



**Financial Statements and
Independent Auditors' Report**



**Odessa Junior College District
August 31, 2018 and 2017**

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ODESSA JUNIOR COLLEGE DISTRICT

ORGANIZATIONAL DATA

For the Year Ended August 31, 2018

BOARD OF TRUSTEES



OFFICERS

Mr. Tommy Clark	President
Mr. Gary S. Johnson	Vice President
Mr. Larry Johnson	Secretary
Mr. Neil Grape	Assistant Secretary

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TERM EXPIRES MAY,

Mr. Richard C. Abalos	Odessa, Texas	2023
Mr. Royce Bodiford	Odessa, Texas	2019
Mr. Tommy Clark	Odessa, Texas	2019
Dr. Tara Deaver	Odessa, Texas	2023
Mr. Neil Grape	Odessa, Texas	2019
Mr. Gary S. Johnson	Odessa, Texas	2021
Mr. Larry Johnson	Odessa, Texas	2021
Mr. JE "Coach" Pressly	Odessa, Texas	2021
Mr. Bruce Shearer	Odessa, Texas	2023



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Ms. Virginia E. Chisum, CPA	Vice President for Business Affairs
Ms. Valerie Jones	Vice President for Instruction
Dr. Don Wood	Vice President for Institutional Effectiveness
Ms. Kim McKay	Vice President for Student Services & Enrollment Management
Mr. Shawn Shreves	Vice President for Information Technology
Ms. Brandy Ham	Executive Director of Finance



Independent Auditors' Report

The Board of Trustees
Odessa Junior College District
Odessa, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Odessa Junior College District (the "District") as of and for the years ended August 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the District'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.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of August 31, 2018 and 2017, and the respective changes in financial position, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 – 21, the Schedule of District's Proportionate Share of Net Pension Liability on page 61, the Schedule of District's Contributions of the State of Texas on page 62, the Schedule of District's Proportionate Share of Net OPEB Liability from Employee Retirement System of State of Texas Retiree Health Plan on page 63 and the Schedule of District's Contributions to OPEB from Employee Retirement System of State of Texas Retiree Health Plan on page 64 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 audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The organizational data and statistical supplement on pages 79 through 83 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 is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirement of Federal Awards, and is also not a required part of the basic financial statements. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by the *Provisions of the State of Texas Single Audit Circular*, and is not a required part of the basic purpose financial statements. In addition, the supplementary data presented in schedules A, B, C and D is presented for additional purposes and is not a required part of the basic financial statements.

The schedules of expenditures of federal and state awards (Schedules E & F) and Schedules A, B, C and D 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 schedules of expenditures of federal awards and the schedule of expenditures of state awards and Schedules A, B, C and D are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Matters (Continued)

The Organizational Data and Statistical Supplement have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report December 13, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Johnson, Miller & Co., CPAs PC

Odessa, Texas
December 13, 2018

Management's Discussion and Analysis

INTRODUCTION

The Management's Discussion and Analysis provides an overview of the Odessa Junior College District's ("the District") financial activities for the years ended August 31, 2018 (Fiscal Year 2018), 2017 (Fiscal Year 2017), and 2016 (Fiscal Year 2016). In conformity with Government Accounting Standards Board (GASB) Statement No. 34, the discussion focuses on currently known facts, decisions, and conditions and is intended to assist the reader in the interpretation of the financial statements and notes that follow this analysis.

FINANCIAL AND ENROLLMENT HIGHLIGHTS

- During 2018, the district implemented a new accounting principal required by GASB Statement 75, requiring governmental employers to measure and report the liabilities associated with postemployment benefits other than pensions (or OPEB). Reported OPEBs may include post-retirement medical, pharmacy, dental, vision, life, long-term disability and long-term care benefits that are not associated with a pension plan. This required the District to record its proportionate share of the Employees Retirement Systems of Texas (ERS) net OPEB liability, deferred outflows and deferred inflows of resources, and current OPEB expenses. GASB 75 requires two new supplementary schedules, which can be found on pages 63 and 64.
- The implementation of GASB 75 required a restatement of beginning net position for the 2018 fiscal year from \$55.7 million to \$21.7 million, a decrease of \$34.0 million. As a result, certain components of the Statement of Net Assets cannot be compared to prior years.
- Apart from the restatement, the District's net financial position increased during 2018 as total revenues exceeded total expenses by \$11.2 million. Revenues exceeded expenses by \$5.3 million and \$6.5 million in fiscal years 2017 and 2016, respectively.
- Capital assets (net of depreciation) increased by approximately \$234,000 in 2018, by \$695,000 in 2017, and by \$10.4 million in 2016. The increases resulted primarily from construction and equipment purchases related to the Vision 2015 campus improvement program.
- The District's total bonded debt decreased during fiscal year 2018 by \$4.0 million, or 5.3%, to \$72.6 million. Debt decreased by \$3.8 million and \$3.7 million at the end of fiscal years 2017 and 2016.
- The net taxable property values in the District increased by approximately \$0.3 billion, or 2.7% in 2018, after decreasing by approximately \$1.4 billion, or 10.2%, in 2017, and decreasing by \$0.7 billion, or 4.8%, in 2016.
- Total tax revenues increased by \$1.3 million, or 4.8%, to \$27.2 million in 2018, compared to tax revenues of \$26.0 million and \$27.0 million in 2017 and 2016, respectively.
- Total semester hours for credit classes increased by 2.5% to 121,149 in 2018, compared to 118,211 in 2017, and 103,475 in 2016, respectively.

- Total contact hours from credit and noncredit instruction decreased by 4.3% to 2,585,212 in 2018, compared to 2,700,273 in 2017, and 2,424,704 in 2016. The overall decline in 2018 was attributed to a decrease in noncredit contact hours that exceeded the increase in credit instruction hours.

BASIC FINANCIAL STATEMENTS

There are three basic financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. These statements should be read in conjunction with the notes to the basic financial statements.

Financial statements for the District's component unit, the Odessa College Foundation, are issued independently of the District. The Foundation's Statement of Financial Position and Statement of Activities for its most recently completed fiscal years of 2016 and 2015 are presented as discrete reports on pages 24 and 27 of the District's basic financial statements. Complete financial statements for the Foundation can be obtained from the Foundation at 201 West University Blvd, Odessa, TX 79764.

- **The Statement of Net Position**

The Statement of Net Position (Exhibit 1) reports the assets, liabilities, and resulting net position of the District as of the end of the fiscal year. It is a "point in time" financial statement; its purpose is to give the readers a snapshot of the financial condition of Odessa College on the last day of each fiscal year.

The Statement of Net Position includes assets and liabilities, both current and non-current, deferred outflows and inflows of resources, and net position.

- Current assets are those assets that are available to satisfy current liabilities, or liabilities that are due within one year.
- Non-current assets include capital assets, restricted cash, long-term investments, and other assets not classified as current.
- Non-current liabilities include bonds payable and other long-term commitments.
- Deferred inflows of resources represents an acquisition of net position that applies to a future period therefore not being recognized as an inflow of resources until such time.
- Deferred outflows of resources represents a consumption of net position that applies to a future period therefore not being recognized as an inflow of resources until such time.

Net position is the difference between total assets, total liabilities, deferred outflows and deferred inflows. Net position is one way to measure the financial health of the District as they represent the amount of resources available to finance future activities. Over time, the increases and decreases in net position is one indicator of whether the overall financial condition has improved or deteriorated during the year when considered with other factors such as enrollment, contact hours of instruction, student retention and other non-financial information.

Management's Discussion and Analysis
For the Period Ending August 31, 2018 (Unaudited)

Net assets are divided into three major categories.

- Invested in Capital Assets, Net of Related Debt, reflects the District's equity in property, plant and equipment.
- Restricted Net Position has external limitations on the way in which it may be used.
- Unrestricted Net Position is available to use for any lawful purpose of the District.

- **The Statement of Revenues, Expenses, and Changes in Net Position**

The Statement of Revenues, Expenses, and Changes in Net Position (Exhibit 2) explains "why" the net position has increased or decreased during the year. It focuses on the "bottom line results" of the District's operations. The statement is divided into (a) Operating Revenues and Expenses, (b) Non-Operating Revenues and Expenses, and (c) Other Revenue.

Generally, operating revenues are received in exchange for providing goods and services to the various customers of the District. Operating revenues include:

- Tuition and fees
- Federal and state grants
- Sales and services of educational activities
- Auxiliary and other operating revenues

Operating expenses are those paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the District's mission. Depreciation is included as an operating expense.

Non-operating revenues are funds received for which goods and services are not directly provided to those providing the revenue. Non-operating revenues include:

- State legislative appropriations
- Local property taxes
- Federal student aid grants
- Non-capital gifts and investment income

Other revenue includes capital contributions, additions to endowments, and special and extraordinary items.

Odessa College, like all other Texas community colleges, is primarily dependent upon three sources of revenue: state appropriations, tuition and fees, and local property taxes. Since state appropriations and property taxes are classified as non-operating revenues (per the GASB requirement), all Texas community colleges will display an operating deficit before taking into account other support. Essentially, this operating deficit represents the net cost of services to students that must be covered by state appropriations, local property taxation, and other sources of revenue. Therefore, total revenues and total expenses should be considered in assessing the change in the District's financial position.

Management's Discussion and Analysis
For the Period Ending August 31, 2018 (Unaudited)

• **The Statement of Cash Flows**

The final statement presented is the Statement of Cash Flows which analyzes the cash activities of the District for the year. This statement helps readers assess the District's ability to generate future cash flows and its ability to meet obligations as they come due. The statement is divided into five parts:

- Cash provided by or used for operating activities
- Cash flows from non-capital financing activities
- Cash flows from investing activities
- Cash provided by or used for capital related financing activities, and
- Cash used for acquisition and construction of capital items.

CONDENSED COMPARATIVE FINANCIAL INFORMATION

**Condensed Statement of Net Position
(thousands of dollars)**

	Year Ended August 31,			<u>2017 to</u>	<u>2016 to</u>
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2018</u>	<u>2017</u>
Current assets	\$ 28,497	\$22,338	\$21,058	\$ 6,159	\$ 1,280
Capital assets, net of depreciation	111,463	111,229	110,534	234	695
Other non-current assets	17,190	17,919	18,005	(729)	(86)
Deferred outflows of resources	11,779	2,306	2,681	9,473	(375)
Total assets and deferred outflows	168,929	153,792	152,278	15,137	1,514
Current liabilities	16,355	14,668	14,035	1,687	633
Non-current debt	69,034	74,159	78,210	(5,125)	(4,051)
Net Pension Liability	6,287	6,992	6,813	(705)	179
Net OPEB Liability	28,982	0	0	28,982	0
Deferred inflows of resources	15,399	2,272	2,832	13,127	(560)
Total liabilities and deferred inflows	136,057	98,091	101,890	37,966	(3,799)
Net Position:					
Invested in capital assets, net of related debt	39,857	35,669	31,177	4,188	4,492
Restricted: nonexpendable	818	772	844	46	(72)
Restricted: expendable	8,105	5,092	4,493	3,013	599
Unrestricted	(15,908)	14,168	13,874	(30,076)	294
Total net position	\$ 32,872	\$ 55,701	\$50,388	(22,829)	5,313

Figure 1 Note: FY2018 has been restated to account for cumulative effect of GASB Statement 75 implementation.

Management's Discussion and Analysis
For the Period Ending August 31, 2018 (Unaudited)

The District implemented new financial reporting provisions required by GASB Statement 75 that required a restatement of beginning net position for the 2018 fiscal year from \$55.7 million to \$21.7 million, a decrease of \$34.0 million. As a result, certain components of the Statement of Net Assets cannot be compared to prior years.

Current assets consist mainly of cash, short-term investments, receivables, and prepayments. In addition, all of the bond proceeds projected to be expended within the next fiscal year are classified as current assets.

During fiscal year 2018:

- There was an increase of \$6,159,000 in current assets due to an increase in cash and cash equivalents. Cash and temporary investments increased by \$5,017,000 due primarily to additional tuition revenue from higher enrollments, capital gifts and insurance proceeds, and reduced bond interest payments.

During fiscal year 2017:

- There was an increase of \$1,280,000 in current assets due to an increase in cash and cash equivalents offset by a decrease in accounts receivable. Cash and cash equivalents increased by \$5,119,000 due primarily to the timing of the Federal Pell Grant draw down at year end. Accounts receivable decreased by \$3,877,000 due to the timing of the Federal Pell Grant draw down at year end as well.

During fiscal year 2016:

- There was a decrease of \$5,133,000 in current assets due to a decrease in cash and cash equivalents offset by an increase in accounts receivable. Cash and cash equivalents decreased by \$10,995,000 due primarily to bond construction expenditures. Accounts receivable increased by \$5,100,000 due to the timing of the Federal Pell Grant draw down at year end as well as a private grant receivable from Odessa Development Corp.

Capital assets, net of depreciation, increased by approximately \$234,000, during 2018 while increasing \$695,000 during 2017. In accordance with GASB Statements No. 34 and 35, the District does not record the cost of its capital assets as an expense at the time of acquisition/completion of the asset, but rather shows the expense systematically over the expected life of the asset as depreciation expense. The purchases of land, building improvements, and equipment continue to exceed annual depreciation charges each year.

During fiscal 2018:

- Construction in Progress decreased by approximately \$2.1 million. Fiscal year 2018 construction costs amounted to \$2.4 million on projects not yet completed, including the Baseball Field renovation, Pecos Center welding lab, and the Sewell Auto Tech Center. There was an offsetting decrease of \$4.5 million to Construction in Progress with the completion of renovations to the Health Science Building, the Electronics Technology Building, and the Globe Theater. The completed costs were reclassified into Buildings and Other Land Improvements categories of capital assets.

Management's Discussion and Analysis
For the Period Ending August 31, 2018 (Unaudited)

- Buildings and improvements increased by \$4.2 million due to the completion of renovations to the Health Science Building, the Electronics Technology Building, the Globe Theater and the Electrical Lineman Facilities.
- Major Equipment purchases included \$539 thousand to purchase 4 trucks to use in our Truck Driver Training Academy, \$280 thousand to purchase three buses for student transportation, and \$100 thousand to purchase a mobile home located at the Graham Center Ranch

During fiscal 2017:

- Construction in Progress decreased by approximately \$15.9 million. Fiscal year 2017 construction costs amounted to \$2.8 million on projects not yet completed, including the Electronics Technology Building Phase 2, Electronics Technology Building Phase 3, Sports Center lockers, Globe Theater and the Vehicle Technology Center. There was an offsetting decrease of \$18.7 million to Construction in Progress with the completion of the Fab Lab, LRC first floor renovations, Spur Building Phase 2, and Site Improvements which were reclassified into the Buildings category of capital assets.
- Buildings and improvements increased by \$18.7 million due to the completion of the Fab Lab, Spur Building Phase 2, Campus Site Improvements as well as the remodel to the first floor LRC.
- Major Equipment purchases included \$181 thousand in equipment to furnish the Fab Lab, \$157 thousand in instrumentation controls equipment from the Chevron grant, and \$123 thousand in welding equipment associated with the Jet Grant, and \$178 thousand in replacement of information technology servers and related equipment.

During fiscal 2016:

- Construction in Progress increased by approximately \$3.1 million. Fiscal year 2016 construction costs amounted to \$12.5 million on projects not yet completed, including the Spur Building - Phase 2, the Commons Landscape improvements, Globe Theater renovations, the Fab Lab and Electronics Technology Building Phase 2. There was an offsetting decrease of \$9.4 million to Construction in Progress with the completion of the Williams Continuing Education Center and the remodel of the Learning Resource Center (LRC) which were reclassified into the Buildings category of capital assets.
- Buildings and improvements increased by \$8.8 million due to the completion of Williams Hall and the remodel to the LRC as mentioned above.
- Other land improvements increased by \$644 thousand due to the completion of the campus signage plans on the main campus and the Pecos campus.

Total liabilities increased by \$24.8 million (25.9%) in fiscal year 2018 after decreasing by \$3.2 million (-3.3%) in fiscal 2017. The major contributing factors are explained below.

During fiscal 2018:

- Net OPEB liability increased by \$29.1 million due to the implementation of GASB 75 reporting for other post-employment benefits (primarily future health care costs of both active and retired employees).

Management's Discussion and Analysis
For the Period Ending August 31, 2018 (Unaudited)

- Accounts payable related to construction and vendor purchases decreased by \$289,000, reflective of less construction activity related to Vision 2015 campus improvement projects.
- Deferred revenue increased by \$1.6 million due to an increase in enrollment and tuition for Fall of 2018, an increase in state grant funds received near year-end, and unspent roof insurance proceeds.
- Bond and capital lease liabilities decreased by \$4.9 million due to principle payments on bond obligations and unamortized bond premium.
- Net pension liability decreased by \$0.7 million due to differences between actual and projected investment earnings by TRS.

During fiscal 2017:

- Accounts payable related to construction and vendor purchases decreased by \$194,000, reflective of less construction activity with fewer Vision 2015 projects active at year-end.
- Deferred revenue increased by \$563,000 due to an increase in enrollment for Fall 2017 and an increase in state grant funds received that have been deferred to Fall 2017.
- Non-current liabilities decreased by \$4.1 million due to principle payments on lease and bond obligations.
- Net pension liability increased by \$179 thousand due to differences between actual and projected investment earnings by TRS.

During fiscal 2016:

- Accounts payable related to construction and vendor purchases decreased by \$821,000, reflective of less construction activity with fewer Vision 2015 projects active at year-end.
- Deferred tuition revenue increased by \$405,000 due to an increase in enrollment for Fall 2016.
- Non-current liabilities decreased by \$3.9 million due to principle payments on lease and bond obligations.

Overall, the District's net position decreased by \$22.8 million during fiscal 2018, increased by \$5.3 million during 2017, and increased by \$6.5 million during 2016. **It is important for the readers of the financial statements to note** that the 2018 decrease was the combined result of an \$11.2 million increase from current operations offset by a \$34 million restatement due to the GASB 75 change in accounting principle.

During fiscal 2018:

- The Net Investment in Capital Assets, representing the net value of capital assets (land, buildings, and equipment) less the related debt, increased by \$4.2 million, primarily as a result payments and refunding of bonded debt.
- The Restricted Net Position increased approximately \$3.1 million due to an increase in restricted expendable capital projects of \$1 million from the college continued contribution to Vision 2015, an increase in restricted expendable debt service by \$2.4 million from lower interest payments as well as a gain from the refunding of debt, and an increase in OER reserves.
- The Unrestricted Net Position cannot be compared to the previous two years due to the restatement required by GASB Statement No. 75. Nevertheless, there was an excess of unrestricted revenues over unrestricted expenses of \$3.9 million during fiscal 2018 as shown on Schedule D of the financial statements.

Management's Discussion and Analysis
For the Period Ending August 31, 2018 (Unaudited)

During fiscal 2017:

- The Net Investment in Capital Assets, representing the net value of capital assets (land, buildings, and equipment) less the related debt, increased by almost \$4.5 , primarily as a result of scheduled payments on bonded debt.
- The Restricted Net Position increased approximately \$527 thousand.
- The Unrestricted Net Position increased modestly by \$294 thousand.

During fiscal 2016:

- The Net Investment in Capital Assets, representing the net value of capital assets (land, buildings, and equipment) less the related debt, increased by almost \$13.6 million.
- The Restricted Net Position decreased approximately \$7.1 million, primarily due to the expenditure of bond and gift proceeds on construction projects. In addition, the net position of restricted student aid declined as scholarships were awarded in fiscal 2016 from donations received in fiscal 2015.
- The Unrestricted Net Position increased modestly by \$63 thousand.

Management's Discussion and Analysis
For the Period Ending August 31, 2018 (Unaudited)

Condensed Statement of Revenues, Expenses and Changes in Net Position
(thousands of dollars)

	Year Ended August 31,			Increase (Decrease)	
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2017</u> <u>to 2018</u>	<u>2016</u> <u>to 2017</u>
Operating revenues					
Tuition and fees (net of discounts)	\$ 9,298	\$ 8,829	\$ 7,701	\$ 469	\$ 1,128
Grants and contracts	3,861	3,194	4,204	667	(1,010)
Other	3,074	3,218	2,724	(144)	494
Total operating revenue	<u>16,233</u>	<u>15,241</u>	<u>14,629</u>	<u>992</u>	<u>612</u>
Operating expenses					
Instruction	18,914	18,203	18,150	711	53
Public Service	1,257	1,574	1,252	(317)	322
Academic Support	4,617	4,811	4,807	(194)	4
Student Services	4,273	4,376	4,179	(103)	197
Institutional Support	6,613	6,147	5,947	466	200
Operations & Maint of Plant	4,899	4,448	4,122	451	326
Scholarship & Fellowships	5,642	5,041	4,976	601	65
Auxiliary enterprises	2,591	2,277	2,397	314	(120)
Depreciation	3,224	2,942	2,688	282	254
Total operating expenses	<u>52,030</u>	<u>49,819</u>	<u>48,518</u>	<u>2,211</u>	<u>1,301</u>
Operating loss	(35,797)	(34,578)	(33,889)	(1,219)	(689)
Non-operating revenue/(expense)					
State appropriation	12,098	10,208	10,290	1,890	(82)
Ad valorem taxes	27,246	25,990	26,961	1,256	(971)
Federal student aid grants	7,044	6,480	5,860	564	620
Interest on debt	(2,269)	(3,750)	(3,871)	1,481	121
Other	325	724	507	(399)	217
Total non-operating income	<u>44,444</u>	<u>39,652</u>	<u>39,747</u>	<u>4,792</u>	<u>(95)</u>
Other revenue					
Capital grants and gifts	2,528	239	633	2,289	(394)
Increase in net position	<u>11,175</u>	<u>5,313</u>	<u>6,491</u>	<u>5,862</u>	<u>(1,178)</u>
Net position, beginning of year	55,701	50,388	43,897	5,313	6,491
Prior period adjustment GASB 75 Implementation	(34,004)	N/A	N/A	(34,004)	0
Net assets beginning of year as restated	<u>21,697</u>	<u>50,388</u>	<u>43,897</u>	<u>(28,691)</u>	<u>6,491</u>
Net position, end of year	<u>\$ 32,872</u>	<u>\$ 55,701</u>	<u>\$ 50,388</u>	<u>\$(22,829)</u>	<u>\$5,313</u>

Figure 2 Note: FY2018 has been restated to account for GASB Statement 75 changes and a prior period adjustment.

Operating Revenues:

Key factors impacting Operating Revenues are explained below:

During fiscal 2018:

- Tuition and Fee Revenue, net of discounts, increased by \$469,000, or about 5.3%. Gross tuition and fees increased by \$729,000 due to higher enrollments and an increase of 2.5% in semester credit hours. At the same time, scholarship allowances and discounts increased by \$260,000 due to increased federal student aid grants, primarily Pell grants which increased by 9.1%.
- Non-governmental Grants and Contracts increased by \$720,000 due to a new private grant from the Odessa Development Corporation starting during the year to continue over a three year period.

During fiscal 2017:

- Tuition and Fee Revenue, net of discounts, increased by \$1,128,000, or about 14.6%. Gross tuition and fees increased by \$1,537,000 due to higher enrollments and an increase of 14.2% in semester credit hours. At the same time, scholarship allowances and discounts increased by \$409,000 due to increased federal student aid grants, primarily Pell grants which increased by 11.6%.
- Federal Operating Grants decreased by \$304,000 or 20%. The decrease is due primarily to the ending of a one year Perkins Grant for the startup of the Early College High School (OCTECHS) in the amount of \$212,000 as well as a decrease in Perkins Grant funding during the current year in the amount of 82,000.
- State Operating Grants increase by \$73,000 due to a new grant received from the Texas Workforce Commission for Jobs and Education for Texans (JET).
- Non-governmental Grants and Contracts decreased by \$780,000 due to a private grant from the Odessa Development Corporation ending during the year with the majority of the funds being received during prior year.

During fiscal 2016:

- Tuition and Fee Revenue, net of discounts, decreased by \$626,000, or about 7.5%. Gross tuition and fees decreased by \$351,000 due to a decrease in state funded continuing education enrollments. At the same time, scholarship allowances and discounts increased by \$426,000 due to federal grants to students. State funded credit tuition increased by \$121,000 due to higher enrollment.
- Federal Operating Grants decreased by \$421,000 or 21.8%. The decrease is due primarily to the ending of a one year Perkins Grant for the startup of the Early College High School (OCTECHS) in the amount of \$373,000.
- State Operating Grants decreased by \$416,000 due to a Texas Workforce Commission skills development grant partnering with Chevron USA Inc. ending in the prior year as well as a pass through grant from Alamo Community College in partnership with Weatherford ending in the prior year.
- Non-governmental Grants and Contracts increased by \$1,693,000 due to a private grant from the Odessa Development Corporation.

Non-Operating Revenues:

Non-Operating Revenues increased significantly by \$5.8 million in 2018 after decreasing by \$95 thousand in 2017 and increasing \$2.8 million during 2016. Key factors impacting Non-Operating Revenues are discussed below:

During fiscal 2018:

- Total State Appropriations increased by \$1,890,000, or 18.5%. \$771,000 of the increase was due to increased contact hour and success points funding for the 2018-2019 legislative biennium. The remaining \$1,119,000 increase resulted from increased benefit payments paid by the state as now reported under GASB 68 and GASB 75.
- Property Tax revenue increase by \$1,256,000, or 4.8%. Net assessed valuations increased 2.7%, and the combined tax rate was raised 0.9%.
- Federal Student Aid Revenue increased \$564,000 or 8.7%. The number of recipients awarded during the 2017-18 academic year increased resulting in a larger disbursement of aid in August of 2018 for the fall semester.

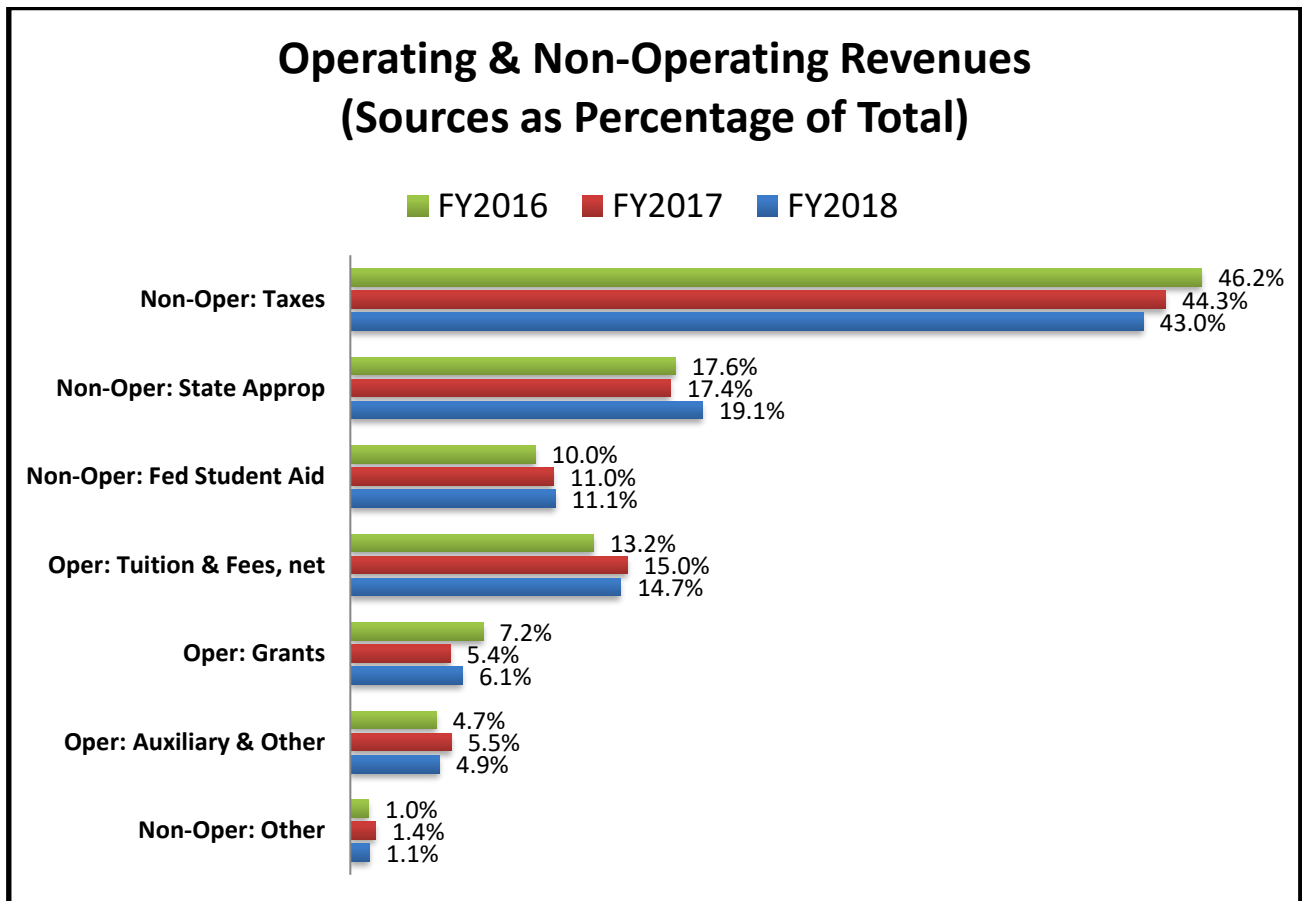
During fiscal 2017:

- Total State Appropriations decreased by \$82,000, due to a one-time reallocation of state funding in FY2016 based on state-wide enrollments. The 2017 appropriation reverted back to the original annual amount allocated by the legislature.
- Property Tax revenue decreased by \$971,000, or 3.6%. While net assessed valuations decreased by 10%, the tax rate for maintenance and operations was increased by 7%.
- Federal Student Aid Revenue increased \$620,000 or 10.6%. The number of recipients awarded during the 2016-17 academic year increased resulting in a larger disbursement of aid in August of 2017 for the fall semester.
- Other non-operating revenues increased by \$255,000 due to an increase in insurance funds received. During the current year the District had several large claims due primarily to a hailstorm in June.

During fiscal 2016:

- Total State Appropriations increased by \$752,000, due to a reallocation of state funding based on prior year enrollments as well as a slight increase in state funding of group health insurance premiums.
- Property Tax revenue increased by \$802,000, or 3.1%. While net assessed valuations decreased by 4.8%, the tax rate for maintenance and operations was increased by 8%.
- Federal Student Aid Revenue increased \$957,000 or 19.5%. The number of recipients awarded during the 2015-16 academic year decreased by 10% from the previous year to a total of 1,442 students; however, those qualifying for the 2016-17 academic year increased to 1,765, resulting in a larger disbursement of aid in August of 2016 for the fall semester.

Graph 1 below illustrates the sources of Operating and Non-operating Revenues as a percentage of total revenues for fiscal years 2018, 2017, and 2016. As evidenced by the graph, the majority of revenue is derived from non-operating sources.



Graph 1

A comparison of fiscal 2018 to fiscal 2017 shows an increase in the percentage of revenues provided by state appropriations and operating grants. The percentage derived from all other revenue sources declined during the same period. Comparing the prior two fiscal years (2017 to 2016) reveals increases in the percentage of revenues provided by tuition and fees, federal student aid, auxiliary and other non-operating and decreases in the percentage of property taxes, and grants.

Operating Expenses by Functional Classification

Functional classifications are the traditional categories that have been used to show expenses. They represent the type of programs and services provided.

As shown in Figure 2, total Operating Expenses increased by \$2.2 million or 4.4% in 2018, after an increase of \$1.3 million or 2.7%, during 2017, and a similar increase of \$1.3 million, or 2.7% during 2016. Key factors impacting operating expenses by functional expense categories are described below:

Management's Discussion and Analysis
For the Period Ending August 31, 2018 (Unaudited)

During fiscal 2018:

- Instruction expenditures increased by \$711,000, or 3.9%, due primarily to an increase in state paid benefits expense related to GASB 75 implementation.
- Institutional Support increased by \$467,000, or 7.6%, due primarily to an increase in state paid benefits as well as a new grant for campus police software in the amount of \$46,000.
- Operation & Maintenance of Plant expenditures increased by \$451,000, or 10.1%, due do expenses related to hail damage, upgrades to the Globe Theater, and renovations to Deaderick Hall to accommodate a new Early College High School.
- Scholarships expenditures increased by \$601,000 or 11.9%, due to an increase in the number of students eligible to receive Pell grants as well as the awarding of Pell grants during the summer terms.
- Depreciation expenditures increased by \$283,000, or 9.6%, due to the increase in capitalized assets related to the Vision 2015 campus improvement projects.

During fiscal 2017:

- Public Service expenditures increased by \$321,000, or 25.6%, due primarily to an increase in the Fab Lab noncapital expenditures, sports center roof repairs, and Terrace Circle house repairs.
- Student Services increased by \$197,000, or 4.7% primarily due to the filling of open positions from the prior year.
- Institutional Support increased by \$200,000, or 3.4%, due primarily to an increase in local benefits. The Tuition and Fees assistance awarded to employees increase by \$26,000 and as well as an overall increase in health insurance cost.
- Operation & Maintenance of Plant expenditures increased by \$327,000, or 7.9%, due do expenses related to a hailstorm during the current year as well as an increase in the Globe Theater renovations and upgrades.
- Depreciation expenditures increased by \$254,000, or 9.4%, due to the increase in capitalized assets related to the Vision 2015 campus improvement projects.

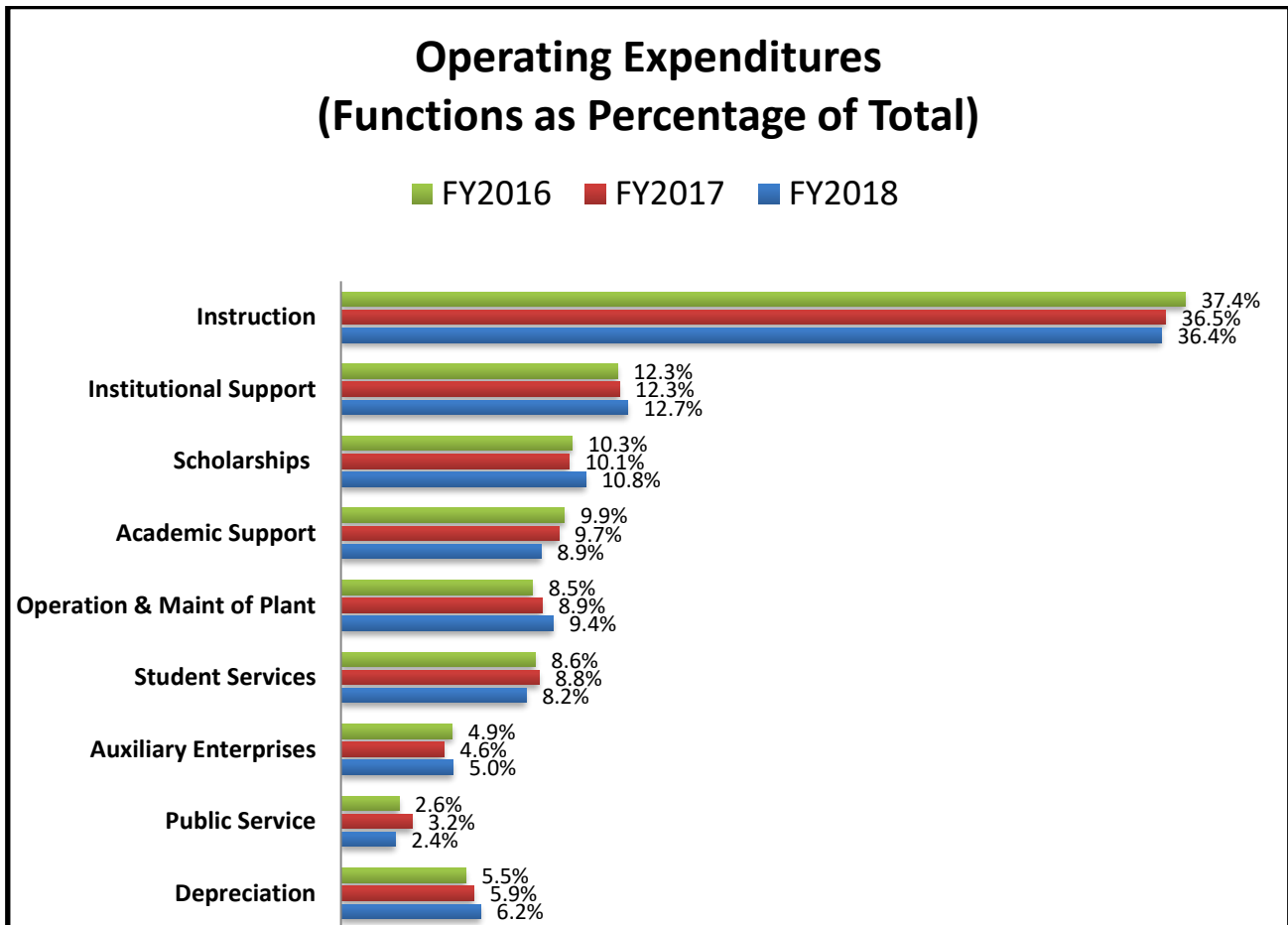
During fiscal 2016:

- Instructional expenditures decreased by \$501,000, or 2.7%, due primarily to a reduction in non-capital equipment purchases related to the completion of Vision 2015 construction projects.
- Academic Support expenditures increased by \$270,000, or 6.0%, primarily due to filling open positions during the year.
- Student Services increased by \$211,000, or 5.3% primarily due to the filling of open position during the year.
- Institutional Support increased by \$471,000, or 8.6%, due primarily to less purchases of equipment that was associated with the completion of the new building during 2014.
- Scholarship expenditures increased by \$739,000, or 17.4%, due to an increase in the number of students eligible to receive Pell grants.
- Depreciation expenditures increased by \$136,000, or 5.3%, due to the increase in capitalized assets related to the Vision 2015 campus improvement projects.

Management's Discussion and Analysis
For the Period Ending August 31, 2018 (Unaudited)

Other Revenues consist mainly of capital contributions in the form of gifts and grants as well as additions to permanent endowments. Capital contributions were \$1,465,000 in fiscal 2018, \$238,000 in 2017, and \$633,000 in 2016. The 2018 capital donations were dedicated to the Baseball renovation, Globe Theater renovations, and acquisition of equipment for fine arts. The 2017 capital donations were dedicated to the Fab Lab, as well as a donation for a computer lab. The 2016 capital donations were dedicated to the Steinway piano replacement campaign, the Globe Theatre renovations, and the Fab Lab construction.

Graph 2 below compares each functional operating expense category as a percentage of total expenses for fiscal years 2018, 2017 and 2016.



Graph 2

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets, net of depreciation, was \$111.5 million at the end of fiscal 2018, compared to \$111.2 million in 2017, and \$110.5 million in 2016. A summary of capitalized assets for fiscal years 2018, 2017, and 2016 is shown below in Figure 3. This information is also presented in Note 5 of the Financial Statements. Details of capital asset activity can be found on pages 9 and 10 of this Management's Discussion and Analysis report.

Management's Discussion and Analysis
For the Period Ending August 31, 2018 (Unaudited)

**Capital Assets, Net of Depreciation
(thousands of dollars)**

	Year Ended August 31,			Increase (Decrease)	
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2017 to 2018</u>	<u>2016 to 2017</u>
Land	\$ 4,196	\$ 4,196	\$ 4,196	\$ 0	\$ 0
Buildings and improvements	118,578	114,516	95,794	4,062	18,722
Other land improvements	8,545	8,345	8,345	200	0
Construction in progress	1,451	3,597	19,467	(2,146)	(15,870)
Furniture and equipment	14,985	13,687	12,969	1,298	718
Library materials	2,164	2,224	2,287	(60)	(63)
Subtotal	149,919	146,565	143,058	3,354	3,507
Less: Accumulated depreciation	(38,456)	(35,336)	(32,524)	(3,120)	(2,812)
Net Capital Assets	\$ 111,463	\$ 111,229	\$ 110,534	\$ 234	\$ 695

Figure 3

The District is nearing the completion of an \$84 million, multi-year campus improvement project called "Vision 2015". Funding was provided by a \$68.5 million general obligation bond passed in November 2010 as well as private capital donations and board allocations of reserve funds. Vision 2015 campus improvements include the demolition of 7 older structures, the addition of 7 new buildings, and renovations to 7 existing facilities.

Debt Administration

The District had outstanding debt of \$72.6 million as of August 31, 2018, and \$76.6 million and \$80.4 million as of August 31, 2017 and 2016, respectively. \$57,910,000 of Series 2017 Limited Tax Refunding Bonds were issued in December 2017 to partially refund the Series 2011 Tax Bonds, resulting in a net present value saving of \$6,551,787. Principal payments on long-term debt totaled \$3,955,000 in 2018, \$3,795,000 in 2017, and \$3,680,000 in 2016. Details of the outstanding long-term debt by type as of August 31, 2018, 2017, and 2016 are listed below in Figure 4.

**Outstanding Debt
(thousands of dollars)**

	Year Ended August 31,		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
General Obligation Bonds (2)	\$ 62,745	\$ 64,320	\$ 65,760
Revenue Bonds (2)	9,865	12,325	14,680
Total Outstanding Bonded Indebtedness	\$ 72,610	\$ 76,645	\$ 80,440

Figure 4

Management's Discussion and Analysis
For the Period Ending August 31, 2018 (Unaudited)

On May 24, 2018, S&P Global Ratings affirmed its rating of 'A+' with a stable outlook for the District's series 2009 and 2012 Revenue Bonds.

On November 28, 2017, S&P Global Ratings assigned a rating of 'AA-' with a stable outlook for the new Limited Tax Refunding Bonds, Series 2017.

On November 30, 2016, Fitch Ratings upgraded its rating on the District's series 2011 general obligation tax bonds from 'AA-' to 'AA'. The rating outlook is Stable. The upgrade is due to the application of Fitch's revised criteria for U.S., state, and local governments. According to Fitch:

"The upgrade reflects the district's ample revenue-raising ability, sound expenditure flexibility, strong reserve cushion, and limited historical revenue volatility. These factors combine to provide the district with a high level of operating flexibility and anticipated financial resilience throughout the economic cycle. Fitch expects the long-term liability burden will remain low."

Both the 2009 and 2012 revenue bonds are also covered by municipal bond insurance policies issued by Assured Guarantee Municipal Corp. (AGM).

Economic Factors That Will Affect the Future

The economic position of the District is influenced in part by the economic position of the nation, the state of Texas, and of Ector County. The Odessa general economy continued its impressive expansion through the third quarter of 2018 with the 23rd consecutive monthly increase in the Odessa Economic Index. The pace of growth clearly slowed a bit in the third quarter. However, general spending growth remains very robust, existing home sales and prices continue to soar, and the unemployment rate posted another sharp year-over-year decline to an all-time low in September.

As a result, the District expects the assessed tax values to increase slightly again next year due to higher oil prices and oilfield service activity. At the time of this report, general spending in Ector County is up 42% year-to-year, construction and home sales are up 40%, and the rig count is 30% above last year's volume. Building permits, sales tax revenues, and hotel and apartment occupancy rates are all significantly higher than the same time last year. Based on such data and the analysis of state and national economists, the administration feels that the current economic climate is favorable for sufficient tax support and higher industry job demand for skilled technicians and workers.

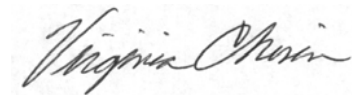
Despite the extremely low unemployment rate, student enrollment is at an all-time high. Graduation rates have increased by 187% over the last decade, and class completion rates are among the highest in the nation. In the past year, the District has received numerous awards at the state and national level that are reflective of its high quality and unique approaches to student success. After winning the Aspen Institute's Rising Star Award in March 2017, Odessa College was again named as one of the 10 finalists for the 2019 Aspen Prize for Community College Excellence, an award which is recognized among American institutions of higher education as the most prestigious affirmation of high achievement and exemplary performance that a community college can receive. The Aspen Institute assesses performance and achievements in four areas: student learning, certificate and degree completion, employment and earnings for graduates, and access and success for minority and low-income students. The District anticipates that such national recognition of quality and effectiveness will likely contribute to strong enrollment demand in the near future.

Management's Discussion and Analysis
For the Period Ending August 31, 2018 (Unaudited)

While it is not possible to predict the effects of future economic conditions, management believes the District has a solid and stable financial position and is well equipped to handle the increasing demands for a better educated workforce. The District continually monitors its internal and external environments for factors that may affect its financial position in either the short-term or long-term. Administration is not aware of any currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during the current fiscal year.

Requests for Information

This annual financial report is designed to provide interested stakeholders with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions concerning the information provided in this report or requests for additional information should be addressed to the Chief Financial Officer at Odessa College, 201 West University Blvd, Odessa, TX 79764.



Virginia Chisum, CPA, M. Ed.
Vice President for Business Affairs

FINANCIAL STATEMENTS

Odessa Junior College District
STATEMENTS OF NET POSITION

Exhibit 1

August 31,

	2018	2017
ASSETS:		
Current Assets		
Cash and cash equivalents (Notes 2 and 4)	\$ 17,833,456	12,816,327
Accounts receivable, net (Note 17)	5,005,242	4,712,640
Inventories (Note 2)	30,002	12,387
Notes receivable – current, net	2,661,818	2,394,819
Prepaid items	2,464,710	1,924,161
Escrow deposits	501,890	477,542
Total Current Assets	28,497,118	22,337,876
Noncurrent Assets:		
Restricted cash and cash equivalents (Notes 2 and 4)	287,509	284,740
Endowment investments (Notes 2, 3 and 4)	817,939	770,568
Other long-term investments (Notes 2, 3 and 4)	14,310,345	14,549,804
Notes receivable – noncurrent, net	1,713,205	2,230,339
Unamortized bond insurance costs	61,005	82,799
Capital assets, net of accumulated depreciation (Notes 2 and 6)	111,462,472	111,229,149
Total Noncurrent Assets	128,652,475	129,147,399
Total Assets	\$ 157,149,593	151,485,275
Deferred Outflows of Resources:		
Deferred outflows related to pensions	\$ 2,285,605	2,306,163
Deferred outflows related to Other Post Employment Benefits (OPEB)	2,346,306	-
Deferred outflows related to refunding of debt	7,147,573	-
Total Deferred Outflows of Resources	\$ 11,779,484	2,306,163
LIABILITIES:		
Current Liabilities		
Accounts payable (Note 17)	\$ 2,567,288	2,856,526
Accrued liabilities	343,658	339,910
Accrued compensable absences (Notes 7 and 13)	542,367	522,363
Funds held for others	652,433	701,972
Deferred revenue – tuition and fees (Note 2)	5,639,801	5,443,738
Deferred revenue – other (Note 2)	2,295,361	848,042
Capital lease payable – current portion (Notes 6 and 7)	55,842	-
Bonds payable – current portion (Notes 7, 8 and 9)	4,110,000	3,955,000
Net OPEB liability – current portion (Note 15)	147,810	-
Total Current Liabilities	16,354,560	14,667,551
Noncurrent Liabilities:		
Capital lease payable – noncurrent (Notes 6 and 7)	167,525	-
Bonds payable – noncurrent (Notes 7, 8 and 9)	68,500,000	72,690,000
Unamortized bond premium	366,183	1,469,228
Net pension liability (Note 7 and 11)	6,287,233	6,992,209
Net OPEB liability (Note 15)	28,982,541	-
Total Noncurrent Liabilities	104,303,482	81,151,437
Total Liabilities	\$ 120,658,042	95,818,988

Odessa Junior College District

Exhibit 1

STATEMENTS OF NET POSITION (CONTINUED)

August 31,

	2018	2017
Deferred Inflows of Resources:		
Deferred inflows related to pensions	\$ 2,826,009	2,271,936
Deferred inflows related to OPEB	6,440,861	-
Refunding of debt	6,132,612	-
Total Deferred Inflows of Resources	\$ 15,399,482	2,271,936
NET POSITION:		
Net investment in capital assets	39,856,873	35,668,550
Restricted for:		
Nonexpendable:		
Student aid	817,939	772,368
Expendable:		
Student aid	423,605	641,673
Instructional programs	1,199,032	1,275,926
Loans	12,451	12,451
Unexpended capital projects	1,270,292	294,674
Debt service	5,199,432	2,867,025
Unrestricted	(15,908,071)	14,167,847
Total Net Position (Schedule D)	\$ 32,871,553	55,700,514

The notes to the financial statements are an integral part of this statement.

Odessa College Foundation, Incorporated

STATEMENTS OF FINANCIAL POSITION

December 31,

ASSETS

	2017	2016
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,439,671	1,702,459
Pledges receivable	10,000	30,090
Due from Odessa College	-	20,000
Total current assets	1,496,671	1,752,549
Marketable Securities At Fair Value	10,609,640	8,798,154
Pledges Receivable - Noncurrent	30,000	30,000
Total Assets	\$ 12,089,311	10,580,703

LIABILITIES AND NET ASSETS

	2017	2016
LIABILITIES		
Accounts payable	\$ 185	3,485
Due from Odessa College	-	1,515
Total current liabilities	185	5,000
NET ASSETS		
Unrestricted		
Undesignated	1,397,989	465,141
Designated for Half-Century scholarships	205,155	205,155
Designed for Health Science scholarships	156,040	156,040
Total unrestricted net assets	1,759,184	826,336
Temporarily restricted	4,139,299	3,765,608
Permanently restricted	6,190,643	5,983,759
Total net assets	12,089,126	10,575,703
Total current liabilities and net assets	\$ 12,089,311	10,580,703

The notes to the financial statements are an integral part of this statement.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Years ended August 31,

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES:		
Tuition and fees (net of discounts of \$5,197,692 and \$4,937,444, respectively)	\$ 9,298,172	8,829,049
Federal grants and contracts	1,293,885	1,210,103
State grants and contracts	278,861	414,725
Non-governmental grants and contracts	2,288,512	1,568,418
Sales and services of educational activities	414,776	442,469
Investment income (program restricted)	21,122	18,317
Auxiliary enterprises	1,425,237	1,360,028
Other operating revenue	<u>1,212,516</u>	<u>1,397,397</u>
Total operating revenues (Schedule A)	<u>16,233,081</u>	<u>15,240,506</u>
OPERATING EXPENSES:		
Instruction	18,913,525	18,202,820
Public service	1,257,352	1,573,592
Academic support	4,617,165	4,811,312
Student services	4,273,063	4,375,638
Institutional support	6,612,684	6,146,576
Operation and maintenance of plant	4,898,905	4,448,521
Scholarships and fellowships	5,642,063	5,041,023
Auxiliary enterprises	2,590,897	2,277,141
Depreciation	<u>3,224,592</u>	<u>2,942,461</u>
Total operating expenses (Schedule B)	<u>52,030,246</u>	<u>49,819,084</u>
OPERATING LOSS	<u>(35,797,165)</u>	<u>(34,578,578)</u>
NON-OPERATING REVENUES (EXPENSES):		
State appropriations	12,097,769	10,208,033
Property taxes for maintenance and operations	22,407,661	21,172,447
Property tax for debt service	4,837,956	4,817,846
Federal grants, non-operating	7,043,922	6,479,983
Gifts – noncapital	66,625	241,897
Investment income – not restricted to programs	367,961	267,972
Interest on capital – related debt	(2,268,485)	(3,750,306)
Loss on disposal of capital assets	(54,633)	(64,022)
Other non-operating revenues	236,395	300,097
Other non-operating expenses	<u>(290,888)</u>	<u>(21,795)</u>
Net non-operating revenues (Schedule C)	<u>44,444,283</u>	<u>39,652,152</u>
Income before other revenues	<u>8,647,118</u>	<u>5,073,574</u>

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
(CONTINUED)**

Years ended August 31,

	<u>2018</u>	<u>2017</u>
OTHER REVENUES:		
State capital grants	\$ -	-
Private capital gifts and grants	1,464,989	238,393
Additions to permanent endowment	11,500	750
Gain on bond refunding	<u>1,051,077</u>	<u>-</u>
Total other revenues	<u>2,527,566</u>	<u>239,143</u>
Increase in Net Position	<u>11,174,684</u>	<u>5,312,717</u>
NET POSITION – BEGINNING OF YEAR	55,700,514	50,387,797
Cumulative effect of change in Accounting Principle (Note 2)	<u>(34,003,645)</u>	<u>-</u>
NET POSITION – BEGINNING OF YEAR, as restated	<u>21,696,869</u>	<u>50,387,797</u>
NET POSITION – END OF YEAR	\$ <u>32,871,553</u>	<u>55,700,514</u>

The notes to the financial statements are an integral part of this statement.

Odessa College Foundation, Incorporated

STATEMENTS OF ACTIVITIES

Years ended December 31, 2017 and 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2017	Total 2016
Revenues, gains and other support:					
Contributions (including pledges)	\$ -	674,499	70,257	744,756	1,494,968
Earnings (loss) on investments, net of fees	(50,000)	434,797	136,627	521,424	342,306
Net realized (loss) gains on marketable securities	(4,748)	-	-	(4,748)	(30,325)
Net unrealized gains (loss) on marketable securities	1,002,909	-	-	1,002,909	347,285
Net position released from restrictions through satisfaction of program restrictions	<u>735,605</u>	<u>(735,605)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	<u>1,683,766</u>	<u>373,691</u>	<u>206,884</u>	<u>2,264,341</u>	<u>2,154,234</u>
Expenses:					
Scholarships	576,428	-	-	576,428	613,738
Program and college support	159,177	-	-	159,177	430,640
General and administrative	<u>15,313</u>	<u>-</u>	<u>-</u>	<u>15,313</u>	<u>60,050</u>
Total expenses	<u>750,918</u>	<u>-</u>	<u>-</u>	<u>750,918</u>	<u>1,104,428</u>
CHANGES IN NET ASSETS	932,848	373,691	206,884	1,513,423	1,049,806
Net assets at beginning of year	<u>826,336</u>	<u>3,765,608</u>	<u>5,983,759</u>	<u>10,575,703</u>	<u>9,525,897</u>
Net assets at end of year	<u>\$ 1,759,184</u>	<u>4,139,299</u>	<u>6,190,643</u>	<u>12,089,126</u>	<u>10,575,703</u>

The notes to the financial statements are an integral part of this statement.

Odessa Junior College District

Exhibit 3

STATEMENTS OF CASH FLOWS

Years ended August 31,

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from students and other customers	\$ 11,721,436	11,304,925
Receipts from grants and contracts	4,289,072	7,427,573
Receipts from loan collections from students and employees	3,460,264	3,219,367
Other receipts	1,233,638	1,415,714
Payments to or on behalf of employees	(26,869,741)	(27,669,108)
Payments to suppliers for goods or services	(13,072,811)	(11,384,360)
Payments of scholarships	(5,750,815)	(5,082,579)
Loans issued to student and employees	(3,557,476)	(3,322,481)
Other cash payments/receipts	(2,464,594)	(411,249)
	<u>(31,011,027)</u>	<u>(24,502,198)</u>
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES:		
Receipts from state allocations	8,426,272	7,654,979
Receipts from ad valorem taxes	27,279,622	25,825,563
Receipts from non-operating federal revenue	7,043,922	6,479,983
Receipts from gifts and grants other than for capital purposes	78,125	242,647
Receipts from student organizations and other agencies	614,369	559,470
Payments to student organizations and other agencies	(663,907)	(425,534)
Deposit with escrow agents	(24,348)	201,238
	<u>42,754,055</u>	<u>40,538,346</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Amortization of bond premiums	-	(95,763)
Proceeds from issuance of capital financing	58,137,241	-
Proceeds from capital grants and gifts	1,993,681	483,919
Proceeds from insurance recoveries	450,059	78,600
Purchases of capital assets	(3,322,232)	(4,086,688)
Payments on capital debt and leases	(64,538,421)	(7,545,306)
	<u>(7,279,672)</u>	<u>(11,165,238)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Receipts from sale and maturity of investments	3,551,000	3,037,535
Receipts from investment earnings	618,650	455,565
Purchases of investments	(3,613,108)	(3,502,561)
	<u>556,542</u>	<u>(9,461)</u>
Increase in cash and cash equivalents	5,019,898	4,861,449
Cash and cash equivalents – September 1	<u>13,101,067</u>	<u>8,239,618</u>
Cash and cash equivalents – August 31	<u>\$ 18,120,965</u>	<u>13,101,067</u>

Odessa Junior College District

Exhibit 3

STATEMENTS OF CASH FLOWS (CONTINUED)

Years ended August 31,

	2018	2017
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating loss	\$ (35,797,165)	(34,578,578)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	3,224,592	2,942,461
Payments made directly to ERS by state for benefits	3,671,497	2,553,054
Changes in assets and liabilities:		
Receivable, net:		
Tuition and fees receivable, net	174,394	344,008
State and federal operating grants receivable	13,898	2,638,963
Private grants receivable	(926,474)	1,375,662
Employee receivable	1,859	(12,730)
Sales and services receivable, net	196,473	17,540
Auxiliary receivable, net	(90,608)	(31,464)
Inventories	(17,615)	(2,061)
Other assets	(540,549)	(405,424)
Accounts payable	(479,553)	149,370
Accrued payroll liabilities	3,748	3,081
Deferred inflows	13,127,546	(559,813)
Deferred outflows	(8,672,391)	374,811
Accrued liabilities	(6,379,200)	179,177
Deferred revenue:		
Deferred tuition and fees revenue	196,063	230,087
Other deferred revenue	1,447,319	332,910
Compensated absences	20,004	7,985
Loans to students and employees	(184,865)	(61,237)
Total adjustments	4,786,138	10,076,380
Net cash used by operating activities	\$ (32,011,027)	(24,502,198)

The notes to the financial statements are an integral part of this statement.

Odessa Junior College District
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2018 and 2017

NOTE 1 – Reporting Entity

NOTE 2 – Summary of Significant Accounting Policies

NOTE 3 – Authorized Investments

NOTE 4 – Deposits and Investments

NOTE 5 – Fair Value of Financial Instruments

NOTE 6 – Capital Assets

NOTE 7 – Long-term Liabilities

NOTE 8 – Debt and Lease Obligations

NOTE 9 – Bonds Payable

NOTE 10 – Refunding and Defeased Bonds Outstanding

NOTE 11 – Employees’ Retirement Plans

NOTE 12 – Deferred Compensation Program

NOTE 13 – Compensable Absences

NOTE 14 – Health Care and Life Insurance benefits

NOTE 15 – Post-Employment Benefits (“OPEB”) Other Than Pensions

NOTE 16 – Pending Lawsuits and Claims

NOTE 17 - Disaggregation of Receivables and Payables Balances

NOTE 18 – Contract and Grant Awards

NOTE 19 – Ad Valorem Taxes

NOTE 20 – Tax Abatements

NOTE 21 – Income Taxes

NOTE 22 - Component Units

NOTE 23 – Subsequent Events

Odessa Junior College District

NOTES TO FINANCIAL STATEMENTS

August 31, 2018 and 2017

NOTE 1 – REPORTING ENTITY

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. *Reporting Guidelines*

The significant accounting policies followed by the District 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 District applies all applicable GASB pronouncements. The District is reported as a special-purpose government engaged in business-type activities.

2. *Tuition Discounting*

Texas Public Education Grants

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

Title IV, Higher Education Act (HEA) Program Funds

Certain Title IV HEA Program funds are received by the District to pass through to the student. These funds are initially received by the District and recorded as restricted revenue. When the student is awarded and uses these funds for tuition and fees, the amounts are recorded as revenue and a corresponding amount is recorded as a tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

Other Tuition Discounts

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

3. *Basis of Accounting*

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

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year’s budget. Encumbrances outstanding at year end, that were provided for in the subsequent year’s budget, are reported as designations of net assets since they do not constitute expenditures or liabilities.

Odessa Junior College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2018 and 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. *Budgetary Data*

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

5. *Cash and Cash Equivalents*

The District'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. Because of their highly liquid nature, funds held in public funds investment pools are also considered to be cash equivalents.

6. *Deferred Inflows*

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

7. *Deferred Outflows*

In addition to assets, the District is aware that the statement of Net Position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so, will not be recognized as an outflow of resources (expense) until then. Governments are permitted only to report deferred outflows in circumstances specifically authorized by GASB.

8. *Pledges*

The District recognizes pledges in the financial statements when all applicable eligibility requirements, including time requirements, are met. Pledges are reported as restricted revenues prior to the fulfillment of all applicable eligibility requirements.

9. *Investments*

In accordance with Governmental Accounting Standards Board Statement ("GASBS") 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 quotes. Short-term investments have an original maturity greater than three months but less than one year at the time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

10. *Inventories*

Inventories consist of consumable physical plant and food service supplies. Inventories are stated at the lower of cost or market, determined using the first-in, first-out method. They are charged to expense as consumed.

Odessa Junior College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2018 and 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. Capital Assets

Capital assets are stated at cost. Donated capital assets are valued at their estimated fair market value on the date received. The District’s policy calls for capitalization of equipment, infrastructure and land improvements with a unit cost of \$5,000 or more and an estimated useful life in excess of two years. Buildings and building renovations in excess of \$100,000 that significantly increase the value or extend the useful life of the structure are also capitalized. The District reports depreciation under a single-line as a business-type unit. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The following lives are used:

Buildings and Building Improvements	50 years
Other Real Estate Improvements	20 years
Library Books	15 years
Furniture, Machinery, Vehicles and Other Equipment	10 years
Telecommunications and Peripheral Equipment	5 years

12. Deferred Revenue

Deferred revenue relates to student tuition, fees and other revenues received during the current fiscal period for classes or activities to be held in the following period.

13. Estimates

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

14. Operating and Non-Operating Revenue and Expense Policy

The District distinguishes operating revenues and expenses from non-operating items. The District reports as a BTA and as a single, proprietary fund. Operating revenues and expenses generally result from providing services in connection with the District’s principal ongoing operations. The principal operating revenues are tuition and related fees. The major non-operating revenues are state appropriations, Title IV grant revenue, and property tax collections. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets.

15. Pensions

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

Odessa Junior College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2018 and 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

16. *Change in Accounting Principle*

Restatement to Beginning Net Position

Effective for fiscal year 2018, the District implemented GASB Statement No. 75, Accounting and Financial Reports for Postemployment Benefits other than Pensions (“OPEB”). Accordingly, a restatement to beginning net position was required for the recording of the beginning net OPEB liability and for the recording of deferred outflows of resources related to OPEB for contributions made to the ERS OPEB plan subsequent to the measurement date of the beginning net OPEB liability.

Because audited beginning balances could not be obtained for all of the deferred outflows of resources and deferred inflows of resources related to OPEB, the District determined it was impractical to restate its fiscal year 2017 financial statements. As such, the District recorded a restatement to beginning net position in the fiscal year 2018 financial statements as a cumulative effect of a change in accounting principle.

Beginning net position as of September 1, 2018 has been restated as follows for the implementation of GASB Statement No. 75:

Beginning Net Position	\$ 55,700,514
Cumulative effect of change in accounting principle (GASB 75):	
Beginning Net OPEB liability (measurement date as of August 31, 2017)	(34,804,575)
Deferred outflow for District contributions to ERS plan during FY17	<u>800,930</u>
Beginning Net Position, as restated	\$ <u>21,696,869</u>

17. *New Accounting Pronouncements*

GASB Statement 82, “*Pension Issues – an Amendment of GASB Statements 67, 68, and 73.*”

The objective of this statement is to address certain issues that have been raised with respect to Statements 67, Financial Reporting for Pension Plans; 68, Accounting and Financial Reporting for Pensions; 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68; and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this statement for the selection of assumptions in a circumstance in which an employer’s pension liability is measured as of a date other than the employer’s most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged.

Odessa Junior College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2018 and 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

17. *New Accounting Pronouncements (Continued)*

GASB Statement 83, “*Certain Asset Retirement Obligations.*”

This statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (AROs). It requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred and requires that a deferred outflow of resources associated with an ARO 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, 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. The requirements of this statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

GASB Statement 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. The requirements of this statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

GASB Statement 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]). Specifically, this statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation
- Reporting amounts previously reported as goodwill and “negative” goodwill
- Classifying real estate held by insurance entities
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus

Odessa Junior College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2018 and 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

17. *New Accounting Pronouncements (Continued)*

GASB Statement 85, “*Omnibus 2017.*” (Continued)

- Recognizing on-behalf payments for pensions or OPEB in employer financial statements
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB
- Classifying employer-paid member contributions for OPEB
- Simplifying certain aspects of the alternative measurement method for OPEB
- Accounting and financial reporting for OPEB provided through certain multiple-employer-defined benefit OPEB plans

The requirements of this statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.

GASB Statement 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 on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.

GASB Statement 87, “*Leases.*”

The objective of this statement is to better meet the information needs of 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. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

Odessa Junior College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2018 and 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

17. *New Accounting Pronouncements (Continued)*

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective fiscal 2019. GASB 88 defines debt as a liability that arises from a contractual obligation to pay cash (or other assets in lieu of cash) in one or more payments to settle a fixed amount, requires additional disclosures including unused lines of credit, assets pledged as collateral and terms related to significant events of default with finance-related consequences, significant termination events with finance-related consequences and significant subjective acceleration clauses, and clarifies which liabilities governments should disclose debt-related information.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective fiscal 2019. GASB 89 establishes accounting requirements for interest cost incurred before the end of a construction period, affirms that interest cost includes all interest previously accounted for in accordance with the requirements of GASB 62, requires interest cost incurred before the end of a construction period to be recognized as an expense in the fiscal year in which the cost is incurred for financial statements prepared using the economic resources measurement focus and requires interest cost incurred before the end of a construction period to be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

NOTE 3 – AUTHORIZED INVESTMENTS

The Board of Trustees of the District has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act of 1995 (Section 2256.001, Texas Government Code). The investments of the District are in compliance with Trustees' investment policies. 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.

In accordance with Sec. 2256.005 (n) of the Public Funds Investment Act, the community college, "...shall arrange for a compliance audit of management controls on investments and adherence to the District's established investment policies. The compliance audit shall be performed by the District's internal auditor or by a private auditor...Not later than January 1 of each even numbered year, the community college shall report the results of the most recent audit performed to the state auditor."

The State Auditor has determined that the District and their independent auditors should indicate compliance with the Act by completing the following:

- the categorization of investments by risk which is required by GASB Statement No. 3 Note 4 in the footnote "**Deposits and Investments**," and
- placing a statement in the scope paragraph of the **Report on Compliance and on Internal Control over Financial Reporting (pages 73-74)** which indicate the audit work covered in the Act, or
- writing a separate letter to the State Auditor's Office stating that the District is in compliance with all requirements of the Act.

Odessa Junior College District
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
August 31, 2018 and 2017

NOTE 4 – DEPOSITS AND INVESTMENTS

Deposits: At August 31, 2018 and 2017, the carrying amounts of the District's deposits were \$5,220,104 and \$4,328,543, respectively; and bank balances equaled \$5,068,250 and \$4,658,988. Bank balances of \$418,273 and \$338,828 were covered by federal depository insurance, and \$4,649,978 and \$4,320,160 were covered by collateral pledged in the District's name. The collateral was held by the District or by its Agent (Category 1). There were no uncollateralized bank balances (Category 3) at either year end. (This would have included any bank balance that was collateralized with securities held by the pledging financial institution's department or agent but not in the District's name). The District held \$12,887,059 and \$8,758,672 in state approved public funds investment pools at August 31, 2018 and 2017, respectively.

Cash and Deposits included on Exhibit 1, Statement of Net Pension, consist of the items reported below at August 31:

Cash and Deposits		
	2018	2017
Bank Deposits		
Demand Deposits	\$ 2,172,649	4,603,138
Transit Items	151,854	(330,445)
Time Deposits	2,895,601	55,850
	5,220,104	4,328,543
Cash and Cash Equivalents		
Public Funds Investment Pools	12,887,059	8,758,672
Petty Cash on Hand	13,802	13,852
Total Cash and Deposits	\$ 18,120,965	13,101,067

Reconciliation of Deposits and Investments to Exhibit 1

Type of Security	Market Value August 31, 2018	Market Value August 31, 2017
Total Cash and Deposits	\$ 18,120,965	13,101,067
Total Investments	15,128,284	15,320,372
Total Deposits and Investments	\$ 33,249,249	28,421,439
Current Cash and Temporary Investments (Exh. 1)	\$ 17,833,456	12,816,327
Restricted Cash and Temporary Investments (Exh. 1)	287,509	284,740
Endowment Investments (Exh. 1)	817,939	770,568
Other Long-Term Investments (Exh. 1)	14,310,345	14,549,804
Total Deposits and Investments (Exh. 1)	\$ 33,249,249	28,421,439

Odessa Junior College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2018 and 2017

NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)

As of August 31, 2018, the District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities in Years		
		Less than 1	1 to 2	2 to 5
U.S. Government Securities	\$ 998,472	-	-	998,472
Certificates of Deposit	3,283,759	1,477,412	1,314,923	491,424
Municipal Bonds	<u>10,846,053</u>	<u>5,851,942</u>	<u>2,945,961</u>	<u>2,048,150</u>
Total Fair Value	<u>\$ 15,128,284</u>	<u>7,329,354</u>	<u>4,260,884</u>	<u>3,538,046</u>

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

Investment Type	Fair Value	Investment Maturities in Years		
		Less than 1	1 to 2	2 to 5
Certificates of Deposit	\$ 3,563,574	249,005	1,980,686	1,333,883
Municipal Bonds	<u>11,756,798</u>	<u>3,191,007</u>	<u>6,130,290</u>	<u>2,435,501</u>
Total Fair Value	<u>\$ 15,320,372</u>	<u>3,440,012</u>	<u>8,110,976</u>	<u>3,769,384</u>

Interest Rate Risk: In accordance with state law and District policy, the District has established maturity limitations on investments purchased. Investments of the operating and renewal and replacement funds do not have maturities in excess of 5 years. Investments of debt service funds do not have maturities in excess of the debt service dates. Additionally, maturities of commercial paper and bankers acceptances shall not exceed 270 days, repurchase agreements shall not exceed 2 years, and reverse repurchase agreements shall not exceed 90 days.

Credit Risk: In accordance with state law and the District's investment policy, investments in mutual funds and investment pools must be rated at least AAA, commercial paper must be rated at least A-1 or P-1, and investments in obligations of states, agencies, counties, cities, and other political subdivisions must be rated at least A. Applicable credit ratings of investments at August 31, 2017 and 2016 are reported below:

Investment Type	Credit Rating
Tex Pool Prime	S&P: AAAm
TexPool	S&P: AAAm
LOGIC	S&P: AAAm
Lone Star Government Overnight Fund	S&P: AAAm
Lone Star Corporate Overnight Plus Fund	S&P: AAAf/s/+
Municipal Bonds	S&P: A and above

Concentration of Credit Risk: The District does not place a limit on the amount the District may invest in any one issuer. The District does not have any investments from single issuers that are more than 5% of the total investments.

Custodial Credit Risk: The District's investments have no custodial credit risk.

Odessa Junior College District
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
August 31, 2018 and 2017

NOTE 5 – Fair Value of Financial Instruments

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Fair value measurements were arrived at using the following inputs at August 31, 2018 and 2017:

Investment Type		Quoted Prices in	Significant Other	Significant	2018
		Active Markets for Identical Assets	Observable Inputs	Unobservable Inputs	
		Level 1	Level 2	Level 3	
U.S. Government Securities	\$	998,472	-	-	998,472
Certificates of Deposit		3,283,759	-	-	3,283,759
Municipal Bonds		10,846,053	-	-	10,846,053
Total	\$	15,128,284	-	-	15,128,284

Investment Type		Quoted Prices in	Significant Other	Significant	2017
		Active Markets for Identical Assets	Observable Inputs	Unobservable Inputs	
		Level 1	Level 2	Level 3	
Certificates of Deposit	\$	3,563,574	-	-	3,563,574
Municipal Bonds		11,756,798	-	-	11,756,798
Total	\$	15,320,372	-	-	15,320,372

NOTE 6 – CAPITAL ASSETS

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

	Balance September 1, 2017	Increases	Decreases	Balance August 31, 2018
Not Depreciated:				
Land	\$ 4,196,316	-	-	4,196,316
Construction in progress	3,596,844	2,426,877	4,572,630	1,451,091
Total Capital Assets – Non-Depreciated	7,793,160	2,426,877	4,572,630	5,647,407
Other Capital Assets:				
Buildings and building improvements	114,515,984	4,061,628	-	118,577,612
Other real estate improvements	8,344,839	199,765	-	8,544,604
Total Buildings and Other Improvements	122,860,823	4,261,393	-	127,122,216
Library books	2,224,023	-	59,796	2,164,227
Furniture, machinery and equipment	13,687,093	1,396,907	99,211	14,984,789
Total Capital Assets – Depreciable	138,771,939	5,658,300	159,007	144,271,232
Total Capital Assets	146,565,099	8,085,177	4,731,637	149,918,639
Accumulated Depreciation:				
Buildings and building improvements	20,891,012	2,015,236	-	22,906,248
Other real estate improvements	4,213,486	257,151	-	4,470,637
Total Buildings and Other Improvements	25,104,498	2,272,387	-	27,376,885
Library books	543,859	68,540	-	612,399
Furniture, machinery and equipment	9,687,593	878,501	99,211	10,466,883
Total Accumulated Depreciation	35,335,950	3,219,428	99,211	38,456,167
Net Capital Assets	\$ 111,229,149	4,865,749	4,632,426	111,462,472

Odessa Junior College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2018 and 2017

NOTE 6 – CAPITAL ASSETS

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

	Balance September 1, 2016	Increases	Decreases	Balance August 31, 2017
<u>Not Depreciated:</u>				
Land	\$ 4,196,316	-	-	4,196,316
Construction in progress	19,466,880	2,848,376	18,718,412	3,596,844
Total Capital Assets – Non-Depreciated	<u>23,663,196</u>	<u>2,848,376</u>	<u>18,718,412</u>	<u>7,793,160</u>
<u>Other Capital Assets:</u>				
Buildings and building improvements	95,793,664	18,722,320	-	114,515,984
Other real estate improvements	8,344,839	-	-	8,344,839
Total Buildings and Other Improvements	104,138,503	18,722,320	-	122,860,823
Library books	2,286,967	-	62,944	2,224,023
Furniture, machinery and equipment	12,969,319	849,364	131,590	13,687,093
Total Capital Assets – Depreciable	<u>119,394,789</u>	<u>19,571,684</u>	<u>194,534</u>	<u>138,771,939</u>
<u>Accumulated Depreciation:</u>				
Buildings and building improvements	19,146,872	1,744,140	-	20,891,012
Other real estate improvements	3,956,121	257,365	-	4,213,486
Total Buildings and Other Improvements	23,102,993	2,001,505	-	25,104,498
Library books	475,319	68,540	-	543,859
Furniture, machinery and equipment	8,945,688	872,417	130,512	9,687,593
Total Accumulated Depreciation	<u>32,524,000</u>	<u>2,942,462</u>	<u>130,512</u>	<u>35,335,950</u>
Net Capital Assets	<u>\$ 110,533,985</u>	<u>19,477,598</u>	<u>18,782,434</u>	<u>111,229,149</u>

NOTE 7 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended August 31, 2018, was as follows:

	Balance September 1, 2017	Increases	Decreases	Balance August 31, 2018	Due Within One Year
<u>Bonds</u>					
General obligation bonds, Series 2011	\$ 64,320,000	-	59,485,000	4,835,000	1,550,000
General obligation bonds, Series 2017	-	57,910,000	-	57,910,000	-
Revenue bonds, Series 2009	7,020,000	-	2,250,000	4,770,000	2,340,000
Revenue bonds, Series 2012	5,305,000	-	210,000	5,095,000	220,000
Total Bonds	<u>76,645,000</u>	<u>57,910,000</u>	<u>61,945,000</u>	<u>72,610,000</u>	<u>4,110,000</u>
<u>Leases</u>					
Capital leases	-	279,209	55,842	223,367	55,842
Total Capital Leases	<u>-</u>	<u>279,209</u>	<u>55,842</u>	<u>223,367</u>	<u>55,842</u>
<u>Other Liabilities</u>					
Accrued compensable absences	522,363	20,004	-	542,367	-
Net pension liability	6,992,209	1,244	706,220	6,287,233	-
Net OPEB liabilities	-	37,822,786	8,692,435	29,130,351	147,810
Total Other Liabilities	<u>7,514,572</u>	<u>37,844,034</u>	<u>9,398,655</u>	<u>35,959,951</u>	<u>147,810</u>
Total Long-Term Liabilities	<u>\$ 84,159,572</u>	<u>96,033,243</u>	<u>71,399,497</u>	<u>108,793,318</u>	<u>4,313,652</u>

Odessa Junior College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2018 and 2017

NOTE 7 – LONG-TERM LIABILITIES

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

	Balance September 1, 2016	Increases	Decreases	Balance August 31, 2017	Due Within One Year
<u>Bonds</u>					
General obligation bonds, Series 2011	\$ 65,760,000	-	1,440,000	64,320,000	1,495,000
Revenue bonds, Series 2009	9,175,000	-	2,155,000	7,020,000	2,250,000
Revenue bonds, Series 2012	5,505,000	-	200,000	5,305,000	210,000
Total Bonds	80,440,000	-	3,795,000	76,645,000	3,955,000
<u>Other Liabilities</u>					
Accrued compensable absences	514,378	7,985	-	522,363	522,363
Net pension liability	6,813,032	768,250	589,073	6,992,209	-
Total Other Liabilities	7,327,410	776,235	589,073	7,514,572	522,363
Total Long-Term Liabilities	\$ 87,767,410	776,235	4,384,073	84,159,572	4,477,363

NOTE 8 – DEBT AND LEASE OBLIGATIONS

Debt service obligations at August 31, 2018, were as follows (amounts in 000's):

For the Year Ended August 31,	General Obligation Bonds			Revenue Bonds			Total Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 1,550	2,729	4,279	2,560	339	2,899	4,110	3,068	7,178
2020	1,610	2,667	4,277	2,655	237	2,892	4,265	2,904	7,169
2021	1,675	2,603	4,278	230	181	411	1,905	2,784	4,689
2022	1,830	2,536	4,366	235	175	410	2,065	2,711	4,776
2023	1,890	2,481	4,371	245	167	412	2,135	2,648	4,783
2024-2028	10,955	10,889	21,844	1,370	683	2,053	12,325	11,572	23,897
2029-2033	13,980	7,862	21,842	1,660	387	2,047	15,640	8,249	23,889
2034-2038	17,270	4,519	21,789	910	36	946	18,180	4,555	22,735
2039-2043	11,985	971	12,956	-	-	-	11,985	971	12,956
Total	\$ 62,745	37,257	100,002	9,865	2,205	12,070	72,610	39,462	112,072

Odessa Junior College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2018 and 2017

NOTE 9 – BONDS PAYABLE

General information related to bonds payable is summarized below:

General Obligation Bonds

The General Obligation Bonds are direct obligations payable from ad valorem taxes levied, within the limitation prescribed by law, against all property located within the District's taxing jurisdiction. Payment of the Bonds is derived from taxes levied and collected on an annual basis in an amount sufficient to pay the principal and interest when due, full allowance being made for delinquencies and collection costs.

Limited Tax Bonds, Series 2011

- To acquire, construct, renovate and equip school buildings in the District and to pay for related bond issuance.
- Issued on April 21, 2011.
- \$68,500,000 original amount of issue; all authorized bonds have been issued.
- Source of payment – property tax revenues; no bond reserve fund is required.
- Fitch Ratings currently rates the bonds as 'AA' with a stable outlook.
- Due in annual installments of principal and interest varying from \$1,741,400 to \$1,743,400, with interest rates of 4.00%.
- On December 29, 2017, a partial advance refunding of \$57,990,000 was accomplished through the issuance of a Limited Tax Refunding Bond.
- Outstanding principal balance as of August 31, 2018 and 2017 was \$4,835,000 and \$64,320,000, respectively.
- The final payment is due on August 15, 2021.

Limited Tax Refunding Bonds, Series 2017

- To refund a portion of Limited Tax Bonds, Series 2011 (described above) and to pay the costs of issuance related to the Bonds.
- To capture interest rate savings without extending the final maturity, resulting in a net present value savings to the District of \$6,551,787.
- Issued on December 29, 2017.
- \$57,910,000 original amount of issue; all authorized bonds have been issued.
- Issued at a net premium of \$6,411,367.
- Source of payment – property tax revenues; no bond reserve fund is required.
- Fitch Ratings currently rates the bonds as 'AA' with a stable outlook.
- Standard & Poor's Ratings Services currently rates the bonds as 'AA-' with a stable outlook.
- Due in annual installments of principal and interest varying from \$2,535,600 to \$4,371,200 with interest rates from 1.99% to 5.00%.
- Outstanding principal balance as of August 31, 2018 was \$57,910,000.
- Subject to optional redemption on or after August 15, 2027, at par.
- Final payment is due on August 15, 2041.

Consolidated Fund Revenue Bonds

The Combined Fee Revenue Bonds are secured by a first-lien pledge of specific gross revenues, including a general-use fee, operating fees, a tuition pledge, auxiliary revenue, and any unrestricted gifts or grants. By covenant, the District is required to maintain a pledged revenue-to-debt service coverage ratio of 1.50. The actual coverage ratio was 7.09 and 6.71 for the years ended August 31, 2018 and 2017, respectively.

Odessa Junior College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2018 and 2017

NOTE 9 – BONDS PAYABLE (CONTINUED)

Consolidated Fund Revenue Refunding Bonds, Series 2009

- To refund the outstanding obligations of the Series 1998-A Bonds, to pay for related bond issuance costs, and to deposit \$2,491,009 in a debt service reserve fund.
- Issued on July 15, 2009.
- \$22,720,000 original amount of issue; all authorized bonds have been issued.
- Source of payment – pledged revenues, including: the general use fee, the college bookstore revenues, the tuition pledge, the college cafeteria revenues, the dormitory system revenues, the operating fees, gifts, grants, or donations from any public or private source that are not restricted or dedicated with respect to their use or purpose, and the earnings on all investments of the District lawfully available for such purpose.
- Standard & Poor's Ratings Services currently rates the bonds as 'A+' with a stable outlook.
- Moody's Investors Service currently rates the bonds as 'A1' with a stable outlook.
- Due in annual installments of principal and interest varying from \$2,478,600 to \$2,570,029, with interest rates from 3.00% to 4.00%.
- Outstanding principal balance as of August 31, 2018 and 2017 was \$4,770,000 and \$7,020,000, respectively.
- Not subject to redemption prior to stated maturity.
- Final payment is due on December 1, 2019.

Consolidated Fund Revenue Bonds, Series 2012

- To purchase existing student housing facilities on the Odessa College campus, to pay for related bond issuance costs, and to deposit \$438,055 in a debt service reserve fund.
- Issued on August 1, 2012.
- \$6,315,000 original amount of issue; all authorized bonds have been issued.
- Source of payment – pledged revenues, including: the general use fee, the college bookstore revenues, the tuition pledge, the college cafeteria revenues, the dormitory system revenues, the operating fees, gifts, grants, or donations from any public or private source that are not restricted or dedicated with respect to their use or purpose, and the earnings on all investments of the District lawfully available for such purpose.
- Due in annual installments of principal and interest varying from \$407,000 to \$946,400, with interest rates from 2.00% to 4.00%.
- Standard & Poor's Ratings Services currently rates the bonds as 'A+' with a stable outlook.
- Outstanding principal balance as of August 31, 2018 and 2017 is \$5,095,000 and \$5,305,000, respectively.
- Not subject to redemption prior to stated maturity.
- Final payment is due on July 1, 2034.

A Summary of bond principal is as follows:

	Balance <u>Sept. 1, 2017</u>	<u>Issued</u>	<u>Retired</u>	Balance <u>Aug. 31, 2018</u>
Series 2009 Bonds	\$ 7,020,000	-	2,250,000	4,770,000
Series 2011 Bonds	64,320,000	-	59,485,000	4,835,000
Series 2012 Bonds	5,305,000	-	210,000	5,095,000
Series 2017 Bonds	-	57,910,000	-	57,910,000
Total Bonds	<u>\$ 76,645,000</u>	<u>57,910,000</u>	<u>61,945,000</u>	<u>72,610,000</u>

Odessa Junior College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2018 and 2017

NOTE 10 - REFUNDING AND DEFEASED BONDS OUTSTANDING

The District has defeased certain bonds payable by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District’s financial statements.

Bond Refunding:

Limited Tax Bonds, Series 2011

- Refunded by Limited Tax Refunding Bonds, Series 2017, issued December 27, 2017.
- Partially refunded \$57,990,000; all authorized bonds have been issued.
- The unrefunded bond debt service amount was \$6,967,525.
- Average interest rate of bonds refunded is 5.24%
- The District placed the proceeds of the Refunded Bonds in an escrow fund deposited with The Bank of New York Mellon Trust Company.
- The escrow account assets and the liability for the defeased bonds are not included in the College’s financial statements.
- As of the effective date of the refunding, the total cash flows to service the refunded bonds was \$105,491,688. The total cash flows required to service the refunding bonds was \$96,366,943.
- The resulting net present value of refunding savings to the District was \$6,551,787.

Defeased Bonds:

As of August 31, 2018 and 2017, the following bonds outstanding are considered legally defeased:

Bond Issue	Year Refunded	2018 Par Value Outstanding	2017 Par Value Outstanding
Limited Tax Bonds, Series 2011	2017	\$ 57,990,000	\$ 0

NOTE 11 EMPLOYEES’ RETIREMENT PLANS

Defined Benefit Pension Plan

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

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

Odessa Junior College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2018 and 2017

NOTE 11 EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Pension Plan Fiduciary Net Position Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/TRS%20Documents/cafr_2016.pdf by writing to TRS at 1000 Red River Street, Austin, Texas, 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 a 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, whose formulas use the three highest annual salaries. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic cost of living adjustments (COLA). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan Description above.

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2018. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2018.

Contribution Rates

	<u>2017</u>	<u>2018</u>
Member	7.2%	7.7%
Non-Employer Contributing entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
FY2017 Member Contributions	\$ 1,225,442	
FY2017 State of Texas On-behalf Contributions	\$ 438,854	
FY2017 District Contributions	\$ 636,008	

Odessa Junior College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2018 and 2017

NOTE 11 EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Contributions (Continued) The District's contributions to the TRS pension plan in 2017 were \$513,397 as reported in the Schedule of District Contributions in the Required Supplementary Information section of these financial statements. Estimated State of Texas on-behalf contributions for 2018 were \$455,120.

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.
- In addition to the employer contributions listed above, when employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Actuarial Assumptions

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
• Long-Term Expected Investment Rate of Return*	8.00%
• Municipal Bond Rate*	N/A*
• Last year ending August 31 in the 2017 to 2116 Projection period (100 years)	2116
• Inflation	2.50%
• Payroll Growth Rate	1.90%
• Salary increases including inflation	3.50% to 9.50%
• Benefit Changes during the year	None
• Ad HOC post-employment benefit change	None

* If a municipal bond rate was to be used, the rate would be 3.42% as of August 2017 (i.e., the weekly rate closest to but not later than the Measurement Date). The source for the rate is the Federal Reserve Statistical Release H.15, citing the Bond Buyer Index of general obligation bonds with 20 years to maturity and an average AA credit rating.

Odessa Junior College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2018 and 2017

NOTE 11 EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions (Continued)

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

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

Discount Rate

The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate 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>Long-Term Expected Geometric Real Rate of Return</u>	<u>Expected Contribution to Long-Term Portfolio Returns*</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%	1.0%
Private Equity	13.0%	7.0%	1.1%
Stable Value:			
U.S. Treasuries	11.0%	0.7%	0.1%
Absolute Value Hedge Funds	-	1.8%	-
Stable Value Hedge Funds	4.0%	3.0%	0.1%
Cash	1.0%	-0.2%	-
Real Return:			
Global Inflation Linked Bonds	3.0%	0.9%	-
Real Assets	16.0%	5.1%	1.1%
Energy and Natural Resources	3.0%	6.6%	0.2%
Commodities	-	1.2%	-
Risk Parity:			
Risk Parity	5.0%	6.7%	0.3%
Inflation expectation			2.2%
Alpha			1.0%
Total	<u>100.0%</u>		<u>8.7%</u>

Odessa Junior College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2018 and 2017

NOTE 11 EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Discount Rate (Continued)

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

Source: Teacher Retirement System of Texas 2017 Comprehensive Annual Financial Report.

Discount Rate Sensitivity Analysis

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 in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
Odessa Junior College District's proportionate share of the net pension liability:	\$10,821,584	\$6,992,209	\$3,774,125

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

At August 31, 2018, the District reported a liability of \$6,287,233 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District 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 District were as follows:

District's proportionate share of the collective net pension liability	\$ 6,287,233
State's proportionate share that is associated with the District	4,294,673
Total	\$ <u>10,581,906</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 employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2016, thru August 31, 2017.

At the measurement date of August 31, 2017, the employer's proportion of the collective net pension liability was .0196632016%, which was an increase of .0011596714% from its proportion measured as of August 31, 2016.

For the year ended August 31, 2018, the District recognized pension expense of \$327,581 and revenue of \$327,581 for support provided by the State. Refer to the 2017 Schedule of On-Behalf Contributions for this information posted on the TRS website under GASB Statements 67 & 68.

At August 31, 2018, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 91,985	339,062
Changes in actuarial assumptions	286,396	163,954
Net difference between projected and actual investment earnings*	966,903	1,425,103
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	343,408	897,890
Contributions paid to TRS subsequent to the measurement date	596,916	-
Total	\$ <u>2,285,605</u>	<u>2,826,009</u>

Odessa Junior College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2018 and 2017

NOTE 11 EMPLOYEES' RETIREMENT PLANS (CONTINUED)

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

* THECB Comment: Per paragraph 71b of GASB 68, collective deferred outflows of resources and deferred inflows of resources arising from differences between projected and actual pension plan investment earnings in different measurement periods should be aggregated and included as a net collective deferred outflow of resources related to pensions or a net collective deferred inflow of resources related to pensions.

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

Year ended August 31:		
2019	\$	361,824
2020		(39,507)
2021		392,651
2022		472,984
2023		(11,738)
Thereafter		(38,895)

Defined Contribution Plan

Plan Description The state has also established an Optional Retirement Program (ORP) for institutions of higher education. Participation in the Optional Retirement Program is in lieu of participation in the Teacher Retirement System (TRS). The ORP provides for the purchase of annuity contracts and operates under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C.

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. State law provides for a member contribution rate of 6.65% and an employer contribution rate of 6.60% for fiscal year 2018 and 2017. The District contributes an additional 0.71% for employees who are participating in the optional retirement program. 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. Senate Bill 1812, effective September 1, 2013, limits the amount of the state's contribution to 50% of eligible employees in the reporting district.

Summary of Combined Retirement Plans

The retirement expense to the State for the District's TRS and ORP participants was \$594,173 and \$562,973 for the fiscal years ended August 31, 2018 and 2017, respectively. This amount represents the portion of expended appropriations made by the State Legislature on behalf of the College.

The total payroll for all District employees was \$22,720,417 and \$22,543,709 for fiscal years 2018 and 2017, respectively. The total payroll of employees covered by the Teacher Retirement System (TRS) was \$15,637,657 and \$15,802,776 and the total payroll of employees covered by the Optional Retirement Program (ORP) was \$4,296,583 and \$3,907,363 for fiscal years 2018 and 2017, respectively.

Odessa Junior College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2018 and 2017

NOTE 12 – DEFERRED COMPENSATION PROGRAM

The District's employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government Code 609.001. As of August 31, 2018 and 2017, the District had no employees participating in the program.

NOTE 13– COMPENSABLE ABSENCES

Full-time employees in 12-month positions earn annual vacation leave from 6.67 to 13.33 hours per month depending on the number of years employed with the District. The District's policy allows a full-time employee to accumulate a balance equal to one hundred fifty percent (150%) of his or her annual accrual rate. Employees with at least six months of service who terminate their employment are entitled to payment for all accumulated vacation leave. The District has recognized the accrued liability for the unpaid annual leave for the periods ending August 31, 2018 and 2017 in the amounts of \$542,367 and \$522,363 respectively.

Sick leave, which can be accumulated to a maximum of seven hundred twenty (720) hours, is earned at the rate of eight (8) hours per month. The District's policy is to recognize the cost of sick leave when paid. The liability is not shown in the financial statements since experience indicates the expenditure for sick leave to be minimal.

NOTE 14 –HEALTH CARE AND LIFE INSURANCE BENEFITS

Certain health care and life insurance benefits for active employees. These benefits are administered by the Employees Retirement System of Texas and provided through an insurance company whose premiums are based on benefits paid during the previous year. The State appropriates a sum-certain amount for these benefits to the District based on employee enrollments during the legislative cycle, and any additional employer expense must be funded by the District. SB 1812, effective September 1, 2013, limits the amount of the state's contribution to 50 percent of eligible employees in the reporting district.

For the year ended August 31, 2018, the employer's maximum contribution per full-time employee/retiree was \$622 per month for the year and totaled \$7,464 per employee/retiree for the year. The employer also paid a maximum amount for a spouse, spouse and children, or family of \$1,335, \$1,099, and \$1,812 per month, respectively.

For the year ended August 31, 2017, the employer's maximum contribution per full-time employee/retiree was \$617 per month for the year and totaled \$7,408 per employee/retiree for the year. The employer also paid a maximum amount for a spouse, spouse and children, or family of \$1,325, \$1,091, and \$1,798 per month, respectively.

Odessa Junior College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2018 and 2017

NOTE 14 – HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

The cost of providing health care benefits to retirees and active employees is as follows for the years ending August 31:

	2018	2017
Number of retirees receiving benefits	184	181
Cost of state’s contribution	\$ 752,343	716,521
Cost of local contribution	811,499	798,491
Total cost of benefits for retirees	\$ 1,563,842	1,515,012
Number of active employees receiving benefits	336	344
Cost of state’s contribution	\$ 1,195,316	1,252,674
Cost of federal grant contribution	39,892	20,345
Cost of local contribution	1,686,737	1,728,601
Total cost of benefits for active employees	\$ 2,921,945	3,001,620

NOTE 15 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description. The District 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.

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 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.

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.

Odessa Junior College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2018 and 2017

NOTE 15 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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.

**Maximum Monthly Employer Contribution
Retiree Health and Basic Life Premium
Fiscal Year FY17**

Retiree only	\$	617
Retiree & Spouse		1,325
Retiree & Children		1,091
Retiree & Family		1,679

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, 2018 and 2017**

		2018	2017
Employers	\$	890,735,173	663,986,538
Members (employees)		195,806,162	183,284,339
Nonemployer Contributing Entity (State of Texas)		44,433,743	-

Source: ERS FY2017 Comprehensive Annual Financial Report

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of August 31, 2017 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

**Actuarial Assumptions
ERS Group Benefits Program Plan**

Valuation date	August 31, 2017
Actuarial cost method	Entry Age
Amortization method	Level Percent of Pay, Open
Remaining amortization period	30 years
Asset valuation method	N/A
Discount rate	3.51%

Odessa Junior College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2018 and 2017

NOTE 15 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

**Actuarial Assumptions
ERS Group Benefits Program Plan (Continued)**

Projected annual salary increase (includes inflation)	2.50% to 9.50%
Annual healthcare trend rate	8.50% for FY2019, decreasing .05% per year to 4.50% for 2027 and later years
Inflation assumption rate	2.50%
Ad hoc postemployment benefit changes	None
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 100 male members and two per 100 female members.
Active members	Sex Distinct RP-2014 Employee Mortality multiplied by 90% with full generational projection using Scale BB.

Source: FY2017 ERS CAFR except for mortality assumptions obtained from ERS FY17 GASB 74 Actuarial Valuation

Many of the 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.

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 used to determine the total OPEB liability as of the beginning of the measurement year was 5.50%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 3.51%, which amounted to a decrease of 1.99%. 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 is zero years.

Discount Rate Sensitivity Analysis. The following schedule shows the impact on the District’s proportionate share of the collective net OPEB Liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used 3.51% in measuring the net OPEB Liability.

	1% Decrease in Discount Rate 2.51%	Discount Rate 3.51%	1% Increase in Discount Rate 4.51%
District’s Proportionate share of the net OPEB	\$ 34,773,126	29,130,351	24,759,515

Odessa Junior College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2018 and 2017

NOTE 15 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Healthcare Trend Rate Sensitivity Analysis. The initial healthcare trend rate is 8.5% and the ultimate rate is 4.5%. The following schedule shows the impact on the District’s proportionate share of the collective net OPEB Liability if the healthcare cost trend rate used was 1 percent less than and 1 percent greater than the healthcare cost trend rate that was used 3.51% in measuring the net OPEB liability.

		1% Decrease Healthcare Cost Trend Rates (7.5% decreasing to 3.5%)	Current Healthcare Cost Trend Rates (8.5% decreasing to 4.5%)	1% Increase in Healthcare Cost trend Rates (9.5% decreasing to 5.5%)
District’s Proportionate share of the net OPEB liability:	\$	24,489,012	29,130,351	35,152,753

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At August 31, 2018, the District reported a liability of \$29,130,351 for its proportionate share of the ERS’s net OPEB liability. This liability reflects a reduction for State support provided to the District for OPEB. The amount recognized by the District 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 District were as follows:

District’s Proportionate share of the collective net OPEB liability	\$	29,130,351
State’s Proportionate share that is associated with District		<u>26,090,419</u>
	\$	<u>55,220,770</u>

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 employer’s proportion of the net OPEB liability was based on the employer’s contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2016, thru August 31, 2017.

At the measurement date of August 31, 2017, the employer’s proportion of the collective net OPEB liability was 0.08549391%, which was the same proportion measured as of August 31, 2016.

For the year ended August 31, 2018, the District recognized OPEB expense of \$1,396,257 and revenue of \$1,396,257 for support provided by the State.

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:

- Additional demographic assumptions (aggregate payroll increases and rate of general inflation) to reflect an experience study;
- The percentage of current and future retirees and retirees’ 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;
- Assumptions for administrative expenses, assumed per Capita Health Benefit Costs, Health Benefit Cost and Retiree Contribution trends to reflect recent health plan experience;
- Effects in short-term expectations and revised assumed rate of general inflation.

Odessa Junior College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2018 and 2017

NOTE 15 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Changes of Benefit Terms Since Prior Measurement Date – The following benefit revisions have been adopted since the prior valuation:

- 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.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	350,053
Changes in actuarial assumptions	-	6,090,808
Difference between projected and actual investment earnings	8,625	-
Changes in proportion and difference between the employer’s contributions and the proportionate share of contributions	-	-
Changes paid to ERS subsequent to the measurement date	2,337,681	-
Total	\$ 2,346,306	6,440,861

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:	OPEB Expense Amount
2019	\$ 1,448,488
2020	1,448,488
2021	1,448,488
2022	1,448,488
2023	638,285
Thereafter	-

Odessa Junior College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2018 and 2017

NOTE 16 – PENDING LAWSUITS AND CLAIMS

In the ordinary course of business, the District is involved with various claims and potential litigation. While the ultimate liability with respect to litigation and other claims asserted against the District cannot be reasonably estimated at this time, this liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the District.

The District receives federal, state and local grants that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. The District's management believes such disallowances, if any, will not have a material effect on the basic financial statements.

NOTE 17 – DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables at August 31, 2018 and 2017 were as follows:

	2018	2017
Tuition and fees receivable	\$ 511,069	531,638
Taxes receivable	2,530,473	2,583,138
Federal receivable	749,100	809,903
State receivable	97,259	50,354
Interest receivable	111,961	108,456
Other receivables	3,816,423	3,445,701
Subtotal	7,816,285	7,529,190
Allowance for doubtful accounts	(2,811,043)	(2,816,550)
Total	\$ 5,005,242	4,712,640

Payables at August 31, 2018 and 2017 were as follows:

	2018	2017
Vendors payable – operations	\$ 766,375	1,137,176
Vendors payable – capital	666,297	475,982
Students payable	1,134,616	1,243,368
Total	\$ 2,567,288	2,856,526

NOTE 18 – CONTRACT AND GRANT AWARDS

Contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, *Audits of Colleges and Universities*. Revenues are recognized on Exhibit 2, Schedule A and Schedule C. For federal contract and grant awards, funds expended, but not collected, are reported as Federal Receivables on Exhibit 1. Non-federal contract and grant awards for which funds are expended, but not collected, are reported as Accounts Receivable on Exhibit 1. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements. Contract and grant awards funds already committed, e.g., multi-year awards, or funds awarded during fiscal years 2018 and 2017 for which monies have not been received nor funds expended totaled \$9,270,614 and \$12,009,781, respectively. Of these amounts, \$1,689,218 and \$2,001,590 were from federal contract and grant awards; \$318,351 and \$406,092 were from state contract and grant awards; and \$7,263,045 and \$9,602,099 were from private contract and grant awards for the fiscal years ended August 31, 2018 and 2017, respectively.

Odessa Junior College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2018 and 2017

NOTE 19 – AD VALOREM TAX

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

At August 31:

	<u>2018</u>	<u>2017</u>
Assessed valuation of the District (at January 1, 2017 and 2016)	\$ 15,607,528,526	15,127,817,859
Less: exemptions	(2,564,042,708)	(2,410,740,791)
Less: abatements	<u>(134,868,766)</u>	<u>(147,247,224)</u>
Net assessed valuation of the District	\$ <u>12,908,617,052</u>	<u>12,569,829,844</u>

At August 31:

	<u>2018</u>			<u>2017</u>		
	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Authorized tax rate per \$100 valuation (Maximum per Enabling legislation)	\$ 0.20	0.50	0.70	0.20	0.50	0.70
Assessed tax rate per \$100 valuation	\$ 0.169654	0.036765	0.206419	0.16667	0.03798	0.20465

Taxes levied (including adjustments to the certified levies) for the years ended August 31, 2018 and 2017 were \$26,843,385 and \$25,636,280, respectively. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

At August 31:

	<u>2018</u>			<u>2017</u>		
	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Current taxes collected	\$ 21,441,431	4,647,007	26,088,438	20,149,488	4,591,372	24,740,860
Delinquent taxes collected	653,596	142,372	795,968	440,581	90,529	531,110
Penalties and interest collected	<u>312,231</u>	<u>60,239</u>	<u>372,470</u>	<u>321,778</u>	<u>64,405</u>	<u>386,183</u>
Total collections	\$ <u>22,407,258</u>	<u>4,849,618</u>	<u>27,256,876</u>	<u>20,911,847</u>	<u>4,746,306</u>	<u>25,658,153</u>

Tax collections for the years ended August 31, 2018 and 2017 were 96.99% and 96.40%, respectively, of the current year adjusted tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to maintenance and operations.

Odessa Junior College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2018 and 2017

NOTE 20 – TAX ABATEMENTS

Odessa College has entered into property tax abatement agreements with local businesses under the Property Redevelopment and Tax Abatement Act, as authorized by Texas Tax Code, Chapter 312. Under the Act, local governments may grant property tax abatements for a term of up to ten (10) years with the amount of taxable value eligible for abatement ranging from 10% to 100%.

The District is under no obligation to provide tax abatement to any specific applicant and reserves the right to do so on a case-by-case basis as stimulation for economic development within the Reinvestment Zones and Enterprise Zones established by the City of Odessa. The abatements may be granted to any business located within or promising to relocate to the service area of Odessa College.

For the fiscal year ended August 31, 2018, Odessa College abated property taxes totaling \$185,506 under this program, including the following tax abatement agreements that each exceed 10 percent of the total amount abated:

A. Ector County Energy Center LLC

- Commitment: construction of improvements in the form of a 386-megawatt natural gas fueled power plant no later than December 31, 2016
- Terms of abatement: 100% exemption from ad valorem taxes for five (5) years
- The abatement for fiscal year 2018 amounted to \$129,038, compared to \$208,221 for fiscal year 2017.

B. CUDD Pumping Service, Inc.

- Commitment: Job creation and new investment as follows:
 - Create and maintain at least 30 new jobs, 80 existing jobs, and 35 transfer jobs by December 31, 2013
 - Expend at least \$31 million in new construction and equipment by December 31, 2013
- Terms of abatement: 5-year declining abatement of 100% in first year, 80% in second year, 60% in third year, 40% in fourth year, and 20% in the fifth year.
- The abatement for fiscal year 2018 amounted to \$48,374, compared to \$71,040 for the fiscal year 2017.

NOTE 21 – INCOME TAXES

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

Odessa Junior College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2018 and 2017

NOTE 22 – COMPONENT UNITS

Odessa College Foundation, Incorporated (the Foundation) was established as a separate nonprofit organization in 1996 to raise funds to provide student scholarships and assistance in the development and growth of the Odessa College. Under Governmental Standards Board Statement No. 39, *Determining Whether Certain Organizations are Component Units*, the Foundation is determined to be a component unit of the District because:

- the District provides financial support to the Foundation and the economic resources received or held by the Foundation are entirely or almost entirely for the direct benefit of the District;
- The District is entitled to or has the ability to otherwise access a majority of the economic resources received or held by the Foundation; and
- The economic resources held by the Foundation that the District is entitled to or has the ability to otherwise access are significant to the District

Accordingly, the Foundation financial statements are included in the College's annual report as a discrete component unit (see table of contents). Complete financial statements of the Odessa College Foundation, Incorporated can be obtained from the administrative offices of the Foundation/Odessa Junior College District.

NOTE 23 – SUBSEQUENT EVENTS

Management of the District has performed an evaluation of the District's activity through December 13, 2018, the date these financial statements were available for issuance, and noted no other significant event that would require recording or disclosure.

REQUIRED SUPPLEMENTAL INFORMATION

Odessa Junior College District

SCHEDULE OF DISTRICT'S SHARE OF NET PENSION LIABILITY

Year Ended August 31, 2018

<u>Fiscal Year Ending August 31,*</u>	<u>2017**</u>	<u>2016**</u>	<u>2015**</u>	<u>2014**</u>
District's proportionate share of collective net pension liability (%)	0.0196632016%	0.0185035302%	1.0192738%	0.0232258%
District's proportionate share of collective net pension liability	\$ 6,287,233	6,992,209	6,813,032	6,203,932
State's proportionate share of net pension liability associated with District	<u>4,294,673</u>	<u>5,626,139</u>	<u>5,266,936</u>	<u>3,714,719</u>
Total	<u>10,581,906</u>	<u>12,618,348</u>	<u>12,079,968</u>	<u>9,918,651</u>
District's covered payroll amount	\$ 15,637,657	15,802,776	15,504,266	14,844,367
District's proportionate share of collective net pension liability as a percentage of covered payroll	40.21%	44.25%	43.94%	41.79%
Plan fiduciary net position as percentage of the total pension liability	82.17%	78.00%	78.43%	83.25%

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

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

NOTE 1: CHANGES OF BENEFIT TERMS INCLUDE:

Information about factors that significantly affect terms in the amounts reported in the RSI Schedules should be presented (for COLA increases).

NOTE 2: CHANGES OF ASSUMPTIONS:

There were no changes as assumptions for the year ended August, 31, 2018.

Odessa Junior College District

**SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR
PENSIONS TO THE TEACHERS RETIREMENT SYSTEM PENSION
PLAN OF THE STATE OF TEXAS**

Year Ended August 31, 2018

<u>Fiscal Year Ending August 31,*</u>	<u>2018**</u>	<u>2017**</u>	<u>2016**</u>	<u>2015**</u>
Legally required contributions	\$ 596,916	636,008	587,904	570,704
Actual contributions	<u>596,916</u>	<u>636,008</u>	<u>587,904</u>	<u>570,704</u>
Contributions deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered employee payroll amount	\$ 15,637,657	15,802,776	15,504,266	14,844,367
Contributions as a percentage of covered payroll	3.82%	4.02%	3.79%	3.84%

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

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

NOTE 1: CHANGES OF BENEFIT TERMS INCLUDE:

Information about factors that significantly affect terms in the amounts reported in the RSI Schedules should be presented (for COLA increases).

NOTE 2: CHANGES OF ASSUMPTIONS:

There were no changes as assumptions for the year ended August, 31, 2018.

Odessa Junior College District

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
EMPLOYEE RETIREMENT SYSTEM OF TEXAS
STATE RETIREE HEALTH PLAN**

For the Year Ended August 31, 2018

Fiscal year ending August 31,*	2018**
District's proportionate share of collective next OPEB liability (%)	0.08549391%
District's proportionate share of collective net OPEB liability (\$)	\$ 29,130,351
State's proportionate share of net OPEB liability associated with District	<u>26,090,419</u>
Total	<u><u>\$ 55,220,770</u></u>
 District's covered-employee payroll	 \$ 15,637,657
District's proportionate share of collective net pension liability as a percentage of covered-employee payroll	 186%
Plan fiduciary net position as percentage of the total OPEB liability	2.04%

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

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

NOTE 1: CHANGES OF BENEFIT TERMS INCLUDE:

Information about factors that significantly affect terms in the amounts reported in the RSI Schedules should be presented (for COLA increases).

NOTE 2: CHANGES OF ASSUMPTIONS:

There were no changes of assumptions for the year ended August 31, 2018.

Odessa Junior College District

**SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OPEB -
EMPLOYEE RETIREMENT SYSTEM OF TEXAS
STATE RETIREMENT HEALTH PLAN**

For the Year Ended August 31, 2018

Fiscal year ending August 31,*	2018	2017
Legally required contributions	\$ 2,337,681	2,351,561
Actual contributions	<u>2,337,681</u>	<u>2,351,561</u>
Contributions deficiency (excess)	\$ <u> -</u>	<u> -</u>
District's covered employee payroll amount	\$ 15,637,657	15,802,776
Contributions as a percentage of covered employee-payroll	14.95%	14.88%

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

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

NOTE 1: CHANGES OF BENEFIT TERMS INCLUDE:

Information about factors that significantly affect terms in the amounts reported in the RSI Schedules should be presented (for COLA increases).

NOTE 2: CHANGES OF ASSUMPTIONS:

There were no changes as assumptions for the year ended August, 31, 2018.

SCHEDULES

Odessa 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 Total</u>	<u>2017 Total</u>
Tuition:						
State-funded credit courses						
In-district resident tuition	\$ 4,806,868	-	4,806,868	-	4,806,868	4,635,868
Out-of-district tuition	2,900,468	-	2,900,468	-	2,900,468	2,910,882
Non-resident tuition	987,752	-	987,752	-	987,752	970,592
TPEG credit set aside*	391,416	-	391,416	-	391,416	381,861
State-funded continuing education	845,030	-	845,030	-	845,030	662,130
TPEG non-credit set aside*	56,826	-	56,826	-	56,826	44,073
Non-state funded educational programs	<u>172,426</u>	-	<u>172,426</u>	-	<u>172,426</u>	<u>168,373</u>
Total tuition	<u>10,160,786</u>	-	<u>10,160,786</u>	-	<u>10,160,786</u>	<u>9,773,779</u>
Fees:						
Student use fees	2,213,773	-	2,213,773	-	2,213,773	2,183,405
Institutional/course fees	1,283,358	256,217	1,539,575	-	1,539,575	1,230,626
Student/activity fees	-	-	-	210,817	210,817	209,941
Laboratory fees	300,798	-	300,798	-	300,798	297,320
Other fees	<u>53,892</u>	<u>16,223</u>	<u>70,115</u>	-	<u>70,115</u>	<u>71,422</u>
Total fees	<u>3,851,821</u>	<u>272,440</u>	<u>4,124,261</u>	<u>210,817</u>	<u>4,335,078</u>	<u>3,992,714</u>
Scholarship allowances and discounts:						
Tuition bad debt allowance	(74,922)	-	(74,922)	-	(74,922)	(158,301)
Local remissions and exemptions	(1,182,018)	-	(1,182,018)	(16,363)	(1,108,670)	(1,108,670)
State remissions and exemptions	(383,872)	-	(383,872)	-	(383,872)	(405,316)
TPEG allowances	(191,898)	-	(191,898)	-	(191,898)	(53,693)
Federal grants to students	(2,432,542)	-	(2,432,542)	-	(2,432,542)	(2,229,827)
State grants to students	(16,728)	-	(16,728)	-	(16,728)	(17,918)
Local grants to students	<u>(899,349)</u>	-	<u>(899,349)</u>	-	<u>(899,349)</u>	<u>(963,719)</u>
Total scholarship allowances	<u>(5,181,329)</u>	-	<u>(5,181,329)</u>	<u>(16,363)</u>	<u>(5,197,692)</u>	<u>(4,937,444)</u>
Total net tuition and fees	<u>8,831,278</u>	<u>272,440</u>	<u>9,103,718</u>	<u>194,454</u>	<u>9,298,172</u>	<u>8,829,049</u>
Other operating revenues:						
Federal grants and contracts	14,582	1,279,303	1,293,885	-	1,293,885	1,210,103
State grants and contracts	-	278,861	278,861	-	278,861	414,725
Nongovernmental grants and contracts	36,992	2,251,520	2,288,512	-	2,288,512	1,568,418
Sales and services of educational activities	414,776	-	414,776	-	414,776	442,469
Investment income (program restricted)	-	18,822	18,822	2,300	21,122	18,317
General operating revenues	<u>1,087,552</u>	<u>124,964</u>	<u>1,212,516</u>	-	<u>1,212,516</u>	<u>1,397,397</u>
Total other operating revenues	<u>1,553,902</u>	<u>3,953,470</u>	<u>5,507,372</u>	<u>2,300</u>	<u>5,509,672</u>	<u>5,051,429</u>

Odessa Junior College District

Schedule A

SCHEDULE OF OPERATING REVENUES (CONTINUED)

**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 Total</u>	<u>2017 Total</u>
Auxiliary enterprises:						
Bookstore	-	-	-	91,160	91,160	139,398
Food service	-	-	-	573,692	573,692	581,793
Student housing	-	-	-	659,773	659,773	581,418
Other auxiliaries	-	-	-	100,612	100,612	57,419
Total net auxiliary enterprises	-	-	-	1,425,237	1,425,237	1,360,028
Total Operating Revenues	\$ 10,641,397	3,969,693	14,611,090	1,621,991	16,233,081 (Exhibit 2)	15,240,506 (Exhibit 2)

* In accordance with Education Code 56.033, \$448,241 and \$425,934 for years ending August 31, 2018 and 2017, respectively, of tuition was set aside for Texas Public Education Grants (TPEG).

Odessa 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**

	Salary & Wages	Staff Benefits		Other Expenses	2018 Total	2017 Total
		State	Local			
Unrestricted - Educational Activities						
Instruction	\$ 11,271,320	-	1,673,687	2,411,560	15,356,567	15,339,780
Public service	684,908	-	135,116	272,860	1,092,884	1,219,106
Academic support	2,778,540	-	536,869	677,227	3,992,636	4,283,719
Student services	2,396,450	-	464,207	839,402	3,700,059	3,990,875
Institutional support	3,112,511	-	719,777	1,874,460	5,706,748	5,610,785
Operation and maintenance of plant	998,978	-	411,686	3,091,652	4,502,316	4,035,958
Scholarship and fellowships	-	-	-	654,054	654,054	681,487
Total Unrestricted Educational Activities	<u>21,242,707</u>	<u>-</u>	<u>3,941,342</u>	<u>9,821,215</u>	<u>35,005,264</u>	<u>35,161,710</u>
Restricted - Educational Activities						
Instruction	591,292	1,922,107	24,131	1,019,428	3,556,958	2,863,040
Public service	75,376	41,348	21,892	25,852	164,468	354,486
Academic support	102,976	450,481	47	71,025	624,529	527,593
Student services	64,081	441,841	1,967	65,115	573,004	384,763
Institutional support	24,717	815,720	-	65,499	905,936	535,791
Operation and maintenance of plant	-	-	-	396,589	396,589	412,563
Scholarship and fellowships	-	-	-	4,988,009	4,988,009	4,359,536
Total Unrestricted Educational Activities	<u>858,442</u>	<u>3,671,497</u>	<u>48,037</u>	<u>6,631,517</u>	<u>11,209,493</u>	<u>9,437,772</u>
Total Educational Activities	22,101,149	3,671,497	3,989,379	16,452,732	46,214,757	44,599,482
Auxiliary Enterprises	619,268	-	185,556	1,786,073	2,590,897	2,277,141
Depreciation Expense – Buildings and other real estate improvements	-	-	-	2,277,551	2,277,551	2,001,505
Depreciation Expense – Equipment and furniture	-	-	-	947,041	947,041	940,956
Total Operating Expenses	\$ <u>22,720,417</u>	<u>3,671,497</u>	<u>4,174,935</u>	<u>21,463,397</u>	<u>52,030,246</u> (Exhibit 2)	<u>49,819,084</u> (Exhibit 2)

Odessa Junior College District

Schedule C

SCHEDULE OF NON-OPERATING 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 Total</u>	<u>2017 Total</u>
NON-OPERATING REVENUES:					
State appropriations:					
Education and general support	\$ 8,379,477	-	-	8,379,477	7,610,049
State group insurance	-	3,343,916	-	3,343,916	1,969,195
State retirement matching	-	327,581	-	327,581	583,859
Nursing shortage reduction grant	-	46,795	-	46,795	44,930
	<u>8,379,477</u>	<u>3,718,292</u>	<u>-</u>	<u>12,097,769</u>	<u>10,208,033</u>
Total state appropriations					
Property taxes for maintenance and operations	22,407,661	-	-	22,407,661	21,172,447
Property taxes for debt service	-	4,837,956	-	4,837,956	4,817,846
Federal revenue, non-operating	-	7,043,922	-	7,043,922	6,479,983
Gifts – noncapital	13,578	34,774	18,273	66,625	241,897
Investment income – not restricted to programs	367,961	-	-	367,961	267,972
Other non-operating revenues	-	236,395	-	236,395	300,097
	<u>-</u>	<u>236,395</u>	<u>-</u>	<u>236,395</u>	<u>300,097</u>
Total Non-Operating Revenues	<u>31,168,677</u>	<u>15,871,339</u>	<u>18,273</u>	<u>47,058,289</u>	<u>43,488,275</u>
NON-OPERATING EXPENSES:					
Interest on capital-related debt	384,832	1,883,653	-	2,268,485	3,750,306
Loss on disposal of capital assets	54,633	-	-	54,633	64,022
Other non-operating expenses	290,888	-	-	290,888	21,795
	<u>290,888</u>	<u>-</u>	<u>-</u>	<u>290,888</u>	<u>21,795</u>
Total Non-Operating Expenses	<u>730,353</u>	<u>1,883,653</u>	<u>-</u>	<u>2,614,006</u>	<u>3,836,123</u>
Net Non-Operating Revenues	\$ <u>30,438,324</u>	<u>13,987,686</u>	<u>18,273</u>	<u>44,444,283</u> (Exhibit 2)	<u>39,652,152</u> (Exhibit 2)

Odessa 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**

	Details by Source					Available for Current Operations	
	Unrestricted	Restricted		Capital Assets Net of Depreciation And Related Debt	Total	Yes	No
		Expendable	Non- Expendable				
Current:							
Unrestricted, undesignated	\$ (15,748,538)	-	-	-	(15,748,538)	(15,748,538)	
Unrestricted, board designated	20,273	-	-	-	20,273	-	20,273
Restricted	-	1,622,637	-	-	1,622,637	-	1,622,637
Auxiliary enterprises	7,018	-	-	-	7,018	7,018	-
Loans	274,827	12,451	-	-	287,278	287,278	-
Endowment	-	-	817,939	-	817,939	-	817,939
Plant:							
Capital projects	(461,651)	1,270,292	-	-	808,641	808,641	-
Debt service	-	5,199,432	-	-	5,199,432	-	5,199,432
Investment in plant	-	-	-	39,856,873	39,856,873	-	39,856,873
Total Net Position, August 31, 2018	(15,908,071)	8,104,812	817,939	39,856,873	32,871,553	(14,645,601)	47,517,154
Total Net Position, August 31, 2017	<u>14,167,847</u>	<u>5,091,749</u>	<u>772,368</u>	<u>35,668,550</u>	<u>55,700,514</u> (Exhibit 1)	<u>14,438,360</u>	<u>41,262,154</u>
Cumulative Effect of Change in Accounting Principle	<u>(34,003,645)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(34,003,645)</u>	<u>(34,003,645)</u>	<u>-</u>
Total Net Position, August 31, 2018 (As Restated)	<u>(19,835,798)</u>	<u>5,091,749</u>	<u>772,368</u>	<u>35,668,550</u>	<u>21,696,869</u> (Exhibit 1)	<u>(19,665,285)</u>	<u>41,262,154</u>
Net Increase (Decrease) in Net Position	<u>\$ 3,927,727</u>	<u>3,013,063</u>	<u>45,571</u>	<u>4,188,323</u>	<u>11,174,684</u> (Exhibit 2)	<u>4,919,684</u>	<u>6,255,000</u>

Odessa Junior College District

Schedule E

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended August 31, 2018

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Direct Awards	Pass Through Awards	Total	Subrecipients Expenditures
<u>U.S. Department of Education</u>					
Direct Programs:					
Student Financial Aid Cluster					
Federal Supplemental Educational Opportunity Grant (16-17)	84.007A	\$ 83,658	-	83,658	-
Federal Supplemental Educational Opportunity Grant (17-18)	84.007A	53,282	-	53,282	-
Subtotal		136,940		136,940	
Federal College Work Study (16-17)	84.033A	108,960	-	108,960	-
Federal College Work Study (17-18)	84.033A	6,253	-	6,253	-
Subtotal		115,214		115,214	
Federal Pell Grant (16-17)	84.063P	4,303,930	-	4,303,930	-
Federal Pell Grant (17-18)	84.063P	2,502,421	-	2,502,421	-
Subtotal		6,806,351		6,806,351	
Direct Student Loans	84.268	18,751	-	18,751	-
Total Student Financial Assistance Cluster		7,077,255		7,077,255	
Pass-through from:					
Texas Workforce Commission					
Adult Education Literacy (16-17) 1116AEL004	84.002A	-	58,330	58,330	26,225
Adult Education Literacy (17-18) 1116AELB04	84.002A	-	700,389	700,389	250,215
Adult Education Literacy (17-18) 1116AELB04	84.002A	-	24,504	24,504	-
El Civics (16-17) 1116AEL004	84.002A	-	26,431	26,431	19,459
El Civics (17-18) 1116AELB04	84.002A	-	79,949	79,949	41,056
El Civics (18-19) 1116AELB04	84.002A	-	2,290	2,290	-
Local Performance Quality Improvement Award 1117PQ1000	84.002A	-	7,574	7,574	650
Career Pathways Navigator Initiative 1116AEL001	84.002A	-	-	-	-
Subtotal		-	899,466	899,466	337,604
Pass-through from:					
Texas Higher Education Coordinating Board					
Carl Perkins Vocational Education – Basic 174250	84.048	-	184,321	184,321	-
Perkins Leadership OER Technical Initiative Certificate DOE538436001	84.048	-	6,319	6,319	-
Total U.S. Department of Education		-	190,640	190,640	-
<u>U.S. Department of Agriculture</u>					
Pass-through from:					
Texas Department of Human Services					
Child and Adult Care Food Program 03004	10.558	-	26,378	26,378	-
Total U.S. Department of Agriculture		-	26,378	26,378	-
<u>National Science Foundation</u>					
Pass-through from:					
University at El Paso					
LSAMP HRD-1202008	47.076	-	5,870	5,870	-
Texas Tech University HRD-1202008	47.076	-	1,000	1,000	-
Total National Science Foundation		-	6,870	6,870	-
<u>U.S. Department of Health and Human Services</u>					
Pass-through from:					
Texas Workforce Commission					
Temporary Assistance for Needy Families (16-17) 1116AEL004	93.558	-	3,119	3,119	-
Temporary Assistance for Needy Families (17-18) 1116AELB04	93.558	-	87,807	87,807	-
Temporary Assistance for Needy Families (18-19) 1116ALA002	93.558	-	1,806	1,806	-
		-	92,732	92,732	-
Pass-through from:					
ResCare Workforce Solutions					
Designated Vendor Program	93.596	-	63,217	63,217	-
Total U.S. Department of Health and Human Services		-	155,949	155,949	-
Total Expenditures of Federal Awards		\$ 7,077,255	1,279,303	8,356,558	-

Notes to Schedule on following page.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

Year Ended August 31, 2018

Note 1: FEDERAL ASSISTANCE RECONCILIATION

Federal grants and contracts revenue, Operating Sch A	\$ 1,293,885
Federal grants and contracts revenue, Non-Operating Sch C	7,043,922
Federal Direct Student Loans	<u>18,751</u>
 Total Federal Revenues Per Schedule of Expenditures of Federal Awards	 \$ <u>8,356,558</u>

Note 2: SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING THE SCHEDULE

The expenditures included in the schedule are reported for the District's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds that have been expended to the District for the purposes of the award. 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 District has followed all applicable guidelines issued by various entities in preparation of the Schedule. Since the District has agency approved indirect recovery rate it has elected not to use the 10 percent de minimis cost rate as permitted in the UG, Section 200.414. The District has followed all applicable guidelines issued by various entities in the preparation of the schedule.

**NOTE 3: STUDENT LOANS PROCESSED AND ADMINISTRATIVE COSTS RECOVERED –
Not included in Schedule**

Federal Grantor CFDA Number/Program Name	Total Loans		Processed & Administrative Costs Recovered
	New Loans Processed	Administrative Costs Recovered	
<u>Department of Education</u>			
84.032 Federal Family Education Loan Program	\$ <u>2,226,853</u>	<u>-</u>	<u>2,226,853</u>
Total U.S. Department of Education	\$ <u><u>2,226,853</u></u>	<u><u>-</u></u>	<u><u>2,226,853</u></u>

SCHEDULE OF EXPENDITURES OF STATE AWARDS

Year Ended August 31, 2018

Grantor Agency/Program Title	Grant/ Contract Number	Disbursement and Expenditures
Texas Workforce Commission		
State Adult Education (16-17)	1116AEL004	\$ 210
State Adult Education (17-18)	1116AELB04	121,519
	1118ALA002	5,739
Skills Small Business	1116SSD000	7,588
Texas Higher Education Coordinating Board		
Texas College Work Study (17-18)	-	5,278
TEOG (17-18)	-	35,835
TEOG (18-19)	-	11,813
Nursing Shortage Reduction Program Over 70% FY2016	-	39,171
Nursing Shortage Reduction Program Regular FY2017	-	7,625
Work Study Student Mentorship	-	35,210
T-STEM Challenge Scholarship	-	8,750
NIBRS Transition	-	46,118
Texas Law Enforcement Officer Standards in Education Agency		<u>800</u>
Total Expenditures of State Awards		<u>\$ 325,656</u>

NOTE 1: STATE ASSISTANCE RECONCILIATION

State revenues per Schedule A:		
Operating Revenues:		
State grants and contracts		\$ 278,861
State revenues per Schedule C:		
Non-Operating Revenues:		
Nursing shortage reduction grant		<u>46,795</u>
Total State Revenues per Schedule of Expenditures of State Awards		<u>\$ 325,656</u>

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING THE SCHEDULE

The expenditures included in the schedule are reported for the District’s fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds that have been expended to the District for the purposes of the award. Some amounts reported in the schedule may differ from amounts used in the preparation of the basic financial statements imposed by the funding agencies. The District has followed all applicable guidelines issued by various entities in the preparation of the schedule.

SINGLE AUDIT REPORTS



JOHNSON, MILLER & CO., CPA's PC

Certified Public Accountants

A Professional Corporation

An Independent Member of BDO Alliance USA

**Independent Auditors' 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**

The Board of Trustees
Odessa Junior College District
Odessa, 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 Odessa Junior College District (the "District"), as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise District's basic financial statements, and have issued our report thereon December 13, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Compliance and Other Matters

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

Compliance with the Texas Public Funds Investment Act

We have performed tests designed to verify the District's compliance with the requirements of the Public Funds Investment Act. During the year ended August 31, 2018, no instances of noncompliance were found.

Purpose of this Report

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

Johnson, Miller & Co., CPAs PC

Odessa, Texas
December 13, 2018



JOHNSON, MILLER & CO., CPA's PC

Certified Public Accountants

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**Independent Auditors' Report on Compliance
For Each Major Federal Program and Report on Internal
Control Over Compliance Required by the Uniform Guidance**

To the Board of Trustees
Odessa Junior College District
Odessa, Texas

Report on Compliance for Each Major Federal Program

We have audited Odessa Junior College District's (the "District") 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 District's major federal programs for the year ended August 31, 2018. The District'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District'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 District'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 District's compliance.

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Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

Johnson, Miller & Co., CPAs PC

Odessa, Texas
December 13, 2018

Odessa Junior College District

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

August 31, 2018

SECTION I - SUMMARY OF AUDITORS' RESULTS

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP Unmodified

Internal control over financial reporting:

Material weaknesses identified? Yes No

Significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

Material weaknesses identified? Yes No

Significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

Type of auditor's report issued on compliance for major federal programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) Yes No

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

Auditee qualified as a low-risk auditee Yes No

Odessa Junior College District

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

August 31, 2018

Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.007A	Student Financial Aid Cluster: Federal Supplemental Education Opportunity Grant
84.033A	Federal College Work Study Program
84.063P	Federal Pell Grant
84.268	Federal Direct Student Loans
84.002A	Adult Education Literacy
84.002A	El Civics
84.002A	Local Performance Quality Improvement Award
84.002A	Career Pathways Navigator Initiative

Section II – FINANCIAL STATEMENT
FINDINGS

No matters were reported.

Section III – FEDERAL AWARD
FINDINGS AND QUESTIONED COSTS

August 31, 2018

No matters were reported.

August 31, 2017

No matters were reported.

STATISTICAL SUPPLEMENT

Odessa Junior College District
STATISTICAL SUPPLEMENT
(UNAUDITED)

This part of Odessa Junior College District's annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the College's overall financial health.

The information contained within this section is being presented to provide the reader with a better understanding of five objectives:

- Financial Trends – These schedules contain trend information to help the reader understand how the College's financial performance and well-being have changed over time.

SS1 – Net Position by Component

SS2 – Revenue by Source

SS3 – Program Expenses by Function

- Revenue Capacity – Assessing the College's ability to generate revenue by examining its major revenue sources.

SS4 – Tuition and Fees

SS5 – State Appropriation per FTSE and Contact Hour

SS6 – Assessed Value and Taxable Assessed Value of Property *formerly SS10*

SS7 – Principal Taxpayers

SS8 – Property Tax Levies and Collections

- Debt Capacity – Assessing the affordability of the College's current levels of outstanding debt and the College's ability to issue additional debt in the future.

SS9 – Ratios of Outstanding Debt

SS10 – Legal Debt Margin Information

SS11 – Pledged Revenue Coverage

- Demographic and Economic Information – Providing demographic and economic indicators to help in understanding the environment within which the College's financial activities take place.

SS12 – Demographic and Economic Statistics – Taxing District

SS13 – Principal Employers

- Operating Information – Providing information about how the College's financial report relates to the services it provides and the activities it performs.

SS14 – Faculty, Staff, and Administrator Statistics

SS15 – Fall Enrollment Details

SS16 – Student Demographic Profile

SS17 – Transfer Students to Senior Institutions

SS18 – Capital Asset Information

Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year.

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

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Invested in capital assets, net of related debt	\$ 39,857	\$ 35,669	\$ 31,177	\$ 17,619	\$ 15,208	\$ 13,987	\$ 12,022	\$ 9,767	\$ 8,169	\$ 4,955
Restricted - expendable	8,105	5,092	4,493	11,624	11,043	7,683	7,605	4,820	4,633	4,953
Restricted - nonexpendable	818	772	844	844	844	838	829	807	813	774
Unrestricted	(15,908)	14,168	13,874	13,811	19,547	19,067	17,924	17,681	16,775	18,511
Total net position	\$ 32,872	\$ 55,701	\$ 50,388	\$ 43,898	\$ 46,642	\$ 41,575	\$ 38,380	\$ 33,075	\$ 30,390	\$ 29,193
	(a)			(b)						

Notes:

(a) To reflect the adoption of GASB 75, beginning net position was restated to record the beginning net OPEB liability and for the recording of deferred outflows of resources for OPEB contributions made after the measurement date of the beginning net OPEB liability and the beginning of the fiscal year.

(b) To reflect the adoption of GASB 68, beginning net position was restated to record the beginning net pension liability and related deferred outflows for contributions made after measurement date of the beginning net pension liability and the beginning of the fiscal year.

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

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Tuition and Fees (Net of Discounts)	\$ 9,298	\$ 8,829	\$ 7,701	\$ 8,327	\$ 6,947	\$ 7,579	\$ 8,689	\$ 5,492	\$ 4,662	\$ 3,788
Governmental Grants and Contracts										
Federal Grants and Contracts	1,294	1,210	1,513	1,934	1,266	1,402	2,237	2,535	3,627	3,706
State Grants and Contracts	279	415	342	758	1,284	385	493	486	418	490
Non-Governmental Grants and Contracts	2,289	1,569	2,348	655	309	55	62	79	32	64
Sales and services of educational activities	415	443	463	524	538	504	495	417	288	252
Investment Income	21	18	14	13	13	15	15	13	15	16
Auxiliary enterprises	1,425	1,360	1,571	1,598	1,530	1,492	847	829	816	775
Other Operating Revenues	1,212	1,397	677	601	636	644	775	722	601	533
Total Operating Revenues	16,233	15,241	14,629	14,410	12,523	12,076	13,613	10,573	10,459	9,624
State Appropriations	12,098	10,208	10,290	9,538	9,720	8,597	8,427	10,803	10,873	11,388
Property taxes - M&O	22,408	21,172	22,138	21,497	19,827	18,354	17,040	16,027	15,153	15,399
Property taxes - Debt Service	4,838	4,818	4,823	4,662	4,324	4,341	3,935	-	-	-
Federal Grants, non-operating	7,044	6,480	5,860	4,903	5,102	5,093	6,153	7,570	6,441	4,631
Gifts	66	242	148	194	193	236	376	439	311	185
Investment income	368	268	396	181	262	325	420	296	442	578
Other non-operating revenues	236	300	45	55	8	48	1	1	195	667
Total Non-Operating Revenues	47,058	43,488	43,700	41,030	39,436	36,994	36,352	35,136	33,415	32,848
Total Revenue	\$ 63,291	\$ 58,729	\$ 58,329	\$ 55,440	\$ 51,959	\$ 49,070	\$ 49,965	\$ 45,709	\$ 43,874	\$ 42,472

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Tuition and fees (net of discounts)	14.69%	15.03%	13.20%	15.02%	13.37%	15.45%	17.39%	12.02%	10.63%	8.92%
Governmental grants and contracts										
Federal grants and contracts	2.04%	2.06%	2.59%	3.49%	2.44%	2.86%	4.48%	5.55%	8.27%	8.73%
State grants and contracts	0.44%	0.71%	0.59%	1.37%	2.47%	0.78%	0.99%	1.06%	0.95%	1.15%
Non-governmental grants and contracts	3.62%	2.67%	4.03%	1.18%	0.59%	0.11%	0.12%	0.17%	0.07%	0.15%
Sales and services of educational activities	0.66%	0.75%	0.79%	0.95%	1.04%	1.03%	0.99%	0.91%	0.66%	0.59%
Investment Income	0.03%	0.03%	0.02%	0.02%	0.03%	0.03%	0.03%	0.03%	0.03%	0.04%
Auxiliary enterprises	2.25%	2.32%	2.69%	2.88%	2.94%	3.04%	1.70%	1.81%	1.86%	1.82%
Other operating revenues	1.91%	2.38%	1.16%	1.08%	1.22%	1.31%	1.55%	1.58%	1.37%	1.25%
Total Operating Revenues	25.65%	25.95%	25.08%	25.99%	24.10%	24.61%	27.25%	23.13%	23.84%	22.66%
State appropriations	19.11%	17.38%	17.64%	17.20%	18.71%	17.52%	16.87%	23.63%	24.78%	26.81%
Property taxes - M&O	35.40%	36.05%	37.95%	38.78%	38.16%	37.40%	34.10%	35.06%	34.54%	36.26%
Property taxes - Debt Service	7.64%	8.20%	8.27%	8.41%	8.32%	8.85%	7.88%	0.00%	0.00%	0.00%
Federal Grants, non-operating	11.13%	11.03%	10.05%	8.84%	9.82%	10.38%	12.31%	16.56%	14.68%	10.90%
Gifts	0.10%	0.41%	0.25%	0.35%	0.37%	0.48%	0.75%	0.96%	0.71%	0.44%
Investment income	0.58%	0.46%	0.68%	0.33%	0.50%	0.66%	0.84%	0.65%	1.01%	1.36%
Other non-operating revenues	0.37%	0.51%	0.08%	0.10%	0.02%	0.10%	0.00%	0.00%	0.44%	1.57%
Total Non-Operating Revenues	74.35%	74.05%	74.92%	74.01%	75.90%	75.39%	72.75%	76.87%	76.16%	77.34%
Total Revenue	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Instruction	\$ 18,914	\$ 18,203	\$ 18,150	\$ 18,651	\$ 17,536	\$ 14,747	\$ 15,272	\$ 15,266	\$ 14,382	\$ 13,461
Research	-	-	-	-	-	-	-	-	-	-
Public service	1,257	1,574	1,252	1,141	1,179	909	1,210	1,332	1,332	1,350
Academic support	4,617	4,810	4,807	4,537	4,208	4,049	4,138	3,805	4,006	4,219
Student services	4,273	4,376	4,179	3,968	3,677	2,813	2,914	2,837	3,332	3,109
Institutional support	6,613	6,147	5,947	5,475	6,400	6,464	5,796	6,313	6,089	5,211
Operation and maintenance of plant	4,899	4,449	4,122	4,281	3,679	3,388	3,351	3,705	5,036	5,015
Scholarships and fellowships	5,642	5,041	4,976	4,237	4,547	4,713	6,463	6,136	4,703	3,622
Auxiliary enterprises	2,591	2,277	2,397	2,412	2,164	1,872	1,675	1,668	1,685	1,707
Depreciation	3,224	2,942	2,688	2,552	1,836	1,575	1,448	1,375	1,315	1,084
Total Operating Expenses	52,030	49,819	48,518	47,254	45,226	40,530	42,267	42,437	41,880	38,778
Interest on capital related debt	2,268	3,750	3,871	3,963	4,909	4,883	5,206	570	650	1,461
Loss on disposal of fixed assets	55	64	60	69	83	80	85	119	90	95
Other non-operating	291	22	22	22	35	21	125	101	71	80
Total Non-Operating Expenses	2,614	3,836	3,953	4,054	5,027	4,984	5,416	790	811	1,636
Total Expenses	\$ 54,644	\$ 53,655	\$ 52,471	\$ 51,308	\$ 50,253	\$ 45,514	\$ 47,683	\$ 43,227	\$ 42,691	\$ 40,414

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Instruction	34.61%	33.93%	34.59%	36.35%	34.90%	32.40%	32.03%	35.32%	33.69%	33.31%
Research	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Public service	2.30%	2.93%	2.39%	2.22%	2.35%	2.00%	2.54%	3.08%	3.12%	3.34%
Academic support	8.45%	8.96%	9.16%	8.84%	8.37%	8.90%	8.68%	8.80%	9.38%	10.44%
Student services	7.82%	8.16%	7.96%	7.73%	7.32%	6.18%	6.11%	6.56%	7.80%	7.69%
Institutional support	12.10%	11.46%	11.33%	10.67%	12.74%	14.20%	12.16%	14.60%	14.26%	12.89%
Operation and maintenance of plant	8.97%	8.29%	7.86%	8.34%	7.32%	7.44%	7.03%	8.57%	11.80%	12.41%
Scholarships and fellowships	10.33%	9.40%	9.48%	8.26%	9.05%	10.36%	13.55%	14.19%	11.02%	8.96%
Auxiliary enterprises	4.74%	4.24%	4.57%	4.70%	4.31%	4.11%	3.51%	3.86%	3.95%	4.22%
Depreciation	5.90%	5.48%	5.12%	4.97%	3.65%	3.46%	3.04%	3.18%	3.08%	2.68%
Total Operating Expenses	95.22%	92.85%	92.47%	92.10%	90.00%	89.05%	88.64%	98.17%	98.10%	95.95%
Interest on capital related debt	4.15%	6.99%	7.38%	7.72%	9.77%	10.73%	10.92%	1.32%	1.52%	3.62%
Loss on disposal of fixed assets	0.10%	0.12%	0.11%	0.13%	0.17%	0.18%	0.18%	0.28%	0.21%	0.24%
Other non-operating	0.53%	0.04%	0.04%	0.04%	0.07%	0.05%	0.26%	0.23%	0.17%	0.20%
Total Non-Operating Expenses	4.78%	7.15%	7.53%	7.90%	10.00%	10.95%	11.36%	1.83%	1.90%	4.05%
Total Expenses	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**Odessa Junior College District
Statistical Supplement 4
Tuition and Fees
Last Ten Academic Years
(unaudited)**

**Resident
Fees per Semester Credit Hour (SCH)**

Academic Year (Fall)	Registration Fee (per student)	In-District Tuition	Out-of-District Tuition	General Services Fee	Student Activity Fee	Out of District Fee	ID Card Fee	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Year In-District	Increase from Prior Year Out-of-District
2017	\$ -	\$ 64	\$ 108	\$ 21	\$ 2	\$ -	\$ -	\$ 1,044	\$ 1,572	0.00%	0.00%
2016	-	64	108	21	2	-	-	1,044	1,572	1.16%	0.77%
2015	-	64	108	20	2	-	-	1,032	1,560	0.00%	0.00%
2014	-	64	108	20	2	-	-	1,032	1,560	4.88%	4.84%
2013	-	61	103	20	1	-	-	984	1,488	2.50%	4.20%
2012	-	59	98	20	1	-	-	960	1,428	5.26%	7.21%
2011	-	55	90	20	1	-	-	912	1,332	20.63%	26.14%
2010	-	52	77	10	1	-	-	756	1,056	8.62%	12.82%
2009	-	47	67	10	1	-	-	696	936	9.43%	14.71%
2008	-	42	57	10	1	-	-	636	816	0.00%	0.00%

**Non-Resident
Fees per Semester Credit Hour (SCH)**

Academic Year (Fall)	Registration Fee (per student)	Non-Res Tuition Out of State	Non-Resident Tuition Internat'l	General Services Fee	Student Activity Fees	Out of District Fee	ID Card Fee	Cost for 12 SCH Out of State	Cost for 12 SCH Internat'l	Increase from Prior Yr Out of State	Increase from Prior Year Internat'l
2017	\$ 150	\$ 140	\$ 140	\$ 21	\$ 2	\$ -	\$ -	\$ 2,106	\$ 2,106	0.00%	0.00%
2016	150	140	140	21	2	-	-	2,106	2,106	0.57%	0.57%
2015	150	140	140	20	2	-	-	2,094	2,094	0.00%	0.00%
2014	150	140	140	20	2	-	-	2,094	2,094	4.80%	4.80%
2013	150	133	133	20	1	-	-	1,998	1,998	6.39%	6.39%
2012	150	123	123	20	1	-	-	1,878	1,878	5.39%	5.39%
2011	150	115	115	20	1	-	-	1,782	1,782	18.33%	18.33%
2010	150	102	102	10	1	-	-	1,506	1,506	13.57%	13.57%
2009	150	87	87	10	1	-	-	1,326	1,326	15.71%	15.71%
2008	150	72	72	10	1	-	-	1,146	1,146	0.00%	0.00%

Note: Includes basic enrollment tuition and fees. Excludes special program tuition or course-based fees such as laboratory fees, testing fees and certification fees.

**Odessa Junior College District
Statistical Supplement 5
State Appropriation per FTSE and Contact Hour
Last Ten Fiscal Years
(unaudited)**

For the Year Ended August 31,

	2018	2017	2016	2015	2014 (a)	2013	2012	2011	2010	2009
Appropriation Funding Elements										
Contact Hour Funding (CH)	\$ 7,056,121	\$ 6,534,268	\$ 6,534,268	\$ 6,243,805	\$ 6,243,805	\$ 6,925,172	\$ 6,826,221	\$ 7,843,768	\$ 7,944,885	\$ 8,473,765
Student Success Points (SSP)	636,188	571,457	571,457	607,331	607,331					
Core Operations (CO)	680,406	500,000	500,000	500,000	500,000					
Non-Formula Items										
Total State Appropriation	<u>\$ 8,372,715</u>	<u>\$ 7,605,725</u>	<u>\$ 7,605,725</u>	<u>\$ 7,351,136</u>	<u>\$ 7,351,136</u>	<u>\$ 6,925,172</u>	<u>\$ 6,826,221</u>	<u>\$ 7,843,768</u>	<u>\$ 7,944,885</u>	<u>\$ 8,473,765</u>
State Appropriation per FTSE										
State Appropriation (Unrestricted) - from Schedule C	\$ 8,372,715	\$ 7,605,725	\$ 7,605,725	\$ 7,351,136	\$ 7,351,136	\$ 6,925,172	\$ 6,826,221	\$ 7,843,768	\$ 7,944,885	\$ 8,473,765
FTSE (b)	4,179	4,239	3,720	3,590	3,670	3,474	3,641	3,793	3,719	3,260
State Appropriation per FTSE	<u>\$ 2,004</u>	<u>\$ 1,794</u>	<u>\$ 2,045</u>	<u>\$ 2,048</u>	<u>\$ 2,003</u>	<u>\$ 1,993</u>	<u>\$ 1,875</u>	<u>\$ 2,068</u>	<u>\$ 2,136</u>	<u>\$ 2,599</u>
State Appropriation per Funded Contact Hour										
Contact Hour Appropriation (above)	\$ 7,056,121	\$ 6,534,268	\$ 6,534,268	\$ 6,243,805	\$ 6,243,805	\$ 6,925,172	\$ 6,826,221	\$ 7,843,768	\$ 7,944,885	\$ 8,473,765
Contact Hours:										
Academic CH	1,649,504	1,658,196	1,419,673	1,293,627	1,273,303	1,295,296	1,354,704	1,414,944	1,415,536	1,228,233
Technical CH	759,664	772,864	761,454	717,363	723,664	714,336	709,312	728,048	711,840	650,384
Continuing Education CH	126,772	269,205	243,577	320,832	307,032	258,006	320,602	318,279	285,982	257,325
Total Funded Contact Hours	<u>2,535,940</u>	<u>2,700,265</u>	<u>2,424,704</u>	<u>2,331,822</u>	<u>2,303,999</u>	<u>2,267,638</u>	<u>2,384,618</u>	<u>2,461,271</u>	<u>2,413,358</u>	<u>2,135,942</u>
State Appropriation per Funded CH	<u>\$ 2.78</u>	<u>\$ 2.42</u>	<u>\$ 2.69</u>	<u>\$ 2.68</u>	<u>\$ 2.71</u>	<u>\$ 3.05</u>	<u>\$ 2.86</u>	<u>\$ 3.19</u>	<u>\$ 3.29</u>	<u>\$ 3.97</u>
State Appropriation per Student Success Point - Annualized										
Student Success Points (SSP) State Appropriation	\$ 636,188	\$ 571,457	\$ 571,457	\$ 607,331	\$ 607,331	n/a	n/a	n/a	n/a	n/a
3-Year Average Student Success Points (for appropriation basis)	7,417	6,622	6,622	6,561	6,561	n/a	n/a	n/a	n/a	n/a
State Appropriation per SSP	<u>\$ 85.77</u>	<u>\$ 86.30</u>	<u>\$ 86.30</u>	<u>\$ 92.57</u>	<u>\$ 92.57</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
Student Success Points (SSP) by Element (c)										
Math Readiness	n/a	396.0	303.0	256.0	238.0	222.0	169.0	343.0	296.0	
Reading Readiness	n/a	242.0	192.0	175.0	65.5	123.0	134.0	258.0	224.0	
Writing Readiness	n/a	276.0	176.0	174.0	45.0	99.0	89.0	193.0	195.0	
Students Who Pass FCL Math Course	n/a	1,129.0	843.0	696.0	684.0	651.0	604.0	698.0	629.0	
Students Who Pass FCL Read Course	n/a	1,366.0	1,087.0	1,097.0	528.0	1,148.0	1,117.0	1,142.0	1,175.0	
Students Who Pass FCL Write Course	n/a	1,172.0	960.0	998.0	483.5	1,091.0	895.0	964.0	1,095.0	
Students Who Complete 15 SCH	n/a	2,131.0	1,689.0	1,591.0	1,461.0	1,417.0	1,326.0	1,896.0	2,048.0	
Students Who Complete 30 SCH	n/a	1,163.0	1,036.0	908.0	869.0	841.0	936.0	1,233.0	1,230.0	
Student Transfers to 4-Yr Inst	n/a	497.0	471.0	516.0	892.0	447.0	139.0	166.0	202.0	
Degrees, CCC's, or Certs (Undup)	n/a	223.0	249.0	183.0	1,078.0	233.0	373.0	363.0	298.0	
Degrees or Certs in Critical Fields	n/a	953.0	693.0	629.0	564.8	459.0	224.0	209.0	213.0	
Total Annual Success Points (c)	-	9,548.0	7,699.0	7,223.0	6,908.8	6,731.0	6,006.0	7,465.0	7,605.0	-

Notes

- (a) Formula Funding Changed Methodology in FY2014.
- (b) Fiscal Year FTSE is equal to the sum of State Funded Semester Credit Hours (Fall + Spring + Summer) for the Current Fiscal Year / 30 SCH plus the sum of State Funded Continuing Education Contact Hours (Qtr 1 + Qtr 2 + Qtr 3 + Qtr 4) for the Current Fiscal Year / 900 CH
- (c) These are annual Student Success Points, not 3-year rolling average that is used for funding calculations

Sources

Texas Higher Education Coordinating Board 10-Pay Schedule
Texas Higher Education Coordinating Board - Accountability System

Odessa Junior College District
Statistical Supplement 6
Assessed Value and Taxable Assessed Value of Property
Last Ten Fiscal Years
(unaudited)

Fiscal Year	(amounts expressed in thousands)				Ratio of Taxable to Assessed Value	Tax Rate (a)		
	Assessed Valuation of Property	Less: Exempt Property	Less: Exemptions	Taxable Assessed Value (TAV)		Maintenance & Operations	Debt Service	Total
2017-18	15,607,529	(1,099,469)	(1,599,443)	12,908,617	82.71%	0.169654	0.036765	0.206419
2016-17	15,127,818	(957,470)	(1,600,518)	12,569,830	83.09%	0.166670	0.037980	0.204650
2015-16	16,463,948	(938,601)	(1,535,009)	13,990,338	84.98%	0.156900	0.034300	0.191200
2014-15	17,171,163	(914,984)	(1,563,363)	14,692,816	85.57%	0.145000	0.031600	0.176600
2013-14	16,176,607	(883,327)	(1,504,981)	13,788,299	85.24%	0.143474	0.030651	0.174125
2012-13	14,112,228	(786,301)	(1,337,616)	11,988,311	84.95%	0.151200	0.035970	0.187170
2011-12	12,709,099	(765,449)	(1,319,325)	10,624,325	83.60%	0.158400	0.038680	0.197080
2010-11	12,082,970	(755,318)	(1,352,763)	9,974,889	82.55%	0.158400		0.158400
2009-10	11,725,808	(758,166)	(1,659,187)	9,308,455	79.38%	0.162400	-	0.162400
2008-09	11,945,389	(742,035)	(1,802,673)	9,400,681	78.70%	0.162400	-	0.162400

Note:

(a) Per \$100 of Net Assessed Value

Odessa Junior College District
Statistical Supplement 7
Principal Taxpayers
Last Ten Tax Years
(unaudited)

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Tax Year (\$000 omitted)										
		2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	
Halliburton Energy Services	Oil & Gas	\$ 329,985	\$ 311,773	\$ 272,607	\$ 298,503	\$ 265,719	\$ 238,475	\$ 132,610				
La Frontera Holdings LLC	Utility	294,150	267,800	232,217	235,002	247,462	251,858	316,562	226,811	191,925	191,713	
Occidental Permian LTD	Oil & Gas	217,208	267,497	255,922	465,399	773,121	810,640	677,300	671,537	722,406	665,706	
ONCOR Electric Delivery	Utility	184,293	167,470	146,451	136,615	-	-	-	-	-	80,011	
Fasken Oil & Ranch LTD	Oil & Gas	144,571	148,227	127,667	281,811	177,672	-	-	-	-	-	
ConocoPhillips Company	Oil & Gas	132,287	124,152	-	182,564	331,184	375,281	382,053	401,298	457,937	350,225	
B J Service LLC	Oil & Gas	115,880	-	-	-	-	-	-	-	-	-	
FDL Operating LLC	Oil & Gas	113,357	139,120	-	-	-	-	-	-	-	-	
Pumpco Energy Services	Oil & Gas	104,426	-	-	-	-	-	-	-	-	-	
Cer-Quail Run Energy Partnership	Utility	67,005	84,019	111,946	-	-	-	-	-	-	-	
COG Operating	Oil & Gas	-	115,183	-	-	-	-	235,003	190,344	94,093	-	
Oxy USA WTP LP	Oil & Gas	-	80,523	-	-	164,270	206,678	244,011	223,194	225,445	232,478	
Reliance Energy Inc	Oil & Gas	-	-	108,601	166,223	182,825	-	-	-	-	-	
Nabors Lux Finance 2	Oil & Gas	-	-	101,955	-	-	-	-	-	-	-	
Ector County Energy Center LLC	Utility	-	-	101,000	-	-	-	-	-	-	-	
Devon Energy Production	Oil & Gas	-	-	89,048	178,711	302,219	222,788	256,806	203,373	126,613	-	
XTO Energy	Oil & Gas	-	-	-	177,394	285,375	197,932	243,275	308,732	296,139	278,509	
Apache Corporation	Oil & Gas	-	-	-	115,668	274,700	265,774	264,552	236,650	236,130	160,352	
Sheridan Production Co	Oil & Gas	-	-	-	-	-	194,557	-	-	-	-	
Chevron USA Inc.	Oil & Gas	-	-	-	-	-	175,878	-	-	-	-	
Sandridge Exploration & Prod	Oil & Gas	-	-	-	-	-	-	244,663	211,724	179,281	-	
Oxy USA Inc.	Oil & Gas	-	-	-	-	-	-	-	82,994	-	97,017	
Energen Resources	Oil & Gas	-	-	-	-	-	-	-	-	95,603	77,649	
Four Star Oil and Gas	Oil & Gas	-	-	-	-	-	-	-	-	-	78,154	
Totals		\$ 1,703,162	\$ 1,705,764	\$ 1,547,414	\$ 2,237,890	\$ 3,004,547	\$ 2,939,861	\$ 2,996,835	\$ 2,756,657	\$ 2,625,572	\$ 2,211,814	
Total Taxable Assessed Value		\$ 12,908,617	\$ 12,569,830	\$ 13,990,337	\$ 14,692,816	\$ 13,788,295	\$ 11,988,311	\$ 10,624,325	\$ 9,974,889	\$ 9,308,455	\$ 9,400,680	

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year										
		2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	
Halliburton Energy Services	Oil & Gas	2.56%	2.48%	1.95%	2.03%	1.93%	1.99%	1.25%	-	-	-	
La Frontera Holdings LLC	Utility	2.28%	2.13%	1.66%	1.60%	1.79%	2.10%	2.98%	2.27%	2.06%	2.04%	
Occidental Permian LTD	Oil & Gas	1.68%	2.13%	1.83%	3.17%	5.61%	6.76%	6.37%	6.73%	7.76%	7.08%	
ONCOR Electric Delivery	Utility	1.43%	1.33%	1.05%	0.93%	-	-	-	-	-	0.85%	
Fasken Oil & Ranch LTD	Oil & Gas	1.12%	1.18%	0.91%	1.92%	1.29%	-	-	-	-	-	
ConocoPhillips Company	Oil & Gas	1.02%	0.99%	-	1.24%	2.40%	3.13%	3.60%	4.02%	4.92%	3.73%	
B J Service LLC	Oil & Gas	0.90%	-	-	-	-	-	-	-	-	-	
FDL Operating LLC	Oil & Gas	0.88%	1.11%	-	-	-	-	-	-	-	-	
Pumpco Energy Services	Oil & Gas	0.81%	-	-	-	-	-	-	-	-	-	
Cer-Quail Run Energy Partnership	Utility	0.52%	0.67%	0.80%	-	-	-	-	-	-	-	
Ector County Energy Center LLC	Oil & Gas	-	0.92%	-	-	-	-	2.21%	1.91%	1.01%	-	
Oxy USA WTP LP	Oil & Gas	-	0.64%	-	-	1.19%	1.72%	2.30%	2.24%	2.42%	2.47%	
Nabors Lux Finance 2	Oil & Gas	-	-	0.73%	-	-	-	-	-	-	-	
Ector County Energy Center LLC	Utility	-	-	0.72%	-	-	-	-	-	-	-	
Devon Energy Production	Oil & Gas	-	-	0.64%	1.22%	2.19%	1.86%	2.42%	2.04%	1.36%	-	
XTO Energy	Oil & Gas	-	-	-	1.21%	2.07%	1.65%	2.29%	3.10%	3.18%	2.96%	
Sheridan Production Co	Oil & Gas	-	-	-	-	-	1.62%	-	-	-	-	
Apache Corporation	Oil & Gas	-	-	-	-	1.99%	2.22%	2.49%	2.37%	2.54%	1.71%	
Chevron USA Inc.	Oil & Gas	-	-	-	-	-	1.47%	-	-	-	-	
Sandridge Exploration & Prod	Oil & Gas	-	-	-	-	-	-	2.30%	2.12%	1.93%	-	
Oxy USA Inc.	Oil & Gas	-	-	-	-	-	-	-	0.83%	-	1.03%	
Energen Resources	Oil & Gas	-	-	-	-	-	-	-	-	1.03%	0.83%	
Four Star Oil and Gas	Oil & Gas	-	-	-	-	-	-	-	-	-	0.83%	
Totals		13.19%	13.57%	11.06%	15.23%	21.79%	24.52%	28.21%	27.64%	28.21%	23.53%	

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

Fiscal Year Ended August 31,	Total Tax Levy for Fiscal Year	Cumulative Levy Adjustments	Adjusted Tax Levy	Collected Within Fiscal Year of Levy		Collections Subsequent to Year of Levy		Total Collections to Date	
				Amount	Percentage	FY 2018	Previous Years	Amount	Percentage
2018	\$ 26,646	\$ 198	\$ 26,844	\$ 26,036	96.99%	\$ -	\$ -	\$ 26,036	96.99%
2017	25,724	(108)	25,616	24,695	96.40%	456	-	25,150	98.18%
2016	26,750	(110)	26,640	25,767	96.72%	236	328	26,330	98.84%
2015	25,948	(168)	25,780	25,136	97.50%	77	341	25,554	99.12%
2014	24,009	(187)	23,822	23,323	97.90%	36	335	23,693	99.46%
2013	22,438	(29)	22,409	21,928	97.85%	19	368	22,315	99.58%
2012	20,706	(31)	20,675	20,245	97.92%	8	340	20,593	99.60%
2011	15,800	(21)	15,779	15,353	97.30%	4	367	15,724	99.65%
2010	15,117	(29)	15,088	14,620	96.89%	3	415	15,038	99.66%
2009	15,267	(204)	15,063	14,632	97.14%	2	374	15,008	99.64%

Note:

Collections of property taxes only, excluding any penalties and interest.

Source:

Ector County Tax Appraisal District

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

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Bonded Debt										
General Obligation Bonds	\$ 62,745	\$ 64,320	\$ 65,760	\$ 67,155	\$ 68,340	\$ 68,470	\$ 68,500	\$ -	\$ -	\$ -
Less: Funds restricted for debt service	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
Net general bonded debt	\$ 62,745	\$ 64,320	\$ 65,760	\$ 67,155	\$ 68,340	\$ 68,470	\$ 68,500	\$ -	\$ -	\$ -
Other Debt										
Revenue bonds	9,865	12,325	14,680	16,965	19,185	21,340	23,470	19,005	20,800	22,720
Capitla lease obligations	56	-	-	40	40	115	134	94	127	86
Total Outstanding Debt	\$ 72,666	\$ 76,645	\$ 80,440	\$ 84,160	\$ 87,565	\$ 89,925	\$ 92,104	\$ 19,099	\$ 20,927	\$ 22,806
General Bonded Debt Ratios										
Per Capita	\$ 399.43	\$ 408.48	\$ 411.80	\$ 434.46	\$ 456.66	\$ 473.80	\$ 490.38	\$ -	\$ -	\$ -
Per FTSE	\$ 15,014	\$ 15,172	\$ 17,678	\$ 18,705	\$ 18,622	\$ 19,712	\$ 18,815	\$ -	\$ -	\$ -
As a % of Taxable Assessed Value	0.49%	0.51%	0.47%	0.46%	0.50%	0.57%	0.64%	0.00%	0.00%	0.00%
Total Outstanding Debt Ratios										
Per Capita	\$ 462.58	\$ 486.75	\$ 503.73	\$ 544.48	\$ 585.13	\$ 622.26	\$ 659.35	\$ 139.28	\$ 152.83	\$ 171.39
Per FTSE	\$ 17,388	\$ 18,079	\$ 21,625	\$ 23,442	\$ 23,861	\$ 25,888	\$ 25,299	\$ 5,035	\$ 5,627	\$ 6,997
As a % of Taxable Assessed Value	0.56%	0.61%	0.57%	0.57%	0.64%	0.75%	0.87%	0.19%	0.22%	0.24%

**Odessa Junior College District
Statistical Supplement 10
Legal Debt Margin Information
Last Ten Tax Years
(unaudited)**
(amounts expressed in thousands)

For the Year Ended Augst 31,	Taxable Assessed Value	Statutory Tax Levy Limit for Debt Service (1)	Less: Funds Restricted for Repayment	Net Statutory Tax Levy Limit	Current Year Debt Service Requirements	Excess of Statutory Limit for Debt Service over Current Requirements	Net Current Requirements as a % of Statutory Limit
2018	\$ 12,908,617	\$ 64,543	-	\$ 64,543	\$ 4,748	\$ 59,795	7.36%
2017	12,569,830	62,849	-	62,849	4,755	58,094	7.57%
2016	13,990,338	69,952	-	69,952	4,752	65,200	6.79%
2015	14,692,816	73,464	-	73,464	4,569	68,895	6.22%
2014	13,788,299	68,941	-	68,941	4,396	64,545	6.38%
2013	11,988,311	59,942	-	59,942	4,226	55,716	7.05%
2012	10,624,325	53,122	-	53,122	-	53,122	0.00%
2011	9,974,889	49,874	-	49,874	-	49,874	0.00%
2010	9,308,455	46,542	-	46,542	-	46,542	0.00%
2009	9,400,681	47,003	-	47,003	-	47,003	0.00%

Note:

(1) Texas Education Code Section 130.122 limits the debt service tax levy of community colleges to \$0.50 per hundred dollars taxable asse

**Odessa Junior College District
Statistical Supplement 11
Pledged Revenue Coverage
Last Ten Tax Years
(unaudited)**
(amounts expressed in thousands)

Fiscal Year	Pledged Revenues					Revenue Bonds Debt Service Requirements			
	Tuition and Fees	Auxiliary Revenue	Other Pledged Revenue	Interest Income	Total	Principal	Interest	Total	Coverage Ratio
2017-2018	\$ 14,496	\$ 1,425	\$ 4,219	\$ 389	\$ 20,529	\$ 2,460	\$ 437	\$ 2,897	7.09
2016-2017	13,767	1,360	3,950	286	19,363	2,355	531	2,886	6.71
2015-2016	12,229	1,571	3,680	410	17,890	2,285	609	2,894	6.18
2014-2015	12,428	1,597	2,030	194	16,249	2,220	675	2,895	5.61
2013-2014	10,931	1,530	1,684	275	14,420	2,155	739	2,894	4.98
2012-2013	10,691	1,492	1,486	340	14,009	2,130	783	2,913	4.81
2011-2012	10,862	847	1,709	434	13,852	1,850	840	2,690	5.15
2010-2011	9,227	829	1,658	309	12,023	1,795	689	2,484	4.84
2009-2010	8,581	816	1,428	457	11,282	1,920	650	2,570	4.39
2008-2009	6,849	724	1,702	594	9,869	1,520	1,169	2,689	3.67

**Odessa Junior College District
Statistical Supplement 12
Demographic and Economic Statistics - Taxing District
Last Ten Calendar Years
(unaudited)**

Calendar Year	District Population (est.)	District Personal Income (in thousands)	Personal Income Per Capita	District Unemployment Rate
2018	160,500	\$ - (a)	\$ - (a)	3.0% (b)
2017	157,087	- (a)	58,335	4.1%
2016	157,462	6,538,112	56,250	6.4%
2015	159,689	7,303,176	45,806	4.6%
2014	154,570	7,684,055	49,768	3.4%
2013	149,651	6,832,220	45,650	4.3%
2012	144,513	6,632,481	45,883	4.6%
2011	139,689	5,610,108	40,149	6.1%
2010	137,130	4,804,191	35,047	8.3%
2009	136,930	4,516,625	32,985	6.2%
2008	133,064	4,865,073	36,562	3.4%

Sources:

Population - Tracer Texas Labor Market Information
Income - Tracer Texas Labor Market Information
Unemployment - Odessa Chamber of Commerce, The County Information Project - Texas Association of Counties

Notes:

(a) Information not yet available
(b) Preliminary (average through September 2018)

**Odessa Junior College District
Statistical Supplement 13
Principal Employers
Last Ten Calendar Years
(unaudited)**

Current Fiscal Year (2018)

<u>Rank</u>	<u>Employer</u>	<u>Number of Employees</u>	<u>% of Total Employment</u>
1	Saulsbury Industries	4,000	4.94%
2	Ector County ISD	3,873	4.79%
3	Haliburton Services	2,700	3.34%
4	Medical Center Hospital	1,922	2.38%
5	Keane Group	1,593	1.97%
6	Odessa Regional Medical Center	1,000	1.24%
7	Wal-Mart Super Center	938	1.16%
8	City of Odessa	900	1.11%
9	Weatherford CPS	900	1.11%
10	Select Energy Oil Field Services	750	0.93%
Total		18,576	22.96%

Total Ector County Workforce (1) 80,893

Nine Years Prior

<u>Rank</u>	<u>Employer</u>	<u>Number of Employees</u>	<u>% of Total Employment</u>
1	Ector County ISD	3518	4.70%
2	Medical Center Hospital	1896	2.53%
3	Saulsbury Industries	1740	2.33%
4	Keane Group	1350	1.80%
5	Haliburton Services	1261	1.69%
6	Wal-Mart Super Center	932	1.25%
7	City of Odessa	881	1.18%
8	Odessa Regional Medical Center	828	1.11%
9	Weatherford CPS	819	1.09%
10	Dixie Electric	763	1.02%
Total		13,988	18.69%

Total Ector County Workforce (1) 74,825

Source:

Odessa Chamber of Commerce
Bureau of Economic Analysis

Note:

(1) Includes Wage and salary employment only (excludes proprietor employment)

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

		For the Year Ended Augst 31,									
		2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Faculty											
Full-Time		116	123	124	126	120	127	124	126	118	114
Part-Time		185	199	187	190	179	217	219	150	118	126
Total		301	322	311	316	299	344	343	276	236	240
Percent											
Full-Time		38.5%	38.2%	39.9%	39.9%	40.1%	36.9%	36.2%	45.7%	50.0%	47.5%
Part-Time		61.5%	61.8%	60.1%	60.1%	59.9%	63.1%	63.8%	54.3%	50.0%	52.5%
Staff and Adminstrators											
Full-Time		210	223	217	219	207	205	224	188	206	224
Part-Time		465	78	65	64	58	42	62	93	80	68
Total		675	301	282	283	265	247	286	281	286	292
Percent											
Full-Time		31.1%	74.1%	77.0%	77.4%	78.1%	83.0%	78.3%	66.9%	72.0%	76.7%
Part-Time		68.9%	25.9%	23.0%	22.6%	21.9%	17.0%	21.7%	33.1%	28.0%	23.3%
Total											
Full-Time		326	346	341	345	327	332	348	314	324	338
Part-Time		650	277	252	254	237	259	281	243	198	194
Total		976	623	593	599	564	591	629	557	522	532
Percent											
Full-Time		33.4%	55.5%	57.5%	57.6%	58.0%	56.2%	55.3%	56.4%	62.1%	63.5%
Part-Time		66.6%	44.5%	42.5%	42.4%	42.0%	43.8%	44.7%	43.6%	37.9%	36.5%
FTSE per Ful-Time Faculty		36.03	34.47	30.00	28.49	30.58	27.87	29.36	30.10	31.52	28.60
FTSE per Full-Time Staff		19.90	19.01	17.14	16.39	17.73	17.27	16.25	20.18	18.05	14.55
Average Annual Faculty Salary:											
9 month contract		\$ 57,042	\$ 53,451	\$ 53,271	\$ 47,754	\$ 51,048	\$ 48,006	\$ 49,573	\$ 49,017	\$ 49,827	\$ 49,378
12 month contract		\$ 76,056	\$ 71,268	\$ 71,028	\$ 63,672	\$ 68,064	\$ 64,008	\$ 62,130	\$ 63,980	\$ 62,551	\$ 61,042

Sources:

IPEDS Human Resource Survey, Fall semester snapshot

**Odessa Junior College District
Statistical Supplement 15
Fall Enrollment Details - Credit Students Only
Last Five Fiscal Years
(unaudited)**

Student Classification	Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
0-30 hours	4,323	69.3%	4,420	71.6%	3,961	70.8%	3,469	68.6%	3,401	67.6%
31-60 hours	1,172	18.8%	978	15.8%	912	16.3%	894	17.7%	906	18.0%
> 60 hours	745	11.9%	775	12.6%	724	12.9%	695	13.7%	724	14.4%
Total	6,240	100.0%	6,173	100.0%	5,597	100.0%	5,058	100.0%	5,031	100.0%

Semester Hour Load	Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	259	4.2%	248	4.0%	247	4.4%	272	5.4%	77	1.5%
3-5 semester hours	1,563	25.0%	1,690	27.4%	1,269	22.7%	1,821	36.0%	2,735	54.4%
6-8 semester hours	1,779	28.5%	1,686	27.3%	1,526	27.3%	2,111	41.7%	974	19.4%
9-11 semester hours	1,052	16.9%	1,085	17.6%	800	14.3%	638	12.6%	882	17.5%
12-14 semester hours	1,147	18.4%	1,061	17.2%	1,225	21.9%	151	3.0%	275	5.5%
15-17 semester hours	384	6.2%	336	5.4%	458	8.2%	15	0.3%	88	1.7%
18 & over	56	0.9%	67	1.1%	72	1.3%	50	1.0%		0.0%
Total	6,240	100.0%	6,173	100.0%	5,597	100.0%	5,058	100.0%	5,031	100.0%

Average course load	8.3	8.2	8.7	6.4	6.3
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Tuition Status	Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (in-District)	4,328	69.4%	4,346	70.4%	3,861	69.0%	3,482	68.8%	3,513	69.8%
Texas Resident (out-of-District)	1,704	27.3%	1,582	25.6%	1,497	26.7%	1,301	25.7%	1,293	25.7%
Non-Resident Tuition	194	3.1%	219	3.5%	220	3.9%	234	4.6%	213	4.2%
Tuition Exempt	14	0.2%	26	0.4%	19	0.3%	41	0.8%	12	0.2%
Total	6,240	100.0%	6,173	100.0%	5,597	100.0%	5,058	100.0%	5,031	100.0%

Includes credit students only.

**Odessa Junior College District
Statistical Supplement 16
Student Demographic Profile
Last Five Fiscal Years
(unaudited)**

	Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Gender										
Female	3,875	62.10%	3,646	59.06%	3,360	60.03%	1,961	38.77%	3,142	62.45%
Male	2,365	37.90%	2,527	40.94%	2,237	39.97%	3,097	61.23%	1,889	37.55%
Total	6,240	100.00%	6,173	100.00%	5,597	100.00%	5,058	100.00%	5,031	100.00%

	Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Ethnic Origin										
White, Non-Hispanic	1,693	27.13%	1,742	28.22%	1,585	28.32%	1,511	29.87%	1,876	37.29%
Hispanic	3,943	63.19%	3,786	61.33%	3,331	59.51%	2,927	57.87%	2,445	48.60%
African American	294	4.71%	296	4.80%	284	5.07%	189	3.74%	201	4.00%
Asian	71	1.14%	76	1.23%	80	1.43%	70	1.38%	50	0.99%
Native American	27	0.43%	28	0.45%	31	0.55%	27	0.53%	50	0.99%
International	120	1.92%	94	1.52%	57	1.02%	56	1.11%	9	0.18%
Unknown	92	1.47%	151	2.45%	229	4.09%	278	5.50%	400	7.95%
Total	6,240	100.00%	6,173	100.00%	5,597	100.00%	5,058	100.00%	5,031	100.00%

	Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Age										
Under 18	1,680	26.92%	1,596	25.85%	1,545	27.60%	1,277	25.25%	1,149	22.84%
18 -21	2,199	35.24%	2,119	34.33%	1,886	33.70%	1,877	37.11%	1,942	38.60%
22 - 24	637	10.21%	734	11.89%	686	12.26%	619	12.24%	582	11.57%
25 - 35	1,233	19.76%	1,232	19.96%	1,060	18.94%	913	18.05%	951	18.90%
36 - 50	414	6.63%	427	6.92%	350	6.25%	304	6.01%	323	6.42%
51 & over	77	1.23%	65	1.05%	70	1.25%	68	1.34%	84	1.67%
Total	6,240	100.00%	6,173	100.00%	5,597	100.00%	5,058	100.00%	5,031	100.00%

Average Age	22.6	22.7	22.0	23.0	22.9
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Includes credit students only.

**Odessa Junior College District
Statistical Supplement 17
Transfers to Senior Institutions
2016 Fall Students as of Fall 2017
(Includes only public senior colleges in Texas)
(unaudited)**

	Transfer Student Count	Transfer Student Count	Transfer Student Count	Total of All Odessa College Transfer Students	% of Odessa College Transfer Students
	Academic	Technical	Tech-Prep		
1 The University of Texas of the Permian Basin	431	24	43	498	53.09%
2 Texas Tech University	93	5	3	101	10.77%
3 Texas A & M University	87	1	2	90	9.59%
4 Angelo State University	40	3	4	47	5.01%
5 The University of Texas at Austin	29	1		30	3.20%
6 Texas State University	21	1	2	24	2.56%
7 West Texas A & M University	20			20	2.13%
8 The University of Texas at Arlington	14	1	2	17	1.81%
9 Texas Tech University Health Science Center	11		3	14	1.49%
10 Sul Ross State University	11	1		12	1.28%
11 University of North Texas	12			12	1.28%
12 Texas A & M University at Corpus Christi	8		1	9	0.96%
13 The University of Texas at San Antonio	9			9	0.96%
14 Tarleton State University	7	1		8	0.85%
15 Stephen F Austin State University	6			6	0.64%
16 The University of Texas at El Paso	6			6	0.64%
17 Sam Houston State University	4			4	0.43%
18 Texas Southern University	4			4	0.43%
19 Texas A & M University at San Antonio	3			3	0.32%
20 Lamar University	2			2	0.21%
21 Mid Western State University	2			2	0.21%
22 Texas A & M University Central Texas	2			2	0.21%
23 Texas A & M University System Health Science	2			2	0.21%
24 The University of Texas at Dallas	2			2	0.21%
25 The University of Texas at Tyler	1	1		2	0.21%
26 The University of Texas Health Science Ctr at Houston	2			2	0.21%
27 The University of Texas Health Science Ctr at San Antonio	2			2	0.21%
28 University of Houston	2			2	0.21%
29 Texas A & M International University	1			1	0.11%
30 Texas A & M University at Commerce	1			1	0.11%
31 Texas A & M University at Kingsville	1			1	0.11%
32 Texas A & M University at Texarkana		1		1	0.11%
33 The University of Texas Medical Branch at Galveston			1	1	0.11%
34 University of Houston Victoria	1			1	0.11%
Totals	837	40	61	938	100.00%

Odessa Junior College District
Statistical Supplement 18
Capital Asset Information
Last Ten Fiscal Years
(unaudited)

	For the Year Ended Augst 31,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Academic Buildings	19	19	19	19	19	18	17	14	14	14
Square footage (in thousands)	513	513	513	513	500	442	437	418	418	418
Libraries	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	41	41	41	38	38	38	38	36	36	36
Administrative & Support Buildings	5	5	5	5	5	5	4	4	4	4
Square footage (in thousands)	108	108	108	105	105	80	70	70	70	70
Student Housing Facilities	2	2	2	2	2	2	2	2	2	2
Square footage (in thousands)	89	89	89	89	89	89	89	89	89	89
Number of beds	237	237	237	237	237	237	237	237	237	237
Theater	2	2	2	2	2	2	2	2	2	2
Square footage (in thousands)	18	18	18	18	18	18	18	18	18	18
Athletic Facilities	7	7	7	7	7	7	5	5	6	6
Square footage (in thousands)	228	228	228	228	228	228	226	226	226	226
Gymnasiums	2	2	2	2	2	2	2	2	2	2
Tennis Center	1	1	1	1	1	1	-	-	1	1
Baseball Complex	1	1	1	1	1	1	1	1	1	1
Softball Complex	1	1	1	1	1	1	-	-	-	-
Track	1	1	1	1	1	1	1	1	1	1
Ranch	1	1	1	1	1	1	1	1	1	1
Plant Facilities	11	11	11	9	9	9	9	8	8	8
Square footage (in thousands)	64	64	64	59	59	59	46	46		
Portable Buildings	5	5	5	5	5	5	5	-	-	-
Square footage (in thousands)	5	5	5	5	5	5	5	-	-	-
Total Square Footage (in thousands)	1,066	1,066	1,066	1,055	1,042	959	929	903	857	857
Insured Values (in thousands)	\$ 200,226	\$ 197,058	\$ 194,592	\$ 190,856	\$ 185,419	\$ 169,533	\$ 150,738	\$ 140,277	\$ 134,002	\$ 130,819
Transportation Assets:										
Cars	22	23	25	26	29	28	27	24	19	19
Light Trucks/Vans	23	25	29	29	31	31	30	29	30	30
Buses	9	6	6	6	6	6	6	6	3	3
Emergency Vehicles	3	3	2	2	2	2	1	1	1	1
Heavy Trucks	5	1	2	2	2	2	1	1	1	1