

RANGER COLLEGE DISTRICT

ANNUAL FINANCIAL AND COMPLIANCE REPORT

FOR THE YEAR ENDED AUGUST 31, 2019

RANGER COLLEGE DISTRICT

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
Organizational Data	1	
<u>Financial Section</u>		
Independent Auditor's Report	3	
Management's Discussion and Analysis	6	
Statements of Net Position	15	1
Statement of Financial Position - Component Unit	17	1
Statements of Revenues, Expenses, and Changes in Net Position	18	2
Statement of Activities - Component Unit	19	2
Statements of Cash Flows	20	3
<u>Notes to the Financial Statements</u>	23	
<u>Required Supplementary Information</u>		
Schedule of the College's Proportionate Share of Net Pension Liability	57	
Schedule of the College's Contributions for Pensions	58	
Schedule of the College's Proportionate Share of Net OPEB Liability	59	
Schedule of the College's Contributions for OPEB	60	
Notes to Required Supplementary Information	61	
<u>Supplemental Information</u>		
		<u>Schedule</u>
Schedule of Operating Revenues	64	A
Schedule of Operating Expenses by Object	65	B
Schedule of Non-Operating Revenues and Expenses	66	C
Schedule of Net Position by Source and Availability	67	D

RANGER COLLEGE DISTRICT

TABLE OF CONTENTS

Overall Compliance and Internal Controls Section

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	69
Summary Schedule of Prior Audit Findings	71
Schedule of Findings and Questioned Costs	72
Corrective Action Plan	73

Federal Awards Section

Schedule

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	75	
Schedule of Expenditures of Federal Awards	77	E

State Awards Section

Schedule of Expenditures of State Awards	80	F
--	----	---

**RANGER COLLEGE DISTRICT
ORGANIZATIONAL DATA
For the Year Ended August 31, 2019**

Board of Regents

Officers

Jackie Stephens	Chairman
Ron Butler	Vice Chairman
Sandi Herod	Secretary

Members

		<u>Term Expires</u>
Doug Crawley	Ranger, Texas	2020
Bobby Murry	Ranger, Texas	2020
Jo Ann Greenwood	Ranger, Texas	2020
Gay Ann Wolford	Ranger, Texas	2022
Sandi Herod	Ranger, Texas	2022
Jackie Stephens	Ranger, Texas	2022
Ron Butler	Ranger, Texas	2024
Joe Walraven	Ranger, Texas	2024
Della Carey	Ranger, Texas	2024

Key Administrative Personnel

Dr. Bill Campion	President
Dr. Jennifer Kent	Vice President
Dr. Norman Fletcher	Vice President of Instruction
Mr. Jon Dixon Bailey	Executive Vice President for Workforce Development
Mr. Gordon Warren	Vice President - Brown County
Mr. Derrick Worrels	Vice President for Student Services
Ms. Gaylyn Mendoza	Vice President for Business Services/CFO
Dr. Matt Cardin	Vice President of Institutional Effectiveness
Ms. Dayna Prochaska	Associate Vice President - Brown County
Ms. Stephanie Worrels	Associate Vice President - Erath County
Mr. Robert Culverhouse	Dean of Enrollment Management/Registrar
Dr. Jonas Nguh	Dean of Nursing

FINANCIAL SECTION



SNOWGARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Regents
Ranger College District

Report on the Financial Statements

We have audited the accompanying financial statements of the Ranger College District (the College) as of and for the years ended August 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our 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 financial position of the College as of August 31, 2019 and 2018, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's financial statements. The supplemental information and schedule of expenditures of state awards 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplemental information and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2019, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Snow Garrett Williams

Snow Garrett Williams
December 17, 2019

RANGER COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2019 and 2018

This section of the Ranger College District's annual financial report presents management's discussion and analysis of the College's financial activity during the fiscal years ended August 31, 2019 and 2018. Since this management's discussion and analysis is designed to focus on current activities, resulting change, and currently known facts, please read it in conjunction with the College's financial statements and the footnotes. Responsibility for the completeness and fairness of this information rests with the College.

Using This Annual Report

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

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

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

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found beginning on page 23 of this report.

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

RANGER COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2019 and 2018



Financial Highlights

The College's net position decreased from August 31, 2018, restated, to August 31, 2019 by \$467,316 and decreased from August 31, 2017, restated, to August 31, 2018, restated, by \$5,978,369. During the fiscal year ending August 31, 2019, management determined that errors resulted in the overstatement of net position by \$247,960, therefore requiring the applicable August 31, 2018 balances to be restated. As of August 31, 2019 and 2018, restated, the College's net position was \$1,467,988 and \$1,935,304, which includes \$7,339,501 and \$5,982,450 in net investment in capital assets, \$286,933 and \$286,825 in restricted net position, and (\$6,158,446) and (\$4,333,971) in unrestricted net position, respectively.

Operating expenses for fiscal years 2019 and 2018, restated, were \$15,430,598 and \$15,378,969, of which \$4,896,638 and \$6,054,156 were expended for instruction, \$2,558,985 and \$2,460,476 were expended for institutional support, and \$3,230,275 and \$2,843,568 were expended for auxiliary enterprises, respectively. In fiscal years 2019 and 2018, depreciation expense was \$709,034 and \$586,797, respectively.

Operating revenues for fiscal years 2019 and 2018, restated, were \$6,326,616 and \$7,189,733, which includes \$3,151,878 and \$3,245,015 in tuition and fees (net of discounts), \$1,649,032 and \$2,053,184 in auxiliary revenue (net of discounts), \$680,079 and \$607,683 in federal grants and contracts, and \$599,827 and \$1,054,012 in state grants and contracts, respectively.

Net non-operating revenues for fiscal years 2019 and 2018, restated, were \$8,636,666 and \$9,069,295, which includes \$4,519,833 and \$4,631,412 in state allocations, \$3,259,990 and \$3,254,990 in federal grants, and \$627,523 and \$623,114 in ad-valorem taxes, respectively.

RANGER COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2019 and 2018

Financial Analysis of the College as a Whole

Statement of Net Position

The statement of net position presents current assets (non-restricted assets expected to provide support within a year), non-current assets (restricted assets expected to provide long-term benefit), deferred outflows of resources, current liabilities (obligations which must be met within the current year), non-current liabilities (obligations which are not settled in the current year), and deferred inflows of resources. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources are presented using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. Net position, the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, is one way to measure the financial position of the College. As of August 31, 2019, net position was \$1,467,988. This was a decrease of \$467,316 from the period ended August 31, 2018, restated. As of August 31, 2018, restated, the net position was \$1,935,304. This was a decrease of \$5,978,369 from the period ended August 31, 2017, restated. This decrease was primarily due to the \$6,858,428 decrease in net position related to the implementation of GASB Statement No. 75, *Accounting for OPEB*.

	<u>2019</u>	<u>Restated 2018</u>	<u>Restated 2017</u>
Current Assets	\$ 8,726,774	\$ 9,456,144	\$ 9,858,790
Non-current Assets			
Capital Assets, Net of Depreciation	22,476,690	15,776,386	12,567,869
Other	1,067,044	7,070,199	9,443,381
Total Assets	<u>32,270,508</u>	<u>32,302,729</u>	<u>31,870,040</u>
Deferred Outflows of Resources	<u>4,141,513</u>	<u>905,433</u>	<u>479,507</u>
Current Liabilities	6,843,485	6,235,716	6,168,639
Non-current Liabilities	24,995,640	23,263,494	17,997,616
Total Liabilities	<u>31,839,125</u>	<u>29,499,210</u>	<u>24,166,255</u>
Deferred Inflows of Resources	<u>3,104,908</u>	<u>1,773,648</u>	<u>269,619</u>
Net Position			
Net Investment in Capital Assets	7,339,501	5,982,450	4,738,821
Restricted for: Expendable	286,933	286,825	286,767
Unrestricted	<u>(6,158,446)</u>	<u>(4,333,971)</u>	<u>2,888,085</u>
Total Net Position	<u>\$ 1,467,988</u>	<u>\$ 1,935,304</u>	<u>\$ 7,913,673</u>

RANGER COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2019 and 2018

Investment in capital assets (e.g., land, building and improvements, land improvements, leasehold improvements, library books, and vehicles and equipment) less any related debt used to acquire those assets that is still outstanding was \$7,339,501 and \$5,982,450 at August 31, 2019 and 2018, restated, respectively. The College uses these assets to provide services to the students; consequently, they are not available for future spending. Although the College's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. At August 31, 2019 and 2018, restated, an additional \$286,933 (or 20%) and \$286,825 (or 15%), respectively, of the College's net position represents resources that are subject to external restrictions on how they may be used. All restricted net position of the College is being held for debt service. The remaining portion of the College's net position at August 31, 2019 and 2018, restated, is (\$6,158,446) and (\$4,333,971), respectively.

Statement of Revenues, Expenses, and Changes in Net Position

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

RANGER COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2019 and 2018

Operating Results for the Years Ended
August 31,

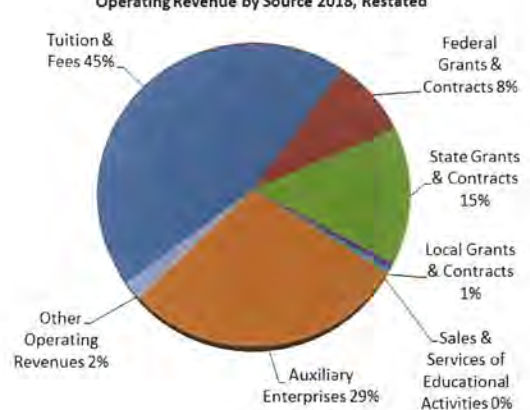
	2019	Restated 2018	Restated 2017
Operating Revenues			
Tuition and Fees (Less Discounts)	\$ 3,151,878	\$ 3,245,015	\$ 3,477,165
Federal Grants and Contracts	680,079	607,683	431,002
State Grants and Contracts	599,827	1,054,012	1,334,091
Local Grants and Contracts	20,159	50,269	142,500
Sales and Services of Educational Activities	37,378	35,265	41,376
Auxiliary Enterprises (Less Discounts)	1,649,032	2,053,184	1,640,283
Other Operating Revenues	188,263	144,305	283,586
Total Operating Revenues	<u>6,326,616</u>	<u>7,189,733</u>	<u>7,350,003</u>
Less Operating Expenses	<u>15,430,598</u>	<u>15,378,969</u>	<u>14,287,991</u>
Net Operating Loss	<u>(9,103,982)</u>	<u>(8,189,236)</u>	<u>(6,937,988)</u>
Non-Operating Revenues (Expenses)			
State Allocations	4,519,833	4,631,412	4,233,363
Ad-Valorem Taxes for Maintenance and Operations	34,736	329,498	341,953
Ad-Valorem Taxes for Debt Service	592,787	293,616	-
Federal Revenue, Non-Operating	3,259,990	3,254,990	2,969,647
Gifts	264,249	512,092	25,074
Investment Income (Net of Investment Expense)	157,633	203,224	65,077
Interest on Capital Related Debt	(193,562)	(155,537)	(406,712)
Gain/(Loss) on Disposal of Capital Assets	1,000	-	(23,551)
Total Non-Operating Revenues (Expenses)	<u>8,636,666</u>	<u>9,069,295</u>	<u>7,204,851</u>
Change in Net Position	(467,316)	880,059	266,863
Net Position, Beginning of Year	1,935,304	7,913,673	7,646,810
Cumulative Effect of Change in Accounting Principle	-	(6,858,428)	-
Net Position, Beginning of Year	<u>1,935,304</u>	<u>1,055,245</u>	<u>7,646,810</u>
Net Position, End of Year	<u>\$ 1,467,988</u>	<u>\$ 1,935,304</u>	<u>\$ 7,913,673</u>
Total Revenues	<u>\$ 15,156,844</u>	<u>\$ 16,414,565</u>	<u>\$ 14,985,117</u>

RANGER COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2019 and 2018

Operating Revenue by Source 2019



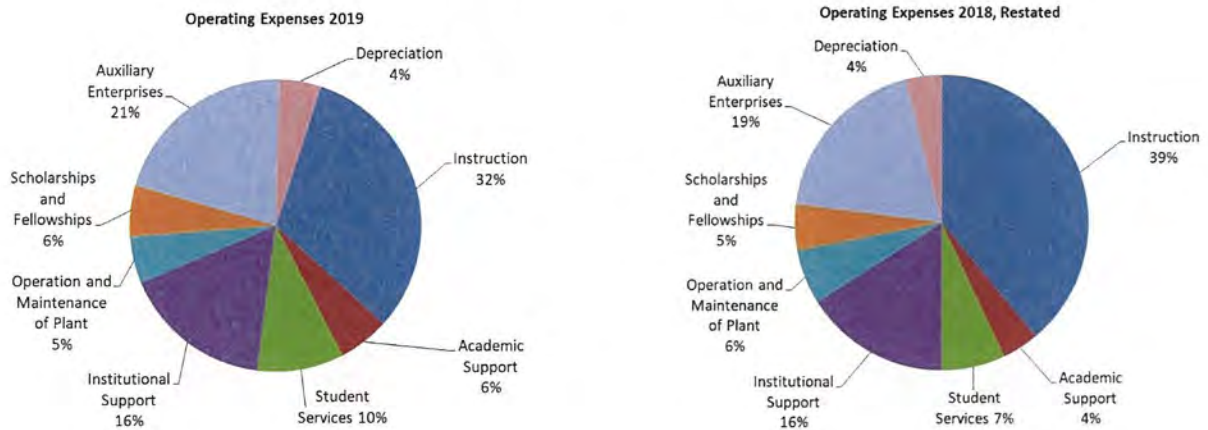
Operating Revenue by Source 2018, Restated



Operating Expenses
For the Years Ended August 31,

	2019	Restated 2018	Restated 2017
Instruction	\$ 4,896,638	\$ 6,054,156	\$ 6,229,090
Academic Support	873,114	614,330	518,849
Student Services	1,488,501	1,131,401	845,056
Institutional Support	2,558,985	2,460,476	2,107,068
Operation and Maintenance of Plant	801,694	878,751	608,970
Scholarships and Fellowships	872,357	809,490	769,211
Auxiliary Enterprises	3,230,275	2,843,568	2,764,608
Depreciation	709,034	586,797	445,139
Total	\$ 15,430,598	\$ 15,378,969	\$ 14,287,991
Total Expenses (Including Non-Operating Expenses)	\$ 15,624,160	\$ 15,534,506	\$ 14,718,254

RANGER COLLEGE DISTRICT Management's Discussion and Analysis August 31, 2019 and 2018



CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The College's investment in total capital assets as of August 31, 2019 and 2018, restated, amounts to \$22,476,690 and \$15,776,386, respectively, (net of accumulated depreciation). Investments in capital assets include land, construction in progress, buildings and improvements, land improvements, leasehold improvements, library books, and vehicles and equipment.



RANGER COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2019 and 2018

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

- Continued construction at the Ranger campus;
- Renovation of Meyerson Dorm Building B;
- Completion of Nursing Simulation Lab paid for with grant funds;
- Machining Lab trailer purchased with grant funds; and
- Purchase of 30-passenger bus.

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

- Started construction of new cafetorium and welcome center at the Ranger campus;
- Renovations related to energy conservation measures;
- Paving project at the Ranger campus; and
- Vehicles and machining related equipment purchased with grant funds.

Capital Assets, Net
August 31,

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Capital Assets			
Land	\$ 764,848	\$ 764,848	\$ 739,948
Construction in Progress	10,343,390	3,913,024	2,866,732
Building and Improvements	13,063,211	12,652,264	10,465,224
Land Improvements	704,742	704,742	354,134
Leasehold Improvements	792,940	716,805	716,805
Library Books	165,493	165,493	165,493
Vehicles and Equipment	<u>3,079,974</u>	<u>2,606,954</u>	<u>2,420,480</u>
Total	28,914,598	21,524,130	17,728,816
Less Accumulated Depreciation	<u>(6,437,908)</u>	<u>(5,747,744)</u>	<u>(5,160,947)</u>
Net Capital Assets	<u>\$ 22,476,690</u>	<u>\$ 15,776,386</u>	<u>\$ 12,567,869</u>

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

Long-term debt. At August 31, 2019 and 2018, the College had total debt outstanding, which represents bonds payable of \$14,125,664 and \$14,644,426, respectively, and notes payable of \$1,791,636 and \$1,932,884, respectively. The College's total debt decreased by a net amount of \$660,010 during the fiscal year ending August 31, 2019 due to regularly scheduled payments. The College's total debt decreased by a net amount of \$408,352 during the fiscal year ending August 31, 2018 due to regularly scheduled payments.

RANGER COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2019 and 2018

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Board of Regents adopted the College's 2019 – 2020 budget and tax rate on August 26, 2019. The annual budget is developed to provide efficient, effective, and economic uses of the College's resources, as well as, a means to accomplish the highest priority objectives. Through the budget, the Board of Regents sets the direction of the College, allocates its resources, and establishes its priorities.

In considering the College budget for fiscal year 2020, the Board of Regents and management considered the following factors:

- Startup costs for new and expanding instructional programs at Stephenville, Brownwood, and the Victor Cornelius building which should provide new opportunities for enrollment growth. These include Emergency Medical Services, LVN, and growing Welding and Machining.
- Continuing resources for expanding dual credit enrollment to bring college success at the high school level.
- Salary adjustments/changes for faculty and staff.
- Increased depreciation expense due to the completion of the Ranger construction and renovations in various buildings.
- Increased expenditures related to the new TWC grant that was awarded in the later part of fiscal year 2019.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Ranger College District's finances and to show the College's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Chief Financial Officer at 1240 College Circle, Ranger, Texas 76470.



RANGER COLLEGE DISTRICT
Statements of Net Position
August 31, 2019 and 2018

EXHIBIT 1

	2019	Restated 2018
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 4,438,300	\$ 5,176,069
Accounts Receivable (net)	4,222,956	4,206,834
Inventories	11,480	14,010
Prepaid Expenses	53,288	58,481
Deposits	750	750
Total Current Assets	8,726,774	9,456,144
Non-Current Assets		
Restricted Cash and Cash Equivalents	1,067,044	7,070,199
Capital Assets, net of Accumulated Depreciation (See Note 5)	22,476,690	15,776,386
Total Non-Current Assets	23,543,734	22,846,585
Total Assets	32,270,508	32,302,729
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	1,556,742	729,335
Deferred Outflows Related to OPEB	2,584,771	176,098
Total Deferred Outflows of Resources	4,141,513	905,433

RANGER COLLEGE DISTRICT
Statements of Net Position
August 31, 2019 and 2018

EXHIBIT 1

	<u>2019</u>	<u>Restated 2018</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 924,554	\$ 641,727
Accrued Liabilities	466,256	476,065
Accrued Compensable Absences - Current Portion	126,281	97,261
Funds Held for Others	-	43,601
Unearned Revenue	4,537,343	4,287,239
Notes Payable - Current Portion	144,095	141,248
Bonds Payable - Current Portion	538,531	518,762
Net OPEB Liability - Current Portion	106,425	29,813
Total Current Liabilities	<u>6,843,485</u>	<u>6,235,716</u>
Non-Current Liabilities		
Accrued Compensable Absences	15,989	63,744
Notes Payable	1,647,541	1,791,636
Bonds Payable	13,587,133	14,125,664
Net Pension Liability	2,616,470	1,436,764
Net OPEB Liability	7,128,507	5,845,686
Total Non-Current Liabilities	<u>24,995,640</u>	<u>23,263,494</u>
Total Liabilities	<u>31,839,125</u>	<u>29,499,210</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pensions	304,526	474,546
Deferred Inflows Related to OPEB	2,800,382	1,299,102
Total Deferred Inflows of Resources	<u>3,104,908</u>	<u>1,773,648</u>
NET POSITION		
Net Investment in Capital Assets	7,339,501	5,982,450
Restricted for:		
Expendable		
Debt Service	286,933	286,825
Unrestricted	<u>(6,158,446)</u>	<u>(4,333,971)</u>
Total Net Position (Schedule D)	<u>\$ 1,467,988</u>	<u>\$ 1,935,304</u>

**RANGER COLLEGE DISTRICT
Component Unit
Statement of Financial Position
August 31, 2019**

EXHIBIT 1

	<u>Ranger College Foundation, Inc.</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 200,266
Investments	<u>1,935,320</u>
Total Current Assets	<u>2,135,586</u>
Non-Current Assets	
Land	<u>8,500</u>
Total Non-Current Assets	<u>8,500</u>
Total Assets	<u>2,144,086</u>
LIABILITIES	
Current Liabilities	
Payable to Ranger College	<u>10,100</u>
Total Current Liabilities	<u>10,100</u>
NET ASSETS	
Without Donor Restriction	2,113,986
With Donor Restriction	<u>20,000</u>
Total Net Assets	<u><u>\$ 2,133,986</u></u>

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

RANGER COLLEGE DISTRICT
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2019 and 2018

EXHIBIT 2

	2019	Restated 2018
REVENUES		
Operating Revenues		
Tuition and Fees (Net of Discounts of \$3,474,486 and \$3,849,143, respectively)	\$ 3,151,878	\$ 3,245,015
Federal Grants and Contracts	680,079	607,683
State Grants and Contracts	599,827	1,054,012
Non-Governmental Grants and Contracts	20,159	50,269
Sales and Services of Educational Activities	37,378	35,265
Auxiliary Enterprises (Net of Discounts of \$1,131,502 and \$814,738, respectively)	1,649,032	2,053,184
Other Operating Revenues	188,263	144,305
Total Operating Revenues (Schedule A)	6,326,616	7,189,733
EXPENSES		
Operating Expenses		
Instruction	4,896,638	6,054,156
Academic Support	873,114	614,330
Student Services	1,488,501	1,131,401
Institutional Support	2,558,985	2,460,476
Operation and Maintenance of Plant	801,694	878,751
Scholarships and Fellowships	872,357	809,490
Auxiliary Enterprises	3,230,275	2,843,568
Depreciation	709,034	586,797
Total Operating Expenses (Schedule B)	15,430,598	15,378,969
Operating Loss	(9,103,982)	(8,189,236)
NON-OPERATING REVENUES (EXPENSES)		
State Appropriations	4,519,833	4,631,412
Maintenance Ad Valorem Taxes	34,736	329,498
Debt Service Ad Valorem Taxes	592,787	293,616
Federal Revenue, Non-Operating	3,259,990	3,254,990
Gifts	264,249	512,092
Investment Income	157,633	203,224
Interest on Capital Related Debt	(193,562)	(155,537)
Gain on Disposal of Capital Assets	1,000	-
Net Non-Operating Revenues (Expenses) (Schedule C)	8,636,666	9,069,295
Change in Net Position	(467,316)	880,059
NET POSITION		
Net Position - Beginning of Year	1,935,304	7,913,673
Cumulative Effect of Change in Accounting Principle (Note 2)	-	(6,858,428)
Net Position - Beginning of Year, restated	1,935,304	1,055,245
Net Position - End of Year	\$ 1,467,988	\$ 1,935,304

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

RANGER COLLEGE DISTRICT
Component Unit
Statement of Activities
For the Year Ended August 31, 2019

EXHIBIT 2

	Ranger College Foundation, Inc.
REVENUE	
Contributions	\$ 125,270
Interest and Dividends	77
Gain on Investments	13,962
Total Revenue	139,309
EXPENSES	
Contributions to Ranger College	76,325
Salaries and Payroll Taxes	13,995
Supplies	7,366
Total Expenses	97,686
Change in Net Assets	41,623
Net Assets - Beginning of Year	2,092,363
Net Assets - End of Year	\$ 2,133,986

RANGER COLLEGE DISTRICT
Statements of Cash Flows
For the Years Ended August 31, 2019 and 2018

EXHIBIT 3

	<u>2019</u>	<u>Restated 2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Students and Other Customers	\$ 5,242,151	\$ 6,128,200
Receipts from Grants and Contracts	1,447,246	1,919,291
Payments to or on Behalf of Employees	(7,556,895)	(7,218,528)
Payments to Suppliers for Goods or Services	(5,122,879)	(6,748,821)
Payments of Scholarships	(872,357)	(809,490)
Other receipts (payments)	188,263	144,305
	<u>(6,674,471)</u>	<u>(6,585,043)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Receipts from State Appropriations	3,934,596	4,128,579
Receipts from Maintenance Ad Valorem Taxes	43,152	338,093
Receipts from Non-Operating Federal Revenue	3,264,737	3,241,792
Receipts from Gifts and Grants (Other Than Capital)	83,824	39,816
Receipts from (Payments to) Student Organizations and Other Agency Transactions	(43,601)	18,419
	<u>7,282,708</u>	<u>7,766,699</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Proceeds from Sale of Capital Assets	1,000	-
Proceeds from Notes Payable	-	5,471
Receipts from Debt Service Ad Valorem Taxes	575,164	279,791
Purchases of Capital Assets	(7,228,913)	(3,353,038)
Receipts from Gifts and Grants (Capital)	-	30,000
Payments on Capital Debt - Principal	(646,248)	(394,874)
Payments on Capital Debt - Interest	(207,797)	(189,555)
	<u>(7,506,794)</u>	<u>(3,622,205)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts from Investment Earnings	157,633	203,224
	<u>157,633</u>	<u>203,224</u>
Decrease in Cash and Cash Equivalents	(6,740,924)	(2,237,325)
Cash and Cash Equivalents - September 1	12,246,268	14,483,593
Cash and Cash Equivalents - August 31	<u>\$ 5,505,344</u>	<u>\$ 12,246,268</u>

RANGER COLLEGE DISTRICT
Statements of Cash Flows
For the Years Ended August 31, 2019 and 2018

EXHIBIT 3

	2019	Restated 2018
Reconciliation to Exhibit 1:		
Cash and Cash Equivalents	\$ 4,438,300	\$ 5,176,069
Restricted Cash and Cash Equivalents	1,067,044	7,070,199
Total Cash and Cash Equivalents	\$ 5,505,344	\$ 12,246,268
 Non-Cash Investing and Financing Activities:		
Gift of Capital Asset	\$ 180,425	\$ 442,276
 Reconciliation of Operating Loss to Net Cash Used By Operating Activities:		
Operating Loss	\$ (9,103,982)	\$ (8,189,236)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation Expense	709,034	586,797
Bad Debt Expense	352,602	458,251
Payments Made Directly by State for Benefits	585,237	502,833
Changes in Assets and Liabilities:		
Receivables, Net	(364,264)	168,112
Inventories	2,530	(14,010)
Prepaid Expenses	5,193	(55,422)
Deferred Outflows of Resources	(3,236,080)	(264,381)
Accounts Payable	282,827	(229,757)
Accrued Liabilities	(9,336)	58,258
Unearned Revenue	250,104	(82,551)
Net Pension Liability	1,179,706	66,103
Net OPEB Liability	1,359,433	(1,144,474)
Compensable Absences	(18,735)	50,405
Deferred Inflows of Resources	1,331,260	1,504,029
Net Cash Used By Operating Activities	\$ (6,674,471)	\$ (6,585,043)

**NOTES TO THE
FINANCIAL STATEMENTS**

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2019 and 2018

1. REPORTING ENTITY

Ranger College District (the College) was established in 1926, in accordance with the laws of the State of Texas, to serve the educational needs of Ranger and the surrounding communities. The College is considered a special-purpose, primary government according to the definition in the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. While the College receives funding from local, state, and federal sources, and must comply with the spending, reporting, and record keeping requirements of these entities, it is not a component unit of any other governmental entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Guidelines

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

Tuition Discounting

Texas Public Education Grants (TPEG)

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

Title IV, Higher Education Act (HEA) Program Funds

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

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Tuition Discounts

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

Basis of Accounting

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

Budgetary Data

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

Cash and Cash Equivalents

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

Deferred Outflows

In addition to assets, the College is aware that the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Governments are permitted only to report deferred outflows in circumstances specifically authorized by the GASB. The College has deferred outflows related to the pension plan, see additional information in Note 8, and other post-employment benefits, see additional information in Note 11.

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-Current Cash and Investments

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

Inventories

Inventories are valued at the lower of cost or market, determined using the first-in, first-out method.

Capital Assets

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

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

Other Post-Employment Benefits (OPEB)

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

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions

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

Unearned Revenues

Revenues, primarily consisting of tuition, fees, meal charges, and resident hall charges, related to academic terms in the next fiscal year are recorded on the Statement of Net Position as unearned revenue in the current fiscal year. Tuition and fees of \$4,406,957 and \$4,183,791 and federal and state grants of \$130,386 and \$103,448 have been reported as unearned revenue at August 31, 2019 and 2018, respectively.

Bonds Payable

Bonds payable are reported net of applicable bond premium, which is deferred and amortized using the effective interest method.

Deferred Inflows

In addition to liabilities, the College is aware that the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so is not recognized as an inflow of resources (revenue) until that time. Governments are permitted only to report deferred inflows in circumstances specifically authorized by the GASB. The College has deferred inflows related to the pension plan, see additional information in Note 8, and other post-employment benefits, see additional information in Note 11.

Estimates

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

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating and Non-Operating Revenue and Expense Policy

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

Application of Restricted and Unrestricted Resources

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

Reclassifications

Certain amounts in 2018 have been reclassified to conform with the 2019 presentation.

Prior Year Restatement

During the fiscal year ended August 31, 2019, the College determined that certain prior year amounts were recorded incorrectly. This resulted in an overstatement of accounts receivable by \$19,320; an understatement of accounts payable by \$7,671; an understatement of unearned revenue by \$220,969; an overstatement of revenue by \$240,289; and understated expenses of \$7,671. Accordingly, the College restated its financial statements for the fiscal year ended August 31, 2018. The effects of the restatements decreased the College's net position and change in net position for 2018 by \$247,960.

Cumulative Effect of Change in Accounting Principle

Effective for fiscal year 2018, the College implemented GASB Statement No. 75, *Accounting for 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 College determined it was impractical to restate its fiscal year 2017 financial statements. As such, the College recorded a restatement to beginning net position in the fiscal year 2018 financial statements as a cumulative effect of a change in accounting principle.

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Beginning net position as of September 1, 2017 has been restated as follows for the implementation of GASB Statement No. 75:

Beginning net position, restated	\$ 7,913,673
Cumulative effect of change in accounting principle (GASB 75):	
Beginning Net OPEB liability (measurement date as of August 31, 2016)	(7,019,973)
Deferred outflow for College contributions to ERS plan during fiscal year 2017	161,545
Beginning net position, as restated	\$ 1,055,245

3. AUTHORIZED INVESTMENTS

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

4. DEPOSITS AND INVESTMENTS

The College’s deposits and investments are invested pursuant to the Investment Policy, which is approved annually by the College’s Board. The Investment Policy includes a list of authorized investment instruments. These include, with certain restrictions, 1) certificates of deposit, 2) U.S. Treasury Bills and Notes, and 3) investment pools. No other investments shall be made without approval of a majority of the Board of Regents.

Cash and Deposits

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

	August 31,	
	2019	2018
Bank Deposits with Financial Institutions	\$ 5,503,244	\$ 12,244,518
Petty Cash	2,100	1,750
Total Cash and Cash Equivalents	\$ 5,505,344	\$ 12,246,268

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2019 and 2018

4. DEPOSITS AND INVESTMENTS (Continued)

Interest Rate Risk – In accordance with the College’s investment policy, the College does not purchase any securities with maturities greater than one year, unless reserve funds are necessary to match anticipated cash flow requirements. As of August 31, 2019 and 2018, the College had no investments and was not exposed to interest rate risk.

Credit Risk – The College has no formal policy addressing credit risk. However, the safety of principal is the primary objective of the College’s investment policy. As of August 31, 2019 and 2018, the College had no investments and was not exposed to credit risk.

Concentration of Credit Risk – The College does not place a limit on the amount that may be invested in any one issue. As of August 31, 2019 and 2018, the College had no investments and was not exposed to concentration of credit risk.

Custodial Credit Risk – Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution’s trust department or agent but not in the College’s name. At August 31, 2019 and 2018, the College’s cash and cash equivalents were not exposed to custodial credit risk.

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

	<u>August 31,</u>	
	<u>2019</u>	<u>2018</u>
Per Note 4:		
Cash and Cash Equivalents	<u>\$ 5,505,344</u>	<u>\$ 12,246,268</u>
Total Deposits and Investments	<u>\$ 5,505,344</u>	<u>\$ 12,246,268</u>
Per Exhibit 1:		
Cash and Cash Equivalents	<u>\$ 4,438,300</u>	<u>\$ 5,176,069</u>
Restricted Cash and Cash Equivalents	<u>1,067,044</u>	<u>7,070,199</u>
Total Deposits and Investments	<u>\$ 5,505,344</u>	<u>\$ 12,246,268</u>

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2019 and 2018

5. CAPITAL ASSETS

Capital assets activity for the year ended August 31, 2019 was as follows:

	Balance 9/1/2018	Increases	Decreases	Transfers	Balance 8/31/2019
<u>Not Depreciated:</u>					
Land	\$ 764,848	\$ -	\$ -	\$ -	\$ 764,848
Construction in Progress	3,913,024	6,483,514	53,148	-	10,343,390
Subtotal	<u>4,677,872</u>	<u>6,483,514</u>	<u>53,148</u>	<u>-</u>	<u>11,108,238</u>
<u>Other Capital Assets:</u>					
Buildings and Improvements	12,652,264	410,947	-	-	13,063,211
Land Improvements	704,742	-	-	-	704,742
Leasehold Improvements	716,805	76,135	-	-	792,940
Library Books	165,493	-	-	-	165,493
Vehicles and Equipment	2,606,954	491,890	18,870	-	3,079,974
Subtotal	<u>16,846,258</u>	<u>978,972</u>	<u>18,870</u>	<u>-</u>	<u>17,806,360</u>
<u>Accumulated Depreciation:</u>					
Buildings and Improvements	3,250,818	422,004	-	-	3,672,822
Land Improvements	325,498	29,832	-	-	355,330
Leasehold Improvements	701,542	18,489	-	-	720,031
Library Books	140,511	11,033	-	-	151,544
Vehicles and Equipment	1,329,375	227,676	18,870	-	1,538,181
Subtotal	<u>5,747,744</u>	<u>709,034</u>	<u>18,870</u>	<u>-</u>	<u>6,437,908</u>
Net Other Capital Assets	<u>11,098,514</u>	<u>269,938</u>	<u>-</u>	<u>-</u>	<u>11,368,452</u>
Net Capital Assets	<u>\$ 15,776,386</u>	<u>\$ 6,753,452</u>	<u>\$ 53,148</u>	<u>\$ -</u>	<u>\$ 22,476,690</u>

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2019 and 2018

5. CAPITAL ASSETS (Continued)

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

	Balance 9/1/2017	Increases	Decreases	Transfers	Balance 8/31/2018
<u>Not Depreciated:</u>					
Land	\$ 739,948	\$ 24,900	\$ -	\$ -	\$ 764,848
Construction in Progress	2,866,732	3,282,795	2,236,503	-	3,913,024
Subtotal	<u>3,606,680</u>	<u>3,307,695</u>	<u>2,236,503</u>	<u>-</u>	<u>4,677,872</u>
<u>Other Capital Assets:</u>					
Buildings and Improvements	10,465,224	2,218,304	-	(31,264)	12,652,264
Land Improvements	354,134	319,344	-	31,264	704,742
Leasehold Improvements	716,805	-	-	-	716,805
Library Books	165,493	-	-	-	165,493
Vehicles and Equipment	2,420,480	186,474	-	-	2,606,954
Subtotal	<u>14,122,136</u>	<u>2,724,122</u>	<u>-</u>	<u>-</u>	<u>16,846,258</u>
<u>Accumulated Depreciation:</u>					
Buildings and Improvements	2,946,224	318,647	-	(14,053)	3,250,818
Land Improvements	286,192	25,253	-	14,053	325,498
Leasehold Improvements	699,387	2,155	-	-	701,542
Library Books	129,478	11,033	-	-	140,511
Vehicles and Equipment	1,099,666	229,709	-	-	1,329,375
Subtotal	<u>5,160,947</u>	<u>586,797</u>	<u>-</u>	<u>-</u>	<u>5,747,744</u>
Net Other Capital Assets	<u>8,961,189</u>	<u>2,137,325</u>	<u>-</u>	<u>-</u>	<u>11,098,514</u>
Net Capital Assets	<u>\$ 12,567,869</u>	<u>\$ 5,445,020</u>	<u>\$ 2,236,503</u>	<u>\$ -</u>	<u>\$ 15,776,386</u>

For the fiscal year ended August 31, 2019 and 2018, the College capitalized interest expense of \$366,675 and \$510,282 on the Ranger campus additions and renovations project related to the Series 2017 Limited Tax Bond. For the fiscal years ended August 31, 2019 and 2018, the College incurred a total of \$571,267 and \$685,379, respectively, of interest cost for all debt outstanding.

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2019 and 2018

6. NON-CURRENT LIABILITIES

Non-current liability activity for the years ended August 31, 2019 and 2018 was as follows:

	Balance September 1, 2018	Additions	Reductions	Balance August 31, 2019	Current Portion
Revenue Bonds Payable	\$ 4,729,000	\$ -	\$ 305,000	\$ 4,424,000	\$315,000
Limited Tax Bonds Payable	9,680,000	-	200,000	9,480,000	210,000
Bond Premium	235,426	-	13,762	221,664	13,531
Note Payable - Direct Borrowings	1,932,884	-	141,248	1,791,636	144,095
Net Pension Liability	1,436,764	1,339,840	160,134	2,616,470	n/a
Net OPEB Liability	5,875,499	2,443,099	1,083,666	7,234,932	106,425
Accrued Compensable Absences	161,005	100,557	119,292	142,270	126,281
Total Long-Term Liabilities	\$ 24,050,578	\$ 3,883,496	\$ 2,023,102	\$25,910,972	\$915,332

	Balance September 1, 2017	Additions	Reductions	Balance August 31, 2018	Current Portion
Revenue Bonds Payable	\$ 5,024,000	\$ -	\$ 295,000	\$ 4,729,000	\$305,000
Limited Tax Bonds Payable	9,745,000	-	65,000	9,680,000	200,000
Bond Premium	254,375	-	18,949	235,426	13,762
Note Payable - Direct Borrowings	1,962,287	5,471	34,874	1,932,884	141,248
Net Pension Liability	1,370,661	484,448	418,345	1,436,764	n/a
Net OEPB Liability	-	7,675,664	1,800,165	5,875,499	29,813
Accrued Compensable Absences	110,600	163,527	113,122	161,005	97,261
Total Long-Term Liabilities	\$ 18,466,923	\$ 8,329,110	\$ 2,745,455	\$24,050,578	\$787,084

7. DEBT OBLIGATIONS

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

Revenue Bonds

- Combined Fee Revenue Bond, Series 2013.
- To purchase and renovate a building in Stephenville to be used for instruction.
- Issued May 15, 2013.
- Original balance of \$3,000,000 is payable in thirty semi-annual installments varying from \$160,000 to \$243,000, which includes interest at a rate of 2.95%.
- Final installment is due June 1, 2028.
- Source of revenue for debt service – tuition and fees.
- Outstanding principal balance of \$1,955,000 and \$2,142,000 at August 31, 2019 and 2018, respectively.

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2019 and 2018

7. DEBT OBLIGATIONS (Continued)

Revenue Bonds

- Combined Fee Revenue Bond, Series 2014.
- To purchase and renovate a building in Stephenville to be used for instruction.
- Issued July 1, 2014.
- Original balance of \$3,000,000 is payable in forty semi-annual installments varying from \$88,000 to \$215,000, which includes interest at a rate of 4.1%.
- Final installment is due August 15, 2034.
- Source of revenue for debt service – tuition and fees.
- Outstanding principal balance of \$2,469,000 and \$2,587,000 at August 31, 2019 and 2018, respectively.

Limited Tax Bonds

- Limited Tax Bond, Series 2017.
- To renovate, construct, and equip school buildings and pay the costs of issuing the bonds.
- Issued March 1, 2017.
- Original balance of \$9,745,000 is payable in fifty-seven semi-annual installments varying from \$65,000 to \$560,000, which includes interest rates from 2% to 4%.
- Final installment is due February 15, 2046.
- Source of revenue for debt service – assessment of property taxes.
- Outstanding principal balance of \$9,480,000 and \$9,680,000 at August 31, 2019 and 2018, respectively.

Note Payable from Direct Borrowings - State Energy Conservation Office (SECO)

- To fund Energy Conservation Measures.
- Original loan date – December 8, 2016.
- Total available draw down was \$1,968,046, which was drawn down during the fiscal years ending August 31, 2017 and 2018.
- Payable in accordance with the terms of the Loan Payment Schedule with quarterly installments of \$44,975 starting August 31, 2018 through February 28, 2031.
- Interest accrues at a rate of 2% from the date of the borrowing.
- Source of revenue for debt service – unrestricted revenue.
- Outstanding principal balance of \$1,791,636 and \$1,932,884 at August 31, 2019 and 2018, respectively.
- The above note payable from direct borrowings contains a provision that in the event of default, outstanding amounts become immediately due if the College is unable to make payment. Additionally, if the College fails to repay the loan within 90 days after the declaration of default, SECO may recommend that the Legislative Budget Board reduce state appropriations by the total outstanding amount due under the agreement.

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2019 and 2018

7. DEBT OBLIGATIONS (Continued)

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

Year Ended August 31,	Revenue Bonds Payable			Limited Tax Bonds Payable			Amortization of Bond Premium
	Bonds Principal	Interest	Total	Bonds Principal	Interest	Total	
2020	\$ 315,000	\$ 158,902	\$ 473,902	\$ 210,000	\$ 360,025	\$ 570,025	\$ 13,531
2021	326,000	148,208	474,208	215,000	352,575	567,575	13,249
2022	337,000	137,128	474,128	225,000	343,775	568,775	12,918
2023	348,000	125,658	473,658	235,000	334,575	569,575	12,572
2024	361,000	113,806	474,806	245,000	326,813	571,813	12,282
2025 - 2029	1,745,000	375,729	2,120,729	1,320,000	1,526,062	2,846,062	57,345
2030 - 2034	992,000	125,293	1,117,293	1,595,000	1,251,500	2,846,500	47,001
2035 - 2039	-	-	-	1,950,000	898,000	2,848,000	33,701
2040 - 2044	-	-	-	2,390,000	465,800	2,855,800	17,441
2045 - 2049	-	-	-	1,095,000	44,300	1,139,300	1,624
Total	<u>\$4,424,000</u>	<u>\$1,184,724</u>	<u>\$5,608,724</u>	<u>\$9,480,000</u>	<u>\$5,903,425</u>	<u>\$15,383,425</u>	<u>\$ 221,664</u>

Year Ended August 31,	Note Payable - Direct Borrowings		
	Note Principal	Interest	Total
2020	\$ 144,095	\$ 35,805	\$ 179,900
2021	146,998	32,902	179,900
2022	149,960	29,940	179,900
2023	152,982	26,918	179,900
2024	156,065	23,835	179,900
2025 - 2029	828,495	70,717	899,212
2030 - 2034	213,041	4,436	217,477
Total	<u>\$1,791,636</u>	<u>\$ 224,553</u>	<u>\$2,016,189</u>

8. EMPLOYEES' RETIREMENT PLANS

Teacher Retirement System of Texas - Defined Benefit Pension Plan

Plan Description

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

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2019 and 2018

8. EMPLOYEES' RETIREMENT PLANS (Continued)

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

Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately issued Comprehensive Annual Financial report that includes financial statements and required supplementary information.

That report may be obtained on the Internet at [https://www.trs.texas.gov/TRS%20Documents/cafr 2018.pdf](https://www.trs.texas.gov/TRS%20Documents/cafr%202018.pdf); by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using a 2.3% (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 (COLAs). 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' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2019 and 2018

8. EMPLOYEES' RETIREMENT PLANS (Continued)

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. The 85th Texas Legislature, General Appropriations Act (GAA), affirmed that the employer contribution rates for fiscal years 2018 and 2019 would remain the same.

	<u>Contribution Rates</u>	
	<u>Fiscal Years</u>	
	<u>2019</u>	<u>2018</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (NECE) - State	6.8%	6.8%
Employers	6.8%	6.8%
 <u>Fiscal Year 2018</u>		
Member Contributions	\$	278,712
State of Texas (NECE) On-behalf Contributions	\$	95,850
College Contributions	\$	160,135

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

The College's contributions to the TRS pension plan in fiscal year 2019 were \$160,181 as reported in the Schedule of College's Contributions for Pensions in the Required Supplementary Information section of these financial statements. Estimated State of Texas (NECE) on-behalf contributions for fiscal year 2019 were \$108,749.

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.

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2019 and 2018

8. EMPLOYEES' RETIREMENT PLANS (Continued)

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 rolled forward to August 31, 2018 was determined using the following actuarial assumptions:

Valuation Date	August 31, 2017 rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Single Discount Rate	6.907%
Long-term Expected Investment Rate of Return*	7.25%
Municipal Bond Rate*	3.69%*
Last year ending August 31 in 2016 to 2115 Projection period (100 years)	2116
Inflation	2.30%
Salary increases	3.05% to 9.05% including inflation
Ad hoc post-employment benefit changes	None

**Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2018.*

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2019 and 2018

8. EMPLOYEES' RETIREMENT PLANS (Continued)

The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the system's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the three-year period ending August 31, 2017 and were adopted in July 2018. Assumptions, methods, and plan changes were updated from the prior year's report.

Changes Since the Prior Actuarial Valuation - The net pension liability increased significantly since the prior measurement date due to a change in the following actuarial assumptions:

- The total pension liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including postretirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate changed from 8% as of August 31, 2017 to 6.907% as of August 31, 2018.
- The long-term assumed rate of return changed from 8% to 7.25%.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the net pension liability.

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 6.907%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.69%. 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 these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date.

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2019 and 2018

8. EMPLOYEES' RETIREMENT PLANS (Continued)

The long-term rate of return on pension plan investments is 7.25%. 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 TRS' target asset allocation as of August 31, 2018, are summarized below:

Target Asset Allocation and Long-Term Expected Rate of Return			
Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns *
Global Equity			
U.S.	18.0%	5.7%	1.0%
Non-U.S. Developed	13.0%	6.9%	0.9%
Emerging Markets	9.0%	8.9%	0.8%
Directional Hedge Funds	4.0%	3.5%	0.1%
Private Equity	13.0%	10.2%	1.3%
Stable Value			
U.S. Treasuries	11.0%	1.1%	0.1%
Absolute Return	0.0%	0.0%	0.0%
Stable Value Hedge Funds	4.0%	3.1%	0.1%
Cash	1.0%	-0.3%	0.0%
Real Return			
Global Inflation Linked Bonds	3.0%	0.7%	0.0%
Real Assets	14.0%	5.2%	0.7%
Energy and Natural Resources	5.0%	7.5%	0.4%
Commodities	0.0%	0.0%	0.0%
Risk Parity			
Risk Parity	5.0%	3.7%	0.2%
Inflation Expectation			2.3%
Alpha			-0.8%
Total	<u>100.0%</u>		<u>7.1%</u>

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

Source: Teacher Retirement System of Texas 2018 Comprehensive Annual Financial Report

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2019 and 2018

8. EMPLOYEES' RETIREMENT PLANS (Continued)

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (6.907%) in measuring the 2018 Net Pension Liability.

	1% Decrease in Discount Rate (5.907%)	Discount Rate (6.907%)	1% Increase in Discount Rate (7.907%)
College's proportionate share of the net pension liability:	\$3,948,878	\$2,616,470	\$1,537,803

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

At August 31, 2019, the College reported a liability of \$2,616,470 for its proportionate share of the TRS' net pension liability. This liability reflects a reduction for State pension support provided to the College. The amount recognized by the College as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the College were as follows:

College's proportionate share of the collective net pension liability	\$ 2,616,470
State's proportionate share that is associated with the College	\$ 1,567,085
Total	\$ 4,183,555

The net pension liability was measured as of August 31, 2017 and rolled forward to August 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2017 rolled forward to August 31, 2018. 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, 2017 through August 31, 2018.

At the measurement date of August 31, 2018, the College's proportion of the collective net pension liability was 0.0047535%, which was an increase of 5.7896% from its proportion measured as of August 31, 2017.

For the fiscal year ended August 31, 2019, the College recognized pension expense of \$95,850 and revenue of \$95,850 for support provided by the State.

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2019 and 2018

8. EMPLOYEES' RETIREMENT PLANS (Continued)

At August 31, 2019, the College reported its proportionate share of the TRS' 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	\$ 16,309	\$ 64,198
Changes in actuarial assumptions	943,363	29,480
Difference between projected and actual investment earnings	135,976	185,622
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	300,912	25,226
Contributions paid to TRS after the measurement date	160,182	-
Total	<u>\$ 1,556,742</u>	<u>\$ 304,526</u>

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

Year ended August 31:	Pension Expense Amount
2020	\$ 261,609
2021	157,132
2022	134,942
2023	222,394
2024	203,615
Thereafter	112,342

Optional Retirement Plan - Defined Contribution Plan

Plan Description

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

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2019 and 2018

8. EMPLOYEES' RETIREMENT PLANS (Continued)

Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas legislature. The percentages of participant salaries currently contributed by the State/College and each participant are 6.60% and 6.65%, respectively. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the State has no additional or unfunded liability for this program. Senate Bill 1812, 83rd Texas Legislature, Regular Session, effective September 1, 2013, limits the amount of the State's contribution to 50% of eligible employees in the reporting district.

The retirement expense to the State for the College was \$41,709 and \$45,904 for the fiscal years ended August 31, 2019 and 2018, respectively. This amount represents the portion of expended appropriations made by the Legislature on behalf of the College.

The total payroll for all College employees was \$6,200,962 and \$5,919,235 for fiscal years 2019 and 2018, respectively. The total payroll of employees covered by the TRS was \$3,958,764 and \$3,623,931, and the total payroll of employees covered by the Optional Retirement Program was \$1,263,897 and \$1,391,017 for fiscal years 2019 and 2018, respectively.

9. COMPENSABLE ABSENCES

Full-time employees earn annual leave at a rate of 7.4 hours per month to a maximum of 80 hours each year. Twelve-month employees become eligible for vacation after one year of service. The College's policy is that an employee may carry his accrued leave forward from one fiscal year to another fiscal year with a maximum of twenty days (160 hours). Employees who fail to work one year forfeit vacation benefits. Employees, who have worked a minimum of one year and terminate their employment with a minimum of a two-week notice, are entitled to payment for all accumulated annual leave up to the maximum allowed. The College recognized the accrued liability for unpaid annual leave in the amount of \$142,270 and \$161,005 as of August 31, 2019 and 2018, respectively.

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

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2019 and 2018

10. HEALTH CARE AND LIFE INSURANCE BENEFITS

Certain health care and life insurance benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The State recognizes the cost of providing these benefits by expending the annual insurance premiums. The State's contribution per full-time employee was \$624.82 per month for the year ended August 31, 2019, and totaled \$475,463 for the year. The cost of providing those benefits for 33 retirees for the year ended August 31, 2019 was \$130,010. For 102 active employees, the cost of providing benefits was \$345,453 for the year ended August 31, 2019. The State's contribution per full-time employee was \$621.90 per month for the year ended August 31, 2018, and totaled \$454,797 for the year. The cost of providing those benefits for 33 retirees for the year ended August 31, 2018 was \$128,267. For 109 active employees, the cost of providing benefits was \$326,530 for the year ended August 31, 2018. Senate Bill 1812, 83rd Texas Legislature, Regular Session, effective September 1, 2013, limits the amount of the State's contribution to 50% of eligible employees in the reporting district.

11. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

The College participates in a cost-sharing, multiple-employer, other post-employment benefit (OPEB) plan with a special funding situation. The Texas Employees Group Benefits Program (GBP) is administered by the Employees Retirement System of Texas (ERS). The GBP provides certain post-employment 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.

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2019 and 2018

11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

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 funding arrangement. The authority under which the obligations of the plan members and employers are established and/or may be amended is Chapter 1551, Texas Insurance Code.

Contributions

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

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

Maximum Monthly Employer Contribution
Retiree Health and Basic Life Premium
Fiscal Year 2018

Retiree only	\$ 621.90
Retiree & Spouse	1,334.54
Retiree & Children	1,099.06
Retiree & Family	1,811.70

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2019 and 2018

11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

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	\$ 307,028,461	\$ 890,735,173
Members (Employees) (Note A)	-	195,806,162
Nonemployer Contributing Entity (State of Texas)	16,585,270	44,433,743

Note A: In fiscal year 2017, payments from members were reported as contributions. Beginning in fiscal year 2018, payments from members in the amount of \$203,123,120 are reported as deductions to benefit payments.

Source: ERS 2018 Comprehensive Annual Financial Report

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2019 and 2018

11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of August 31, 2018 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, 2018
Actuarial Cost Method	Entry age
Amortization Method	Level percent of payroll, open
Remaining Amortization Period	30 years
Asset Valuation Method	N/A
Discount Rate	3.96%
Projected Annual Salary Increase (Includes Inflation)	2.50% to 9.50%
Annual Healthcare Trend Rate	7.30% for FY 2020, 7.40% for FY 2021, 7.00% for FY 2022, decreasing 0.50% per year to an ultimate rate of 4.50% for FY 2027 and later years
Inflation Assumption Rate	2.50%
Ad Hoc Post-Employment Benefit Changes	None
Mortality Assumptions:	
Service Retirees, Survivors, and Other Inactive Members	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018
Disability Retirees	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018 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 Ultimate MP Projection Scale from the year 2014

Source: Fiscal year 2018 ERS CAFR

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2019 and 2018

11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

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, 2017 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 3.51%. The discount rate used to measure the total OPEB liability as of the *end* of the measurement year was 3.96%, which amounted to an increase of 0.45%. The source of the municipal bond rate was the Bond Buyer Index of general obligations 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 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 College's proportionate share of the collective net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.96%) in measuring the net OPEB Liability.

	1% Decrease in Discount Rate (2.96%)	Discount Rate (3.96%)	1% Increase in Discount Rate (4.96%)
College's proportionate share of the net OPEB liability:	\$8,589,548	\$7,234,932	\$6,209,641

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2019 and 2018

11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Healthcare Trend Rate Sensitivity Analysis

The initial healthcare trend rate is 7.3% and the ultimate rate is 4.5%. The following schedule shows the impact on the College's proportionate share of the collective net OPEB Liability if the healthcare cost trend rate used was 1% less than and 1% greater than the healthcare cost trend rate that was used (7.3% decreasing to 4.5%) in measuring the net OPEB liability.

	1% Decrease (6.30% decreasing to 3.50%)	Current Healthcare Cost Trend Rates (7.30% decreasing to 4.50%)	1% Increase (8.30% decreasing to 5.50%)
College's proportionate share of the net OPEB liability:	\$6,127,053	\$7,234,932	\$8,664,100

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

At August 31, 2019, the College reported a liability of \$7,234,932 for its proportionate share of the ERS's net OPEB liability. The liability reflects a reduction for State support provided to the College for OPEB. The amount recognized by the College as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the College were as follows:

College's proportionate share of the collective net OPEB liability	\$ 7,234,932
State's proportionate share that is associated with the College	458,129
Total	\$ 7,693,061

The net OPEB liability was measured as of August 31, 2018, 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 portion 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, 2017 through August 31, 2018.

At the measurement date of August 31, 2018, the employer's proportion of the collective net OPEB liability was 0.02441121%, which was an increase of 41.565% from the proportion measured as of August, 31, 2017.

For the year ended August 31, 2019, the College recognized OPEB expense of \$27,785 and revenue of \$27,785 for support provided by the State.

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2019 and 2018

11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

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:

- Demographic assumptions (including rates of retirement, disability, termination, mortality, and assumed salary increases) for higher education members have been updated to reflect assumptions recently adopted by the trustees from the Teachers Retirement System of Texas.
- Assumed expenses, assumed per capita health benefit costs, and assumed health benefit cost, retiree contribution, and expense trends have been updated to reflect recent experience and its effects on our short-term expectations.
- The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- The percentage of future retirees assumed to be married and electing coverage for their spouse have been updated to reflect recent plan experience and expected trends.
- The discount rate assumption was increased from 3.51% to 3.96% to utilize the updated yield or index rate for 20-year, tax-exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

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 maximum for HealthSelect and Consumer Directed HealthSelect for those HealthSelect retirees and dependents for whom Medicare is not primary.

These minor benefit changes have been reflected in the fiscal year 2019 assumed per capita health benefit costs.

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2019 and 2018

11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

At August 31, 2019, the College 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ 265,065
Changes in actuarial assumptions	-	2,535,317
Differences between projected and actual investment earnings	3,426	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	2,527,323	-
Contributions paid to ERS subsequent to the measurement date	54,022	-
Total	<u>\$2,584,771</u>	<u>\$2,800,382</u>

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:

<u>Year Ended August 31:</u>	<u>OPEB Expense Amount</u>
2020	\$ (162,803)
2021	(162,803)
2022	(162,802)
2023	68,540
2024	150,235
Thereafter	-

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2019 and 2018

12. DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables

Receivables at August 31, 2019 and 2018 were as follows:

	August 31,	
	2019	Restated 2018
Student Receivables (Net of Allowances of \$3,535,389 and \$3,294,668 for 2019 and 2018, respectively)	\$ 3,929,069	\$ 3,782,687
Taxes Receivables (Net of Allowances of \$16,335 and \$21,989 for 2019 and 2018, respectively)	52,453	43,246
Federal, State, and Local Grants Receivable	218,531	363,739
Other Accounts Receivable	22,903	17,162
Total Accounts Receivable	<u>\$ 4,222,956</u>	<u>\$ 4,206,834</u>

Payables

Payables at August 31, 2019 and 2018 were as follows:

	August 31,	
	2019	Restated 2018
Vendor Payable	\$ 803,619	\$ 395,048
Benefit Payable	120,935	246,679
Total Accounts Payable	<u>\$ 924,554</u>	<u>\$ 641,727</u>

13. CONTRACT AND GRANT AWARDS

Contract and grant awards are accounted for in accordance with the requirements of the American Institute of Certified Public Accountants (AICPA audit and accounting guide, *State and Local Governments*, 8.99). For Federal Contract and Grant Awards, funds expended but not collected are reported as Accounts Receivable (net) on Exhibit 1. Contract and grant awards that are not yet funded, and for which the College has not yet performed services, are not included in the financial statements. Contract and grant awards funds already committed, e.g., multi-year awards or funds awarded during fiscal years 2019 and 2018 for which monies have not been received nor funds expended totaled \$1,568,410 and \$1,255,466, respectively. Of these amounts, \$384,544 and \$760,839 were from Federal Contract and Grant Awards and \$1,183,866 and \$494,627 were from State Contract and Grant Awards for fiscal years ended 2019 and 2018, respectively.

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2019 and 2018

14. AD VALOREM TAX

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

	August 31,			
	2019	2018		
Assessed Valuation of the College	\$ 158,172,640	\$ 146,143,530		
Less: Exemptions	(1,166,030)	(1,107,830)		
Net Assessed Valuation of the College	\$ 157,006,610	\$ 145,035,700		
	Current	Debt		
	Operations	Service	Total	
At August 31, 2019				
Tax Rate per \$100 valuation of authorized	\$ 0.50000	\$0.50000	\$ 1.00000	
Tax Rate per \$100 valuation of assessed	\$ 0.01393	\$0.37959	\$0.39351	
At August 31, 2018				
Tax Rate per \$100 valuation of authorized	\$ 0.50000	\$0.50000	\$ 1.00000	
Tax Rate per \$100 valuation of assessed	\$ 0.22361	\$0.21080	\$0.43441	

Taxes levied for the years ended August 31, 2019 and 2018 were \$617,841 and \$630,042, respectively. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2019 and 2018

14. AD VALOREM TAX (Continued)

	2019		
	Current Operations	Debt Service	Total
Current Taxes Collected	\$ 20,933	\$ 579,694	\$ 600,627
Delinquent Taxes Collected	10,054	6,455	16,509
Penalties and Interest Collected	3,749	6,638	10,387
Total Gross Collections	34,736	592,787	627,523
Tax Appraisal & Collection Fees	(1,005)	(27,819)	(28,824)
Total Net Collections	<u>\$ 33,731</u>	<u>\$ 564,968</u>	<u>\$ 598,699</u>
	2018		
	Current Operations	Debt Service	Total
Current Taxes Collected	\$ 302,831	\$ 285,486	\$ 588,317
Delinquent Taxes Collected	14,346	-	14,346
Penalties and Interest Collected	12,321	8,130	20,451
Total Gross Collections	329,498	293,616	623,114
Tax Appraisal & Collection Fees	(13,655)	(12,873)	(26,528)
Total Net Collections	<u>\$ 315,843</u>	<u>\$ 280,743</u>	<u>\$ 596,586</u>

Tax collections for the years ended August 31, 2019 and 2018 were 100% and 98% of the current tax levy, respectively. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted for the use of current operations/maintenance and debt service.

15. INCOME TAXES

The College is exempt from income taxes under Internal Revenue Code Section 115, Income of States, Municipalities, etc., although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511 (a)(2)(B), Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations. The College had no unrelated business income tax liability for the years ended August 31, 2019 and 2018.

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2019 and 2018

16. COMPONENT UNIT

Ranger College Foundation, Inc. - Discretely Presented Component Unit

The Ranger College Foundation, Inc. (the Foundation) was established as a separate nonprofit organization with the sole purpose of supporting the educational and other activities of the College. The Foundation solicits donations and acts as coordinator of gifts made by other parties. It remitted \$76,325 and \$188,496 for other contributions to the College during the years ended August 31, 2019 and 2018, respectively. Also, at August 31, 2019 and 2018, the College reported a receivable from the Foundation of \$10,100 and \$0, respectively. There were no payables to the Foundation at August 31, 2019 and 2018. Under GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, an organization should report as a discretely presented component unit those organizations that raise and hold economic resources for the direct benefit of a government unit. Accordingly, the Foundation's financial statements are included in the College's annual report as a discretely presented component unit (see table of contents).

17. COMMITMENTS AND CONTINGENCIES

Operating Lease Commitments and Rental Agreement

Expenses include \$261,257 and \$266,811 for rent paid under operating leases during the fiscal years ended August 31, 2019 and 2018, respectively. Future minimum lease rental payments under noncancelable operating leases having an initial term in excess of one year as of August 31, 2019 are as follows:

Year Ended August 31,	Amount
2020	\$ 108,971
2021	102,505
2022	97,126
2023	47,332
2024	11,792
Thereafter	-
Total	<u>\$ 367,726</u>

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2019 and 2018

17. COMMITMENTS AND CONTINGENCIES (Continued)

Other Commitments

The College entered into three construction-related commitments during the fiscal year ended August 31, 2018 and one construction-related commitment during the fiscal year ended August 31, 2019. These commitments included contracts for the renovations to the Ranger location. All of these contracts were in progress but not completed as of August 31, 2019. The total contractual commitments outstanding as of August 31, 2019 aggregated approximately \$654,000. The College has sufficient funds available to cover these commitments.

18. RISK MANAGEMENT

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

19. SUBSEQUENT EVENTS

The College evaluated subsequent events through December 17, 2019, the date the financial statements were available to be issued and noted the following:

Subsequent to year end, the Board approved a bid for dorm renovations in the amount of \$564,900, with construction scheduled to begin in December 2019.

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2019 and 2018

17. COMMITMENTS AND CONTINGENCIES (Continued)

Other Commitments

The College entered into three construction-related commitments during the fiscal year ended August 31, 2018 and one construction-related commitment during the fiscal year ended August 31, 2019. These commitments included contracts for the renovations to the Ranger location. All of these contracts were in progress but not completed as of August 31, 2019. The total contractual commitments outstanding as of August 31, 2019 aggregated approximately \$654,000. The College has sufficient funds available to cover these commitments.

18. RISK MANAGEMENT

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

19. SUBSEQUENT EVENTS

The College has evaluated subsequent events through December 17, 2019, the date the financial statements were available to be issued, and nothing significant requiring disclosure was noted.

REQUIRED SUPPLEMENTARY INFORMATION

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

<u>Fiscal Year Ending August 31*,</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
College's proportionate share of collective net pension liability (NPL) (%)	0.0047535%	0.0044934%	0.0036272%	0.0035399%	0.0037633%
College's proportionate share of collective NPL (\$)	\$ 2,616,470	\$ 1,436,764	\$ 1,370,661	\$ 1,251,307	\$ 1,005,230
State's proportionate share of NPL associated with the College	<u>1,567,085</u>	<u>743,500</u>	<u>1,713,093</u>	<u>(34,084)</u>	<u>628,357</u>
Total	<u>\$ 4,183,555</u>	<u>\$ 2,180,264</u>	<u>\$ 3,083,754</u>	<u>\$ 1,217,223</u>	<u>\$ 1,633,587</u>
College's covered payroll	\$ 3,623,931	\$ 3,253,820	\$ 2,809,247	\$ 2,186,874	\$ 1,992,401
College's proportionate share of collective NPL as a percentage of covered payroll	72.20%	44.16%	48.79%	57.22%	50.45%
Plan fiduciary net position as percentage of total pension liability	73.74%	82.17%	78.00%	78.43%	83.25%

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

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

RANGER COLLEGE DISTRICT
Schedule of the College's Contributions for Pensions
Last Ten Fiscal Years **

<u>Fiscal Year Ending August 31*</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Legally required contributions	\$ 160,181	\$ 149,602	\$ 134,611	\$ 109,468	\$ 110,821
Actual contributions	<u>160,181</u>	<u>149,602</u>	<u>134,611</u>	<u>109,468</u>	<u>110,821</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll amount	\$ 3,958,764	\$ 3,623,931	\$ 3,253,820	\$ 2,809,247	\$ 2,186,874
Contributions as a percentage of covered payroll	4.05%	4.13%	4.14%	3.90%	5.07%

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

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

RANGER COLLEGE DISTRICT
Schedule of the College's Proportionate Share of Net OPEB Liability
Employee Retirement System of Texas
State Retiree Health Plan
Last Ten Fiscal Years**

<u>Fiscal years ended August 31*,</u>	<u>2019</u>	<u>2018</u>
College's proportion of collective net OPEB liability (%)	0.0244112%	0.0172439%
College's proportionate share of collective net OPEB liability (\$)	\$ 7,234,932	\$ 5,875,499
State's proportionate share of net OPEB liability associated with the College	<u>458,129</u>	<u>127,742</u>
Total	<u>\$ 7,693,061</u>	<u>\$ 6,003,241</u>
College's covered-employee payroll	\$ 5,014,948	\$ 4,810,086
College's proportionate share of collective net OPEB liability as a percentage of covered-employee payroll	144.27%	122.15%
Plan fiduciary net position as percentage of the total net OPEB liability	1.27%	2.04%

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

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

RANGER COLLEGE DISTRICT
Schedule of the College's Contributions for OPEB
Employee Retirement System of Texas
State Retiree Health Plan
Last Ten Fiscal Years**

Fiscal years ended August 31*,	2019	2018
Legally required contributions	\$ 745,158	\$ 174,359
Actual contributions	<u>745,158</u>	<u>174,359</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
College's covered-employee payroll amount	\$ 5,222,661	\$ 5,014,948
Contributions as a percentage of covered-employee payroll	14.27%	3.48%

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

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

RANGER COLLEGE DISTRICT
Notes to Required Supplementary Information
For the Year Ended August 31, 2019

1. PENSION LIABILITY

Changes in Benefit Terms

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

Changes of Assumptions

The net pension liability increased significantly since the prior measurement date due to a change in the following actuarial assumptions:

- The total pension liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including postretirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate changed from 8% as of August 31, 2017 to 6.907% as of August 31, 2018.
- The long term assumed rate of return changed from 8% to 7.25%.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the net pension liability.

2. OTHER POST-EMPLOYMENT BENEFITS LIABILITY

Changes in Benefit Terms

The following benefit revisions have been adopted since the prior valuation:

- An increase in the out-of-pocket maximum for both HealthSelect and Consumer Directed HealthSelect for those HealthSelect retirees and dependents for whom Medicare is not primary.
- Minor benefit changes have been reflected in the fiscal year 2019 Assumed Per Capita Health Benefit Costs.

RANGER COLLEGE DISTRICT
Notes to Required Supplementary Information
For the Year Ended August 31, 2019

2. OTHER POST-EMPLOYMENT BENEFITS LIABILITY (Continued)

Changes of Assumptions

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

- Demographic assumptions (including rates of retirement, disability, termination, mortality, and assumed salary increases) for higher education members have been updated to reflect assumptions recently adopted by the trustees from the Teachers Retirement System of Texas.
- Assumed expenses, assumed per capita health benefit costs, and assumed health benefit cost, retiree contribution, and expense trends have been updated to reflect recent experience and its effects on our short-term expectations.
- The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- The percentage of future retirees assumed to be married and electing coverage for their spouse have been updated to reflect recent plan experience and expected trends.
- The discount rate assumption was increased from 3.51% to 3.96% to utilize the updated yield or index rate for 20-year, tax-exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

SUPPLEMENTAL INFORMATION

RANGER COLLEGE DISTRICT
Schedule A
Schedule of Operating Revenues
For the Year Ended August 31, 2019
(With Memorandum Totals for the Year Ended August 31, 2018)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	Totals	
					8/31/2019	Restated 8/31/2018
Tuition						
State Funded Credit Courses						
In-District Resident Tuition	\$ 39,736	\$ -	\$ 39,736	\$ -	\$ 39,736	\$ 30,957
Out-of-District Resident Tuition	4,060,527	-	4,060,527	-	4,060,527	4,220,678
Non-Resident Tuition	95,535	-	95,535	-	95,535	(51,498)
TPEG - Credit (set aside)*	149,872	-	149,872	-	149,872	155,807
State Funded Continuing Education	286,740	-	286,740	-	286,740	673,351
Total Tuition	<u>4,632,410</u>	<u>-</u>	<u>4,632,410</u>	<u>-</u>	<u>4,632,410</u>	<u>5,029,295</u>
Fees						
General Fees	657,722	-	657,722	-	657,722	683,387
Laboratory Fees	96,779	-	96,779	-	96,779	151,280
Registration Fees	282,822	-	282,822	-	282,822	325,992
Educational Service Fees	202,121	-	202,121	-	202,121	215,776
Other Fees	754,510	-	754,510	-	754,510	688,428
Total Fees	<u>1,993,954</u>	<u>-</u>	<u>1,993,954</u>	<u>-</u>	<u>1,993,954</u>	<u>2,064,863</u>
Scholarship Allowances and Discounts						
Bad Debt Allowance	(352,602)	-	(352,602)	-	(352,602)	(458,251)
Scholarship Allowances	(874,854)	-	(874,854)	-	(874,854)	(896,011)
Title IV Federal Program	(2,140,734)	-	(2,140,734)	-	(2,140,734)	(2,395,143)
TPEG Awards	(84,455)	-	(84,455)	-	(84,455)	(60,809)
Other State Grants	(21,841)	-	(21,841)	-	(21,841)	(38,929)
Total Scholarship Allowances	<u>(3,474,486)</u>	<u>-</u>	<u>(3,474,486)</u>	<u>-</u>	<u>(3,474,486)</u>	<u>(3,849,143)</u>
Total Net Tuition and Fees	<u>3,151,878</u>	<u>-</u>	<u>3,151,878</u>	<u>-</u>	<u>3,151,878</u>	<u>3,245,015</u>
Additional Operating Revenues						
Federal Grants and Contracts	-	680,079	680,079	-	680,079	607,683
State Grants and Contracts	-	599,827	599,827	-	599,827	1,054,012
Non-Governmental Grants and Contracts	20,159	-	20,159	-	20,159	50,269
Sales and Services of Educational Activities	37,378	-	37,378	-	37,378	35,265
Other Operating Revenues	188,263	-	188,263	-	188,263	144,305
Total Additional Operating Revenues	<u>245,800</u>	<u>1,279,906</u>	<u>1,525,706</u>	<u>-</u>	<u>1,525,706</u>	<u>1,891,534</u>
Auxiliary Enterprises						
Residential life	-	-	-	430,303	430,303	387,244
Less Discounts	-	-	-	(241,959)	(241,959)	(229,254)
Bookstore	-	-	-	944,704	944,704	1,212,658
Less Discounts	-	-	-	(364,611)	(364,611)	(86,528)
Food Services	-	-	-	933,515	933,515	873,271
Less Discounts	-	-	-	(524,932)	(524,932)	(498,956)
Intercollegiate Athletics	-	-	-	178,914	178,914	95,515
Student Services	-	-	-	2,517	2,517	220
Child Care Services	-	-	-	290,581	290,581	299,014
Total Net Auxiliary Enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,649,032</u>	<u>1,649,032</u>	<u>2,053,184</u>
Total Operating Revenues	<u>\$ 3,397,678</u>	<u>\$ 1,279,906</u>	<u>\$ 4,677,584</u>	<u>\$ 1,649,032</u>	<u>\$ 6,326,616</u>	<u>\$ 7,189,733</u>
					(Exhibit 2)	(Exhibit 2)

* In accordance with Education Code 56.033, \$149,872 and \$155,807 for years August 31, 2019 and 2018, respectively, of tuition was set aside for Texas Public Education Grants (TPEG).

RANGER COLLEGE DISTRICT
Schedule B
Schedule of Operating Expenses by Object
For the Year Ended August 31, 2019
(With Memorandum Totals for the Year Ended August 31, 2018)

	Operating Expenses				Totals	
	Salaries and Wages	Benefits		Other Expenses	8/31/2019	Restated 8/31/2018
		State Benefits	Local Benefits			
Unrestricted Educational Activities						
Instruction	\$ 2,929,698	\$ -	\$ 982,715	325,524	\$ 4,237,937	\$ 4,780,679
Academic Support	579,142	-	194,263	34,024	807,429	574,548
Student Services	566,167	-	189,911	99,246	855,324	592,815
Institutional Support	1,085,026	-	363,953	986,945	2,435,924	2,357,246
Operation and Maintenance of Plant	168,455	-	-	633,239	801,694	878,751
Total Unrestricted Educational Activities	5,328,488	-	1,730,842	2,078,978	9,138,308	9,184,039
Restricted Educational Activities						
Instruction	99,051	332,278	-	227,372	658,701	1,273,477
Academic Support	-	65,685	-	-	65,685	39,782
Student Services	299,885	64,213	74,703	194,376	633,177	538,586
Institutional Support	-	123,061	-	-	123,061	103,230
Scholarships and Fellowships	-	-	-	872,357	872,357	809,490
Total Restricted Educational Activities	398,936	585,237	74,703	1,294,105	2,352,981	2,764,565
Total Educational Activities	5,727,424	585,237	1,805,545	3,373,083	11,491,289	11,948,604
Auxiliary Enterprises	473,538	-	30,892	2,725,845	3,230,275	2,843,568
Depreciation Expense - Buildings and Land Improvements	-	-	-	470,325	470,325	346,055
Depreciation Expense - Furniture, Machinery, Vehicles, and Other Equipment	-	-	-	238,709	238,709	240,742
Total Operating Expenses	\$ 6,200,962	\$ 585,237	\$ 1,836,437	\$ 6,807,962	\$ 15,430,598	\$ 15,378,969
				(Exhibit 2)	(Exhibit 2)	

RANGER COLLEGE DISTRICT
Schedule C
Schedule of Non-Operating Revenues and Expenses
For the Year Ended August 31, 2019
(With Memorandum Totals for the Year Ended August 31, 2018)

	Unrestricted	Restricted	Auxiliary Enterprises	Totals	
				8/31/2019	8/31/2018
Non-Operating Revenues					
State Appropriations					
Education and General State Support	\$ 3,898,220	\$ -	\$ -	\$ 3,898,220	\$ 3,898,292
State Group Insurance	-	475,463	-	475,463	454,797
State OPEB	-	(27,785)	-	(27,785)	127,742
State Retirement Matching	-	137,905	-	137,905	121,953
Professional Nursing Shortage Reduction	-	36,030	-	36,030	28,628
Total State Appropriations	3,898,220	621,613	-	4,519,833	4,631,412
Maintenance Ad Valorem Taxes	34,736	-	-	34,736	329,498
Debt Service Ad Valorem Taxes	592,787	-	-	592,787	293,616
Federal Revenue, Non-Operating	-	3,259,990	-	3,259,990	3,254,990
Gifts	264,249	-	-	264,249	512,092
Investment Income	157,633	-	-	157,633	203,224
Gain on Disposal of Capital Assets	1,000	-	-	1,000	-
Total Non-Operating Revenue	4,948,625	3,881,603	-	8,830,228	9,224,832
Non-Operating Expenses					
Interest on Capital Related Debt	193,562	-	-	193,562	155,537
Total Non-Operating Expenses	193,562	-	-	193,562	155,537
Net Non-Operating Revenues (Expenses)	\$ 4,755,063	\$ 3,881,603	\$ -	\$ 8,636,666	\$ 9,069,295
				(Exhibit 2)	(Exhibit 2)

RANGER COLLEGE DISTRICT
Schedule D
Schedule of Net Position by Source and Availability
For the Year Ended August 31, 2019
(With Memorandum Totals for the Year Ended August 31, 2018)

	Detail by Source					Available for Current Operations	
	Unrestricted	Restricted		Capital Assets Net of Depreciation and Related Debt	Total	Yes	No
		Expendable	Non- Expendable				
Current							
Unrestricted	\$ (6,158,446)	\$ -	\$ -	\$ -	\$ (6,158,446)	\$ (6,158,446)	\$ -
Plant							
Debt Service	-	286,933	-	-	286,933		286,933
Investment in Plant	-	-	-	7,339,501	7,339,501		7,339,501
Totals							
Net Position, August 31, 2019	(6,158,446)	286,933	-	7,339,501	1,467,988 (Exhibit 1)	(6,158,446)	7,626,434
Net Position, August 31, 2018	(4,086,011)	286,825	-	5,982,450	2,183,264	(4,086,011)	6,269,275
Prior Period Adjustment	(247,960)	-	-	-	(247,960)	(247,960)	
Net Position, August 31, 2018, restated after above change	(4,333,971)	286,825	-	5,982,450	1,935,304 (Exhibit 1)	(4,333,971)	6,269,275
Net Increase (Decrease) in Net Position	<u>\$ (1,824,475)</u>	<u>\$ 108</u>	<u>\$ -</u>	<u>\$ 1,357,051</u>	<u>\$ (467,316)</u> (Exhibit 2)	<u>\$ (1,824,475)</u>	<u>\$ 1,357,159</u>

**OVERALL COMPLIANCE AND
INTERNAL CONTROLS SECTION**



SNOWGARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Regents
Ranger College District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Ranger College District (the College) as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 17, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

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

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

Compliance and Other Matters

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

We have performed tests designed to verify the College's compliance with the requirements of the Public Funds Investment Act. During the year ended August 31, 2019, no instances of noncompliance were noted.

Purpose of this Report

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



Snow Garrett Williams
December 17, 2019

RANGER COLLEGE DISTRICT
Summary Schedule of Prior Audit Findings
For the Year Ended August 31, 2019

There were no prior year findings.

RANGER COLLEGE DISTRICT
Schedule of Findings and Questioned Costs
August 31, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:
 Material weakness(es) identified? yes X no
 Significant deficiencies identified that are not
 considered to be material weaknesses? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? yes X no
 Significant deficiencies identified that are not
 considered to be material weaknesses? yes X none reported

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

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

Identification of Major Programs:

Federal Awards

U.S. Department of Education:

Student Financial Assistance Cluster of Programs:

- CFDA # 84.007 Federal Supplemental Education Opportunity Grant
- CFDA # 84.033 Federal College Workstudy Program
- CFDA # 84.063 Federal Pell Grant Program
- CFDA # 84.268 Federal Direct Student Loans

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

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

Section II – Financial Statement Findings

None Noted

Section III – Federal Award Findings and Questioned Costs

None Noted

RANGER COLLEGE DISTRICT
Corrective Action Plan
August 31, 2019

A corrective action plan is not needed.

FEDERAL AWARDS SECTION



SNOWGARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Regents
Ranger College District

Report on Compliance for Each Major Federal Program

We have audited Ranger College District (the College)'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended August 31, 2019. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2019.

Report on Internal Control over Compliance

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

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

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

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

Snow Garrett Williams

Snow Garrett Williams
December 17, 2019

RANGER COLLEGE DISTRICT
Schedule E
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2019

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures and Pass-Through Disbursements</u>
U.S. Department of Education			
Direct Programs:			
Student Financial Aid Cluster			
Federal Supplemental Educational Opportunity Grant	84.007		\$ 68,443
Federal College Workstudy Program	84.033		55,344
Federal Pell Grant Program	84.063		3,136,203
Federal Direct Student Loans	84.268		1,765,446
Total Student Financial Aid Cluster			<u>5,025,436</u>
TRIO Cluster			
TRIO - Student Support Services Grant	84.042A		244,111
TRIO - Upward Bound	84.047A		324,853
Total TRIO Cluster			<u>568,964</u>
Pass-Through From:			
Texas Higher Education Coordinating Board			
Career and Technical Education Basic Grants - Texas Counselors' Network	84.048	194251	111,115
Total U.S. Department of Education			<u>5,705,515</u>
Total Federal Financial Assistance			<u>\$ 5,705,515</u>

RANGER COLLEGE DISTRICT
Schedule E
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2019

Note 1: Federal Assistance Reconciliation

Federal Grants and Contracts Revenue - per Schedule A	\$ 680,079
Add: Non-Operating Revenues - Federal Revenue, non-operating - per Schedule C	<u>3,259,990</u>
Total Federal Revenues per Schedules A and C	<u>\$ 3,940,069</u>
Reconciling Items:	
Federal Direct Student Loans	<u>1,765,446</u>
Total Federal Expenditures per Schedule of Expenditures of Federal Awards	<u><u>\$ 5,705,515</u></u>

Note 2: Significant Accounting Policies used in Preparing the Schedule.

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

Note 3: Student Loans Processed and Administrative Costs Recovered

Federal Grantor CFDA Number / Program Name	New Loans Processed	Administrative Cost Recovered	Total Loans Processed & Admin Cost Recovered
U.S. Department of Education 84.268 Federal Direct Student Loans	<u>\$ 1,765,446</u>	<u>\$ -</u>	<u>\$ 1,765,446</u>

STATE AWARDS SECTION

RANGER COLLEGE DISTRICT
Schedule F
Schedule of Expenditures of State Awards
For the Year Ended August 31, 2019

Grantor Agency/Program Title	Grant Contract Number	Expenditures
Texas Higher Education Coordinating Board Nursing Innovation Grant Program	19554	\$ 68,581
Professional Nursing Shortage Reduction	20353	36,030
Texas Education Opportunity Grant	20357	135,385
Texas Science, Technology, Engineering, and Mathematics (T-STEM) Challenge Scholarship Program	16908	8,453
Texas Workforce Commission Skills for Small Business Program	0919SDF001	144,376
Jobs and Education for Texans Grant Program	0918JET000	<u>243,032</u>
Total State Financial Assistance		<u>\$ 635,857</u>

See Notes to Schedule below.

Note 1: State Assistance Reconciliation

State Financial Assistance - per Schedule of Expenditures of State Awards	\$ 635,857
Reconciling Items Professional Nursing Shortage Reduction reported on Schedule C	<u>(36,030)</u>
Total State Revenues per Exhibit 2 and Schedule A	<u>\$ 599,827</u>

Note 2: Significant Accounting Policies used in Preparing the Schedule.

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