary enterprises), and community and alumni relations (including development and fund raising). Institutional support totaling \$2,454,354 increased \$360,675 or 14.7% from the prior year total of \$2,093,679.

Operations and maintenance of plant consists of all expenses of operations and maintenance of the physical plant. Included are maintenance and repairs to buildings, utilities, and salaries and benefits for maintenance and custodial staffs. Operational and maintenance totaling \$836,952 increased by \$56,089 or 7.2% from the prior year total of \$780,863.

Scholarships and fellowships include amounts awarded for scholarships, which the College grants to students, by the College's own selection process, or from an entitlement program equaled \$207,195, an increase of \$5,181 or 2.6%.

**BORGER JUNIOR COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending August 31, 2018**

Operating Expenses by Functional Classification (Continued):

Auxiliary enterprises' expenses include all costs to operate the activity center, resident halls, and food service. Auxiliary enterprises totaled \$1,261,840, a decrease of \$50,692 or 3.9% as compared to the prior year total of \$1,312,532.

Operating Expenses by Natural Classification:

	Primary Institution					
	2018	%	2017	%	2016	%
Salaries and wages	\$ 5,180,322	43%	\$ 4,951,508	43%	\$ 4,640,579	41%
State and local benefits	2,188,702	18%	1,805,433	16%	1,493,704	13%
Scholarships and fellowships	207,195	2%	202,014	2%	323,671	3%
Other expenses	2,497,160	21%	2,319,770	20%	2,619,265	23%
Auxiliary enterprises	1,261,840	10%	1,312,532	12%	1,284,302	11%
Depreciation	786,189	6%	807,869	7%	722,943	6%
Total by natural classification	\$ 12,121,408	100%	\$ 11,399,126	100%	\$ 11,084,464	97%

Salaries and wages, along with benefits, clearly represent the largest operating expense, accounting for 61% of the total expenses. Total dollar expenses for salaries and wages, increased \$228,814 over last year, and, as a percentage of total expenses, salaries and wages, remained at 43% of total expenditures.

State and local benefits totaled \$2,188,702 for the year, increasing \$383,269 from the previous year or 21.2%. The benefit plans (health insurance, retirement, etc.) are determined by the state and are an uncontrollable expense for the College.

Nonoperating Revenues (Expenses):

State appropriations of \$3,306,429 indicates an increase in revenue of \$330,803 or 11.1% from the previous year balance of \$2,975,626.

Ad valorem taxes of \$2,467,740 were up in 2018 by 6.4% or \$148,617 from the prior year balance of \$2,319,123. The tax rate is capped at \$0.22 per \$100 of valuation, so the increase was a result of higher real estate values in 2018 versus 2017.

Federal revenue, nonoperating of \$1,980,784 increased \$76,562 or 4.0% from the previous year total of \$1,904,222. Federal revenue, nonoperating consists of all Title IV financial aid funds.

Current year gifts of \$433,573, generally considered one-time in nature, increased from the 2017 level by \$33,134 or 8.3%. This was reflective of the volatility of large, nonrecurring donations and the year-to-year fluctuations that can exist. Investment income, net of investment expenses was \$9,247.

**BORGER JUNIOR COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending August 31, 2018**

Statements of Cash Flows

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

	Primary Institution		
	2018	2017	2016
Cash provided (used) from:			
Operating activities	\$ (6,978,132)	\$ (7,278,718)	\$ (6,568,655)
Noncapital financing activities	8,199,738	7,581,714	7,597,425
Capital and related financing activities	(809,661)	(945,454)	(542,879)
Investing activities	9,247	4,555	2,130
Increase (decrease) in cash	421,192	(637,903)	488,021
Cash (restricted and unrestricted) – beginning of year	610,060	1,247,963	759,942
Cash (restricted and unrestricted) – end of year	<u>\$ 1,031,252</u>	<u>\$ 610,060</u>	<u>\$ 1,247,963</u>

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

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

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

Cash and equivalents (restricted and unrestricted) balance of \$1,031,252 for FY 2018, an increased \$421,192. The balance was comprised of unrestricted cash and cash equivalents of \$846,252 and restricted cash and cash equivalents of \$185,000.

Component Unit

The Frank Phillips College Development Corporation, considered a component unit, continues to play a vital role in providing scholarships to students attending Frank Phillips College. In 2018, the Development Corporation contributed \$52,310 in scholarships to the College as compared to \$48,994 in FY 2017. With the investment markets showing a rise in values, investment income, net of expenses was \$204,174, which showed an increase of \$40,763 for the year as compared to \$163,411 in 2017. Overall, the Development Corporation's net position of \$1,884,785 increased \$168,133 from the previous year-end total net position.

**BORGER JUNIOR COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending August 31, 2018**

Factors That Will Affect the Future for Frank Phillips College

For the 2018 year end the College increased cash flow by \$421,192, as cash flow is always of significant importance. Our operating strategies will always focus on increasing cash flow. As always, we are trying to grow various programs (which require cash) and to shore up other programs that might be cash drains.

Another Texas legislative session will begin in January 2019. Legislative sessions always bring interesting times, and much of the time, changes. Some of these changes beneficial to community colleges and, perhaps some not so beneficial.

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FINANCIAL STATEMENTS

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**BORGER JUNIOR COLLEGE DISTRICT
STATEMENT OF NET POSITION - PRIMARY INSTITUTION
AUGUST 31, 2018
Exhibit 1A**

	Primary Institution
	2018
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 846,252
Accounts receivable, net	1,630,600
Inventories	44,437
Other assets	3,265
Total current assets	2,524,554
NONCURRENT ASSETS	
Restricted cash and cash equivalents	185,000
Capital assets, net	12,110,962
Other noncurrent assets	1,600
Total noncurrent assets	12,297,562
TOTAL ASSETS	\$ 14,822,116
DEFERRED OUTFLOW OF RESOURCES	
Deferred outflows on net pension liability	\$ 822,010
Deferred outflows related to OPEB	166,225
TOTAL DEFERRED OUTFLOWS	\$ 988,235
LIABILITIES AND NET POSITION	
CURRENT LIABILITIES	
Accounts payable	\$ 567,476
Accrued liabilities	27,470
Accrued compensable absences - current portion	87,832
Funds held for others	373,950
Unearned revenues	1,731,112
Bonds payable - current portion	185,000
Notes payable - current portion	161,360
Total current liabilities	3,134,200
NONCURRENT LIABILITIES	
Notes payable	2,082
Bonds payable	600,000
Net pension liability	2,346,416
Net OPEB liability	5,800,733
Total noncurrent liabilities	8,749,231
TOTAL LIABILITIES	\$ 11,883,431

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

**BORGER JUNIOR COLLEGE DISTRICT
STATEMENT OF NET POSITION - PRIMARY INSTITUTION
AUGUST 31, 2018
Exhibit 1A, Continued**

	Primary Institution
	2018
LIABILITIES AND NET POSITION, CONTINUED	
DEFERRED INFLOW OF RESOURCES	
Deferred inflows on net pension liability	\$ 464,185
Deferred inflows related to OPEB	1,282,570
TOTAL DEFERRED INFLOWS	\$ 1,746,755
NET POSITION	
Net investment in capital assets	\$ 11,162,520
Restricted for:	
Expendable:	
Student aid	587,237
Debt service	185,000
Unrestricted (deficit)	(9,754,592)
TOTAL NET POSITION (Schedule D)	\$ 2,180,165

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

**BORGER JUNIOR COLLEGE DISTRICT
STATEMENT OF NET POSITION - COMPONENT UNIT
AUGUST 31, 2018
Exhibit 1B**

	Component Unit - Foundation
	2018
ASSETS	
Cash and cash equivalents	\$ 125,582
Short-term investments	1,462,533
Investments	296,670
TOTAL ASSETS	\$ 1,884,785
NET POSITION	
Net position restricted for:	
Expendable - Other, primarily donor restrictions	\$ 1,884,785
TOTAL NET POSITION	\$ 1,884,785

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

**BORGER JUNIOR COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
PRIMARY INSTITUTION
YEAR ENDED AUGUST 31, 2018
Exhibit 2A**

	Primary Institution
	2018
OPERATING REVENUES	
Tuition and fees, net of discounts of \$2,138,087	\$ 1,420,417
State grants and contracts	233,833
Local grants and revenues	1,249,383
Auxiliary enterprises, net of discounts of \$161,886	772,651
General operating revenues	86,365
Total operating revenues (Schedule A)	3,762,649
OPERATING EXPENSES	
Instruction	5,599,927
Academic support	156,670
Student services	818,281
Institutional support	2,454,354
Operation and maintenance of plant	836,952
Scholarships and fellowships	207,195
Auxiliary enterprises	1,261,840
Depreciation	786,189
Total operating expenses (Schedule B)	12,121,408
Operating loss	(8,358,759)
NONOPERATING REVENUES (EXPENSES)	
State appropriations	3,306,429
Ad valorem property taxes	2,467,740
Federal revenue, nonoperating	1,980,784
Gifts	433,573
Investment income, net of investment expenses	9,247
Interest on capital related debt	(31,589)
Other nonoperating revenues (expenses), net	18,079
Net nonoperating revenues (Schedule C)	8,184,263
Decrease in net position	(174,496)
NET POSITION - BEGINNING OF YEAR	9,136,803
PRIOR PERIOD ADJUSTMENT	(6,782,142)
NET POSITION - BEGINNING OF YEAR, RESTATED	2,354,661
NET POSITION - END OF YEAR	\$ 2,180,165

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

**BORGER JUNIOR COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
COMPONENT UNIT - FOUNDATION
YEAR ENDED AUGUST 31, 2018
Exhibit 2B**

	Component Unit - Foundation
	2018
OPERATING EXPENSES	
Institutional support	\$ 2,466
Scholarships and fellowships	52,310
Total operating expense	54,776
Total operating loss	(54,776)
NONOPERATING REVENUES (EXPENSES)	
Gifts	18,735
Investment income (loss), net of investment expenses	204,174
Net nonoperating revenues	222,909
Increase (decrease) in net position	168,133
NET POSITION - BEGINNING OF YEAR	1,716,652
NET POSITION - END OF YEAR	\$ 1,884,785

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

**BORGER JUNIOR COLLEGE DISTRICT
STATEMENT OF CASH FLOWS - PRIMARY INSTITUTION
YEAR ENDED AUGUST 31, 2018
Exhibit 3A**

	<u>Primary Institution</u> <u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from students and other customers	\$ 2,373,871
Receipts from grants and contracts	1,442,540
Payments to suppliers for goods or services	(3,303,354)
Payments to or on behalf of employees	(7,399,186)
Payments of scholarships	(207,195)
Other payments or receipts	115,192
Net cash used by operating activities	<u>(6,978,132)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Receipts from state appropriations	3,306,429
Ad valorem tax revenues	2,460,873
Receipts from nonoperating federal revenue	1,980,784
Gifts and grants (other than capital)	433,573
Other	18,079
Net cash provided by noncapital financing activities	<u>8,199,738</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(437,515)
Principal payments on debt	(340,557)
Cash paid for interest	(31,589)
Net cash used by capital and related financing activities	<u>(809,661)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment earnings	9,247
Net cash provided by investing activities	<u>9,247</u>
INCREASE IN CASH AND CASH EQUIVALENTS	421,192
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR (RESTRICTED AND UNRESTRICTED)	<u>610,060</u>
CASH AND CASH EQUIVALENTS - END OF YEAR (RESTRICTED AND UNRESTRICTED)	<u>\$ 1,031,252</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (8,358,759)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	786,189
Change in deferred outflows of financial resources	(336,299)
Change in deferred inflows of financial resources	1,482,158
Changes in assets and liabilities:	
Receivables, net	118,395
Inventories	(32,422)
Accounts payable	250,682
Unearned revenue	(6,055)
Funds held for others	56,614
Accrued liabilities	(9,335)
Net pension liability	52,109
Net OPEB liability	(981,409)
Net cash used by operating activities	<u>\$ (6,978,132)</u>

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

**BORGER JUNIOR COLLEGE DISTRICT
STATEMENT OF CASH FLOWS - COMPONENT UNIT
YEAR ENDED AUGUST 31, 2018
Exhibit 3B**

	Component Unit - Foundation 2018
	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments to suppliers for goods or services	\$ (2,466)
Payments of scholarships	<u>(52,310)</u>
Net cash used by operating activities	<u>(54,776)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Contributions	18,735
Cash paid for purchasing investments	(143,915)
Investment earnings (loss)	<u>204,174</u>
Net cash provided (used) by investing activities	<u>78,994</u>
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 24,218
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>101,364</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 125,582</u></u>
 Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	<u>\$ (54,776)</u>
Net cash used by operating activities	<u><u>\$ (54,776)</u></u>

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

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2018**

NOTE 1 - REPORTING ENTITY

Borger Junior College District (Frank Phillips College or the College) was established in 1948, in accordance with the laws of the State of Texas, to serve the educational needs of Borger, Texas, and the surrounding communities. The College is considered to be a special purpose, primary government according to the definition in Government Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. While the College receives funding from local, state, and federal sources, and must comply with the spending, reporting, and record keeping requirements of these entities, it is not a component unit of any other governmental entity.

The Frank Phillips College Development Corporation (the Foundation) is a nonprofit organization with the sole purpose of supporting the educational and other activities of the College. The College does not appoint a voting majority nor does it fund or is it obligated to pay debt related to the Foundation. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon that the Foundation holds and invests, is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements. During the year ended August 31, 2018, the Foundation distributed approximately \$52,000 to the College for restricted purposes.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Guidelines

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

Tuition Discounting

Texas Public Education Grants

Certain tuition amounts are required to be set aside for use as scholarships by qualifying students. This set aside, called the Texas Public Education Grant (TPEG), is shown with tuition and fee revenue amounts as a separate set aside amount (Texas Education Code §56.0333). When the award is used by the student for tuition and fees, the amount is recorded as tuition discount. If the amount is disbursed directly to the student, the amount is recorded as a scholarship expense.

BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Title IV, Higher Education Act Program Funds

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

Other Tuition Discounts

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

Basis of Accounting

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

Budgetary Data

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

Deferred Inflows

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Governments are only permitted to report deferred inflows in circumstances specifically authorized by the GASB. As of August 31, 2018, the College reported a deferred inflow of \$464,185 and \$1,282,570 related to the net pension liability and net OPEB liability, respectively.

Deferred Outflows

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

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2018**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows (Continued)

not be recognized as an outflow of resources (expense) until then. Governments are only as permitted to report deferred outflows in circumstances specifically authorized by the GASB. As of August 31, 2018, the College reported a deferred outflow of \$822,010 and \$166,255 related to the net pension liability and the net OPEB liability, respectively.

Cash and Cash Equivalents

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

Investments

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

Inventories

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

Capital Assets

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

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

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

BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unearned Revenues

Tuition, fees, and other revenues received and related to the following fiscal year have been deferred. Tuition and fees of \$1,731,112 have been reported as unearned revenue at August 31, 2018.

Pensions

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

Other Postemployment Benefits

The fiduciary net position of the Employee Retirement System of Texas (ERS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of information about assets, liabilities and additions to / deductions from ERS's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

Estimates

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

Operating and Nonoperating Revenue and Expense Policy

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

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2018**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principles

During fiscal year 2018, the College adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which was effective for financial statements for periods beginning after June 15, 2017. This Statement improves financial reporting by enhancing the reporting of the other postemployment benefits (OPEB) and a more comprehensive measure of OPEB expense. With GASB 75, the College must assume their proportionate share of the Net OPEB of the Employee Retirement System of Texas (ERS). Adoption of GASB 75 required a prior period adjustment to report the effect of GASB 75 retroactively. There is added information available through new note disclosure and required supplementary information.

Restatement of Beginning Net Position

Due to the changes in accounting principles described above the College restated its Beginning Net Position by \$6,782,142.

Beginning net position was \$9,136,803 and has been restated to \$2,354,661.

NOTE 3 - AUTHORIZED INVESTMENTS

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

NOTE 4 - DEPOSITS AND INVESTMENTS

Cash and cash equivalents included on Exhibit 1A, Statements of Net Position, as of August 31, 2018, consist of the items reported below:

Bank deposits	
Demand deposits	\$ 1,026,571
Cash and cash equivalents	
Petty cash on hand	1,097
TexPool	<u>3,584</u>
Total cash and cash equivalents	<u>\$ 1,031,252</u>

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2018**

NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)

The following represents a reconciliation of cash and cash equivalents, as of August 31, 2018, as reported on Exhibit 1A:

Unrestricted cash and cash equivalents - current	\$ 846,252
Restricted cash and cash equivalents - noncurrent	<u>185,000</u>
Total cash and cash equivalents	<u>\$ 1,031,252</u>

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

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

Credit Risk: State law limits investments in commercial paper to those rated not less than A-1 or P-1 and no-load money market mutual funds to those rated not less than AAA. As of August 31, 2018, the College did not have any investments in commercial paper or no-load money market mutual funds.

The following is a summary of the investments at fair value of the Foundation at August 31, 2018.

Managed equity funds – short term	\$ 1,337,771
Certificates of deposit – short term	124,762
Certificates of deposit – long term	<u>296,670</u>
Total investments at fair value	<u>\$ 1,759,203</u>

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 to 2	2 to 3	3 to 4
August 31, 2018:					
Managed equity funds	\$ 1,337,771	\$1,337,771	\$ -	\$ -	\$ -
Certificates of deposit	421,432	124,762	296,670	-	-
Total	<u>\$ 1,759,203</u>	<u>\$1,462,533</u>	<u>\$ 296,670</u>	<u>\$ -</u>	<u>\$ -</u>

Participation in External Investment Pools

As of August 31, 2018, the carrying amount of amounts invested in investment pools was \$3,584. Investment pools are recorded at cost, which approximated market value at August 31, 2018. All investment pools are uninsured and are not registered with the Securities and Exchange Commission. Investment pools are not subject to custodial credit risk as they are not evidenced by securities that exist in physical or book entry form.

BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2018

NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

NOTE 5 - FAIR VALUE MEASUREMENTS

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

The three levels are defined as follows:

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

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

The College did not have any assets or liabilities measured at fair value on a recurring or non-recurring basis for year ended August 31, 2018.

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2018**

NOTE 5 - FAIR VALUE MEASUREMENTS (CONTINUED)

The Foundation had the following:

Assets Measured at Fair Value on a Recurring Basis

	<u>Fair Value</u>	<u>Fair Value Measurements Using:</u>		
		<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
August 31, 2018:				
Restricted Investments:				
Certificate of deposits	\$ 421,432	\$ -	\$ 421,432	\$ -
Managed equity funds	<u>1,337,771</u>	<u>1,337,771</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,759,203</u>	<u>\$ 1,337,771</u>	<u>\$ 421,432</u>	<u>\$ -</u>

The Foundation did not have any assets or liabilities measured at fair value on a nonrecurring basis at August 31, 2018.

NOTE 6 - CAPITAL ASSETS

Capital assets activity for the year ended August 31, 2018, was as follows:

	<u>Balance September 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance August 31, 2018</u>
Not depreciated:				
Land	\$ 333,687	\$ -	\$ -	\$ 333,687
Construction in process, net	<u>-</u>	<u>8,447</u>	<u>-</u>	<u>8,447</u>
Total not depreciated	<u>333,687</u>	<u>8,447</u>	<u>-</u>	<u>342,134</u>
Other capital assets:				
Buildings	16,049,763	76,634	-	16,126,397
Land improvements	5,678,809	27,084	-	5,705,893
Furniture, machinery, vehicles and other equipment	1,574,319	164,360	-	1,738,679
Telecommunications and peripheral equipment	3,359,515	160,990	-	3,520,505
Library books	<u>1,188,495</u>	<u>-</u>	<u>-</u>	<u>1,188,495</u>
Total other capital assets	<u>27,850,901</u>	<u>429,068</u>	<u>-</u>	<u>28,279,969</u>
Total cost of capital assets	<u>28,184,588</u>	<u>437,515</u>	<u>-</u>	<u>28,622,103</u>

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2018**

NOTE 6 - CAPITAL ASSETS (CONTINUED)

	<u>Balance</u> <u>September 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>August 31, 2018</u>
(Continued)				
Accumulated depreciation:				
Buildings	7,086,233	265,868	-	7,352,101
Land improvements	3,619,758	193,901	-	3,813,659
Furniture, machinery, vehicles and other equipment	1,158,350	63,098	-	1,221,448
Telecommunications and peripheral equipment	2,706,254	257,584	-	2,963,838
Library books	1,154,357	5,738	-	1,160,095
Total accumulated depreciation	<u>15,724,952</u>	<u>786,189</u>	<u>-</u>	<u>16,511,141</u>
Capital assets, net	<u>\$ 12,459,636</u>	<u>\$ (348,674)</u>	<u>\$ -</u>	<u>\$ 12,110,962</u>

Included in capital assets for the year ended August 31, 2018, are the following capital leases:

Telecommunications and peripheral equipment	\$ 225,000
Less: Accumulated depreciation	<u>180,024</u>
Total	<u>\$ 44,976</u>

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

Year Ending August 31,

2019	\$ 55,200
2020	55,200
2021	<u>36,800</u>
Total future minimum lease payments	<u>\$ 147,200</u>

NOTE 7 - NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended August 31, 2018, was as follows:

	<u>Balance</u> <u>September 1, 2017</u> <small>(restated)</small>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>August 31, 2018</u>	<u>Current</u>
Bonds and notes					
Maintenance tax notes - Series 2007	\$ 267,278	\$ -	\$ 131,047	\$ 136,231	\$ 136,231
Combined Fee Revenue Refunding Bonds - Series 2012	970,000	-	185,000	785,000	185,000
Notes Payable	51,721	-	24,510	27,211	25,129
Total bonds and notes	<u>1,288,999</u>	<u>-</u>	<u>340,557</u>	<u>948,442</u>	<u>346,360</u>

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2018**

NOTE 7 - NONCURRENT LIABILITIES (CONTINUED)

(Continued)	Balance September 1, 2017 (restated)	Additions	Deductions	Balance August 31, 2018	Current
Accrued compensated absences	81,226	130,547	123,941	87,832	87,832
Net pension liability	2,294,307	292,618	240,509	2,346,416	-
Net OPEB liability	6,782,142	(821,849)	159,560	5,800,733	-
Total	<u>\$ 10,446,674</u>	<u>\$ (398,684)</u>	<u>\$ 864,567</u>	9,183,423	<u>\$ 434,192</u>
Due in one year				(434,192)	
				<u>\$ 8,749,231</u>	

NOTE 8 - DEBT AND LEASE OBLIGATIONS

Debt service requirements at August 31, 2018, were as follows:

For the Year Ended August 31,	Combined Fee Revenue Refunding Bond Series 2012		Maintenance Tax Notes Series 2007		Notes Payable		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 185,000	\$ 17,313	\$ 136,231	\$ 6,752	\$ 25,129	\$ 393	\$ 346,360	\$ 24,458
2020	195,000	12,563	-	-	2,082	4	197,082	12,567
2021	200,000	7,625	-	-	-	-	200,000	7,625
2022	205,000	2,563	-	-	-	-	205,000	2,563
Total	<u>\$ 785,000</u>	<u>\$ 40,064</u>	<u>\$ 136,231</u>	<u>\$ 6,752</u>	<u>\$ 27,211</u>	<u>\$ 397</u>	<u>\$ 948,442</u>	<u>\$ 47,213</u>

NOTE 9 - BONDS AND NOTES PAYABLE

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

Combined Fee Revenue Refunding Bonds - Series 2012

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

The 2001 Series are considered fully redeemed and the liability has been removed from the College's books. The outstanding principal for the 2012 issue matures annually through September 1, 2021, with principal amounts ranging from \$185,000 to \$205,000 and provide for an interest rate of 2.50%. Balance outstanding at August 31, 2018 and 2017, is \$785,000 and \$970,000, respectively.

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2018**

NOTE 9 - BONDS AND NOTES PAYABLE (CONTINUED)

Maintenance Tax Notes - Series 2007

To renovate the College's facility, \$1,300,000 Maintenance Tax Notes, issued on June 28, 2007, interest at 4.934%. Source of revenue for debt service is all available current revenues of the College, including maintenance and operation tax revenues. Annual payments varying from \$130,421 to \$136,857, with a maturity date of February 1, 2019. Balance outstanding at August 31, 2018 and 2017 is \$136,231 and \$267,278, respectively.

Notes Payable to Bank

Note payable to bank issued on September 1, 2016, interest at 2.50%, monthly payments of \$989, with a maturity date of September 2019. The note is secured by a vehicle. Balance outstanding at August 31, 2018 and 2017 is \$12,656 and \$24,054, respectively.

Note payable to a bank issued on September 1, 2016, interest at 2.50%, monthly payments of \$1,138, with a maturity date of September 2019. The note is secured by a vehicle. Balance outstanding at August 31, 2018 and 2017 is \$14,555 and \$27,667, respectively.

Line of Credit

The College has a line of credit in the amount of \$300,000. The amount outstanding at August 31, 2018 and 2017, was \$-0-, respectively. All outstanding principal plus all accrued unpaid interest are due on May 15, 2019. The note bears interest at variable rates and requires monthly interest payments. The line of credit is collateralized by all accounts and general intangibles and contains various restrictive covenants.

Advance from Vendor

The College has entered into an agreement with a Vendor in which the Vendor will advance \$60,000 to the College to improve the dining experience on campus. The advance will be repaid to the Vendor in two installments and interest will not be charged on the advance, provided that it is repaid by February 10, 2019. As of August 31, 2018, the College has not drawn on the available funds.

NOTE 10 - EMPLOYEES' RETIREMENT PLANS

TRS Multiple-Employer Defined Benefit Pension Plan

Plan Description

The College participates in a cost-sharing, multiple-employer defined benefit pension plan (the Plan) that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67, and Texas Government Code,

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2018**

NOTE 10 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

TRS Multiple-Employer Defined Benefit Pension Plan (Continued)

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

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

Pension Plan Fiduciary Net Position

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

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 formula uses 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 (COLAs). Ad hoc postemployment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

Contributions

Contribution requirements are established or amended pursuant to Article XVI, Section 67 of the Texas Constitution which requires the Texas Legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code Section 821.006 prohibits benefit

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2018**

NOTE 10 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

TRS Multiple-Employer Defined Benefit Pension Plan (Continued)

improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2017 and 2018.

Contribution rates for Plan fiscal years (September to August) 2018 and 2017 follow:

	Contribution Rates	
	<u>Plan Fiscal Year</u>	
	<u>2018</u>	<u>2017</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity	6.8%	6.8%
Employer	6.8%	6.8%

	Contributions	
	<u>Required and Made</u>	
2018 College (Employer)	\$	211,858
2018 Member (Employee)		319,092
2017 Non-employer contributing agency (State)		34,176

Contributors to the plan include members, employers, and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the GAA.

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

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

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2018**

NOTE 10 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

TRS Multiple-Employer Defined Benefit Pension Plan (Continued)

- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees and 100% of the state contribution rate for all other employees.

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

Actuarial Assumptions

The actuarial methods and assumptions are based primarily on a study of actual experience for the four year period ending August 31, 2014 and adopted on September 24, 2015.

The total pension liability in the August 31, 2017 actuarial valuation, was determined using the following actuarial assumptions:

Valuation date	August 31, 2017
Actuarial cost method	Individual Entry Age Normal
Asset valuation method	Market Value
Single Discount rate	8.00%
Long-term expected investment rate of return	8.00%
Inflation	2.50%
Salary increases including inflation	3.50% to 9.50%
Payroll growth rate	2.50%
Benefit changes during the year	None
Ad hoc Post Employment Benefit Changes	None

Changes Since the Prior Actuarial Valuation

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

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

Discount Rate

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

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2018**

NOTE 10 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

TRS Multiple-Employer Defined Benefit Pension Plan (Continued)

Discount Rate (Continued)

expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8.0%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2017 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Return Geometric Basis</u>	<u>Long-Term Expected Portfolio Real Rate of Return*</u>
Global Equity			
U.S.	18.0%	4.6%	1.0%
Non-U.S. developed	13.0%	5.1%	0.8%
Emerging markets	9.0%	5.9%	0.7%
Directional hedge funds	4.0%	3.2%	0.1%
Private equity	13.0%	7.0%	1.1%
Stable Value			
U.S. treasuries	11.0%	0.7%	0.1%
Absolute return	0.0%	1.8%	0.0%
Stable value hedge funds	4.0%	3.0%	0.1%
Cash	1.0%	-0.2%	0.0%
Real Return			
Global inflation linked bonds	3.0%	0.9%	0.0%
Real assets	16.0%	5.1%	1.1%
Energy and natural resources	3.0%	6.6%	0.2%
Commodities	0.0%	1.2%	0.0%
Risk Parity			
Risk parity	5.0%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			<u>1.0%</u>
Total	<u>100.0%</u>		<u>8.7%</u>

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

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2018**

NOTE 10 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

TRS Multiple-Employer Defined Benefit Pension Plan (Continued)

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

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2017 Net Pension Liability.

	1% Decrease Discount Rate <u>7%</u>	Current Discount Rate <u>8%</u>	1% Increase Discount Rate <u>9%</u>
College's proportionate share of the net pension liability	\$ 3,955,594	\$ 2,346,416	\$ 1,006,514

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

At August 31, 2018, the College reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the College. The amount recognized by the College as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the College were as follows:

College's proportionate share of the net pension liability	\$ 2,346,416
State's proportionate share of the net pension liability	
net pension liability	<u>334,122</u>
Total	<u>\$ 2,680,538</u>

The net pension liability was measured as of August 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on the College's contributions to the pension plan relative to the contributions of all participating entities to the Plan for the period September 1, 2016, through August 31, 2017.

At August 31, 2017, the College's proportion of the collective net pension liability was 0.0073383717%, which is an increase of 0.0012669323% from its proportion measured as of August 31, 2016.

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2018**

NOTE 10 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

TRS Multiple-Employer Defined Benefit Pension Plan (Continued)

For the year ended August 31, 2018, the College recognized pension expense of \$25,485 and revenue of \$25,485 for support provided by the State in the Statements of Net Position – Primary Institution.

At August 31, 2018, 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 34,329	\$ 126,539
Changes of assumptions	106,883	61,188
Difference between projected and actual earnings on pension plan investments	-	171,001
Changes in proportion and differences between College contributions and proportionate share of contributions	468,940	105,457
College contributions subsequent to the measurement date	<u>211,858</u>	<u>-</u>
Total	<u>\$ 822,010</u>	<u>\$ 464,185</u>

The \$211,858 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended August 31,

2019	\$ (18,868)
2020	130,910
2021	(30,376)
2022	(63,308)
2023	80,653
Thereafter	<u>46,956</u>
Total	<u>\$ 145,967</u>

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2018**

NOTE 10 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Optional Retirement Plan – Defined Contribution Plan

Plan Description

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

Funding Policy

Contribution requirements are not actuarially determined, but are established and amended by the Texas Legislature. The percentages of participant salaries currently contributed by the state and each participant are 6.60%, respectively for 2018 and 2017. The College contributes 1.31% for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program. S.B. 1812, effective September 1, 2013, limits the amounts of the state's contribution to 50% of eligible employees in the reporting district.

The retirement expense to the state for the College was approximately \$40,000, \$95,000, and \$153,000, for the fiscal years ended August 31, 2018, 2017, and 2016, respectively. This amount represents the portion of expended appropriations made by the state legislature on behalf of the College for TRS and the Optional Retirement Program.

The total payroll of employees covered by the Optional Retirement Program was approximately \$443,000, \$434,000, and \$413,000, for fiscal years 2018, 2017, and 2016, respectively.

College-Sponsored Benefit Plans

The College has a defined contribution plan qualified under Section 401(k) of the IRC. Under the provisions of the plan, employees are eligible to participate when they have attained the age of 18 and have been credited with one year of service. Employee deferral contributions are not limited by the plan. The College's contributions are discretionary. The related expense was approximately \$214,000, \$103,000, and \$98,000, for the years ended August 31, 2018, 2017, and 2016, respectively.

The College has a voluntary employee defined contribution 403(b) plan administered by the Plan's trustee. The Plan is funded by employee deferrals of compensation. Plan funds are held in trust and are administered by the College's with oversight by the Board of Regents. Full-time employees and certain part-time employees are eligible to participate and are fully vested at all times. At August 31, 2018, 2017, and 2016, there were 3, 2, and 2, respectively, Plan participants.

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2018**

NOTE 11 - DEFERRED COMPENSATION PROGRAM

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

NOTE 12 - COMPENSATED ABSENCES

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

Compensated absences liabilities are reported as a current liability as the average maturity of such liability is considered to be less than one year. As a result, the College recognized the accrued liability for unpaid annual leave in the amount of \$87,832 at August 31, 2018. Sick leave, which can be accumulated up to 50 days, is earned at the rate of eight hours per month; however, sick leave is not paid at termination. The College's policy is to recognize the cost of sick leave when utilized by employees. The liability is not shown in the financial statements since experience indicates the expenditure for sick leave to be minimal.

NOTE 13 - COMMITMENTS, CONTINGENCIES AND LAWSUITS

The College participates in various state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. In the opinion of the College's management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no other provision has been recorded in the accompanying financial statements for such contingencies. Additionally, the College's students participate in the Federal Direct Loan Program for which the proceeds are used for tuition and education-related costs. Regulations require that default rates pertaining to loans to persons attending the College not exceed certain levels at the College. In the event that specific levels were exceeded, the program could be discontinued at the College; however, the College does not anticipate this occurring. The total amount of Direct Loans made during 2018 was \$684,004.

At August 31, 2018, there were no lawsuits or claims involving the College.

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

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2018**

NOTE 14 - RISK FINANCING

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

NOTE 15 - DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

Receivables at August 31, 2018, consisted of the following:

Student receivables, net of allowance of \$396,037	\$ 1,377,902
Tuition payment processing program	12,218
Taxes receivable, net of allowance of \$124,470	64,417
Government grants and contracts	146,857
Other	<u>29,206</u>
Total accounts receivable, net	<u>\$ 1,630,600</u>

Accounts payable at August 31, 2018, consisted of the following:

Vendors payable and other	<u>\$ 567,476</u>
Total accounts payable	<u>\$ 567,476</u>

NOTE 16 - CONTRACT AND GRANT AWARDS

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

NOTE 17 - HEALTH CARE AND LIFE INSURANCE BENEFITS

Certain healthcare and life insurance benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The state recognizes the cost of providing these benefits by expending the annual insurance premiums. The state's contribution per full-time employee was approximately \$622 per month for the year ended August 31, 2018, (\$617 per month for the year ended August 31, 2017) and totaled \$358,970 for the year ended August 31, 2018, (\$427,139 for the year ended August 31, 2017). The cost of providing those benefits for retirees in the year ended 2018 was \$154,841 (retiree benefits for retirees cost \$180,880 in 2017). For active employees, the cost of providing benefits

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2018**

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

was \$204,129 for the year ended 2018 (active employee benefits for employees cost \$246,259 for the year ended 2017). S.B. 1812, effective September 1, 2013, limits the amounts of the state's contribution to 50% of eligible employees in the reporting district.

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

NOTE 18 - AD VALOREM TAX

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

At August 31, 2018:

Assessed valuation of the District	\$ 1,329,529,490
Less: exemptions and abatements	<u>207,395,460</u>
Net assessed valuation of the District	<u>\$ 1,122,134,030</u>

	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Tax rate per \$100 valuation for authorized	\$.22000	\$.5000	\$.72000
Tax rate per \$100 valuation for assessed	.22000	.0000	.22000
Taxes collected	2,396,249	-	2,396,249
Delinquent taxes collected	40,322	-	40,322
Penalties and interest collected	<u>24,543</u>	<u>-</u>	<u>24,543</u>
Total collections	<u>\$ 2,461,114</u>	<u>\$ -</u>	<u>\$ 2,461,114</u>

Taxes levied for the year ended August 31, 2018, were approximately \$2,451,000, (which included penalty and interest assessed, if applicable). Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

Tax collections for the year ended August 31, 2018, were 97.77% of the current tax levy. Allowance for uncollectible taxes is based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to either maintenance and operations or interest and sinking expenditures.

NOTE 19 - BRANCH CAMPUS MAINTENANCE TAX

A branch campus maintenance tax that is established by election is levied by Ochiltree County. It is levied each October 1 on the assessed value listed as of the prior January 1 for all real and

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2018**

NOTE 19 - BRANCH CAMPUS MAINTENANCE TAX (CONTINUED)

business personal property located in the District. Collections are transferred to the College to be used for operation of a branch campus in Perryton, Texas. This revenue is reported under local grant contracts. Collections in fiscal year 2018 (including penalties and interest) from Ochiltree County totaled approximately \$551,000.

A branch campus maintenance tax that is established by election is levied by Dallam and Hartley Counties. It is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District. Collections are transferred to the College to be used for operation of a branch campus in Dalhart, Texas. This revenue is reported under local grant contracts. Collections in fiscal year 2018 (including penalties and interest) from Dallam and Hartley Counties totaled approximately \$585,000.

On behalf of the College, the Dalhart Education Foundation has obtained funds to construct a facility of approximately 18,000 sq. ft. estimated at \$4,500,000. Construction was completed in Summer of 2018. On May 1, 2018, the Dalhart Education Foundation leased the building to the College for \$500 per month. The lease term is through April 30, 2019 and will be renewed unless terminated in writing by either party. At August 31, 2018, rental expense was \$2,000.

NOTE 20 - INCOME TAXES

The College is exempt from income taxes under IRC Section 115, "Income of States, Municipalities, Etc.," although unrelated business income may be subject to income taxes under IRC Section 511 (a)(2)(B), "Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations." The College had no unrelated business income tax liability for the years ended August 31, 2018 and 2017.

NOTE 21 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN

Plan Description

The College participates in a cost-sharing, multiple employer, other post-employment benefit (OPEB) plan with a special funding situation. The Texas Employees Group Benefits Program (GBP) is administered by the Employees Retirement System of Texas (ERS). The GBP provides certain postemployment health care, life and dental insurance benefits to retired employees of participating universities, community colleges, and State agencies in accordance with Chapter 1551, Texas Insurance Code. Almost all employees may become eligible for those benefits if they reach normal retirement age while working for the State and retire with at least 10 years of service to eligible entities. Surviving spouses and dependents of these retirees are also covered. Benefit and contribution provisions of the GBP are authorized by State law and may be amended by the Texas Legislature.

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2018**

NOTE 21 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

OPEB Plan Fiduciary Net Position

Detailed information about the GBP's fiduciary net position is available in the separately issued ERS Comprehensive Annual Financial Report (CAFR) that includes financial statements, notes to the financial statements, notes to the financial statements and required supplementary information. That report may be obtained on the Internet at <https://ers.texas.gov/About-ERS/Reports-and-Studies/Reports-on-Overall-ERS-Operations-and-Financial-Management>; or by writing to ERS at: 200 East 18th Street, Austin, TX 78701; or by calling (877)275-4377. The fiduciary net position of the plan has been determined using the same basis used by the OPEB plan.

Benefits Provided

Retiree health benefits offered through the GBP are available to most State of Texas retirees and their eligible dependents. Participants need at least ten years of service credit with an agency or institution that participates in the GBP to be eligible for GBP retiree insurance. The GBP provides self-funded group health (medical and prescription drug) benefits for eligible retirees under HealthSelect. The GBP also provides a fully insured medical benefit option for Medicare-primary participants under the HealthSelect Medicare Advantage Plan and life insurance benefits to eligible retirees via a minimum premium funding arrangement. The authority under which the obligations of the plan members and employers are established and/or may be amended is Chapter 1551, Texas Insurance Code.

Contributions

Section 1551.055 of Chapter 1551, Texas Insurance Code, provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS Board of Trustees. The employer and member contribution rates are determined annually by the ERS Board of Trustees based on the recommendations of ERS staff and its consulting actuary. The contribution rates are determined based on (i) the benefit and administrative costs expected to be incurred, (ii) the funds appropriated and (iii) the funding policy established by the Texas Legislature in connection with benefits provided through the GBP. The Trustees revise benefits when necessary to match expected benefit and administrative costs with the revenue expected to be generated by the appropriated funds.

The following table summarizes the maximum monthly employer contribution toward eligible retirees' health and basic life premium. Retirees pay any premium over and above the employer contribution. The employer does not contribute toward dental or optional life insurance. Surviving spouses and their dependents do not receive any employer contribution. As the non-employer contributing entity (NECE), the State of Texas pays part of the premiums for the junior and community colleges.

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2018**

NOTE 21 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

Contributions (Continued)

**Maximum Monthly Employer Contribution
Retiree Health and Basic Life Premium
Fiscal Year 2017**

Employer Contribution Rates

Retiree only	\$ 617.30
Retiree and spouse	\$ 970.98
Retiree and children	\$ 854.10
Retiree and family	\$ 1,207.78

Contributions of premiums to the GBP plan for the current and prior fiscal year by source is summarized in the following table.

**Premium Contributions by Source
Group Benefits Program Plan
For the Years Ended August 31,**

	<u>2018</u>
Current fiscal year employer contributions	\$ 164,508
Current fiscal year member contributions	-
2017 measurement year NECE on-behalf contributions	135,504

Actuarial Assumptions

The total OPEB liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Additional Actuarial Methods and Assumptions:

Valuation date	August 31, 2017
Actuarial cost method	Entry Age
Amortization	Level percent of pay, open
Discount rate	3.51%
Remaining Amortization	30 Years
Asset Valuation Method	Not Applicable
Projected salary increases (includes inflation)	2.5% to 9.5%
Healthcare trend rates	8.5% for FY 2019, decreasing 0.5% per year to 4.5% for FY 2027 and later years
Inflation assumption rate	2.5%
Ad hoc postemployment benefit changes	None

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2018**

NOTE 21 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

Actuarial Assumptions (Continued)

Mortality assumptions:

Service retirees, survivors and other inactive members

Tables based on TRS experience with full generational projection using Scale BB from Base Year 2014

Disability retirees

Tables based on TRS experience with full generational projection using Scale BB from Base Year 2014 using a 3-year set forward and minimum mortality rates of four per male members and two per 100 female members

Active members

Sex District RP-2014 Employee Mortality multiplied by 90% with full generational projection using Scale BB

Many actuarial assumptions used in this valuation were based on the results of actuarial experience studies performed by the ERS and TRS retirement plan actuaries for the period September 1, 2010 to August 31, 2014 for higher education members.

Changes Since the Prior Actuarial Valuation

Changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period were as follows:

- New demographic assumptions, assumed aggregate payroll increases and rate of general inflation were updated to reflect an experience study;
- The percentage of current and future retirees and retiree's spouses not yet eligible to participate in the HealthSelect Medicare Advantage plan who will elect to participate at the earliest date at which coverage can commence has been updated to reflect recent plan experience and expected trends.
- The proportions of future retirees covering dependent children and future retirees assumed to be earned and electing coverage
- Assumptions for administrative expenses, assumed per Capita Health Benefit Costs, Health Benefit Cost and Retiree Contribution trends to reflect recent health plan experience; and it's effects in short-term expectations and revised assumed rate of general inflation.

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2018**

NOTE 21 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

Changes Since the Prior Actuarial Valuation (Continued)

- The discount rate was lowered from 5.5% to 3.51% as a result of requirements of GASB 74 to utilize the yield or index rate for 20-year, tax exempt general obligation bonds rated AA/Aa (or equivalent or higher).

The following benefit revisions have been adopted since the prior measurement date.

- An increase in the out-of-pocket cost applicable to services obtained at a free-standing emergency facility;
- An elimination of the copayment for virtual visits;
- A copay reduction for Airrosti and for out-of-state participants;
- Elimination of the deductible for in-network services and application of a copayment rather than coinsurance to certain services like primary care and specialist visits.

These minor benefit changes have been reflected in the fiscal year 2018 Assumed Per Capita Health Benefit Costs.

Investment Policy

The State Retiree Health Plan is a pay-as-you-go plan and does not accumulate funds in advance of retirement. The System's Board of Trustees adopted the amendment to the investment policy in August 2017 to require that all funds in the plan be invested in short-term fixed income securities and specify that the expected rate of return on these investments is 2.4%.

Discount Rate

Because the GBP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bonds rate. The discount rate in the prior fiscal year was 5.5%. The discount rate assumption was lowered as a result of requirements by GASB No. 74. At the beginning of the measurement year the discount rate was 2.84%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 3.51%, which amounted to an increase of 0.67% from the beginning of the year. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp's AA rating. Projected cash flows into the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you-go (PAYGO) basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets and therefore the years of projected benefit payments to which the long-term expected rate of return is applicable to zero years.

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2018**

NOTE 21 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the College's proportionate share of the collective Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.51%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate <u>2.51%</u>	Current Single Discount Rate <u>3.51%</u>	1% Increase in Discount Rate <u>4.51%</u>
Proportionate share of the Net OPEB Liability	\$ 6,924,380	\$ 5,800,733	\$ 4,930,367

Healthcare Cost Trend Rates Sensitivity Analysis

The initial healthcare trend rate is 8.5% and the ultimate rate is 4.5%. The following presents the College's proportionate share of the collective net OPEB Liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB Liability would be if it were calculated using a healthcare cost trend rate that is one-percentage point lower or one-percentage point higher than healthcare cost trend rate that was used (8.5% decreasing to 4.5%) in measuring the Net OPEB Liability.

	1% Decrease in Healthcare Trend Cost (7.5% decreasing to 3.5%)	Current Healthcare Cost Trend Rate (8.5% decreasing to 4.5%)	1% Increase in Healthcare Cost Trend Rate (9.5% decreasing to 5.5%)
Proportionate share of the Net OPEB Liability	\$ 4,876,502	\$ 5,800,733	\$ 6,999,975

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At August 31, 2018, the College reported a liability for its proportionate share of the ERS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the College. The amount recognized by the College as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the College were as follows:

College's proportionate share of the collective Net OPEB Liability	\$ 5,800,733
State's proportionate share that is associated with the College	<u>4,926,195</u>
Total	<u>\$ 10,726,928</u>

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2018**

NOTE 21 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (Continued)

The net OPEB liability was measured as of August 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The College's portion of the net OPEB liability was based on the College's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2016 through August 31, 2017.

At the measurement date August 31, 2017, the College's proportion of the collective net OPEB liability was 0.0170244200%. Since this is the first year of implementation, the College does not have the proportion measured as of August 31, 2016. The Notes to the Financial Statements for August 31, 2016 for ERS stated that the change in proportion was immaterial and, therefore, disregarded this year.

For the year ended August 31, 2018, the College recognized total OPEB expense of \$398,567 and revenue for support provided by state and federal sources of \$263,631.

At August 31, 2018, the College reported its proportionate share of the ERS's collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ -	\$ 69,706
Changes in actuarial assumptions	-	1,212,864
Differences between projected and actual investment earnings	1,717	-
Changes in proportion and differences between the employer's contributions and proportionate share of contributions	-	-
Total as of August 31, 2017 measurement date	\$ 1,717	\$ 1,282,570
Contributions paid to ERS subsequent to the measurement date	164,508	-
Total as of fiscal year end	\$ 166,225	\$ 1,282,570

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

Year ended August 31,

2019	\$ (288,438)
2020	(288,438)
2021	(288,438)
2022	(288,438)

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2018**

NOTE 21 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (Continued)

Year ended August 31,

2023	(127,101)
Thereafter	<u>-</u>
Total	<u>\$ (1,280,853)</u>

NOTE 22 - COMPONENT UNIT

Frank Phillips College Development Corporation - Discrete Component Unit

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

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

NOTE 23 - NEW GASB PRONOUNCEMENTS

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

Recently Issued Accounting Pronouncements

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Among other things, Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide and requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information about their OPEB liabilities. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2017. The College implemented this statement in 2018.

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

BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2018

NOTE 23 - NEW GASB PRONOUNCEMENTS (CONTINUED)

Recently Issued Accounting Pronouncements (Continued)

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

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

GASB Statement No. 85, *Omnibus 2017*, the objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). GASB 85 is effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. The College implemented this statement in 2018.

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

BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2018

NOTE 23 - NEW GASB PRONOUNCEMENTS (CONTINUED)

Recently Issued Accounting Pronouncements (Continued)

reporting periods beginning after June 15, 2017. The College implemented this statement in 2018.

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

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Borrowing and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The College is currently evaluating the effect of this statement on their financial statements.

GASB Statement No. 89, *Accounting For Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of *Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or

BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2018

NOTE 23 - NEW GASB PRONOUNCEMENTS (CONTINUED)

Recently Issued Accounting Pronouncements (Continued)

enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The College is currently evaluating the effect of this statement on their financial statements.

GASB Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. The College is currently evaluating the effect of this statement on their financial statements.

NOTE 24 - SUBSEQUENT EVENT

The College has evaluated for inclusion as a subsequent event disclosure only those events that occurred prior to November 12, 2018, the date the financial statements were available to be issued.

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

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REQUIRED SUPPLEMENTARY INFORMATION

**BORGER JUNIOR COLLEGE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT SYSTEM OF TEXAS
For the Year Ended August 31, 2018**

	<u>Measurement Year Ended August 31,</u>			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
College's proportionate share (percentage) of the net pension liability	0.0073384%	0.0060714%	0.0055977%	0.0062939%
College's proportionate share (amount) of the net pension liability	\$ 2,346,416	\$ 2,294,307	\$ 1,978,712	\$ 1,681,188
State's proportionate share (amount) of the net pension liability associated with the College	<u>334,122</u>	<u>778,780</u>	<u>976,625</u>	<u>698,014</u>
Total	<u>\$ 2,680,538</u>	<u>\$ 3,073,087</u>	<u>\$ 2,955,337</u>	<u>\$ 2,379,202</u>
College's covered payroll (for measurement year)	\$ 4,043,089	\$ 3,783,595	\$ 3,633,564	\$ 3,235,450
College's proportionate share of the net pension liability as a percentage of its covered payroll	58.04%	60.64%	54.46%	51.96%
Plan's fiduciary net pension as a percentage of the total pension liability	82.17%	78.00%	78.43%	83.25%

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

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

**BORGER JUNIOR COLLEGE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS
TEACHERS RETIREMENT SYSTEM OF TEXAS
For the Year Ended August 31, 2018**

	Fiscal Year Ended August 31,			
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 211,858	\$ 240,549	\$ 193,555	\$ 165,751
Contributions in relation to the contractually required contributions	<u>(211,858)</u>	<u>(240,549)</u>	<u>(193,555)</u>	<u>(165,751)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered-employee payroll	<u>\$ 4,969,240</u>	<u>\$ 4,043,089</u>	<u>\$ 3,783,595</u>	<u>\$ 3,633,564</u>
Contributions as a percentage of covered-employee payroll	4.26%	5.95%	4.38%	4.56%

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

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

**BORGER JUNIOR COLLEGE DISTRICT
SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY (ERS)
For the Year Ended August 31, 2018**

	<u>Measurement Year Ended August 31, 2017</u>
College's Proportion of Collective Net OPEB Liability	0.017024420%
College's Proportionate Share of Collective Net OPEB Liability	\$ 5,800,733
State's Proportionate Share of the Net OPEB Liability associated with the College	<u>4,926,195</u>
Total	<u>\$ 10,726,928</u>
College's Covered -Employee Payroll	\$ 4,043,089
College's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	143.47%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	2.04%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore, the amounts reported for FY 2018 are based on the August 31, 2017 measurement date.

**This schedule shows only the year for which this information is available. Additional information will be added until 10 years of data are available and reported.

**BORGER JUNIOR COLLEGE DISTRICT
SCHEDULE OF COLLEGE'S CONTRIBUTIONS TO THE OPEB PLAN
For the Year Ended August 31, 2018**

	Fiscal Year Ended August 31, <u>2018</u>
Contractually required contribution	\$ 164,508
Contribution in relation to the contractually required contribution	<u>(164,508)</u>
Contribution deficiency (excess)	<u><u>-</u></u>
College's covered-employee payroll	\$ 4,043,089
Contributions as a percentage of covered payroll	4.06%

Note: GASB Codification, Vol. 2, P50.238 requires that the data in this schedule be presented as of the College's respective fiscal year as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

**This schedule shows only the year for which this information is available. Additional information will be added until 10 years of data are available and reported.

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Years Ended August 31, 2018 and 2017**

NOTE 1 - CHANGES OF BENEFIT TERMS FOR TRS PENSION LIABILITY

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

NOTE 2 - CHANGES OF ASSUMPTIONS FOR TRS PENSION LIABILITY

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

NOTE 3 - CHANGES OF BENEFIT TERMS FOR OPEB

The following benefit revisions have been adopted since the prior measurement date.

- An increase in the out-of-pocket cost applicable to services obtained at a free-standing emergency facility;
- An elimination of the copayment for virtual visits;
- A copay reduction for Airrosti and for out-of-state participants;
- Elimination of the deductible for in-network services and application of a copayment rather than coinsurance to certain services like primary care and specialist visits.

These minor benefit changes have been reflected in the fiscal year 2018 Assumed Per Capita Health Benefit Costs.

NOTE 4 - CHANGES IN ASSUMPTIONS FOR OPEB

Changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period were as follows:

- New demographic assumptions, assumed aggregate payroll increases and rate of general inflation were updated to reflect an experience study;
- The percentage of current and future retirees and retiree's spouses not yet eligible to participate in the HealthSelect Medicare Advantage plan who will elect to participate at the earliest date at which coverage can commence has been updated to reflect recent plan experience and expected trends.
- The proportions of future retirees covering dependent children and future retirees assumed to be earned and electing coverage
- Assumptions for administrative expenses, assumed per Capita Health Benefit Costs, Health Benefit Cost and Retiree Contribution trends to reflect recent health plan experience; and it's effects in short-term expectations and revised assumed rate of general inflation.
- The discount rate was lowered from 5.5% to 3.51% as a result of requirements of GASB 74 to utilize the yield or index rate for 20-year, tax exempt general obligation bonds rated AA/Aa (or equivalent or higher).

OTHER SUPPLEMENTAL INFORMATION

**BORGER JUNIOR COLLEGE DISTRICT
SCHEDULE A
SCHEDULE OF OPERATING REVENUES
YEAR ENDED AUGUST 31, 2018
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2017)**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total Educational Activities</u>	<u>Auxiliary Enterprises</u>	<u>2018</u>	<u>2017</u>
TUITION						
State-funded courses						
In-district resident tuition	\$ 388,980	\$ -	\$ 388,980	\$ -	\$ 388,980	\$ 319,533
Out-of-district resident tuition	388,033	-	388,033	-	388,033	596,411
Non-resident tuition	184,148	-	184,148	-	184,148	153,756
TPEG - Credit (set aside)*	56,935	-	56,935	-	56,935	56,335
Non-state funded continuing education	571,249	-	571,249	-	571,249	508,608
Total tuition	<u>1,589,345</u>	<u>-</u>	<u>1,589,345</u>	<u>-</u>	<u>1,589,345</u>	<u>1,634,643</u>
FEES						
General fee	722,892	-	722,892	-	722,892	720,264
Student service fee	-	-	-	173,582	173,582	175,513
Laboratory fee	79,416	-	79,416	-	79,416	81,623
Other fees	993,269	-	993,269	-	993,269	1,008,205
Total fees	<u>1,795,577</u>	<u>-</u>	<u>1,795,577</u>	<u>173,582</u>	<u>1,969,159</u>	<u>1,985,605</u>
SCHOLARSHIP ALLOWANCES AND DISCOUNTS						
Scholarship allowances	-	-	-	(382,395)	(382,395)	(445,019)
TPEG allowances	-	-	-	-	-	(6,103)
Title IV Federal grants	(1,655,215)	-	(1,655,215)	-	(1,655,215)	(1,604,656)
Other Federal grants	(20,000)	-	(20,000)	-	(20,000)	(20,000)
Remissions and exemptions - state	(80,477)	-	(80,477)	-	(80,477)	(64,817)
Total scholarship allowances and discounts	<u>(1,755,692)</u>	<u>-</u>	<u>(1,755,692)</u>	<u>(382,395)</u>	<u>(2,138,087)</u>	<u>(2,140,595)</u>
Total net tuition and fees	<u>1,629,230</u>	<u>-</u>	<u>1,629,230</u>	<u>(208,813)</u>	<u>1,420,417</u>	<u>1,479,653</u>

**BORGER JUNIOR COLLEGE DISTRICT
SCHEDULE A, CONTINUED
SCHEDULE OF OPERATING REVENUES
YEAR ENDED AUGUST 31, 2018
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2017)**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total Educational Activities</u>	<u>Auxiliary Enterprises</u>	<u>2018</u>	<u>2017</u>
ADDITIONAL OPERATING REVENUES						
Federal grants and contracts	-	-	-	-	-	454,727
State grants and contracts	-	233,833	233,833	-	233,833	293,137
Local grants and contracts	1,249,383	-	1,249,383	-	1,249,383	518,201
General operating revenues	86,365	-	86,365	-	86,365	95,716
Total additional operating revenues	<u>1,335,748</u>	<u>233,833</u>	<u>1,569,581</u>	<u>-</u>	<u>1,569,581</u>	<u>1,361,781</u>
AUXILIARY ENTERPRISES						
Bookstore	-	-	-	-	-	-
Less: Discounts	-	-	-	(5,777)	(5,777)	(1,994)
Residential	-	-	-	546,509	546,509	540,623
Less: Discounts	-	-	-	(156,109)	(156,109)	(151,127)
Other Auxiliary Enterprises	-	-	-	388,028	388,028	399,458
Total net auxiliary enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>772,651</u>	<u>772,651</u>	<u>786,960</u>
TOTAL OPERATING REVENUES	<u>\$ 2,964,978</u>	<u>\$ 233,833</u>	<u>\$ 3,198,811</u>	<u>\$ 563,838</u>	<u>\$ 3,762,649</u>	<u>\$ 3,628,394</u>

(Exhibit 2A)

*In accordance with Education Code 56.033, \$56,935 and \$56,335 for years ended August 31, 2018 and 2017, respectively, of tuition was set aside for Texas Public Education Grants (TPEG).

**BORGER JUNIOR COLLEGE DISTRICT
SCHEDULE B
SCHEDULE OF OPERATING EXPENSES BY OBJECT
YEAR ENDED AUGUST 31, 2018
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2017)**

	Operating Expenses			2018	2017	
	Salaries and Wages	Benefits				Other Expenses
		State	Local			
UNRESTRICTED EDUCATIONAL ACTIVITIES						
Instruction	\$ 3,323,865	\$ -	\$ 977,795	\$ 1,042,206	\$ 5,343,866	\$ 4,879,592
Academic support	60,004	-	17,652	74,391	152,047	157,718
Student services	309,482	-	134,199	49,525	493,206	492,307
Institutional support	1,032,673	-	515,353	826,774	2,374,800	1,990,397
Operation and maintenance of plant	307,591	-	90,485	415,181	813,257	751,997
Scholarship and fellowships	-	-	-	200,714	200,714	193,859
Total unrestricted educational activities	<u>5,033,615</u>	<u>-</u>	<u>1,735,484</u>	<u>2,608,791</u>	<u>9,377,890</u>	<u>8,465,870</u>
RESTRICTED EDUCATIONAL ACTIVITIES						
Instruction	-	256,061	-	-	256,061	333,034
Academic support	-	4,623	-	-	4,623	5,961
Student services	146,707	35,144	54,141	89,083	325,075	333,557
Institutional support	-	79,554	-	-	79,554	103,282
Operation and maintenance of plant	-	23,695	-	-	23,695	28,866
Scholarship and fellowships	-	-	-	6,481	6,481	8,155
Total restricted educational activities	<u>146,707</u>	<u>399,077</u>	<u>54,141</u>	<u>95,564</u>	<u>695,489</u>	<u>812,855</u>
Total educational activities	<u>5,180,322</u>	<u>399,077</u>	<u>1,789,625</u>	<u>2,704,355</u>	<u>10,073,379</u>	<u>9,278,725</u>
AUXILIARY ENTERPRISES	192,534	-	44,852	1,024,454	1,261,840	1,312,532
DEPRECIATION EXPENSE - buildings and other real estate improvements	-	-	-	459,769	459,769	503,950
DEPRECIATION EXPENSE - equipment and furniture	-	-	-	326,420	326,420	303,919
TOTAL OPERATING EXPENSES	<u>\$ 5,372,856</u>	<u>\$ 399,077</u>	<u>\$ 1,834,477</u>	<u>\$ 4,514,998</u>	<u>\$ 12,121,408</u>	<u>\$ 11,399,126</u>

(Exhibit 2A)

**BORGER JUNIOR COLLEGE DISTRICT
SCHEDULE C
SCHEDULE OF NONOPERATING REVENUES AND EXPENSES
YEAR ENDED AUGUST 31, 2018
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2017)**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>2018</u>	<u>2017</u>
NONOPERATING REVENUES					
State appropriations:					
Education and general state support	\$ 2,643,721	\$ -	\$ -	\$ 2,643,721	\$ 2,453,359
State group insurance	-	622,601	-	622,601	427,139
State retirement matching	-	40,107	-	40,107	95,128
Total state appropriations	2,643,721	662,708	-	3,306,429	2,975,626
Maintenance ad valorem taxes	2,467,740	-	-	2,467,740	2,319,123
Federal revenue, nonoperating	-	1,980,784	-	1,980,784	1,904,222
Gifts	86,126	347,447	-	433,573	400,439
Investment income	1,535	7,712	-	9,247	4,555
Total nonoperating revenues	<u>5,199,122</u>	<u>2,998,651</u>	<u>-</u>	<u>8,197,773</u>	<u>7,603,965</u>
NONOPERATING EXPENSES					
Interest on capital related debt	31,589	-	-	31,589	47,367
Loss on disposal of capital assets	-	-	-	-	-
Other nonoperating (income) expenses	(18,079)	-	-	(18,079)	10,484
Total nonoperating expenses	<u>13,510</u>	<u>-</u>	<u>-</u>	<u>13,510</u>	<u>57,851</u>
NET NONOPERATING REVENUES	<u>\$ 5,185,612</u>	<u>\$ 2,998,651</u>	<u>\$ -</u>	<u>\$ 8,184,263</u>	<u>\$ 7,546,114</u>

(Exhibit 2A)

**BORGER JUNIOR COLLEGE DISTRICT
SCHEDULE D
SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY
YEAR ENDED AUGUST 31, 2018
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2017)**

	Detail by Source					Available for Current Operations	
	Unrestricted	Restricted		Capital Assets Net of Depreciation & Related Debt	Total	Yes	No
		Expendable	Nonexpendable				
CURRENT							
Unrestricted	\$(10,239,579)	\$ -	\$ -	\$ -	\$(10,239,579)	\$(10,239,579)	\$ -
Board designated	484,987	-	-	-	484,987	484,987	-
Restricted	-	587,237	-	-	587,237	-	587,237
Auxiliary enterprises	-	-	-	-	-	-	-
LOAN	-	-	-	-	-	-	-
ENDOWMENT							
Quasi:							
Unrestricted	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Endowment							
True	-	-	-	-	-	-	-
Term (per instructions at maturity)	-	-	-	-	-	-	-
Life income contracts	-	-	-	-	-	-	-
Annuities	-	-	-	-	-	-	-
PLANT							
Unexpended	-	-	-	-	-	-	-
Renewals	-	-	-	-	-	-	-
Debt service	-	185,000	-	-	185,000	-	185,000
Investment in plant	-	-	-	11,162,520	11,162,520	-	11,162,520
Total net position, August 31, 2018	<u>(9,754,592)</u>	<u>772,237</u>	<u>-</u>	<u>11,162,520</u>	<u>2,180,165</u>	<u>(9,754,592)</u>	<u>11,934,757</u>
					(Exhibit 1A)		
Total net position, August 31, 2017, restated	<u>(9,476,674)</u>	<u>660,698</u>	<u>-</u>	<u>11,170,637</u>	<u>2,354,661</u>	<u>(9,476,674)</u>	<u>11,831,335</u>
NET DECREASE IN NET POSITION	<u>\$ (277,918)</u>	<u>\$ 111,539</u>	<u>\$ -</u>	<u>\$ (8,117)</u>	<u>\$ (174,496)</u>	<u>\$ (277,918)</u>	<u>\$ 103,422</u>
					(Exhibit 2A)		

**BORGER JUNIOR COLLEGE DISTRICT
SCHEDULE E
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2018**

Federal Grantor/Pass Through Grantor/ Program Title	CFDA Number	Direct Awards	Expenditures		Subrecipients Expenditures
			Pass-Through Awards	Total	
U.S. Department of Education					
Direct Programs:					
Student Financial Aid Cluster					
Federal Supplemental Educational Opportunity Grant Program (FSEOG)	84.007	\$ 5,275	\$ -	\$ 5,275	\$ -
Federal Work Study Program	84.033	6,481	-	6,481	-
Federal Pell Grant Program	84.063	1,649,940	-	1,649,940	-
Federal Direct Student Loans	84.268	684,004	-	684,004	-
TRIO Cluster					
Title IV - TRIO	84.042	242,157	-	242,157	-
Total Direct Programs		<u>2,587,857</u>	<u>-</u>	<u>2,587,857</u>	<u>-</u>
Pass-Through From:					
Texas Higher Education Coordinating Board					
Carl Perkins Vocational Education - Basic	84.048	76,931	-	76,931	-
Total Pass-Through from Texas Higher Education Coordinating Board		<u>76,931</u>	<u>-</u>	<u>76,931</u>	<u>-</u>
Total U.S. Department of Education		<u>2,664,788</u>	<u>-</u>	<u>2,664,788</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 2,664,788</u>	<u>\$ -</u>	<u>\$ 2,664,788</u>	<u>\$ -</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

BORGER JUNIOR COLLEGE DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
August 31, 2018

NOTE 1 - FEDERAL ASSISTANCE RECONCILIATION

Federal grants and contracts revenue, operating - per Schedule A	\$ -
Federal grants and contracts revenue, nonoperating-per Schedule C	1,980,784
Federal Direct Student Loans	<u>684,004</u>
Total federal revenues per Schedule of Expenditures of Federal Awards	<u>\$ 2,664,788</u>

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING THE SCHEDULE

The expenditures included in the schedule are reported for the College's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds which have been expended by the College for the purposes of the award. The expenditures reported above may not have been reimbursed by the funding agencies as of the end of the fiscal year. Some amounts reported in the schedule may differ from amounts used in the preparation of the basic financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the schedule. The College did not elect to use the 10% de minimis indirect cost rate. The College did not provide pass-through funds to subrecipients for the year ended August 31, 2018.

**BORGER JUNIOR COLLEGE DISTRICT
SCHEDULE F
SCHEDULE OF EXPENDITURES OF STATE OF TEXAS AWARDS
YEAR ENDED AUGUST 31, 2018**

<u>Grantor Agency/Program Title</u>	<u>Grant Contract Number</u>	<u>Expenditures</u>
Texas Higher Education Coordinating Board		
Direct Programs:		
Texas Educational Opportunity Grant 2017-2018	-	\$ 100,988
Accelerate Texas	-	7,169
Total Texas Higher Education Coordinating Board		<u>108,157</u>
Texas Workforce Commission		
Direct Programs:		
Skills - Solvay	0116SDF000	53,964
Skills - Hilmar Cheese Company	0117SFD000	51,237
Skills - Small Business	0118SSD000	475
Total Texas Workforce Commission Skills Program		<u>105,676</u>
Texas Success Grant	-	20,000
Total Texas Workforce Commission		<u>125,676</u>
Total Expenditures of State of Texas Awards		<u><u>\$ 233,833</u></u>

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

BORGER JUNIOR COLLEGE DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF STATE OF TEXAS AWARDS
August 31, 2018

NOTE 1 - STATE ASSISTANCE RECONCILIATION

State grants and contracts revenue – per Schedule A	<u>\$ 233,833</u>
Total state expenditures per Schedule A expenditures of State of Texas Awards	<u>\$ 233,833</u>

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING THE SCHEDULE

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

SINGLE AUDIT SECTION

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

Board of Regents
Borger Junior College District
Borger, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Borger Junior College District (the College) and its discretely presented component unit as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated November 12, 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies 2018-001, 2018-002, and 2018-003.

Compliance and Other Matters

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

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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* and which are described in the accompanying schedule of findings and questioned costs as items 2018-001, 2018-002, and 2018-003.

College's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Connor McMillon Mitchell, SHANNON PLLC

Amarillo, Texas
November 12, 2018

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

Board of Regents
Borger Junior College District
Borger, Texas

Report on Compliance for Each Major Federal Programs

We have audited Borger Junior College District's (the College) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended August 31, 2018. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Programs

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2018.

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Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of federal programs on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of federal programs will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of federal and state programs that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Connor McMillon Mitchell : Shennum

Amarillo, Texas
November 12, 2018

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**BORGER JUNIOR COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended August 31, 2018**

SECTION I - Summary of Auditor's Results

Financial Statements

Type of Auditor's report issued:

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? yes X no

Federal and State Awards

Internal control over major programs:

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

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

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

 yes X no

Identification of major programs:

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

Dollar threshold used to distinguish between Type A and Type B programs was: \$ 750,000 Federal
 \$ 300,000 State

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

**BORGER JUNIOR COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended August 31, 2018**

SECTION II - Financial Statement Findings

Finding 2018-001

Condition: The College informed us that due to significant turnover in the Business Office, bank reconciliations are not being performed and agreed to the general ledger on a timely basis.

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

Cause: Due to turnover in the Business Office, monthly bank reconciliations are behind schedule.

Effect: Possible misappropriation of College assets and errors could go unnoticed.

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

Views of Responsible Officials: See the College's response starting on page 93.

Finding 2018-002

Condition: The College informed us that due to significant turnover in the Business Office, monthly accounts receivable and accounts payable subsidiary ledgers have not been reconciled and agreed to the general ledger in a timely manner. Additionally, some journal entries did not have supporting documentation including reviewer's signature.

Criteria: Subsidiary ledgers should be reconciled monthly. Review procedures should be documented.

Cause: Turnover in the Business Office has caused the reconciliation and review procedures to not be performed

Effect: Errors could be made that go unnoticed.

Recommendation: The College should reconcile and review the general ledger and subsidiary ledger monthly. Documentation for journal entries should include supporting documentation as well as the reviewer's signature.

Views of Responsible Officials: See the College's response starting on page 93.

**BORGER JUNIOR COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended August 31, 2018**

SECTION II - Financial Statement Findings

Finding 2018-003

Condition: During risk assessment, the College has become aware that additional review procedures are necessary to ensure payroll changes were entered correctly and properly authorized.

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

Cause: The College did not involve other management personnel to ensure proper segregation of duties.

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

Recommendation: We recommend that an employee be given rights to set up a new hire other than the employee that processes payroll and that management implement review procedures. The review procedures should include a payroll change report that is ran prior to finalizing the payroll process. Another employee should review the changes for accuracy and proper approval. The reviewer should sign off on the payroll change report. Payroll reports filed with various agencies should also be subject to review.

Views of Responsible

Officials: See the College's response starting on page 93.

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

None Reported

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**BORGER JUNIOR COLLEGE DISTRICT
SCHEDULE OF CORRECTIVE ACTION
FOR AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended August 31, 2018**

Finding 2018-001

Condition: The College informed us that due to significant turnover in the Business Office, bank reconciliations are not being performed and agreed to the general ledger on a timely basis.

Corrective Action Plan: See the College's response starting on page 93.

Finding 2018-002

Condition: The College informed us that due to significant turnover in the Business Office, monthly accounts receivable and accounts payable subsidiary ledgers have not been reconciled and agreed to the general ledger in a timely manner. Additionally, some journal entries did not have supporting documentation including reviewer's signature.

Corrective Action Plan: See the College's response starting on page 93.

Finding 2018-003

Condition: During risk assessment, the College has become aware that additional review procedures are necessary to ensure payroll changes were entered correctly and properly authorized.

Corrective Action Plan: See the College's response starting on page 93.

**BORGER JUNIOR COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended August 31, 2018**

Finding 2017-001

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

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

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

Current Status: Corrective Action was implemented. See College's Summary Schedule of Prior Audit Findings on page 95.

Finding 2017-002

Program: 17.207 Employment Service/Wager-Peyser Funded Activities

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

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

Current Status: Corrective Action was implemented. See College's Summary Schedule of Prior Audit Findings on page 95.



Frank Phillips College

Office of the President

P.O. Box 5118 ♦ Borger, TX 79008

806-457-4217

jhicks@fpctx.edu

November 12, 2018

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

A handwritten signature in cursive script, appearing to read "Jud Hicks".

Dr. Jud Hicks
President
Frank Phillips College

Borger Junior College District
(Frank Phillips College)
Corrective action plan
Year ended August 31, 2018

Financial Statement Findings:

Finding 2018-001

Contact person: Teri Langwell, Director of Accounting

Anticipated completion date: corrected

Corrective action plan: Bank reconciliation will be completed in a timely manner.

Finding 2018-002

Contact person: Teri Langwell, Director of Accounting

Anticipated completion date: corrected

Corrective action plan: Accounts receivable and accounts payable subsidiary ledgers will be reconciled in a timely manner. Documentation for journal entries will include supporting documentation as well as the reviewer's signature.

Finding 2018-003

Contact person: Teri Langwell, Director of Accounting

Anticipated completion date: 12/31/2018

Corrective action plan: The College will perform a review of the procedures for entering new payroll and payroll changes. In addition, the College will inquire with accounting software vendor to produce a payroll change report. Collectively, necessary process and procedures will be invoked to help insure that errors in payroll processing are detected should they occur.



Frank Phillips College
Office of the President
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November 12, 2018

We have prepared the accompanying summary schedule of prior audit findings as required by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Specifically, we are reporting the status of audit findings included in the prior audit's schedule of findings and questioned costs. This schedule also includes the status of audit findings reported in the prior audit's summary schedule of prior audit findings that were not correct.

A handwritten signature in black ink, appearing to read "Jud Hicks".

Dr. Jud Hicks
President
Frank Phillips College

Borger Junior College District
(Frank Phillips College)
Summary schedule of prior audit findings
Year ended August 31, 2017

Federal award findings and questioned costs:

2017-001

84.063 Federal Pell Grant Program
84.268 Federal Direct Students Loans

Status: Corrected

2017-002

17.207 Employment service / Wagner-Peyser Funded Activities

Status: Corrected

**STATISTICAL SUPPLEMENT
(Unaudited)**

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Borger Junior College District
Statistical Supplement 1
Net Position by Component
Fiscal Years 2009 to 2018
(unaudited)

	For the Fiscal Year Ended August 31,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Net investment in capital assets	\$ 11,162,520	\$ 11,170,637	\$ 11,080,422	\$ 11,309,931	\$ 11,332,812	\$ 11,535,927	\$ 11,482,158	\$ 11,426,820	\$ 11,431,135	\$ 11,629,807
Restricted - expendable	772,237	660,698	633,976	415,810	348,775	383,310	880,475	690,876	699,154	921,165
Unrestricted (deficit)	(9,754,592)	(2,694,532)	(2,352,977)	(1,995,906)	255,006	696,519	594,025	1,364,810	1,127,470	1,397,624
Total primary government net position	\$ 2,180,165	\$ 9,136,803	\$ 9,361,421	\$ 9,729,835	\$ 11,936,593	\$ 12,615,756	\$ 12,956,658	\$ 13,482,506	\$ 13,257,759	\$ 13,948,596

Borger Junior College District
Statistical Supplement 2
Revenues by Source
Fiscal Years 2009 to 2018
(unaudited)

	For the Year Ended August 31,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
OPERATING REVENUES										
Tuition and fees (net of discounts)	\$ 1,420,417	\$ 1,479,653	\$ 1,543,126	\$ 993,795	\$ 1,009,840	\$ 769,545	\$ 619,626	\$ 155,904	\$ 366,868	\$ 1,297,890
Governmental grants and contracts										
Federal grants and contracts	-	454,727	-	-	-	-	-	27,640	61,903	106,135
State grants and contracts	233,833	293,137	332,941	629,455	204,271	324,533	221,298	250,546	162,650	1,678,469
Local grants and revenues	1,249,383	518,201	506,561	505,564	503,138	497,850	466,171	500,454	411,309	473,320
Auxiliary enterprises	772,651	786,960	722,183	786,409	718,938	699,427	764,988	959,784	922,877	894,734
Other operating revenues	86,365	95,716	58,483	64,374	75,795	64,665	61,534	101,952	71,492	65,335
Total operating revenues	3,762,649	3,628,394	3,163,294	2,979,597	2,511,982	2,356,020	2,133,617	1,996,280	1,997,099	4,515,883
NONOPERATING REVENUES										
State appropriations	3,306,429	2,975,626	2,993,203	2,748,976	2,726,513	2,560,652	2,595,720	3,448,548	3,497,483	3,548,225
Ad valorem taxes	2,467,740	2,319,123	1,841,383	1,521,526	1,503,577	1,455,476	1,382,564	1,378,499	1,370,015	1,338,732
Federal revenue, nonoperating	1,980,784	1,904,222	1,949,963	2,152,565	1,993,812	2,177,240	2,148,755	2,726,219	2,716,379	1,755,556
Gifts	433,573	400,439	850,130	470,056	332,002	418,085	568,559	215,497	292,323	435,672
Investment income	9,247	4,555	2,130	2,094	12,642	14,746	23,282	24,353	21,084	36,146
Gain (loss) on disposal of fixed assets	-	-	(1,194)	-	-	(9,207)	23,415	246,005	(7,805)	(17,230)
Other nonoperating revenues (losses)	18,079	(10,489)	(34,608)	15,137	(10,163)	(43,795)	(42,055)	262,792	(468,571)	200,835
Total nonoperating revenues	8,215,852	7,593,476	7,601,007	6,910,354	6,558,383	6,573,197	6,700,240	8,301,913	7,420,908	7,297,936
TOTAL REVENUES	\$ 11,978,501	\$ 11,221,870	\$ 10,764,301	\$ 9,889,951	\$ 9,070,365	\$ 8,929,217	\$ 8,833,857	\$ 10,298,193	\$ 9,418,007	\$ 11,813,819

	For the Year Ended August 31,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
OPERATING REVENUES										
Tuition and fees (net of discounts)	11.86%	13.19%	14.34%	10.05%	11.13%	8.62%	7.01%	1.51%	3.90%	10.99%
Governmental grants and contracts										
Federal grants and contracts	0.00%	4.05%	0.00%	0.00%	0.00%	0.00%	0.00%	0.27%	0.66%	0.90%
State grants and contracts	1.95%	2.61%	3.09%	6.36%	2.25%	3.63%	2.51%	2.43%	1.73%	14.21%
Local grants and contracts	10.43%	4.62%	4.71%	5.11%	5.55%	5.58%	5.28%	4.86%	4.37%	4.01%
Auxiliary enterprises	6.45%	7.01%	6.71%	7.95%	7.93%	7.83%	8.66%	9.32%	9.80%	7.57%
Other operating revenues	0.72%	0.85%	0.54%	0.66%	0.83%	0.72%	0.70%	0.99%	0.75%	0.55%
Total operating revenues	31.41%	32.33%	29.39%	30.13%	27.69%	26.38%	24.16%	19.38%	21.21%	38.23%
NONOPERATING REVENUES										
State appropriations	27.60%	26.52%	27.81%	27.80%	30.06%	28.68%	29.38%	33.49%	37.14%	30.03%
Ad valorem taxes	20.60%	20.67%	17.10%	15.38%	16.58%	16.30%	15.65%	13.39%	14.55%	11.33%
Federal revenue, nonoperating	16.54%	16.97%	18.11%	21.77%	21.98%	24.38%	24.32%	26.47%	28.84%	14.86%
Gifts	3.62%	3.56%	7.90%	4.75%	3.66%	4.68%	6.44%	2.09%	3.10%	3.69%
Investment income	0.08%	0.04%	0.02%	0.02%	0.14%	0.17%	0.26%	0.24%	0.22%	0.31%
Gain (loss) on disposal of fixed assets	0.00%	0.00%	-0.01%	0.00%	0.00%	-0.10%	0.27%	2.39%	-0.08%	-0.15%
Other nonoperating revenues	0.15%	-0.09%	-0.32%	0.15%	-0.11%	-0.49%	-0.48%	2.55%	-4.98%	1.70%
Total nonoperating revenues	68.59%	67.67%	70.61%	69.87%	72.31%	73.62%	75.84%	80.62%	78.79%	61.77%
TOTAL REVENUES	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**Borger Junior College District
Statistical Supplement 3
Program Expense by Function
Fiscal Years 2009 to 2018
(unaudited)**

	For the Fiscal Year Ending August 31,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
OPERATING EXPENSES										
Instruction	\$ 5,599,927	\$ 5,212,626	\$ 4,986,106	\$ 4,576,493	\$ 4,341,319	\$ 4,094,642	\$ 3,986,808	\$ 3,716,540	\$ 3,470,225	\$ 3,627,995
Academic support	156,670	163,679	135,450	145,470	177,381	158,260	195,025	186,775	245,343	245,325
Student services	818,281	825,864	867,462	718,535	505,947	551,576	665,594	1,031,212	1,075,264	1,243,005
Institutional support	2,454,354	2,093,679	1,901,551	1,778,884	1,744,864	1,672,599	1,577,756	1,782,942	1,817,377	1,796,175
Operation and maintenance of plant	836,952	780,863	862,979	784,914	786,357	754,516	736,720	891,378	832,873	809,491
Scholarships and fellowships	207,195	202,014	323,671	249,499	213,460	105,521	132,499	99,268	128,161	149,017
Auxiliary enterprises	1,261,840	1,312,532	1,284,302	1,184,304	1,188,712	1,154,941	1,208,774	1,384,104	1,469,777	1,500,679
Depreciation	786,189	807,869	722,943	685,795	678,566	690,415	732,359	798,156	879,255	893,506
Total operating expenses	12,121,408	11,399,126	11,084,464	10,123,894	9,636,606	9,182,470	9,235,535	9,890,375	9,918,275	10,265,193
NONOPERATING EXPENSES										
Interest on capital-related debt	31,589	47,367	48,251	68,021	112,922	87,649	124,170	181,071	190,569	212,085
Total nonoperating expenses	31,589	47,367	48,251	68,021	112,922	87,649	124,170	181,071	190,569	212,085
TOTAL EXPENSES	\$ 12,152,997	\$ 11,446,493	\$ 11,132,715	\$ 10,191,915	\$ 9,749,528	\$ 9,270,119	\$ 9,359,705	\$ 10,071,446	\$ 10,108,844	\$ 10,477,278

	For the Fiscal Year Ending August 31,									
	2017	2017	2016	2015	2014	2013	2012	2011	2010	2009
OPERATING EXPENSES										
Instruction	46.08%	45.54%	44.79%	44.90%	44.53%	44.17%	42.60%	36.90%	34.33%	34.63%
Academic support	1.29%	1.43%	1.22%	1.43%	1.82%	1.71%	2.08%	1.85%	2.43%	2.34%
Student services	6.73%	7.21%	7.79%	7.05%	5.19%	5.95%	7.11%	10.24%	10.64%	11.86%
Institutional support	20.20%	18.29%	17.08%	17.45%	17.90%	18.04%	16.86%	17.70%	17.98%	17.14%
Operation and maintenance of plant	6.89%	6.82%	7.75%	7.70%	8.07%	8.14%	7.87%	8.85%	8.24%	7.73%
Scholarships and fellowships	1.70%	1.76%	2.91%	2.45%	2.19%	1.14%	1.42%	0.99%	1.27%	1.42%
Auxiliary enterprises	10.38%	11.47%	11.54%	11.62%	12.19%	12.46%	12.91%	13.74%	14.54%	14.32%
Depreciation	6.47%	7.06%	6.49%	6.73%	6.95%	7.44%	7.82%	7.93%	8.70%	8.54%
Total operating expenses	99.74%	99.59%	99.57%	99.33%	98.84%	99.05%	98.67%	98.20%	98.13%	97.98%
NONOPERATING EXPENSES										
Interest on capital related debt	0.26%	0.41%	0.43%	0.67%	1.16%	0.95%	1.33%	1.80%	1.87%	2.02%
Total nonoperating expenses	0.26%	0.41%	0.43%	0.67%	1.16%	0.95%	1.33%	1.80%	1.87%	2.02%
TOTAL EXPENSES	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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

Academic Year (Fall)	Processing Fee (per student)	Resident: Fees per semester credit hour (SCH)									
		In District Tuition	Out-of-District Tuition	General Use Fees	Student Service Fees	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Year In District	Increase from Prior Year Out-of-District		
2017	\$ 18	\$ 43	\$ 68	\$ 43	\$ 10	\$ 1,235	\$ 1,535	0.0%	0.0%		
2016	18	43	68	43	10	1,235	1,535	0.0%	0.0%		
2015	18	43	68	43	10	1,235	1,535	8.7%	8.7%		
2014	18	40	63	40	8	1,136	1,412	0.0%	0.0%		
2013	18	40	63	40	8	1,136	1,412	12.1%	9.5%		
2012	18	36	59	36	8	1,013	1,289	0.0%	0.0%		
2011	18	36	59	36	8	1,013	1,289	0.0%	0.0%		
2010	18	36	59	36	8	1,013	1,289	5.0%	5.9%		
2009	18	32	53	36	8	965	1,217	0.0%	0.0%		
2008	18	32	53	36	8	965	1,217	4.4%	3.5%		
2007	13	32	53	36	5	924	1,176				

Academic Year (Fall)	Registration Fee (per student)	Non-Resident: Fees per semester credit hour (SCH)									
		Non-resident Tuition Out-of-State	Non-resident Tuition International	General Use Fees	Student Service Fees	Cost for 12 SCH Out-of-State	Cost for 12 SCH International	Increase from Prior Year Out-of-State	Increase from Prior Year International		
2017	\$ 18	\$ 76	\$ 76	\$ 43	\$ 10	\$ 1,631	\$ 1,631	0.0%	0.0%		
2016	18	76	76	43	10	1,631	1,631	0.0%	0.0%		
2015	18	76	76	43	10	1,631	1,631	9.0%	9.0%		
2014	18	70	70	40	8	1,496	1,496	0.0%	0.0%		
2013	18	70	70	40	8	1,496	1,496	8.9%	8.9%		
2012	18	66	66	36	8	1,373	1,373	0.0%	0.0%		
2011	18	66	66	36	8	1,373	1,373	0.0%	0.0%		
2010	18	66	66	36	8	1,373	1,373	5.5%	5.5%		
2009	18	60	60	36	8	1,301	1,301	0.0%	0.0%		
2008	18	60	60	36	8	1,301	1,301	3.3%	3.3%		
2007	13	60	60	36	5	1,260	1,260				

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

Fiscal Year	Assessed Valuation of Property	Less Exemptions	Taxable Assessed Value (TAV)	Ratio of Taxable Assessed Value to Assessed Value	Direct Rates		
					Maintenance & Operations (a)	Debt Service (a)	Total (a)
2017-18	1,329,529,490	207,395,460	1,122,134,030	84.40%	0.02200	0.00	0.22000
2016-17	1,323,938,610	207,035,470	1,116,903,140	84.36%	0.22000	0.00	0.22000
2015-16	1,247,981,190	199,540,350	1,048,440,840	84.01%	0.22000	0.00	0.22000
2014-15	1,020,388,800	199,050,400	821,338,400	80.49%	0.22000	0.00	0.22000
2013-14	877,088,490	196,998,460	680,090,030	77.54%	0.22000	0.00	0.22000
2012-13	860,134,580	184,868,130	675,266,450	78.51%	0.22000	0.00	0.22000
2011-12	836,477,160	176,414,950	660,062,210	78.91%	0.22000	0.00	0.22000
2010-11	779,639,210	164,535,300	615,103,910	78.90%	0.22000	0.00	0.22000
2009-10	795,586,800	166,208,910	629,377,890	79.11%	0.22000	0.00	0.22000
2008-09	787,849,110	163,212,880	624,636,230	79.28%	0.22000	0.00	0.22000

Source: Local appraisal district

(a) per \$100 taxable assessed valuation

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

Fiscal Year	Appropriation per FTSE			Appropriation per contact hour			
	State Appropriations	FTSE (a)	State Appropriation per FTSE	Academic Contact Hours (a)	Voc/Tech Contact Hours (b)	Total Contact Hours	State Appropriations per Contact Hour
2017-18	\$ 3,306,429	1,492	\$ 2,216	389,104	256,267	645,371	\$ 5.12
2016-17	2,975,626	1,557	1,911	410,592	267,908	678,500	4.39
2015-16	2,993,203	1,459	2,052	383,384	297,846	681,230	4.39
2014-15	2,280,532	1,348	1,692	351,800	350,655	702,455	3.25
2013-14	2,285,956	1,142	2,002	300,112	306,420	606,532	3.77
2012-13	2,015,171	1,191	1,692	318,034	291,522	609,556	3.31
2011-12	2,062,851	1,041	1,982	296,768	287,994	584,762	3.53
2010-11	2,632,570	1,247	2,111	373,890	301,055	674,945	3.90
2009-10	2,663,017	1,171	2,274	386,752	274,037	660,789	4.03
2008-09	2,715,708	1,290	2,105	394,256	264,602	658,858	4.12

Notes:

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

(a) source CBM001

(b) source CBM00A

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

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

Taxpayer	Type of Business	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
Agrium U.S. Inc	Chemical	510,106,410	500,652,250	432,421,600	\$ 162,936,920	\$ 47,178,070	\$ 45,416,180	\$ 41,737,380	\$ 43,937,070	\$ 41,530,310	\$ 43,181,610
DCP Midstream (Duke Energy)	Energy	26,669,360	33,092,590	35,455,510	40,151,160	42,315,800	39,822,240	37,504,430	37,699,430	36,382,340	36,918,040
Southwestern Public Service	Utility	18,498,980	16,731,560	16,585,320	16,441,240	14,016,010	13,100,650	11,716,510	11,716,510	9,750,130	9,624,230
National Oil Well	Energy	-	-	8,584,720	13,481,200	7,085,930	-	-	-	-	-
Traditions Oil & Gas	Energy	-	-	8,540,810	5,557,220	6,851,210	7,451,240	-	-	-	-
Turner Energy Services	Energy	-	-	7,438,340	6,366,110	6,067,160	6,748,650	-	-	-	3,322,570
Pahandle Northern Railroad Co	Transportation	6,260,930	7,180,100	6,478,250	6,375,700	5,965,350	5,783,480	3,014,400	3,014,400	-	-
Rice Construction Company	Construction	10,271,870	9,323,880	8,540,810	4,460,990	4,107,130	3,716,850	-	-	-	-
Rice D E Trustee	Construction	-	-	4,932,070	7,870,630	-	-	-	-	-	-
Baker Corp	Energy	-	-	4,800,000	4,063,260	3,397,180	-	-	-	-	-
Eagle Rock Energy	Energy	-	-	3,051,080	4,408,260	-	-	-	-	-	-
Borger Properties	Energy	-	3,427,330	4,800,000	4,158,390	-	-	-	-	-	-
LHM Family LP	Energy	-	-	4,496,090	7,544,320	-	-	-	-	-	-
Walmart Real Estate Business	Real Estate	7,165,770	7,438,350	7,438,340	7,438,340	-	-	-	-	-	-
Walmart Stores of Texas	Retail	7,380,760	7,982,510	8,584,720	9,782,420	-	-	-	-	-	-
RS12 Hotels LLC	Hotel	4,591,250	6,624,180	7,481,470	6,669,000	-	-	-	-	-	-
Amarillo National Bank	Banking	4,951,810	4,945,780	4,932,070	4,953,470	-	-	-	-	-	-
Nov Process & Flow Tech Inc.	Energy	9,199,670	8,723,440	5,437,690	-	-	-	-	-	-	-
P&B Senior Living Group, LLC	Health Care	4,460,960	4,480,430	4,496,090	-	-	-	-	-	-	-
RAYMAC Energy, LTD	Energy	3,630,580	3,630,580	3,666,440	-	-	-	-	-	-	-
KAR Spring Ranch	Real Estate	-	-	-	4,653,330	-	-	-	-	-	-
United Supermarkets LLC	Retail	-	3,177,960	-	-	-	-	-	-	-	-
Texas Gas Services	Energy	3,382,370	-	-	-	-	-	-	-	-	-
WRB Refining LLC	Energy	3,280,430	-	-	-	-	-	-	-	-	-
Totals		\$ 619,851,150	\$ 617,410,940	\$ 588,161,420	\$ 317,312,320	\$ 136,983,840	\$ 122,039,290	\$ 93,972,720	\$ 96,367,410	\$ 87,662,780	\$ 93,046,450
Total Taxable Value		\$ 1,122,134,030	\$ 1,116,903,140	\$ 1,048,440,840	\$ 821,338,400	\$ 680,090,030	\$ 675,266,450	\$ 660,062,210	\$ 615,103,910	\$ 629,377,890	\$ 624,636,230

% of Taxable Assessed Value (TAV) by Tax Year

Taxpayer	Type of Business	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
Agrium U.S. Inc	Chemical	45.46%	44.83%	41.24%	19.84%	6.94%	6.73%	6.32%	7.14%	6.60%	6.91%
DCP Midstream (Duke Energy)	Energy	2.38%	2.96%	3.38%	4.89%	6.22%	5.90%	5.68%	6.13%	5.78%	5.91%
Southwestern Public Service	Utility	1.65%	1.50%	1.58%	2.00%	2.06%	1.94%	1.78%	1.90%	1.55%	1.54%
National Oil Well	Energy	0.00%	0.00%	0.82%	1.64%	1.04%	0.00%	0.00%	0.00%	0.00%	0.00%
Traditions Oil & Gas	Energy	0.00%	0.00%	0.81%	0.68%	1.01%	1.10%	0.00%	0.00%	0.00%	0.00%
Turner Energy Services	Energy	0.00%	0.00%	0.71%	0.78%	0.88%	1.00%	0.00%	0.00%	0.00%	0.53%
Pahandle Northern Railroad Co	Transportation	0.56%	0.64%	0.62%	0.78%	0.88%	0.86%	0.46%	0.49%	0.00%	0.00%
Rice Construction Company	Construction	0.92%	0.83%	0.81%	0.54%	0.60%	0.55%	0.00%	0.00%	0.00%	0.00%
Rice D E Trustee	Construction	0.00%	0.00%	0.47%	0.96%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Baker Corp	Energy	0.00%	0.00%	0.46%	0.49%	0.50%	0.00%	0.00%	0.00%	0.00%	0.00%
Eagle Rock Energy	Energy	0.00%	0.00%	0.29%	0.54%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Borger Properties	Energy	0.00%	0.31%	0.46%	0.51%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
LHM Family LP	Energy	0.00%	0.00%	0.43%	0.92%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Walmart Real Estate Business	Real Estate	0.64%	0.67%	0.71%	0.91%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Walmart Stores of Texas	Retail	0.66%	0.71%	0.82%	1.19%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
RS12 Hotels LLC	Hotel	0.41%	0.59%	0.71%	0.81%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Amarillo National Bank	Banking	0.44%	0.44%	0.47%	0.60%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Nov Process & Flow Tech Inc.	Energy	0.82%	0.78%	0.52%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
P&B Senior Living Group, LLC	Health Care	0.40%	0.40%	0.43%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
RAYMAC Energy, LTD	Energy	0.32%	0.33%	0.35%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
KAR Spring Ranch	Real Estate	0.00%	0.00%	0.00%	0.57%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
United Supermarkets LLC	Retail	0.00%	0.28%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Texas Gas Services	Energy	0.30%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
WRB Refining LLC	Energy	0.29%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Totals		55.25%	55.27%	56.09%	38.62%	20.13%	18.07%	14.24%	15.67%	13.93%	14.90%

Source: Local County Appraisal District

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

Fiscal Year Ended August 31	Levy (a)	Cumulative Levy Adjustments	Adjusted Tax Levy (b)	Collections - Year of Levy (c)	Percentage	Prior Collections of Prior Levies (d)	Current Collections of Prior Levies (e)	Total Collections (c+d+e)	Cumulative Collections of Adjusted Levy
2018	\$ 2,451,000	-	\$ 2,451,000	\$ 2,396,249	97.77%	\$ -	\$ 40,322	\$ 2,436,571	99.41%
2017	2,303,000	-	2,303,000	2,254,206	97.88%	-	29,813	2,284,019	99.18%
2016	1,809,048	-	1,809,048	1,763,343	97.47%	-	36,344	1,799,687	99.48%
2015	1,495,000	-	1,495,000	1,449,654	96.97%	-	38,743	1,488,397	99.56%
2014	1,471,000	-	1,471,000	1,440,167	97.90%	-	40,745	1,480,912	100.67%
2013	1,451,000	-	1,451,000	1,402,819	96.68%	-	35,832	1,438,651	99.15%
2012	1,353,000	-	1,353,000	1,305,349	96.48%	-	71,228	1,376,577	101.74%
2011	1,383,000	-	1,383,000	1,299,457	93.96%	-	23,599	1,323,056	95.67%
2010	1,374,000	-	1,374,000	1,322,861	96.28%	-	29,286	1,352,147	98.41%
2009	1,334,000	-	1,334,000	1,292,079	96.86%	-	19,479	1,311,558	98.32%

Sources:

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

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

	For the Year Ended August 31									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General bonded debt:										
General obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes	-	-	-	-	-	-	-	-	-	-
Less: funds restricted for debt service	-	-	-	-	-	-	-	-	-	-
Net general bonded debt	-	-	-	-	-	-	-	-	-	-
Other debt:										
Revenue bonds	785,000	970,000	1,150,000	1,150,000	1,320,000	1,485,000	1,650,000	1,755,000	1,885,000	2,005,000
Notes	163,442	318,999	391,565	510,009	622,885	730,452	865,405	1,153,836	1,592,644	1,969,355
Capital leases obligations	-	-	-	70,660	145,640	-	-	-	147,533	216,132
Total outstanding debt	\$ 948,442	\$ 1,288,999	\$ 1,541,565	\$ 1,730,669	\$ 2,088,525	\$ 2,215,452	\$ 2,515,405	\$ 2,908,836	\$ 3,625,177	\$ 4,190,487
General Bonded Debt Ratios:										
Per capita	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Per FTSE	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
As a percentage of taxable assessed value	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total outstanding debt ratios:										
Per capita	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Per FTSE	\$ 636	\$ 828	\$ 1,459	\$ 1,284	\$ 1,829	\$ 1,860	\$ 2,416	\$ 2,333	\$ 3,096	\$ 3,248
As a percentage of taxable assessed value	0.00%	0.12%	0.15%	0.21%	0.31%	0.33%	0.38%	0.47%	0.58%	0.67%

Notes:

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

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

	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
Total assessed value	\$ 1,122,134,030	\$ 1,116,903,140	\$ 1,048,440,840	\$ 821,338,400	\$ 680,090,030	\$ 675,266,450	\$ 660,062,210	\$ 615,103,910	\$ 629,377,890	\$ 624,636,230
General obligation bonds:										
Statutory taxable limit for debt service	\$ 5,610,670	\$ 5,584,516	\$ 5,242,204	\$ 4,106,692	\$ 3,400,450	\$ 3,376,332	\$ 3,300,311	\$ 3,075,520	\$ 3,146,889	\$ 3,123,181
Less: Funds restricted for repayment of general obligation bonds	-	-	-	-	-	-	-	-	-	-
Total net general obligation debt	5,610,670	5,584,516	5,242,204	4,106,692	3,400,450	3,376,332	3,300,311	3,075,520	3,146,889	3,123,181
Current year debt service requirements	346,360	339,929	304,288	118,444	112,875	107,568	134,953	320,874	482,296	670,565
Excess of statutory limit for debt service over current requirements	\$ 5,264,310	\$ 5,244,587	\$ 4,937,916	\$ 3,988,248	\$ 3,287,575	\$ 3,268,764	\$ 3,165,358	\$ 2,754,646	\$ 2,664,593	\$ 2,452,616
Net current requirements as a % of statutory limit	6.17%	6.09%	5.80%	2.88%	3.32%	3.19%	4.09%	10.43%	15.33%	21.47%

Notes:

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

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

Fiscal Year Ended August 31	Pledged Revenues										Debt Service Requirements			
	Tuition	Technology Fee	Registration Fees	General Use Fees	Community Education Fees	Interest Income	Vending Income	Vending Commission	Bookstore Commission	Total	Principal	Interest	Total	Coverage Ratio
2018	\$ 46,575	\$ -	\$ -	\$ 303,988	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 350,563	\$ 185,000	\$ 21,938	\$ 206,938	1.69
2017	47,422	-	-	320,775	-	-	-	-	-	368,197	180,000	21,938	201,938	1.82
2016	45,967	-	-	299,518	-	-	-	-	-	345,485	170,000	30,875	200,875	1.72
2015	43,117	-	-	299,672	-	-	-	-	-	342,789	165,000	35,063	200,063	1.71
2014	35,925	-	-	282,523	-	-	-	-	-	318,448	165,000	39,859	204,859	1.55
2013	39,007	-	-	295,900	-	-	-	-	-	334,907	165,000	46,128	211,128	1.59
2012	34,072	-	-	276,700	-	-	-	-	-	310,772	150,000	71,022	221,022	1.41
2011	37,957	-	-	308,175	-	-	-	-	-	346,132	130,000	92,662	222,662	1.55
2010	39,697	-	-	316,750	-	-	-	-	-	356,447	120,000	98,982	218,982	1.63
2009	40,417	-	-	319,787	-	-	-	-	-	360,204	115,000	105,998	220,998	1.63

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

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

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

Calendar Year	City of Borger Population	City of Borger Personal Income	City of Borger Personal Income Per Capita	City of Borger Unemployment Rate
2017	12,754	\$ 292,181,386	\$ 22,909	6.2%
2016	12,865	289,499,635	22,503	4.6%
2015	12,964	279,166,776	21,534	4.1%
2014	13,251	285,347,034	21,534	4.2%
2013	13,024	272,839,776	20,949	4.2%
2012	13,077	254,766,114	19,482	5.6%
2011	13,240	298,098,600	22,515	6.3%
2010	13,251	278,111,988	20,988	7.3%
2009	12,655	266,995,190	21,098	7.0%

Sources:

Population from U.S. Bureau of Census

Personal income from U.S. Bureau of Economic Analysis

Unemployment rate from the Texas Workforce Commission

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

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

Current Fiscal Year

Employer	Number of Employees	% of Total Employment
Phillips 66	720	INA
Borger ISD	492	INA
Chevron Phillips Chemical Co.	352	INA
H.B. Zachary	250	INA
Golden Plains Community Hospital	210	INA
D. E. Rice Construction	175	INA
Walmart	153	INA
City of Borger	137	INA
United Supermarket	126	INA
Total	INA	INA

Ten Years Prior

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

Source:
Borger Economic Development Corp
Texas Metropolitan Statistical Area Data

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

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Faculty										
Full-time	37	40	36	33	30	30	30	28	26	30
Part-time	38	38	34	38	40	43	55	45	60	81
Total	75	78	70	71	70	73	85	73	86	111
Percent										
Full-time	49.3%	51.3%	51.4%	46.5%	42.9%	41.1%	35.3%	38.4%	30.2%	27.0%
Part-time	50.7%	48.7%	48.6%	53.5%	57.1%	58.9%	64.7%	61.6%	69.8%	73.0%
Staff and Administrators										
Full-time	70	65	66	64	62	59	58	66	70	73
Part-time	17	16	17	13	9	9	9	10	10	10
Total	87	81	83	77	71	68	67	76	80	83
Percent										
Full-time	80.5%	80.2%	79.5%	83.1%	87.3%	86.8%	86.6%	86.8%	87.5%	88.0%
Part-time	19.5%	19.8%	20.5%	16.9%	12.7%	13.2%	13.4%	13.2%	12.5%	12.0%
FTSE per full-time faculty	40	39	41	41	38	40	35	45	45	43
FTSE per full-time staff member	21	24	22	21	18	20	18	19	17	18
Average annual faculty salary	\$ 43,735	\$ 42,830	\$ 40,578	\$ 40,389	\$ 40,454	\$ 37,536	\$ 37,710	\$ 40,203	\$ 36,000	\$ 32,494

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

Student Classification	Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00-30 hours	1133	75.94%	1174	75.40%	1100	75.39%	1167	86.57%	802	70.23%	1,011	84.89%	755	72.53%	843	67.60%	931	79.50%	909	70.47%
31-60 hours	269	18.03%	272	17.47%	256	17.55%	140	10.39%	235	20.58%	129	10.83%	226	21.71%	270	21.65%	201	17.16%	242	18.76%
> 60 hours	90	6.03%	111	7.13%	103	7.06%	41	3.04%	105	9.19%	51	4.28%	60	5.76%	134	10.75%	39	3.33%	139	10.78%
Total	1,492	100.00%	1,557	100.00%	1,459	100.00%	1,348	100.00%	1,142	100.00%	1,191	100.00%	1,041	100.00%	1,247	100.00%	1,171	100.00%	1,290	100.00%

Semester Hour Load	Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	17	1.14%	19	1.22%	18	1.23%	20	1.48%	0	0.00%	3	0.25%	2	0.19%	2	0.16%	-	0.00%	19	1.47%
3-5 semester hours	329	22.05%	332	21.32%	318	21.80%	271	20.10%	198	17.34%	243	20.40%	214	20.56%	258	20.69%	226	19.30%	305	23.64%
6-8 semester hours	333	22.32%	355	22.80%	320	21.93%	331	24.55%	288	25.22%	238	19.98%	184	17.68%	207	16.60%	250	21.35%	261	20.23%
9-11 semester hours	235	15.75%	241	15.48%	229	15.70%	158	11.72%	155	13.57%	159	13.35%	118	11.34%	94	7.54%	135	11.53%	120	9.30%
12-14 semester hours	329	22.05%	342	21.97%	338	23.17%	329	24.41%	319	27.93%	337	28.30%	296	28.43%	381	30.55%	359	30.66%	288	22.33%
15-17 semester hours	209	14.01%	240	15.41%	204	13.98%	208	15.43%	157	13.75%	176	14.78%	203	19.50%	268	21.49%	176	15.03%	218	16.90%
18 and over	40	2.68%	28	1.80%	32	2.19%	31	2.30%	25	2.19%	35	2.94%	24	2.31%	37	2.97%	25	2.14%	79	6.13%
Total	1,492	100.00%	1,557	100.00%	1,459	100.00%	1,348	100.00%	1,142	100.00%	1,191	100.00%	1,041	100.00%	1,247	100.00%	1,171	100.00%	1,290	100.00%

Average course load									11		10		10		10		10		11	
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Tuition Status	Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas resident (In-District)	379	25.40%	449	28.84%	444	30.43%	411	30.49%	366	32.05%	399	33.50%	342	32.85%	390	31.28%	399	34.07%	389	30.16%
Texas resident (Out-of-state)	1036	69.44%	1027	65.96%	950	65.11%	887	65.80%	736	64.45%	763	64.06%	648	62.25%	750	60.14%	709	60.55%	786	60.93%
Non-resident tuition	77	5.16%	81	5.20%	65	4.46%	50	3.71%	40	3.50%	29	2.43%	51	4.90%	107	8.58%	63	5.38%	115	8.91%
Total	1,492	100.00%	1,557	100.00%	1,459	100.00%	1,348	100.00%	1,142	100.00%	1,191	100.00%	1,041	100.00%	1,247	100.00%	1,171	100.00%	1,290	100.00%

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

	Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	
Gender																					
Female	859	57.57%	898	57.68%	845	57.92%	778	57.72%	609	53.33%	681	57.18%	603	57.93%	679	54.45%	653	55.76%	727	56.36%	
Male	633	42.43%	659	42.32%	614	42.08%	570	42.28%	533	46.67%	510	42.82%	438	42.07%	568	45.55%	518	44.24%	563	43.64%	
Total	1,492	100.00%	1,557	100.00%	1,459	100.00%	1,348	100.00%	1,142	100.00%	1,191	100.00%	1,041	100.00%	1,247	100.00%	1,171	100.00%	1,290	100.00%	
Ethnic Origin																					
White	1,061	76.77%	1,153	74.05%	1,107	75.87%	1,012	75.07%	780	68.30%	708	59.45%	663	63.69%	843	67.60%	802	68.49%	877	67.98%	
Hispanic	145	10.49%	151	9.70%	178	12.20%	181	13.43%	201	17.60%	264	22.17%	250	24.02%	274	21.97%	267	22.80%	294	22.79%	
African American	66	4.78%	68	4.37%	68	4.66%	60	4.45%	53	4.64%	41	3.44%	45	4.32%	82	6.58%	52	4.44%	59	4.57%	
Asian	11	0.80%	9	0.58%	9	0.62%	7	0.52%	8	0.70%	5	0.42%	5	0.48%	7	0.56%	7	0.60%	5	0.39%	
Foreign	9	0.65%	18	1.16%	13	0.89%	2	0.15%	5	0.44%	11	0.92%	23	2.21%	12	0.96%	6	0.51%	22	1.71%	
Native American	78	5.64%	67	4.30%	60	4.11%	67	4.97%	32	2.80%	23	1.93%	17	1.63%	18	1.44%	25	2.13%	32	2.48%	
Other	12	0.87%	91	5.84%	24	1.64%	19	1.41%	63	5.52%	139	11.67%	38	3.65%	11	0.89%	12	1.02%	1	0.08%	
Total	1,382	100.00%	1,557	100.00%	1,459	100.00%	1,348	100.00%	1,142	100.00%	1,191	100.00%	1,041	100.00%	1,247	100.00%	1,171	100.00%	1,290	100.00%	
Tuition Status																					
Under 18	616	41.29%	661	42.45%	562	38.52%	475	35.24%	316	27.67%	315	26.45%	255	24.50%	241	19.33%	327	27.92%	312	24.19%	
18-21	612	41.02%	638	40.98%	608	41.67%	573	42.51%	521	45.62%	530	44.50%	481	46.21%	666	53.41%	521	44.49%	641	49.69%	
22-24	75	5.03%	70	4.50%	90	6.17%	94	6.97%	82	7.18%	81	6.80%	85	8.17%	87	6.98%	70	5.98%	92	7.13%	
25-35	118	7.91%	129	8.29%	138	9.46%	142	10.53%	152	13.31%	182	15.28%	142	13.64%	162	12.99%	163	13.92%	149	11.55%	
36-50	62	4.16%	53	3.40%	54	3.70%	60	4.45%	61	5.34%	68	5.71%	64	6.15%	74	5.93%	69	5.89%	76	5.89%	
51 & over	9	0.60%	6	0.39%	7	0.48%	4	0.30%	10	0.88%	15	1.26%	14	1.34%	17	1.36%	21	1.79%	20	1.55%	
Total	1,492	100.00%	1,557	100.00%	1,459	100.00%	1,348	100.00%	1,142	100.00%	1,191	100.00%	1,041	100.00%	1,247	100.00%	1,171	100.00%	1,290	100.00%	
Average age	20		20		20		20		21		22		22		22		22		22		22

**Borger Junior College District
Statistical Supplement 17
Transfers to Senior Institutions
2016-2017 Fall Students as of Fall 2017**

(unaudited)

(Includes only public senior colleges in Texas)

Rank	Texas Public Senior College	Transfer Student Count Academic	Transfer Student Count Technical	Transfer Student Count Tech-Prep	Total of All Transfer Students	% of All Transfer Students
1	West Texas A&M University	109	8	-	117	57.9%
2	Texas Tech University	38	1	-	39	19.3%
3	Tarleton State University	13	-	-	13	6.4%
4	Texas A&M University	6	-	-	6	3.0%
5	Texas State University	6	-	-	6	3.0%
6	Angelo State University	5	-	-	5	2.5%
7	Texas A&M University - Corpus Christi	3	-	-	3	1.5%
8	The University of Texas at Arlington	2	-	-	2	1.0%
9	The University of Texas at San Antonio	2	-	-	2	1.0%
10	Lamar University	1	-	-	1	0.5%
11	Midwestern State University	1	1	-	2	1.0%
12	Sul Ross State University	1	-	-	1	0.5%
13	Texas A&M International University	1	-	-	1	0.5%
14	Texas Woman's University	1	-	-	1	0.5%
15	The University of Texas at El Paso	1	-	-	1	0.5%
16	University of Houston - Downtown	1	-	-	1	0.5%
17	University of North Texas	1	-	-	1	0.5%
Totals		192	10	-	202	100.00%

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

Borger Junior College District
Statistical Supplement 18
Capital Asset Information
Fiscal Year 2009 to 2018
(unaudited)

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Academic buildings	8	8	8	7	7	7	7	7	8	8
Square footage	170,180	170,180	170,180	162,980	162,980	162,980	162,980	162,980	177,546	177,546
Library	1	1	1	1	1	1	1	1	1	1
Square footage	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000
Number of volumes	22,900	22,900	22,900	22,900	22,900	22,900	22,900	22,900	22,900	22,900
Administrative and support buildings	2	2	2	2	2	2	2	2	2	2
Square footage	22,400	22,400	22,400	22,400	22,400	22,400	22,400	22,400	22,400	22,400
Dormitories	3	3	3	3	3	3	3	3	3	3
Square footage	54,640	54,640	54,640	54,640	54,640	54,640	54,640	54,640	54,640	54,640
Number of beds	246	246	246	246	246	246	246	246	246	246
Apartments	0	0	0	0	0	0	0	0	0	0
Square footage	0	0	0	0	0	0	0	0	0	0
Number of beds	0	0	0	0	0	0	0	0	0	0
Dining facilities	1	1	1	1	1	1	1	1	1	1
Square footage	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Average daily customers	158	158	158	158	158	158	158	158	158	158
Athletic facilities										
Square footage	252,910	252,910	252,910	252,910	252,910	252,910	252,910	252,910	252,910	252,910
Stadiums	1	1	1	1	1	1	1	1	1	1
Gymnasiums	1	1	1	1	1	1	1	1	1	1
Fitness centers	1	1	1	1	1	1	1	1	1	1
Tennis courts	2	2	2	2	2	2	2	2	2	2
Plant facilities	1	1	1	1	1	1	1	1	1	1
Square footage	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Transportation										
Cars	8	8	9	9	9	10	10	9	8	8
Light trucks	6	6	6	6	6	5	6	6	6	6
Buses	6	6	3	3	3	3	3	3	3	3