

BORGER JUNIOR COLLEGE DISTRICT
Borger, Texas

ANNUAL FINANCIAL REPORT
August 31, 2015

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**BORGER JUNIOR COLLEGE DISTRICT
ORGANIZATIONAL DATA
August 31, 2015**

Board of Regents

| | <u>Officers</u> | Term Expires <u>May</u> |
|-------------------------|-----------------|----------------------------|
| Scott Radach | Chair | 2020 |
| Patrick Nonhof | Vice Chair | 2016 |
| Marlene McKinney | Secretary | 2016 |
| | <u>Members</u> | |
| Spring Creek - Unfilled | Borger, Texas | 2016 |
| Kelly McDonald | Borger, Texas | 2016 |
| Ryan Birge | Borger, Texas | 2018 |
| Shad Goldston | Borger, Texas | 2018 |
| Pete Stynes | Borger, Texas | 2020 |
| Andy Green | Borger, Texas | 2020 |

Principal Administrative Officers

| | |
|---------------------|--|
| Dr. Jud Hicks | President |
| Dr. Shannon Carroll | Vice President for Academic Affairs |
| David Carr | Dean of Career and Technical Education |
| Bridey McCormack | Director of Accounting |
| Debra Wells | Executive Assistant to the President |

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Independent Auditor's Report

Board of Regents
Borger Junior College District
Borger, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Borger Junior College District (the College) and its discretely presented component unit as of and for the year ended August 31, 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College and of its discretely presented component unit as

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of August 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Notes 2 and 22 to the financial statements, in 2015, the College adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an Amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of the College's Proportionate Share of the Net Pension Liability, and the Schedule of the College's Contributions on pages 8-17 and pages 52-54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the College and its discretely presented component unit. The accompanying supplemental information listed in the table of contents, Schedules A, B, C and D, is likewise presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, Schedule E, and Schedule of Expenditures of State of Texas Awards, Schedule F, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State of Texas Single Audit Circular are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards, the Schedule of Expenditures of State of Texas Awards, and the Other Supplemental Information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing

standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, the Schedule of Expenditures of State of Texas Awards, and the Other Supplemental Information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2015, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Connor McMillon Mitchell : Shennemo F.A.C.

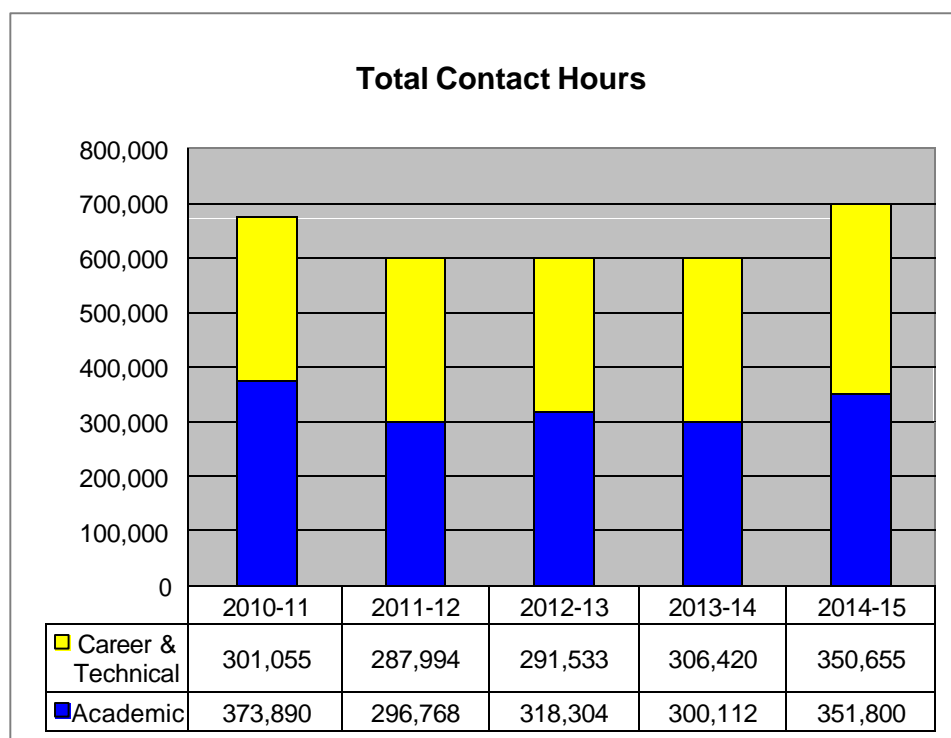
Amarillo, Texas
November 16, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

**BORGER JUNIOR COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending August 31, 2015**

Financial and Enrollment Highlights

- In 2015, the College implemented GASB 68, which resulted in a significant change in financial reporting. As required by GASB 68, the College recorded its proportionate share of the Texas Retirement System's net pension liability of \$1,681,188, deferred outflows of \$301,030, deferred inflows of \$514,281, a prior period adjustment of \$1,904,794, and pension expense of \$10,355.
- The institution's net position at year-end was \$9,729,835, a decrease of \$2,206,758 or 18.5% for the year. The decrease included a prior period adjustment of \$1,904,794 related to the implementation of GASB 68. Net investment in capital assets decreased \$22,881 with current year depreciation of \$685,795.
- Contact hours enrollment showed an increase of 95,923 hours or 15.8% from 606,532 in 2013-2014 to 702,455 in 2014-2015. Academic contact hours increased 51,688 or 17.2% while career and technical contact hours showed an increase of 44,235 or 14.4%.



Statements of Net Position

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

**BORGER JUNIOR COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending August 31, 2015**

Statements of Net Position (Continued)

| | Primary Institution | | |
|---|----------------------------|----------------------|----------------------|
| | 2015 | 2014 | 2013 |
| Current assets | | | |
| Cash and cash equivalents | \$ 344,132 | \$ 884,360 | \$ 726,170 |
| Accounts receivables, net | 1,463,120 | 1,294,544 | 1,251,203 |
| Other current assets | 14,912 | 16,797 | 42,317 |
| Total current assets | <u>1,822,164</u> | <u>2,195,701</u> | <u>2,019,690</u> |
| Noncurrent assets | | | |
| Restricted cash and cash equivalents | 415,810 | 348,775 | 383,310 |
| Other long-term investments | | - | 367,588 |
| Capital assets, net | 13,040,600 | 13,421,337 | 13,751,379 |
| Other noncurrent assets | 1,600 | 1,600 | 41,459 |
| Total noncurrent assets | <u>13,458,010</u> | <u>13,771,712</u> | <u>14,543,736</u> |
| Total assets | <u>\$ 15,280,174</u> | <u>\$ 15,967,413</u> | <u>\$ 16,563,426</u> |
| Deferred outflows of resources | | | |
| Deferred outflows on net pension liability | \$ 301,030 | \$ - | \$ - |
| Total Deferred outflows | <u>\$ 301,030</u> | <u>\$ -</u> | <u>\$ -</u> |
| Current liabilities | | | |
| Accounts payable | \$ 27,043 | \$ 27,388 | \$ 32,897 |
| Accrued liabilities | 94,136 | 199,046 | 176,582 |
| Accrued compensated absences - current portion | 90,453 | 85,553 | 65,332 |
| Funds held for others | 197,946 | 183,039 | 168,142 |
| Unearned revenues | 1,515,653 | 1,447,269 | 1,289,265 |
| Capital lease obligation - current portion | 70,660 | 70,723 | - |
| Note payable - current portion | 118,444 | 112,875 | 107,568 |
| Total current liabilities | <u>2,114,335</u> | <u>2,125,893</u> | <u>1,839,786</u> |
| Noncurrent liabilities | | | |
| Capital lease obligation | - | 74,917 | - |
| Notes payable | 391,565 | 510,010 | 622,884 |
| Bonds payable | 1,150,000 | 1,320,000 | 1,485,000 |
| Net pension liability | 1,681,188 | - | - |
| Total noncurrent liabilities | <u>3,222,753</u> | <u>1,904,927</u> | <u>2,107,884</u> |
| Total liabilities | <u>5,337,088</u> | <u>4,030,820</u> | <u>3,947,670</u> |
| Deferred inflow of resources | | | |
| Deferred inflows on net pension liability | \$ 514,281 | \$ - | \$ - |
| Total deferred inflows | <u>\$ 514,281</u> | <u>\$ -</u> | <u>\$ -</u> |
| Net Position | | | |
| Net invested in capital assets | \$ 11,309,931 | \$ 11,332,812 | \$ 11,535,927 |
| Restricted for: | | | |
| Expendable: | | | |
| Student aid | 415,810 | 348,775 | 358,310 |
| Equipment | | - | 25,000 |
| Unrestricted (deficit) | <u>(1,995,906)</u> | <u>255,006</u> | <u>696,519</u> |
| Total net position | <u>\$ 9,729,835</u> | <u>\$ 11,936,593</u> | <u>\$ 12,615,756</u> |

**BORGER JUNIOR COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending August 31, 2015**

Current Assets:

Cash and cash equivalents consist of cash in the local financial institution's accounts and TexPool; all are interest-bearing accounts. Unrestricted cash and cash equivalents decreased by \$540,228 or 61.1%, which is reflected in the Statement of Cash Flows.

Accounts receivable consists primarily of student receivables related to tuition and fees for the fall 2015 semester. Accounts receivable increased by \$168,576 or 13%, increasing the balance to \$1,463,120.

Other current assets decreased by \$1,885 reflecting a balance of \$14,912.

Noncurrent Assets:

Restricted cash and cash equivalents consist of agency and state scholarship funds. The balance of restricted cash and cash equivalents increased \$67,035 reflecting a balance of \$415,810. The restricted cash means it is designated for scholarships.

Total capital assets consist of land, library books, construction in progress, buildings, land improvements, and equipment and totals approximately \$13 million at year-end. Accumulated depreciation totals approximately \$14.2 million, resulting in net capital assets of approximately \$13 million. This reflects a decrease of \$380,737 in net capital assets. Capital assets are detailed in Note 5 of the notes to the financial statements. At year-end, asset additions totaled \$305,058, and depreciation expense was \$685,795. The asset additions include furniture, vehicles, and other equipment (\$36,769); telecommunications and peripheral equipment (\$266,604); and library books (\$1,685).

Current Liabilities:

Accounts payable and accrued liabilities represent amounts due at year-end for goods and services received prior to year-end, but for which cash has not been expended. At year-end the balance of accounts payable was \$27,043 which is comparable to 2014. The balance of accrued liabilities was \$94,136 for 2015 compared to a balance of \$199,046 for 2014. Accrued compensated absences was \$90,453 for 2015 as compared to \$85,553 for 2014.

Unearned revenues represent payments recorded primarily for tuition and fees, resident hall, and food service from students for the upcoming fall 2015 semester. Unearned revenues of \$1,515,653 increased \$68,384 over last year's ending balance of \$1,447,269 or 4.7%. The increase in unearned revenues is primarily due to an increase in student enrollment for fall 2015 as compared to fall 2014.

Notes and bonds payable (current portion) represent the College's long-term debt which is payable within the next fiscal year. The current portion of debt, including capital leases, of \$189,104 increased \$5,506 from the prior year.

**BORGER JUNIOR COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending August 31, 2015**

Noncurrent Liabilities:

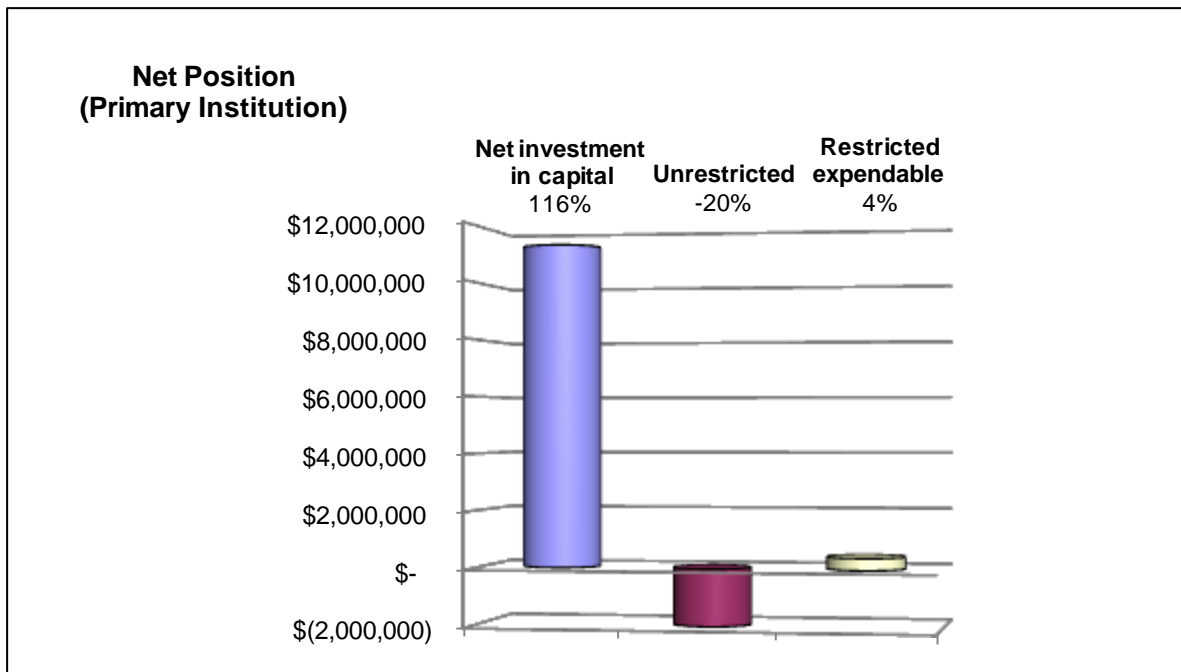
Notes and bonds payable along with net pension liability (as required for the first time this fiscal year according to the guidelines of GASB 68 which is detailed in Note 2 and Note 9 of Notes to Financial Statements) represent the College's long-term debt which is payable more than twelve months from year-end. Long-term debt consists primarily of revenue bonds related to the construction of the Center for Access & Innovation completed in 2002 and in addition the net pension liability of \$1.7 million (see Note 9 – Employees' Retirement Plans).

Net Position:

Net position represents the difference between the College's assets and deferred outflows of resources and liabilities and deferred inflows of resources. Total net position at August 31, 2015, was approximately \$9.7 million. Compared to the prior year, net position decreased \$2,206,758 for the current year.

Restricted expendable net position consists of \$415,810 set aside for student aid. These balances have specific restrictions placed on them by parties external to the College, such as donors and grant agencies.

Unrestricted net position represents those balances from operational activities that have not been restricted by parties external to the College. Unrestricted net position totals (\$1,995,906) which was a decrease of \$2,250,912 over the year-end 2014 balance.



**BORGER JUNIOR COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending August 31, 2015**

Statements of Revenues, Expenses and Changes in Net Position

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

| | Primary Institution | | |
|---|----------------------------|----------------------|----------------------|
| | 2015 | 2014 | 2013 |
| Operating revenues | | | |
| Tuition and fees, net | \$ 993,795 | \$ 1,009,840 | \$ 769,545 |
| Grants and contracts | 1,135,019 | 707,409 | 822,383 |
| Auxiliary enterprises | 786,409 | 718,938 | 699,427 |
| Other | 64,374 | 75,795 | 64,665 |
| Total operating revenues | <u>2,979,597</u> | <u>2,511,982</u> | <u>2,356,020</u> |
| Operating expenses | | | |
| Institutional expense | 8,253,795 | 7,769,328 | 7,337,114 |
| Auxiliary enterprises | 1,184,304 | 1,188,712 | 1,154,941 |
| Depreciation | 685,795 | 678,566 | 690,415 |
| Total operating expenses | <u>10,123,894</u> | <u>9,636,606</u> | <u>9,182,470</u> |
| Operating loss | <u>(7,144,297)</u> | <u>(7,124,624)</u> | <u>(6,826,450)</u> |
| Nonoperating revenues (expenses) | | | |
| State appropriations | 2,748,976 | 2,726,513 | 2,560,652 |
| Ad valorem taxes | 1,521,526 | 1,503,577 | 1,455,476 |
| Federal revenue, nonoperating | 2,152,565 | 1,993,812 | 2,177,240 |
| Gifts | 470,056 | 332,002 | 418,085 |
| Investment income, net of investment expenses | 2,094 | 12,642 | 14,746 |
| Interest on capital related debt | (68,021) | (112,922) | (87,649) |
| Gain (loss) on disposal of fixed assets | | - | (9,207) |
| Other nonoperating revenues (expenses) | 15,137 | (10,163) | (43,795) |
| Net nonoperating revenues (expenses) | <u>6,842,333</u> | <u>6,445,461</u> | <u>6,485,548</u> |
| Decrease in net position | (301,964) | (679,163) | (340,902) |
| Net Position – Beginning of Year | 11,936,593 | 12,615,756 | 12,956,658 |
| Prior Period Adjustment | <u>(1,904,794)</u> | <u>-</u> | <u>-</u> |
| Net Position - Beginning of Year, Restated | <u>10,031,799</u> | <u>12,615,756</u> | <u>12,956,658</u> |
| Net Position – End of Year | <u>\$ 9,729,835</u> | <u>\$ 11,936,593</u> | <u>\$ 12,615,756</u> |

Operating Revenues:

Tuition and fees, net of discounts, was \$993,795 for the year and represents a decrease of \$16,045 or 1.6% compared to the previous year balance of \$1,009,840. For 2015, gross tuition and fees increased \$198,774 and discounts (primarily federal grants to students) increased \$214,819. Federal grants to students totaled \$1,897,835 for the current year, compared to the prior year balance of \$1,742,958, an increase of \$154,877 or 8.8%. Gross tuition and fees are

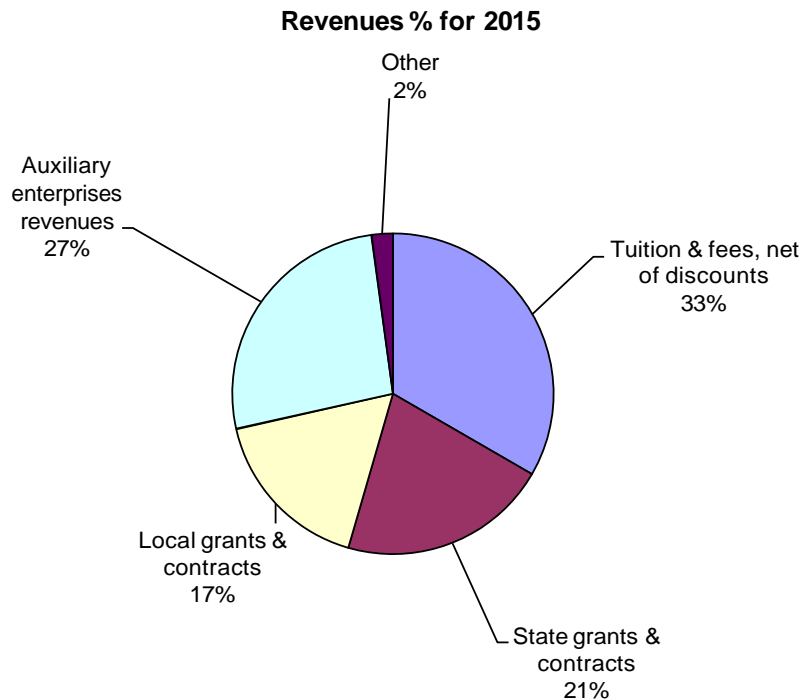
**BORGER JUNIOR COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending August 31, 2015**

netted against discounts and scholarship allowances. Fiscal year (FY) 2015 discounts consist of federal grants to students of \$1,897,835, scholarship allowances of \$448,369, and TPEG/state remissions and exemptions of \$52,728. In FY 2014 discounts consist of federal grants to students of \$1,742,958, scholarship allowances of \$394,435, and TPEG/state remissions and exemptions of \$46,720.

Grants and contracts totaled \$1,135,019 for the year. This includes all restricted revenues made available by government agencies. Grant revenues are recorded only to the extent the funds have been expended for the designated purpose. Total grants and contracts increased \$427,610 or 60.4% over the previous year balance of \$707,409.

Auxiliary enterprises consists of various enterprise entities that provide goods or services to students, faculty, staff or the general public and charge a fee directly related to the cost of those goods or services. Auxiliary revenue was \$786,409 for the year, an increase of \$67,471 or 9.4% from the prior year balance of \$718,938. The Borger Community Activity Center and the residential life are the primary auxiliary components, which generated \$413,420 and \$378,805 (net of discounts) in revenue, respectively, in the current year.

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



**BORGER JUNIOR COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending August 31, 2015**

Operating Expenses by Functional Classification:

| | Primary Institution | | | | | |
|-------------------------------------|----------------------|-------------|---------------------|-------------|---------------------|-------------|
| | 2015 | % | 2014 | % | 2013 | % |
| Instruction | \$ 4,576,493 | 45% | \$ 4,341,319 | 45% | \$ 4,094,642 | 44% |
| Academic support | 145,470 | 1% | 177,381 | 2% | 158,260 | 2% |
| Student services | 718,535 | 7% | 505,947 | 6% | 551,576 | 6% |
| Institutional support | 1,778,884 | 18% | 1,744,864 | 18% | 1,672,599 | 18% |
| Operations and maintenance of plant | 784,914 | 8% | 786,357 | 8% | 754,516 | 8% |
| Scholarships and fellowships | 249,499 | 2% | 213,460 | 2% | 105,521 | 2% |
| Auxiliary enterprises | 1,184,304 | 12% | 1,188,712 | 12% | 1,154,941 | 13% |
| Depreciation | 685,795 | 7% | 678,566 | 7% | 690,415 | 7% |
| Total by function | <u>\$ 10,123,894</u> | <u>100%</u> | <u>\$ 9,636,606</u> | <u>100%</u> | <u>\$ 9,182,470</u> | <u>100%</u> |

Instruction includes expenses for all activities that are part of the College's instructional programs – academic, workforce and technical. Instruction expenses of \$4,576,493 increased \$235,174 or 5.4% compared to the previous year balance of \$4,341,319. Salaries and benefits combined account for approximately \$3.3 million or 73% of total instruction. Instruction continues to outdistance all other classifications, accounting for 45% of the total expenses by function.

Academic support includes expenses to provide support services for the College. This includes costs associated with libraries, academic administration, curriculum development, and technical support including computer service. Academic support totaled \$145,470, representing an 18% decrease from the prior year balance of \$177,381.

Student services consists of expenses related to providing the office of admissions and records and activities that primarily contribute to student's emotional and physical well-being and their intellectual, cultural, and social development outside the context of the formal instructional programs. Student services expenses of \$718,535 increased by \$212,588 or 42% compared to the previous balance of \$505,947.

Institutional support consists of expenses incurred for central executive-level management, fiscal operations, administrative data processing, employee and records, support services (excluding auxiliary enterprises), and community and alumni relations (including development and fund raising). Institutional support totaling \$1,778,884 increased \$34,020 or 1.9% from the prior year balance of \$1,744,864.

Operations and maintenance of plant consists of all expenses of operations and maintenance of the physical plant. Included are maintenance and repairs to buildings, utilities, and salaries and benefits for maintenance and custodial staffs. Operational and maintenance totaling \$784,914 decreased by \$1,443 or 0.2% from the prior year balance of \$786,357.

**BORGER JUNIOR COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending August 31, 2015**

Operating Expenses by Functional Classification (Continued):

Scholarships and fellowships include amounts awarded for scholarships, which the College grants to students, by the College's own selection process, or from an entitlement program. As a result of additional contributions from donors, scholarships and fellowships of \$249,499 increased by \$36,039 or 16.9%.

Auxiliary enterprises' expenses include all costs to operate the activity center, resident halls, and food service. Auxiliary enterprises totaled \$1,184,304, a decrease of \$4,408 or 0.4% as compared to the prior year balance of \$1,188,712.

Operating Expenses by Natural Classification:

| | Primary Institution | | | | | |
|--|----------------------|-------------|---------------------|-------------|---------------------|-------------|
| | 2015 | % | 2014 | % | 2013 | % |
| Salaries and wages | \$ 4,375,827 | 43% | \$ 3,979,986 | 41% | \$ 3,784,109 | 41% |
| State and local benefits | 1,375,405 | 14% | 1,295,207 | 13% | 1,300,746 | 14% |
| Scholarships and fellowships | 249,499 | 2% | 213,460 | 2% | 105,521 | 1% |
| Other expenses | 2,253,064 | 22% | 2,280,675 | 24% | 2,146,738 | 23% |
| Auxiliary enterprises | 1,184,304 | 12% | 1,188,712 | 13% | 1,154,941 | 13% |
| Depreciation | 685,795 | 7% | 678,566 | 7% | 690,415 | 8% |
| Total by natural classification | \$ 10,123,894 | 100% | \$ 9,636,606 | 100% | \$ 9,182,470 | 100% |

Salaries and wages, along with benefits, clearly represent the largest operating expense, accounting for 57% of the total expenses. Total dollar expenses for salaries and wages, including benefits, increased \$476,039 over last year, and, as a percentage of total expenses, salaries and wages, including benefits, increased by 3%.

Nonoperating Revenues (Expenses):

State appropriations of \$2,748,976 indicates an increase (\$22,463 or 0.8%) in revenue from the previous year balance of \$2,726,513.

Ad valorem taxes of \$1,521,526 were up in 2015 by 1.2% or \$17,949 from the prior year balance of \$1,503,577. The tax rate is capped at \$0.22 per \$100 of valuation, so the increase was a result of slightly higher values in 2015 versus 2014.

Federal revenue, nonoperating of \$2,152,565 increased \$158,753 or 8% from the previous year balance of \$1,993,812. Federal revenue, nonoperating consists of all Title IV financial aid funds.

Current year gifts of \$470,056, generally considered one-time in nature, increased from the 2014 level by \$138,054 or 41.6%. This was reflective of the volatility of large, nonrecurring donations and the year-to-year fluctuations that can exist.

**BORGER JUNIOR COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending August 31, 2015**

Nonoperating Revenues (Expenses) (Continued):

Investment income, net of investment expenses of \$2,094 decreased \$10,548 from the previous year's amount of \$12,642.

Statements of Cash Flows

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

| | Primary Institution | |
|---|----------------------------|-----------|
| | 2015 | |
| Cash provided (used) from: | | |
| Operating activities | \$ (6,633,195) | \$ |
| Noncapital financing activities | 6,888,842 | |
| Capital and related financing activities | (730,934) | |
| Investing activities | 2,094 | |
| Increase (decrease) in cash | (473,193) | |
| Cash (restricted and unrestricted) – beginning of year | 1,233,135 | |
| Cash (restricted and unrestricted) – end of year | \$ 759,942 | \$ |

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

State appropriations and ad valorem tax revenues are the primary sources of noncapital financing. Other noncapital financing activity includes gifts and endowments. Increases in future ad valorem tax revenue are not likely given that the local tax rate is capped at its current level as a result of Board action in 1965. No evidence of significant increases in property values is readily foreseeable. Gifts from private donations continue to be an important revenue source.

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

Cash and equivalents (restricted and unrestricted) for FY 2015 decreased \$473,193, compared to an increase of \$123,655 for FY 2014. The balance of cash and cash equivalents for 2015 was \$759,942 which was comprised of unrestricted cash and cash equivalents of \$344,132 and restricted cash and cash equivalents of \$415,810

**BORGER JUNIOR COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending August 31, 2015**

Component Unit

The Frank Phillips College Development Corporation, considered a component unit, continues to play a vital role in the College's ability to achieve its stated mission. In 2015, the Development Corporation contributed \$46,020 in scholarships to the College as compared to \$36,684 in FY 2014. In addition, the Development Corporation received gifts in the amount of \$42,479, much of which is invested to provide returns to fund future scholarships. With the investment markets showing a decline, investment income, net of expenses showed a loss of \$13,580 for the year as compared to gains of \$200,768 in 2014. Overall, the Development Corporation's net position decreased \$24,956 from the previous year-end total net position.

Factors That Will Affect the Future for Frank Phillips College

There are certainly some positive things occurring at Frank Phillips College. Overall enrollment growth showed healthy increases for the 2014-15 academic year as well as the Fall semester of 2015. Of course increased enrollment means additional revenue from tuition and fees, but also state appropriations will increase this next year because contact hours have increased. The College is anticipating tax revenue increases this next year, as well, because of tax valuation increases.

This anticipated increase in revenue could not have come at a more opportune time given a tight cash flow situation. The College will continue to control expenses with the intent of using the additional revenue to increase the cash position.

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FINANCIAL STATEMENTS

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**BORGER JUNIOR COLLEGE DISTRICT
STATEMENT OF NET POSITION - PRIMARY INSTITUTION
AUGUST 31, 2015
Exhibit 1A**

| | Primary Institution |
|--|----------------------------|
| | 2015 |
| ASSETS | |
| CURRENT ASSETS | |
| Cash and cash equivalents | \$ 344,132 |
| Accounts receivable, net | 1,463,120 |
| Inventories | 11,595 |
| Other assets | 3,317 |
| Total current assets | 1,822,164 |
| NONCURRENT ASSETS | |
| Restricted cash and cash equivalents | 415,810 |
| Capital assets, net | 13,040,600 |
| Other noncurrent assets | 1,600 |
| Total noncurrent assets | 13,458,010 |
| TOTAL ASSETS | \$ 15,280,174 |
| DEFERRED OUTFLOW OF RESOURCES | |
| Deferred outflows on net pension liability | \$ 301,030 |
| TOTAL DEFERRED OUTFLOWS | \$ 301,030 |
| LIABILITIES AND NET POSITION | |
| CURRENT LIABILITIES | |
| Accounts payable | \$ 27,043 |
| Accrued liabilities | 94,136 |
| Accrued compensable absences - current portion | 90,453 |
| Funds held for others | 197,946 |
| Unearned revenues | 1,515,653 |
| Capital lease obligation - current portion | 70,660 |
| Notes payable - current portion | 118,444 |
| Total current liabilities | 2,114,335 |
| NONCURRENT LIABILITIES | |
| Notes payable | 391,565 |
| Bonds payable | 1,150,000 |
| Net pension liability | 1,681,188 |
| Total noncurrent liabilities | 3,222,753 |
| TOTAL LIABILITIES | \$ 5,337,088 |
| DEFERRED INFLOW OF RESOURCES | |
| Deferred inflows on net pension liability | \$ 514,281 |
| TOTAL DEFERRED INFLOWS | \$ 514,281 |
| NET POSITION | |
| Net investment in capital assets | \$ 11,309,931 |
| Restricted for: | |
| Expendable: | |
| Student aid | 415,810 |
| Unrestricted (deficit) | (1,995,906) |
| TOTAL NET POSITION (Schedule D) | \$ 9,729,835 |

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

**BORGER JUNIOR COLLEGE DISTRICT
STATEMENT OF NET POSITION - COMPONENT UNIT
AUGUST 31, 2015
Exhibit 1B**

| | <u>Component Unit - Foundation</u> <u>2015</u> |
|--|---|
| ASSETS | |
| Cash and cash equivalents | \$ 239,990 |
| Short-term investments | <u>1,277,063</u> |
| TOTAL ASSETS | <u><u>\$ 1,517,053</u></u> |
| NET POSITION | |
| Net position restricted for: | |
| Expendable - Other, primarily donor restrictions | <u>\$ 1,517,053</u> |
| TOTAL NET POSITION | <u><u>\$ 1,517,053</u></u> |

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

**BORGER JUNIOR COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
PRIMARY INSTITUTION
YEAR ENDED AUGUST 31, 2015
Exhibit 2A**

| | Primary Institution |
|--|----------------------------|
| | 2015 |
| OPERATING REVENUES | |
| Tuition and fees, net of discounts of \$2,398,932 | \$ 993,795 |
| State grants and contracts | 629,455 |
| Local grants and revenues | 505,564 |
| Auxiliary enterprises, net of discounts of \$127,491 | 786,409 |
| General operating revenues | 64,374 |
| Total operating revenues (Schedule A) | 2,979,597 |
| OPERATING EXPENSES | |
| Instruction | 4,576,493 |
| Academic support | 145,470 |
| Student services | 718,535 |
| Institutional support | 1,778,884 |
| Operation and maintenance of plant | 784,914 |
| Scholarships and fellowships | 249,499 |
| Auxiliary enterprises | 1,184,304 |
| Depreciation | 685,795 |
| Total operating expenses (Schedule B) | 10,123,894 |
| Operating loss | (7,144,297) |
| NONOPERATING REVENUES (EXPENSES) | |
| State appropriations | 2,748,976 |
| Ad valorem property taxes | 1,521,526 |
| Federal revenue, nonoperating | 2,152,565 |
| Gifts | 470,056 |
| Investment income, net of investment expenses | 2,094 |
| Interest on capital related debt | (68,021) |
| Other nonoperating revenues (expenses), net | 15,137 |
| Net nonoperating revenues (Schedule C) | 6,842,333 |
| Decrease in net position | (301,964) |
| NET POSITION - BEGINNING OF YEAR | 11,936,593 |
| PRIOR PERIOD ADJUSTMENT | (1,904,794) |
| NET POSITION - BEGINNING OF YEAR, RESTATED | 10,031,799 |
| NET POSITION - END OF YEAR | \$ 9,729,835 |

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

**BORGER JUNIOR COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
COMPONENT UNIT - FOUNDATION
YEAR ENDED AUGUST 31, 2015
Exhibit 2B**

| | Component Unit - Foundation |
|--|--|
| | 2015 |
| OPERATING EXPENSES | |
| Institutional support | \$ 7,835 |
| Scholarships and fellowships | 46,020 |
| Total operating expense | 53,855 |
| Total operating loss | (53,855) |
| NONOPERATING REVENUES (EXPENSES) | |
| Gifts | 42,479 |
| Investment income (loss), net of investment expenses | (13,580) |
| Net nonoperating revenues | 28,899 |
| Decrease in net position | (24,956) |
| NET POSITION - BEGINNING OF YEAR | 1,542,009 |
| NET POSITION - END OF YEAR | \$ 1,517,053 |

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

**BORGER JUNIOR COLLEGE DISTRICT
STATEMENT OF CASH FLOWS - PRIMARY INSTITUTION
YEAR ENDED AUGUST 31, 2015
Exhibit 3A**

| | Primary Institution |
|--|----------------------------|
| | 2015 |
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Receipts from students and other customers | \$ 1,764,853 |
| Receipts from grants and contracts | 1,067,671 |
| Payments to suppliers for goods or services | (3,321,930) |
| Payments to or on behalf of employees | (6,001,239) |
| Payments of scholarships | (223,755) |
| Other payments or receipts | <u>81,205</u> |
| Net cash used by operating activities | <u>(6,633,195)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | |
| Receipts from state appropriations | 2,748,976 |
| Ad valorem tax revenues | 1,520,162 |
| Receipts from nonoperating federal revenue | 2,134,511 |
| Gifts and grants (other than capital) | 470,056 |
| Other | <u>15,137</u> |
| Net cash provided by noncapital financing activities | <u>6,888,842</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Purchases of capital assets | (305,058) |
| Principal payments on debt and capital leases | (357,856) |
| Cash paid for interest | <u>(68,020)</u> |
| Net cash used by capital and related financing activities | <u>(730,934)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Investment earnings | <u>2,094</u> |
| Net cash provided by investing activities | <u>2,094</u> |
| DECREASE IN CASH AND CASH EQUIVALENTS | (473,193) |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR (RESTRICTED AND UNRESTRICTED) | <u>1,233,135</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR (RESTRICTED AND UNRESTRICTED) | <u>\$ 759,942</u> |
| Reconciliation of operating loss to net cash used by operating activities: | |
| Operating loss | \$ (7,144,297) |
| Adjustments to reconcile operating loss to net cash used | |
| by operating activities: | |
| Depreciation expense | 685,795 |
| Change in deferred outflows of financial resources | (141,463) |
| Change in deferred inflows of financial resources | 514,281 |
| Changes in assets and liabilities: | |
| Receivables, net | (149,159) |
| Inventories | 1,885 |
| Accounts payable | (345) |
| Unearned revenue | 68,384 |
| Funds held for others | 14,907 |
| Accrued liabilities | (100,010) |
| Net pension liability | <u>(383,173)</u> |
| Net cash used by operating activities | <u>\$ (6,633,195)</u> |

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

**BORGER JUNIOR COLLEGE DISTRICT
STATEMENT OF CASH FLOWS - COMPONENT UNIT
YEAR ENDED AUGUST 31, 2015
Exhibit 3B**

| | Component Unit - Foundation |
|---|--|
| | 2015 |
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Payments to suppliers for goods or services | \$ (7,835) |
| Payments of scholarships | (46,020) |
| Net cash used by operating activities | (53,855) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | |
| Gifts and grants (other than capital) | 42,479 |
| Net cash provided by noncapital financing activities | 42,479 |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Cash paid for purchasing investments | (335,313) |
| Cash received on maturities of investments | 553,056 |
| Investment earnings (loss) | (13,580) |
| Net cash provided by investing activities | 204,163 |
| INCREASE IN CASH AND CASH EQUIVALENTS | 192,787 |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | 47,203 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 239,990 |
| Reconciliation of operating loss to net cash used by operating activities: | |
| Operating loss | \$ (53,885) |
| Net cash used by operating activities | \$ (53,885) |

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

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2015**

NOTE 1 - REPORTING ENTITY

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

The Frank Phillips College Development Corporation (the Foundation) is a nonprofit organization with the sole purpose of supporting the educational and other activities of the College. The College does not appoint a voting majority nor does it fund or is it obligated to pay debt related to the Foundation. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon that the Foundation holds and invests, is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements. During the year ended August 31, 2015, the Foundation distributed approximately \$46,000 to the College for restricted purposes.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Guidelines

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

Tuition Discounting

Texas Public Education Grants

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

Title IV, Higher Education Act Program Funds

Certain Title IV Higher Education Act (HEA) Program funds are received by the College to pass through to the student. These funds are initially received by the College and recorded as

BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Title IV, Higher Education Act Program Funds (Continued)

revenue. When the award is used by the student for tuition and fees, the amount is recorded as tuition discount. If the amount is disbursed directly to the student, the amount is recorded as a scholarship expense.

Other Tuition Discounts

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

Basis of Accounting

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

Budgetary Data

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

Deferred Inflows

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Governments are only permitted to report deferred inflows in circumstances specifically authorized by the GASB. As of August 31, 2015, the College reported a deferred inflow of \$514,281 related to the net pension liability.

Deferred Outflows

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

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2015**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows (Continued)

of August 31, 2015, the College reported a deferred outflow of \$301,030 related to the net pension liability.

Cash and Cash Equivalents

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

Investments

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

Inventories

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

Capital Assets

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

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

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

Unearned Revenues

Tuition and fees of \$1,515,653 have been reported as unearned revenue at August 31, 2015.

BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

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

Estimates

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

Operating and Nonoperating Revenue and Expense Policy

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

Change in Accounting Principles

As required by GASB, the College has implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27* as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which is effective for financial statements for periods beginning after June 15, 2014. This Statement improves financial reporting by enhancing the reporting of the net pension liability and a more comprehensive measure of pension expense. With GASB 68, the College must assume their proportionate share of the Net Pension Liability of TRS. Adoption of GASB 68 required a prior period adjustment to report the effect of GASB 68 retroactively. There is added information available through new note disclosure and required supplementary information.

Restatement of Beginning Net Position

Due to the changes in accounting principles described above, beginning net position has been decreased by \$1,904,794 from \$11,936,593 to \$10,031,799. The difference represents the recording of the net pension liability as of the beginning of the year.

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2015**

NOTE 3 - AUTHORIZED INVESTMENTS

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

NOTE 4 - DEPOSITS AND INVESTMENTS

Cash and cash equivalents included on Exhibit 1A, Statement of Net Position, as of August 31, 2015, consist of the items reported below:

| | |
|--|--------------------------|
| Bank deposits | |
| Demand deposits | \$ 430,094 |
| Cash and cash equivalents | |
| Petty cash on hand | 3,833 |
| TexPool | <u>326,015</u> |
| Total cash and cash equivalents | <u>\$ 759,942</u> |

The following represents a reconciliation of cash and cash equivalents, as of August 31, 2015, as reported on Exhibit 1:

| | |
|---|--------------------------|
| Unrestricted cash and cash equivalents - current | \$ 344,132 |
| Restricted cash and cash equivalents - noncurrent | <u>415,810</u> |
| Total cash and cash equivalents | <u>\$ 759,942</u> |

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

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

Credit Risk: State law limits investments in commercial paper to those rated not less than A-1 or P-1 and no-load money market mutual funds to those rated not less than AAA. As of August 31, 2015, the College did not have any investments in commercial paper or no-load money market mutual funds.

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2015**

NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)

The following is a summary of the short-term investments at fair value of the Foundation at August 31, 2015.

| | |
|---|----------------------------|
| Managed equity funds | \$ 925,919 |
| Certificates of deposit | <u>351,144</u> |
| Total short-term investments at fair value | <u>\$ 1,277,063</u> |

Participation in External Investment Pools

As of August 31, 2015, the carrying amount of amounts invested in investment pools was \$398,515. Investment pools are recorded at cost, which approximated market value at August 31, 2015. All investment pools are uninsured and are not registered with the Securities and Exchange Commission. Investment pools are not subject to custodial credit risk as they are not evidenced by securities that exist in physical or book entry form.

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

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the year ended August 31, 2015, was as follows:

| | Beginning Balance | Additions | Deductions | Ending Balance |
|---|----------------------|----------------|----------------|-------------------|
| Not depreciated: | | | | |
| Land | \$ 333,687 | \$ - | \$ - | \$ 333,687 |
| Construction in process, net | <u>-</u> | | | <u>-</u> |
| Total not depreciated | <u>333,687</u> | <u>- -</u> | <u>333,687</u> | |
| Other capital assets: | | | | |
| Buildings | 15,904,862 | - | - | 15,904,862 |
| Land improvements | 5,678,809 | - | - | 5,678,809 |
| Furniture, machinery, vehicles and other equipment | 1,310,834 | 36,769 | 24,969 | 1,322,634 |
| Telecommunications and peripheral equipment | 2,572,231 | 266,604 | - | 2,838,835 |
| Library books | <u>1,177,524</u> | <u>1,685</u> | <u>-</u> | <u>1,179,209</u> |
| Total other capital assets | <u>26,644,260</u> | <u>305,058</u> | <u>24,969</u> | <u>26,924,349</u> |
| Total cost of capital assets | <u>26,977,947</u> | <u>305,058</u> | <u>24,969</u> | <u>27,258,036</u> |

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2015**

NOTE 5 - CAPITAL ASSETS (CONTINUED)

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deductions</u> | <u>Ending Balance</u> |
|---|------------------------------|---------------------|-------------------|---------------------------|
| Accumulated depreciation: | | | | |
| Buildings | 6,246,863 | 264,098 | - | 6,510,961 |
| Land improvements | 3,037,055 | 194,999 | - | 3,232,054 |
| Furniture, machinery, vehicles and other equipment | 985,539 | 69,932 | 24,969 | 1,030,502 |
| Telecommunications and peripheral equipment | 2,153,926 | 149,138 | - | 2,303,064 |
| Library books | 1,133,227 | 7,628 | - | 1,140,855 |
| Total accumulated depreciation | <u>13,556,610</u> | <u>685,795</u> | <u>24,969</u> | <u>14,217,436</u> |
| Capital assets, net | <u>\$13,421,337</u> | <u>\$ (380,737)</u> | <u>\$ -</u> | <u>\$13,040,600</u> |

Included in capital assets for the year ended August 31, 2015, are the following capital leases:

| | |
|---|--------------------------|
| Telecommunications and peripheral equipment | \$ 225,000 |
| Less: Accumulated depreciation | <u>44,975</u> |
| Total | <u>\$ 180,025</u> |

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

Year Ending August 31,

| | |
|--|-------------------------|
| 2016 | <u>\$ 33,900</u> |
| Total future minimum lease payments | <u>\$ 33,900</u> |

NOTE 6 - NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended August 31, 2015, was as follows:

| | <u>September 1, 2014</u> | <u>Additions</u> | <u>Deductions</u> | <u>August 31, 2015</u> | <u>Current Portion</u> |
|---|------------------------------|------------------|-------------------|----------------------------|----------------------------|
| Bonds and notes | | | | | |
| Maintenance tax notes - Series 2007 | \$ 622,885 | \$ - | \$ 112,876 | \$ 510,009 | \$ 118,444 |
| Combined Fee Revenue Refunding Bonds - Series 2012 | 1,320,000 | - | 170,000 | 1,150,000 | - |
| Total bonds and notes | 1,942,885 | - | 282,876 | 1,660,009 | 118,444 |
| Capital lease | 145,640 | | 74,980 | 70,660 | 70,660 |
| Accrued compensated absences | 85,553 | 79,523 | 74,623 | 90,453 | 90,453 |
| Total | <u>\$ 2,174,078</u> | <u>\$ 79,523</u> | <u>\$ 432,479</u> | 1,821,122 | <u>\$ 279,557</u> |
| Due in one year | | | | <u>(279,557)</u> | |
| | | | | <u>\$ 1,541,565</u> | |

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2015**

NOTE 7 - DEBT AND LEASE OBLIGATIONS

Debt service requirements at August 31, 2015, were as follows:

| For the Year Ended August 31, | Combined Fee Revenue | | Maintenance Tax | | Totals | |
|-------------------------------------|----------------------------|-------------------|-------------------|------------------|---------------------|-------------------|
| | Refunding Bond Series 2012 | | Notes Series 2007 | | | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2016 | \$ - | \$ 14,375 | \$ 118,444 | \$ 25,164 | \$ 118,444 | \$ 39,539 |
| 2017 | 180,000 | 26,500 | 124,288 | 19,320 | 304,288 | 45,820 |
| 2018 | 185,000 | 21,938 | 130,421 | 13,187 | 315,421 | 35,125 |
| 2019 | 185,000 | 17,313 | 136,856 | 6,752 | 321,856 | 24,065 |
| 2020 | 195,000 | 12,563 | - | - | 195,000 | 12,563 |
| 2021-2022 | 405,000 | 10,188 | - | - | 405,000 | 10,188 |
| Total | \$ 1,150,000 | \$ 102,877 | \$ 510,009 | \$ 64,423 | \$ 1,660,009 | \$ 167,300 |

Obligations under capital leases at August 31, 2015, were as follows:

| For the Year Ended August 31, | Total |
|---|-------------------------|
| 2016 | \$ 79,360 |
| Total minimum lease payments | 79,360 |
| Less: Amount representing interest costs | <u>(8,700)</u> |
| Present value of minimum lease payment | <u>\$ 70,660</u> |

NOTE 8 - BONDS AND NOTES PAYABLE

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

Combined Fee Revenue Refunding Bonds - Series 2012

On March 28, 2012, the College issued the Combined Fee Revenue Refunding Bonds - Series 2012 in the amount of \$1,800,000 to refund the Combined Fee Revenue Bonds - Series 2001 issue. The refunding was undertaken to reduce total debt service payments over the next ten years by approximately \$187,000 and resulted in an economic gain of approximately \$164,000. The 2001 Series are considered fully redeemed and the liability has been removed from the College's books. The outstanding principal for the 2012 issue matures annually through September 1, 2021, with principal amounts ranging from \$180,000 to \$205,000 and provide for an interest rate of 2.50%. Balance outstanding at August 31, 2015, is \$1,150,000.

Maintenance Tax Notes - Series 2007

To renovate the College's facility, \$1,300,000 Maintenance Tax Notes, issued on June 28, 2007, interest at 4.934%. Source of revenue for debt service is all available current revenues of

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2015**

NOTE 8 - BONDS AND NOTES PAYABLE (CONTINUED)

Maintenance Tax Notes - Series 2007 (Continued)

the College, including maintenance and operation tax revenues. Annual payments varying from \$118,444 to \$136,857, with a maturity date of February 1, 2019. Balance outstanding at August 31, 2015, is \$510,009.

Line of Credit

The College has a line of credit in the amount of \$300,000. The amount outstanding at August 31, 2015, was \$-0-. All outstanding principal plus all accrued unpaid interest are due on August 26, 2016. The note bears interest at variable rates and requires monthly interest payments. The line of credit is collateralized by all accounts and general intangibles and contains various restrictive covenants.

NOTE 9 - EMPLOYEES' RETIREMENT PLANS

TRS Multiple-Employer Defined Benefit Pension Plan

Plan description

The College participates in the TRS, a cost-sharing, multiple-employer defined benefit pension plan (the Plan) that has a special funding situation. TRS administers retirement and disability annuities and death and survivor benefits to employees and beneficiaries of employees of the public, state-supported educational institutions in Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Section 67, and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code (IRC). TRS also administers proportional retirement benefits and service credit transfers under Texas Government Code, Title 8, Chapters 803 and 805, respectively. The Texas Legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. The pension's Board of Trustees does not have the authority to establish or amend benefits. All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by downloading the report from the TRS internet website, www.trs.state.tx.us, by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698, or by calling (512) 542-6592.

Benefits Provided

Benefits are established or amended primarily under the authority of the provisions of the Texas Constitution, Article XVI, Section 67 and by the Legislature in the Texas Government Code, Title 8, Subtitle C. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2015**

NOTE 9 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Benefits Provided (Continued)

annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with five years of credited service or when the sum of the member's age and years of credited service equals or exceeds 80 years. Early retirement is at age 55 with five years of credited service and any age below 55 with 30 years of credited service. 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. A member is fully vested after five years of creditable service and entitled to any benefit for which eligibility requirements have been met. There are no automatic post-employment benefit changes, including automatic COLAs. Ad hoc postemployment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

Contributions

Contribution requirements are established or amended pursuant to the following state laws: (1) Article XVI, Section 67 of the Texas Constitution 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. Actuarial implications of the funding provided in this manner are determined by the system's actuary.

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 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015.

Contribution rates for Plan fiscal years (September to August) 2014 and 2015 follow:

| | Contribution Rates | |
|----------------------------------|--------------------------------|--------------------|
| | <u>Plan Fiscal Year</u> | |
| | <u>2014</u> | <u>2015</u> |
| Member | 6.4% | 6.7% |
| Employer | 6.8% | 6.8% |
| Non-Employer Contributing Entity | 6.8% | 6.8% |

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2015**

NOTE 9 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Contributions (Continued)

| | <u>Contributions Required and Made</u> |
|---|---|
| 2014 Member (Employee) | \$ 207,069 |
| 2014 Non-employer contributing agency (State) | 66,110 |
| 2014 College (Employer) | 159,866 |

Contributors to the plan include members, employers, and the State of Texas as the only non-employer contributing entity. As the non-employer contributing entity, 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 members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities, or the State of Texas as the employer for senior universities and medical schools) 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 TRS, the employer shall pay both the member contribution and the state contribution as an employment-after-retirement surcharge.

Actuarial Assumptions

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the four-year period ending August 31, 2010, and adopted on April 8, 2011. With the exception of the postretirement mortality rates for healthy lives and a minor change to the expected retirement age for inactive vested members stemming from the actuarial audit performed in the summer of 2014, the assumptions and methods are the same as listed in the prior valuation. When the mortality assumptions were adopted in 2011 they contained significant margin for possible future mortality improvements. As of the date of the valuation, there has been a significant erosion of this margin to the point that the margin has been eliminated. Therefore, the postretirement mortality rates for current and future retirees have decreased to add additional margin for future improvement in mortality in accordance with the Actuarial Standards of Practice No. 35.

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2015**

NOTE 9 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions (Continued)

The total pension liability as of August 31, 2014, was determined using the following actuarial assumptions:

| | |
|--|---|
| Valuation date | August 31, 2014 |
| Actuarial cost method | Individual entry age normal |
| Amortization method | Level percentage of payroll, open |
| Asset valuation method | 5-year market value |
| Remaining amortization period | 30 years |
| Actuarial assumptions: | |
| Discount rate | 8.00% |
| Long-term expected investment rate of return | 8.00% ¹ |
| Inflation | 3.00% |
| Salary increases | 4.25% to 7.25% ¹ including inflation |
| Weighted-average at valuation date | 5.55% |
| Payroll growth rate | 3.50% |

¹ Includes inflation of 3.00%

Discount Rate

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

The long-term expected rate of return on pension plan investments is 8.0%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2014, as amended October 1, 2014, are summarized below:

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2015**

NOTE 9 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Discount Rate (Continued)

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Real Return Geometric Basis</u> | <u>Long-Term Expected Portfolio Real Rate of Return</u> * |
|-------------------------------|------------------------------|--|---|
| Global Equity | | | |
| U.S. | 18% | 7.0% | 1.4% |
| Non-U.S. developed | 13% | 7.3% | 1.1% |
| Emerging markets | 9% | 8.1% | 0.9% |
| Directional hedge funds | 4% | 5.4% | 0.2% |
| Private equity | 13% | 9.2% | 1.4% |
| Stable Value | | | |
| U.S. treasuries | 11% | 2.9% | 0.3% |
| Absolute return | 0% | 4.0% | 0.0% |
| Stable value hedge funds | 4% | 5.2% | 0.2% |
| Cash | 1% | 2.0% | 0.0% |
| Real Return | | | |
| Global inflation linked bonds | 3% | 3.1% | 0.0% |
| Real assets | 16% | 7.3% | 1.5% |
| Energy and natural resources | 3% | 8.8% | 0.3% |
| Commodities | 0% | 3.4% | 0.0% |
| Risk Parity | | | |
| Risk parity | 5% | 8.9% | 0.4% |
| Alpha | <u> </u> | | <u>1.0%</u> |
| Total | <u>100%</u> | | <u>8.7%</u> |

* The expected contribution to returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

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

The following presents the College's share of the net pension liability of the Plan using the discount rate of 8%, as well as what the College's share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7%) or one percentage point higher (9%) than the current rate:

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2015**

NOTE 9 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Sensitivity of the College's Share of the Net Pension Liability (Continued)

| | 1% Decrease Discount Rate | Current Discount Rate | 1% Increase Discount Rate |
|--|--------------------------------------|----------------------------------|--------------------------------------|
| | <u>7%</u> | <u>8%</u> | <u>9%</u> |
| College's proportionate share of the net pension liability | \$ 3,004,180 | \$ 1,681,188 | \$ 691,835 |

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

At August 31, 2015, the College reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the College. The net pension liability was measured as of August 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The amount recognized by the College as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the College were as follows:

| | |
|--|----------------------------|
| College's proportionate share of the net pension liability | \$ 1,681,188 |
| State's proportionate share of the net pension liability associated with the College | <u>698,014</u> |
| Total | <u>\$ 2,379,202</u> |

The net pension liability was measured as of August 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on the College's contributions to the pension plan relative to the contributions of all participating entities to the Plan for the period September 1, 2013, through August 31, 2014. At August 31, 2014, the College's proportion of the collective net pension liability was 0.0062939%.

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

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

For the year ended August 31, 2015, the College recognized pension expense of \$64,530 and revenue of \$64,530 for support provided by the State.

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2015**

NOTE 9 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

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

At August 31, 2015, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|--|---|
| Differences between expected and actual experience | \$ 26,000 | \$ - |
| Changes of assumptions | 109,279 | - |
| Difference between projected and actual earnings on pension plan investments | - | 513,840 |
| Changes in proportion and differences between College contributions and proportionate share of contributions | - | 441 |
| College contributions subsequent to the measurement date | <u>165,751</u> | <u>=</u> |
| Total | <u>\$ 301,030</u> | <u>\$ 514,281</u> |

The \$165,751 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended August 31.

| | |
|--------------|----------------------------|
| 2016 | \$ (105,713) |
| 2017 | (105,713) |
| 2018 | (105,713) |
| 2019 | (105,713) |
| 2020 | 22,747 |
| Thereafter | <u>21,103</u> |
| Total | <u>\$ (379,002)</u> |

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.

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2015**

NOTE 9 - 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 and each participant are 6.60% and 6.65%, respectively. The College contributes 1.31% for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program. S.B. 1812, effective September 1, 2013, limits the amounts of the state's contribution to 50% of eligible employees in the reporting district.

The retirement expense to the state for the College was approximately \$78,000, \$77,000, and \$216,000 for the fiscal years ended August 31, 2015, 2014, and 2013, respectively. This amount represents the portion of expended appropriations made by the state legislature on behalf of the College for TRS and the Optional Retirement Program.

The total payroll of employees covered by the Optional Retirement Program was approximately \$413,000, \$364,000, and \$366,000 for fiscal years 2015, 2014, and 2013, respectively.

College-Sponsored Benefit Plans

The College has a defined contribution plan qualified under Section 401(k) of the IRC. Under the provisions of the plan, employees are eligible to participate when they have attained the age of 18 and have been credited with one year of service. Employee deferral contributions are not limited by the plan. The College's contributions are discretionary. The related expense was approximately \$90,000, \$80,000, and \$71,000 for the years ended August 31, 2015, 2014, and 2013, respectively.

The College has a voluntary employee defined contribution 403(b) plan administered by the Plan's trustee. The Plan is funded by employee deferrals of compensation. Plan funds are held in trust and are administered by the College's Vice-President of Business Affairs with oversight by the Board of Regents. Full-time employees and certain part-time employees are eligible to participate and are fully vested at all times. At August 31, 2015, 2014, and 2013, there were 3, 3, and 4, respectively, Plan participants.

NOTE 10 - DEFERRED COMPENSATION PROGRAM

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

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2015**

NOTE 11 - COMPENSATED ABSENCES

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

Compensated absences liabilities are reported as a current liability as the average maturity of such liability is considered to be less than one year. As a result, the College recognized the accrued liability for unpaid annual leave in the amount of \$90,453 at August 31, 2015. Sick leave, which can be accumulated up to 50 days, is earned at the rate of eight hours per month; however, sick leave is not paid at termination. The College's policy is to recognize the cost of sick leave when utilized by employees. The liability is not shown in the financial statements since experience indicates the expenditure for sick leave to be minimal.

NOTE 12 - COMMITMENTS, CONTINGENCIES AND LAWSUITS

The College participates in various state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. In the opinion of the College's management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no other provision has been recorded in the accompanying financial statements for such contingencies. Additionally, the College's students participate in the Federal Direct Loan Program for which the proceeds are used for tuition and education-related costs. Regulations require that default rates pertaining to loans to persons attending the College not exceed certain levels at the College. In the event that specific levels were exceeded, the program could be discontinued at the College; however, the College does not anticipate this occurring. The total amount of Direct Loans made during 2015 was \$907,474

On August 31, 2015, there were no pending legal claims involving the College.

NOTE 13 - RISK FINANCING

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

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2015**

NOTE 14 - DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

Receivables at August 31, 2015, consisted of the following:

| | |
|--|----------------------------|
| Student receivables, net of allowance of \$298,820 | \$1,287,255 |
| Taxes receivable, net of allowance of \$108,715 | 47,688 |
| Government grants and contracts | 119,063 |
| Other | <u>9,114</u> |
| Total accounts receivable, net | <u>\$ 1,463,120</u> |

Accounts payable at August 31, 2015, consisted of the following:

| | |
|-------------------------------|-------------------------|
| Vendors payable and other | <u>\$ 27,043</u> |
| Total accounts payable | <u>\$ 27,043</u> |

NOTE 15 - CONTRACT AND GRANT AWARDS

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

NOTE 16 - POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

In addition to providing pension benefits, the state provides certain health care and life insurance benefits for retired employees. Almost all of the employees may become eligible for those benefits if they reach normal retirement age while working for the state. Those and similar 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 \$538 per month for Health Select for the year ended August 31, 2015 and totaled approximately \$390,000 for the year ended August 31, 2015. The cost of providing those benefits for retirees is not separable from the cost of providing benefits for the active employees.

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2015**

NOTE 17 - AD VALOREM TAX

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

At August 31, 2015:

| | |
|---|------------------------------|
| Assessed valuation of the District | \$ 1,020,388,800 |
| Less: exemptions and abatements | <u>199,050,400</u> |
| Net assessed valuation of the District | <u>\$ 821,338,400</u> |

| | <u>Current Operations</u> | <u>Debt Service</u> | <u>Total</u> |
|---|--------------------------------------|--------------------------------|---------------------|
| Tax rate per \$100 valuation for authorized | \$.22000 | \$.50000 | \$.72000 |
| Tax rate per \$100 valuation for assessed | .22000 | .00000 | .22000 |

| <u>Taxes Collected</u> | <u>Current Operations</u> | <u>Debt Service</u> | <u>Total</u> |
|----------------------------------|--------------------------------------|--------------------------------|----------------------------|
| Current taxes collected | \$ 1,449,654 | \$ - | \$ 1,449,654 |
| Delinquent taxes collected | 38,743 | - | 38,743 |
| Penalties and interest collected | <u>30,315</u> | - <u>30,315</u> | |
| Total collections | <u>\$ 1,518,712</u> | <u>\$ -</u> | <u>\$ 1,518,712</u> |

Taxes levied for the year ended August 31, 2015, were approximately \$1,495,000 (which included penalty and interest assessed, if applicable). Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

Tax collections for the years ended August 31, 2015, were 97.07% of the current tax levy. Allowance for uncollectible taxes is based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to either maintenance and operations or interest and sinking expenditures.

NOTE 18 - BRANCH CAMPUS MAINTENANCE TAX

A branch campus maintenance tax that is established by election is levied by Ochiltree County. It is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District. Collections are transferred to the College to be used for operation of a branch campus in Perryton, Texas. This revenue is reported under local grant contracts. Collections in fiscal year 2015 (including penalties and interest) from Ochiltree County totaled approximately \$504,000.

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2015**

NOTE 19 - INCOME TAXES

The College is exempt from income taxes under IRC Section 115, "Income of States, Municipalities, Etc.," although unrelated business income may be subject to income taxes under IRC Section 511 (a)(2)(B), "Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations." The College had no unrelated business income tax liability for the year ended August 31, 2015.

NOTE 20 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

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

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

Funding Policy

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

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

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

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

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2015**

NOTE 20 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Funding Policy (Continued)

The College's contributions to SRHP for the years ended August 31, 2015, 2014, and 2013 were \$145,400, \$5,536, and \$7,763, respectively, which equaled the required contributions each year.

NOTE 21 - COMPONENT UNIT

Frank Phillips College Development Corporation - Discrete Component Unit

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

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

NOTE 22 - NEW GASB PRONOUNCEMENTS

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

Recently Issued and Adopted Accounting Pronouncements

In June 2012 the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, which establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed. The implementation of this Statement had a significant impact on the financial reporting of the College. See Notes 2 and 9.

The GASB has issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This Statement establishes accounting and financial reporting standards for situations where a state or local government, as a guarantor, agrees to indemnify a third-party obligation holder under specified conditions (i.e., nonexchange financial guarantees). The issuer of the guaranteed obligation can be a legally separate entity or individual, including a

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2015**

NOTE 22 - NEW GASB PRONOUNCEMENTS (CONTINUED)

Recently Issued and Adopted Accounting Pronouncements (Continued)

blended or discretely presented component unit. Guidance is provided for situations where a state or local government extends or receives a nonexchange financial guarantee. The implementation of this Statement did not have a significant impact on the College's financial statements.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, was issued in November 2013. This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contribution, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The implementation of this Statement had a significant impact on the financial reporting of the College. See Notes 2 and 9.

Recently Issued Accounting Pronouncements

GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value and describes how fair value should be measured, what assets and liabilities should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. Under Statement No. 72, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments, which generally are measured at fair value, are defined as a security or other asset that governments hold primarily for the purpose of income or profit and the present service capacity of which are based solely on their ability to generate cash or to be sold to generate cash. Before the issuance of Statement No. 72, state and local governments have been required to disclose how they arrived at their measures of fair value if not based on quoted market prices. Under the new guidance, those disclosures have been expanded to categorize fair values according to their relative reliability and to describe positions held in many alternative investments. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2015.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB 67 and 68*, complete the suite of pension standards. Statement 73 establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (in other words, those not covered by Statements 67 and 68). The requirements in Statement 73 for reporting pensions generally are the same as in Statement 68. However, the lack of a pension plan that is administered through a trust that meets specified criteria is reflected in the measurements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2015.

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2015**

NOTE 22 - NEW GASB PRONOUNCEMENTS (CONTINUED)

Recently Issued Accounting Pronouncements (Continued)

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, replaces GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Statement 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement 74 also sets forth note disclosure requirements for defined contribution OPEB plans. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2016.

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

GASB Statement No. 77, *Tax Abatement Disclosures*, requires state and local governments, for the first time, to disclose information about tax abatement agreements. It requires governments to disclose information about their own tax abatements separately from information about tax abatements that are entered into by other governments and reduce the reporting government's tax revenues. The requirements of this Statement are effective for financial statements for reporting periods beginning after December 15, 2015.

NOTE 23 - SUBSEQUENT EVENT

The College has evaluated for inclusion as a subsequent event disclosure only those events that occurred prior to November 16, 2015, the date the financial statements were available to be issued.

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

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REQUIRED SUPPLEMENTARY INFORMATION

**BORGER JUNIOR COLLEGE DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION -
 SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE
 OF THE NET PENSION LIABILITY
 TEACHERS RETIREMENT SYSTEM OF TEXAS
 Last Fiscal Year***

| | <u>2015</u> |
|--|-----------------------------------|
| College's proportionate share (percentage) of the net pension liability | 0.0062939% |
| College's proportionate share (amount) of the net pension liability | \$ 1,681,188 |
| State's proportionate share (amount) of the net pension liability associated with the College | <u>698,014</u> |
| Total | <u><u>\$ 2,379,202</u></u> |
| College's covered-employee payroll (for measurement year) | \$ 3,235,450 |
| College's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 51.96% |
| Plan's fiduciary net pension as a percentage of the total pension liability | 83.25% |
| Plan's net pension liability as a percentage of covered-employee payroll | 72.89% |

*Amounts are based on measurement date of TRS Plan.

Information to present a ten-year history is not readily available.

**BORGER JUNIOR COLLEGE DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION -
 SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS
 TEACHERS RETIREMENT SYSTEM OF TEXAS
 Last Fiscal Year**

| | <u>2015</u> |
|--|---------------------|
| Contractually required contributions | \$ 165,751 |
| Contributions in relation to the contractually required contributions | <u>165,751</u> |
| Contribution deficiency (excess) | <u>\$ -</u> |
| College's covered-employee payroll | <u>\$ 3,633,572</u> |
| Contributions as a percentage of covered-employee payroll | 4.56% |

Information to present a ten-year history is not readily available.

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended August 31, 2015**

NOTE 1 - CHANGES OF BENEFIT TERMS

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

NOTE 2 - CHANGES OF ASSUMPTIONS

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

OTHER SUPPLEMENTAL INFORMATION

**BORGER JUNIOR COLLEGE DISTRICT
SCHEDULE A
SCHEDULE OF OPERATING REVENUES
YEAR ENDED AUGUST 31, 2015
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2014)**

| | <u>Unrestricted</u> | <u>Restricted</u> | <u>Total Educational Activities</u> | <u>Auxiliary Enterprises</u> | <u>2015</u> | <u>2014</u> |
|---|---------------------|-------------------|---|----------------------------------|--------------------|--------------------|
| TUITION | | | | | | |
| State-funded courses | | | | | | |
| In-district resident tuition | \$ 330,006 | \$ - | \$ 330,006 | \$ - | \$ 330,006 | \$ 325,063 |
| Out-of-district resident tuition | 612,118 | - | 612,118 | - | 612,118 | 535,773 |
| Non-resident tuition | 115,243 | - | 115,243 | - | 115,243 | 81,397 |
| TPEG - Credit (set aside)* | 25,365 | - | 25,365 | - | 25,365 | 44,407 |
| Non-state funded continuing education | 487,936 | - | 487,936 | - | 487,936 | 563,443 |
| Total tuition | <u>1,570,668</u> | <u>-</u> | <u>1,570,668</u> | <u>-</u> | <u>1,570,668</u> | <u>1,550,083</u> |
| FEES | | | | | | |
| General fee | 735,197 | - | 735,197 | - | 735,197 | 654,561 |
| Student service fee | - | - | - | 153,017 | 153,017 | 139,009 |
| Laboratory fee | 94,484 | - | 94,484 | - | 94,484 | 94,849 |
| Other fees | 839,361 | - | 839,361 | - | 839,361 | 755,451 |
| Total fees | <u>1,669,042</u> | <u>-</u> | <u>1,669,042</u> | <u>153,017</u> | <u>1,822,059</u> | <u>1,643,870</u> |
| SCHOLARSHIP ALLOWANCES AND DISCOUNTS | | | | | | |
| Scholarship allowances | - | - | - | (448,369) | (448,369) | (394,435) |
| TPEG allowances | (6,533) | - | (6,533) | - | (6,533) | (20,231) |
| Title IV Federal grants | (1,877,835) | - | (1,877,835) | - | (1,877,835) | (1,716,958) |
| Other Federal grants | (20,000) | - | (20,000) | - | (20,000) | (26,000) |
| Remissions and exemptions - state | (46,195) | - | (46,195) | - | (46,195) | (26,489) |
| Total scholarship allowances and discounts | <u>(1,950,563)</u> | <u>-</u> | <u>(1,950,563)</u> | <u>(448,369)</u> | <u>(2,398,932)</u> | <u>(2,184,113)</u> |
| Total net tuition and fees | <u>1,289,147</u> | <u>-</u> | <u>1,289,147</u> | <u>(295,352)</u> | <u>993,795</u> | <u>1,009,840</u> |

**BORGER JUNIOR COLLEGE DISTRICT
SCHEDULE A, CONTINUED
SCHEDULE OF OPERATING REVENUES
YEAR ENDED AUGUST 31, 2015
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2014)**

| | <u>Unrestricted</u> | <u>Restricted</u> | <u>Total Educational Activities</u> | <u>Auxiliary Enterprises</u> | <u>2015</u> | <u>2014</u> |
|--------------------------------------|---------------------|-------------------|---|----------------------------------|---------------------|---------------------|
| ADDITIONAL OPERATING REVENUES | | | | | | |
| Federal grants and contracts | - | - | - | - | - | - |
| State grants and contracts | - | 629,455 | 629,455 | - | 629,455 | 204,271 |
| Local grants and contracts | 505,564 | - | 505,564 | - | 505,564 | 503,138 |
| General operating revenues | 64,374 | - | 64,374 | - | 64,374 | 75,795 |
| Total additional operating revenues | <u>569,938</u> | <u>629,455</u> | <u>1,199,393</u> | <u>-</u> | <u>1,199,393</u> | <u>783,204</u> |
| AUXILIARY ENTERPRISES | | | | | | |
| Bookstore | - | - | - | - | - | - |
| Less: Discounts | - | - | - | (5,816) | (5,816) | (7,864) |
| Residential | - | - | - | 500,480 | 500,480 | 450,725 |
| Less: Discounts | - | - | - | (121,675) | (121,675) | (166,026) |
| Other Auxiliary Enterprises | - | - | - | 413,420 | 413,420 | 442,103 |
| Total net auxiliary enterprises | <u>-</u> | <u>-</u> | <u>-</u> | <u>786,409</u> | <u>786,409</u> | <u>718,938</u> |
| TOTAL OPERATING REVENUES | <u>\$ 1,859,085</u> | <u>\$ 629,455</u> | <u>\$ 2,488,540</u> | <u>\$ 491,057</u> | <u>\$ 2,979,597</u> | <u>\$ 2,511,982</u> |

(Exhibit 2A)

*In accordance with Education Code 56.033, \$25,365 and \$44,407 for years ended August 31, 2015 and 2014, respectively, of tuition was set aside for Texas Public Education Grants (TPEG).

**BORGER JUNIOR COLLEGE DISTRICT
SCHEDULE B
SCHEDULE OF OPERATING EXPENSES BY OBJECT
YEAR ENDED AUGUST 31, 2015
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2014)**

| | Operating Expenses | | | | | | | | |
|--|-----------------------|-------------------|-------------------|---------------------|----------------------|---------------------|-------------------|------|------|
| | Salaries and Wages | Benefits | | | | | Other Expenses | 2015 | 2014 |
| | | State | Local | | | | | | |
| UNRESTRICTED EDUCATIONAL ACTIVITIES | | | | | | | | | |
| Instruction | \$ 2,760,059 | \$ - | \$ 491,296 | \$ 1,029,666 | \$ 4,281,021 | \$ 4,056,346 | | | |
| Academic support | 60,739 | - | 10,812 | 67,417 | 138,968 | 159,969 | | | |
| Student services | 244,816 | - | 84,209 | 29,138 | 358,163 | 273,368 | | | |
| Institutional support | 782,388 | - | 239,655 | 673,084 | 1,695,127 | 1,662,680 | | | |
| Operation and maintenance of plant | 300,295 | - | 53,453 | 399,019 | 752,767 | 755,477 | | | |
| Scholarship and fellowships | - | - | - | 223,755 | 223,755 | 192,783 | | | |
| Total unrestricted educational activities | <u>4,148,297</u> | <u>-</u> | <u>879,425</u> | <u>2,422,079</u> | <u>7,449,801</u> | <u>7,100,623</u> | | | |
| RESTRICTED EDUCATIONAL ACTIVITIES | | | | | | | | | |
| Instruction | - | 295,472 | - | - | 295,472 | 284,973 | | | |
| Academic support | - | 6,502 | - | - | 6,502 | 17,412 | | | |
| Student services | 227,530 | 50,566 | 27,536 | 54,740 | 360,372 | 232,579 | | | |
| Institutional support | - | 83,757 | - | - | 83,757 | 82,184 | | | |
| Operation and maintenance of plant | - | 32,147 | - | - | 32,147 | 30,880 | | | |
| Scholarship and fellowships | - | - | - | 25,744 | 25,744 | 20,677 | | | |
| Total restricted educational activities | <u>227,530</u> | <u>468,444</u> | <u>27,536</u> | <u>80,484</u> | <u>803,994</u> | <u>668,705</u> | | | |
| Total educational activities | <u>4,375,827</u> | <u>468,444</u> | <u>906,961</u> | <u>2,502,563</u> | <u>8,253,795</u> | <u>7,769,328</u> | | | |
| AUXILIARY ENTERPRISES | 193,934 | - | 54,864 | 935,506 | 1,184,304 | 1,188,712 | | | |
| DEPRECIATION EXPENSE - buildings and other real estate improvements | - | - | - | 459,097 | 459,097 | 493,503 | | | |
| DEPRECIATION EXPENSE - equipment and furniture | - | - | - | 226,698 | 226,698 | 185,063 | | | |
| TOTAL OPERATING EXPENSES | <u>\$ 4,569,761</u> | <u>\$ 468,444</u> | <u>\$ 961,825</u> | <u>\$ 4,123,864</u> | <u>\$ 10,123,894</u> | <u>\$ 9,636,606</u> | | | |

(Exhibit 2A)

**BORGER JUNIOR COLLEGE DISTRICT
SCHEDULE C
SCHEDULE OF NONOPERATING REVENUES AND EXPENSES
YEAR ENDED AUGUST 31, 2015
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2014)**

| | <u>Unrestricted</u> | <u>Restricted</u> | <u>Auxiliary Enterprises</u> | <u>2015</u> | <u>2014</u> |
|--------------------------------------|---------------------|---------------------|----------------------------------|---------------------|---------------------|
| NONOPERATING REVENUES | | | | | |
| State appropriations: | | | | | |
| Education and general state support | \$ 2,280,532 | \$ - | \$ - | \$ 2,280,532 | \$ 2,285,956 |
| State group insurance | - | 390,271 | - | 390,271 | 363,617 |
| State retirement matching | - | 78,173 | - | 78,173 | 76,940 |
| Total state appropriations | 2,280,532 | 468,444 | - | 2,748,976 | 2,726,513 |
| Maintenance ad valorem taxes | 1,521,526 | - | - | 1,521,526 | 1,503,577 |
| Federal revenue, nonoperating | - | 2,152,565 | - | 2,152,565 | 1,993,812 |
| Gifts | 182,973 | 287,083 | - | 470,056 | 332,002 |
| Investment income | 423 | 1,671 | - | 2,094 | 12,642 |
| Total nonoperating revenues | <u>3,985,454</u> | <u>2,909,763</u> | <u>-</u> | <u>6,895,217</u> | <u>6,568,546</u> |
| NONOPERATING EXPENSES | | | | | |
| Interest on capital related debt | 68,021 | - | - | 68,021 | 112,922 |
| Loss on disposal of capital assets | - | - | - | - | - |
| Other nonoperating (income) expenses | <u>(15,137)</u> | <u>-</u> | <u>-</u> | <u>(15,137)</u> | <u>10,163</u> |
| Total nonoperating expenses | <u>52,884</u> | <u>-</u> | <u>-</u> | <u>52,884</u> | <u>123,085</u> |
| NET NONOPERATING REVENUES | <u>\$ 3,932,570</u> | <u>\$ 2,909,763</u> | <u>\$ -</u> | <u>\$ 6,842,333</u> | <u>\$ 6,445,461</u> |

(Exhibit 2A)

**BORGER JUNIOR COLLEGE DISTRICT
SCHEDULE D
SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY
YEAR ENDED AUGUST 31, 2015
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2014)**

| | Detail by Source | | | | | Available for Current Operations | |
|-------------------------------------|---------------------|------------------|---------------|---|---------------------|----------------------------------|-------------------|
| | Unrestricted | Restricted | | Capital Assets Net of Depreciation & Related Debt | Total | Yes | No |
| | | Expendable | Nonexpendable | | | | |
| CURRENT | | | | | | | |
| Unrestricted | \$ (2,478,074) | \$ - | \$ - | \$ - | \$ (2,478,074) | \$ (2,478,074) | \$ - |
| Board designated | 482,168 | - | - | - | 482,168 | 482,168 | - |
| Restricted | - | 415,810 | - | - | 415,810 | - | 415,810 |
| Auxiliary enterprises | - | - | - | - | - | - | - |
| LOAN | - | - | - | - | - | - | - |
| ENDOWMENT | | | | | | | |
| Quasi: | | | | | | | |
| Unrestricted | - | - | - | - | - | - | - |
| Restricted | - | - | - | - | - | - | - |
| Endowment | | | | | | | |
| True | - | - | - | - | - | - | - |
| Term (per instructions at maturity) | - | - | - | - | - | - | - |
| Life income contracts | - | - | - | - | - | - | - |
| Annuities | - | - | - | - | - | - | - |
| PLANT | | | | | | | |
| Unexpended | - | - | - | - | - | - | - |
| Renewals | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - |
| Investment in plant | - | - | - | 11,309,931 | 11,309,931 | - | 11,309,931 |
| | <u>(1,995,906)</u> | <u>415,810</u> | <u>-</u> | <u>11,309,931</u> | <u>9,729,835</u> | <u>(1,995,906)</u> | <u>11,725,741</u> |
| Total net position, August 31, 2015 | | | | | (Exhibit 1A) | | |
| | <u>(1,649,788)</u> | <u>348,775</u> | <u>-</u> | <u>11,332,812</u> | <u>10,031,799</u> | <u>(1,649,788)</u> | <u>11,681,587</u> |
| | | | | | | | |
| NET DECREASE IN NET POSITION | <u>\$ (346,118)</u> | <u>\$ 67,035</u> | <u>\$ -</u> | <u>\$ (22,881)</u> | <u>\$ (301,964)</u> | <u>\$ (346,118)</u> | <u>\$ 44,154</u> |
| | | | | | (Exhibit 2A) | | |

**BORGER JUNIOR COLLEGE DISTRICT
SCHEDULE E
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2015**

| <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 Program (FSEOG) | 84.007 | - | \$ 15,694 |
| Federal Work Study Program | 84.033 | - | 17,235 |
| Federal Pell Grant Program | 84.063 | - | 1,862,141 |
| Federal Direct Student Loans | 84.268 | - | 907,474 |
| TEACH Grant | 84.379 | - | 2,000 |
| TRIO Cluster | | | |
| Title IV - TRIO | 84.042 | - | <u>201,407</u> |
| Total Direct Programs | | | <u>3,005,951</u> |
| Pass-Through From: | | | |
| Texas Higher Education Coordinating Board | | | |
| Carl Perkins Vocational Education - Basic | 84.048 | 142037 | <u>54,088</u> |
| Total Pass-Through from Texas Higher Education Coordinating Board | | | <u>54,088</u> |
| Total U.S. Department of Education | | | <u>3,060,039</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | <u>\$ 3,060,039</u> |

See accompanying notes to Schedule of Expenditures of Federal Awards.

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
August 31, 2015**

NOTE 1 - FEDERAL ASSISTANCE RECONCILIATION

| | |
|--|----------------------------|
| Federal grants and contracts revenue - per Schedule A | \$ - |
| Nonoperating federal revenue from Schedule C | 2,152,565 |
| Federal Direct Student Loans | <u>907,474</u> |
| Total federal revenues per Schedule of Expenditures of Federal Awards | <u>\$ 3,060,039</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.

**BORGER JUNIOR COLLEGE DISTRICT
SCHEDULE F
SCHEDULE OF EXPENDITURES OF STATE OF TEXAS AWARDS
YEAR ENDED AUGUST 31, 2015**

| <u>Grantor Agency/Program Title</u> | <u>Grant Contract Number</u> | <u>Expe nditures</u> |
|--|--------------------------------------|----------------------|
| Texas Higher Education Coordinating Board | | |
| Direct Programs: | | |
| Texas Grant | - | \$ 29,835 |
| Work Study Awards | - | 8,509 |
| Texas Educational Opportunity Grant | - | 192,044 |
| Accelerate Texas | - | <u>17,725</u> |
| Total Texas Higher Education Coordinating Board | | <u>248,113</u> |
| Texas Comptroller of Public Accounts | | |
| Direct Programs: | | |
| Jobs and Education for Texans Program | - | <u>218,815</u> |
| Total Texas Comptroller of Public Accounts | | <u>218,815</u> |
| Texas Workforce Commission | | |
| Direct Programs: | | |
| Skills - Chevron Phillips Company, LP | 0114SDF000 | 151,066 |
| Skills - Hilmar Cheese Company | 0115SDF001 | <u>11,461</u> |
| Total Texas Workforce Commission | | <u>162,527</u> |
| Total Expenditures of State of Texas Awards | | <u>\$ 629,455</u> |

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

**BORGER JUNIOR COLLEGE DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF STATE OF TEXAS AWARDS
August 31, 2015**

NOTE 1 - STATE ASSISTANCE RECONCILIATION

| | |
|--|-------------------|
| State grants and contracts revenue – per Schedule A | <u>\$ 629,455</u> |
| Total state expenditures per Schedule A expenditures of State of Texas Awards | <u>\$ 629,455</u> |

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING THE SCHEDULE

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

SINGLE AUDIT SECTION

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

Board of Regents
Borger Junior College District
Borger, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Borger Junior College District (the College) and its discretely presented component unit as of and for the year ended August 31, 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated November 16, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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Purpose of this Report

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

...

Connor McMillon Mitchell, Sherrin P.A.C.

Amarillo, Texas
November 16, 2015

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**Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by OMB Circular A-133
and the State of Texas Single Audit Circular**

Board of Regents
Borger Junior College District
Borger, Texas

Report on Compliance for Each Major Federal and State Programs

We have audited Borger Junior College District's (the College) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the State of Texas Single Audit Circular that could have a direct and material effect on each of the College's major federal and state programs for the year ended August 31, 2015. The College's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards, OMB Circular A-133, and the State of Texas Single Audit Circular 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 major federal and state programs occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State 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 and state programs for the year ended August 31, 2015.

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Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and the State of Texas Single Audit Circular and which are described in the accompanying schedule of findings and questioned costs as item 2015-001, 2015-002, and 2015-003. Our opinion on each major federal and state program is not modified with respect to these matters.

The College's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The College's responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on these responses.

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 and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State of Texas Single Audit Circular, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2015-001, 2015-002, and 2015-003 which we consider to be significant deficiencies.

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

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 OMB Circular A-133 and the State of Texas Single Audit Circular. Accordingly, this report is not suitable for any other purpose.

Connor McMillon Mitchell : (Shennum) PLLC

Amarillo, Texas
November 16, 2015

**BORGER JUNIOR COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended August 31, 2015**

SECTION I - Summary of Auditor's Results

Financial Statements

Type of Auditor's report issued:

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

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported
- Noncompliance material to financial statements noted? yes X no

Federal and State Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? X yes 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 Section 510(a) of Circular A-133?

X yes no

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal or State Program or Cluster</u> |
|-------------------------------|--|
| <i>Major Federal Programs</i> | <i>Student Financial Aid Cluster</i> |
| | U.S. Department of Education |
| 84.007 | Federal Supplemental Educational Opportunity Grant Program (FSEOG) |
| 84.033 | Federal Work Study Program |
| 84.063 | Federal Pell Grant Program |
| 84.268 | Federal Direct Student Loans |
| 84.379 | TEACH Grant |
| <i>Major State Programs</i> | Texas Workforce Commission - Cluster |
| | Skills Development - Chevron Phillips Company LP |
| | Skills Development - Hilmar Cheese Company |
| | Jobs and Education for Texans |
| | Accelerate Texas |

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

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

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

**BORGER JUNIOR COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended August 31, 2015**

SECTION II - Financial Statement Findings

None

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

Finding 2015-001

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

Compliance Requirement: Special Tests and Provisions – Enrollment Reporting

Criteria: Per the OMB A-133 Compliance Supplement, under the Pell Grant and Department of Education (ED) loan programs, institutions must complete and return within 10 days the Enrollment Reporting roster file placed in their Student Aid Internet Gateway mailboxes sent by ED via NSLDS.

Condition: Four students' enrollment statuses were not reported accurately to the NSLDS via the third-party data processor used by the College, National Student Clearinghouse (NSC).

Questioned Cost: N/A

Context: In a sample of 37 student status changes, the status changes of four students were not accurately reported.

Cause: One of the four students completed all required courses for graduation in the Spring of 2014 but did not apply for graduation with the registrar's office and, thus, was not included in the graduates report sent to NSC. One student was enrolled in a class which was incorrectly entered as 0 hours of credit. The student dropped the course, which caused a status change from half time to less than half time, but the system did not report a change since the class was 0 hours. The remaining two of the four students graduated from the Summer Long program on August 11, 2015, but their graduation date was reported as that of the Summer I program's graduation date, July 7, 2015. This was caused by an error in the parameters used to generate the report submitted to NSC.

Effect: A student's enrollment status determines eligibility for in-school status, deferment, and grace periods, as well as for the payment of interest subsidies to Federal Direct Student Loan Program loan holders by ED. Enrollment Reporting in a timely and accurate manner is critical for effective management of the programs.

Recommendation: Care should be taken to ensure students' hours are entered correctly, and reports generated for NSC should be checked for accuracy before being submitted.

**BORGER JUNIOR COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended August 31, 2015**

SECTION III - Findings and Questioned Costs - Major Federal and State Award Programs
(Continued)

Finding 2015-001 (Continued)

Views of Responsible Officials and Corrective Action Plan: The College agrees and will review all records and reports for necessary corrections before submission. The College has corrected the status of the students reported to NSLDS.

Finding 2015-002

Program: Jobs and Education for Texans

Compliance Requirement: Reporting Requirements

Criteria: Per the Grant Agreement between the College and the Texas Comptroller of Public Accounts (the Comptroller), the College shall provide monthly grant activity reports by the 10th of each month following the reporting period until all equipment is purchased and all grant funds are expended. After all equipment is purchased and all grant funds are expended, the College shall provide quarterly reports on enrollment until the Termination Date.

Condition: Certain monthly activity reports were submitted after the due date with no prior approval or authorization from the Comptroller.

Question Cost: N/A

Context: Six reports were tested, and two were found to have been submitted late with no prior approval or authorization from the Comptroller.

Cause: The Dean of Career and Technology Education (the Dean) stated the first report submitted by the College was late due to a misunderstanding of the deadline. The second report CMMS identified as being submitted late was due to the Dean attending to personal matters and missing the reporting deadline.

Effect: Per the Agreement, failure to submit reports as requested may result in payments being withheld, delayed, or denied.

Recommendation: Required reports should be completed and submitted by the due dates. A secondary preparer can be of assistance when the Dean is unable to prepare the reports.

Views of Responsible Officials and Corrective Action Plan: The Dean is aware of the reporting deadline and has, on a month-by-month basis, requested extensions from the Comptroller when unable to meet the deadline. The Dean agrees two reports tested by CMMS were submitted late and will work to improve the timeliness of the report preparation.

**BORGER JUNIOR COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended August 31, 2015**

SECTION III - Findings and Questioned Costs - Major Federal and State Award Programs
(Continued)

Finding 2015-003

Program: Texas Workforce Commission Cluster – Skills Development Grants

Compliance Requirement: Reporting

Criteria: Per the contract between the College and the Texas Workforce Commission (TWC), the College shall submit a Monthly Progress Report (MPR) and Trainee Information Form (TIF) to TWC by the 20th of the month following the month being reported.

Condition: Certain MPRs were not submitted to the TWC. The Grant Administrator was unable to provide reports for the months prior to her employment in July 2015. The Administrator contacted TWC and obtained copies of the reports that were filed with TWC. However, February, April, May, and June of 2015 were not submitted. Additionally, some TIFs were submitted incorrectly. After receiving training in August, the Administrator made revisions and resubmitted all TIFs.

Question Cost: N/A

Context: The College was initially unable to provide MPRs for the months previous to the Grant Administrator's hiring in July 2015. After consultation with TWC, four of twelve monthly progress reports had not been submitted.

Cause: The College did not keep up to date on the reporting requirements of the grant.

Effect: Per the Contract, failure to comply with any provisions of the award may subject the College to sanctions and enforcement or remedial measures appropriate to the circumstances, including temporary withholding of cash payments, disallowance of costs, whole or partial suspension of the award, withholding of further awards, or other remedies that may be legally available.

Recommendation: Records should be maintained sufficiently to allow the monthly progress reports to be easily generated and submitted in a timely manner. Information concerning courses provided, equipment purchased, and trainees should be kept up to date so that it can be compiled to create the MPRs and TIFs in a timely manner.

Views of Responsible Officials and Corrective Action Plan: The Grant Administrator is aware of the reporting requirements and has been working closely with the Dean and the TWC Grant Manager to capture and report all required information accurately and timely.

**BORGER JUNIOR COLLEGE DISTRICT
SCHEDULE OF CORRECTIVE ACTION
FOR AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended August 31, 2015**

Finding 2015-001

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

Condition: Four students' enrollment statuses were not reported accurately to the NSLDS via the third-party data processor used by the College, National Student Clearinghouse (NSC).

Corrective Action Plan: The College agrees and will review all records and reports for necessary corrections before submission. The College has corrected the status of the students reported to NSLDS.

Finding 2015-002

Program: Jobs and Education for Texans

Condition: Certain monthly activity reports were submitted after the due date with no prior approval or authorization from the Comptroller.

Corrective Action Plan: The Dean is aware of the reporting deadline and has, on a month-by-month basis, requested extensions from the Comptroller when unable to meet the deadline. The Dean agrees that two reports tested by CMMS were submitted late and will work to improve the timeliness of the report preparation.

Finding 2015-003

Program: Texas Workforce Commission Cluster – Skills Development Grants

Condition: Certain MPRs were not submitted to the TWC. The Grant Administrator was unable to provide reports for the months prior to her employment in July 2015. The Administrator contacted TWC and obtained copies of the reports filed with TWC. However, February, April, May, and June of 2015 were not submitted. Additionally, some TIFs were submitted incorrectly. After receiving training in August, the Administrator made revisions and resubmitted all TIFs.

**BORGER JUNIOR COLLEGE DISTRICT
SCHEDULE OF CORRECTIVE ACTION
FOR AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended August 31, 2015**

Finding 2015-003 (Continued)

*Corrective Action
Plan:*

The Grant Administrator is aware of the reporting issues and has been working closely with the Dean and the TWC Grant Manager to capture and report all required information accurately and timely.

**BORGER JUNIOR COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended August 31, 2015**

Finding 2014-001

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

Condition: Two students did not have signed direct deposit authorization forms.

Recommendation: Implement control procedures to ensure compliance with their policy.

Current Status: The College's corrective action plan was implemented. No exceptions were noted in the current year audit sample test work.

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**STATISTICAL SUPPLEMENT
(Unaudited)**

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Borger Junior College District
Statistical Supplement 1
Net Position by Component
Fiscal Years 2006 to 2015
(unaudited)

| | For the Fiscal Year Ended August 31, | | | | | | | | | |
|--|--------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| Net investment in capital assets | \$ 11,309,931 | \$ 11,332,812 | \$ 11,535,927 | \$ 11,482,158 | \$ 11,426,820 | \$ 11,431,135 | \$ 11,629,807 | \$ 10,170,371 | \$ 9,465,913 | \$ 9,551,507 |
| Restricted - expendable | 415,810 | 348,775 | 383,310 | 880,475 | 690,876 | 699,154 | 921,165 | 794,065 | 752,267 | 673,511 |
| Unrestricted (deficit) | (1,995,906) | 255,006 | 696,519 | 594,025 | 1,364,810 | 1,127,470 | 1,397,624 | 1,647,619 | 2,439,263 | 2,167,686 |
| Total primary government net position | \$ 9,729,835 | \$ 11,936,593 | \$ 12,615,756 | \$ 12,956,658 | \$ 13,482,506 | \$ 13,257,759 | \$ 13,948,596 | \$ 12,612,055 | \$ 12,657,443 | \$ 12,392,704 |

Borger Junior College District
Statistical Supplement 2
Revenues by Source
Fiscal Years 2006 to 2015
(unaudited)

| | For the Year Ended August 31, | | | | | | | | | |
|---|-------------------------------|---------------------|---------------------|---------------------|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| OPERATING REVENUES | | | | | | | | | | |
| Tuition and fees (net of discounts) | \$ 993,795 | \$ 1,009,840 | \$ 769,545 | \$ 619,626 | \$ 155,904 | \$ 366,868 | \$ 1,297,890 | \$ 1,284,954 | \$ 1,378,217 | \$ 1,307,469 |
| Governmental grants and contracts | | | | | | | | | | |
| Federal grants and contracts | - | - | - | - | 27,640 | 61,903 | 106,135 | 427,959 | 2,034,040 | 1,979,900 |
| State grants and contracts | 629,455 | 204,271 | 324,533 | 221,298 | 250,546 | 162,650 | 1,678,469 | 746,687 | 242,327 | 523,783 |
| Local grants and revenues | 505,564 | 503,138 | 497,850 | 466,171 | 500,454 | 411,309 | 473,320 | 386,272 | 350,931 | 365,713 |
| Auxiliary enterprises | 786,409 | 718,938 | 699,427 | 764,988 | 959,784 | 922,877 | 894,734 | 801,071 | 833,016 | 777,793 |
| Other operating revenues | 64,374 | 75,795 | 64,665 | 61,534 | 101,952 | 71,492 | 65,335 | 78,783 | 89,824 | 93,319 |
| Total operating revenues | 2,979,597 | 2,511,982 | 2,356,020 | 2,133,617 | 1,996,280 | 1,997,099 | 4,515,883 | 3,725,726 | 4,928,355 | 5,047,977 |
| NONOPERATING REVENUES | | | | | | | | | | |
| State appropriations | 2,748,976 | 2,726,513 | 2,560,652 | 2,595,720 | 3,448,548 | 3,497,483 | 3,548,225 | 3,556,008 | 3,681,545 | 3,659,461 |
| Ad valorem taxes | 1,521,526 | 1,503,577 | 1,455,476 | 1,382,564 | 1,378,499 | 1,370,015 | 1,338,732 | 1,230,116 | 1,166,418 | 1,107,960 |
| Federal revenue, nonoperating | 2,152,565 | 1,993,812 | 2,177,240 | 2,148,755 | 2,726,219 | 2,716,379 | 1,755,556 | 1,599,178 | - | - |
| Gifts | 470,056 | 332,002 | 418,085 | 568,559 | 215,497 | 292,323 | 435,672 | 317,139 | 489,532 | 190,965 |
| Investment income | 2,094 | 12,642 | 14,746 | 23,282 | 24,353 | 21,084 | 36,146 | 100,293 | 161,782 | 138,245 |
| Gain (loss) on disposal of fixed assets | - | - | (9,207) | 23,415 | 246,005 | (7,805) | (17,230) | (33,443) | - | - |
| Other nonoperating revenues (losses) | 15,137 | (10,163) | (43,795) | (42,055) | 262,792 | (468,571) | 200,835 | 173,732 | 209,876 | 206,778 |
| Total nonoperating revenues | 6,910,354 | 6,558,383 | 6,573,197 | 6,700,240 | 8,301,913 | 7,420,908 | 7,297,936 | 6,943,023 | 5,709,153 | 5,303,409 |
| TOTAL REVENUES | \$ 9,889,951 | \$ 9,070,365 | \$ 8,929,217 | \$ 8,833,857 | \$ 10,298,193 | \$ 9,418,007 | \$ 11,813,819 | \$ 10,668,749 | \$ 10,637,508 | \$ 10,351,386 |

| | For the Year Ended August 31, | | | | | | | | | |
|---|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| OPERATING REVENUES | | | | | | | | | | |
| Tuition and fees (net of discounts) | 10.05% | 11.13% | 8.62% | 7.01% | 1.51% | 3.90% | 10.99% | 12.04% | 12.96% | 12.63% |
| Governmental grants and contracts | | | | | | | | | | |
| Federal grants and contracts | 0.00% | 0.00% | 0.00% | 0.00% | 0.27% | 0.66% | 0.90% | 4.01% | 19.12% | 19.13% |
| State grants and contracts | 6.36% | 2.25% | 3.63% | 2.51% | 2.43% | 1.73% | 14.21% | 7.00% | 2.28% | 5.06% |
| Local grants and contracts | 5.11% | 5.55% | 5.58% | 5.28% | 4.86% | 4.37% | 4.01% | 3.62% | 3.30% | 3.53% |
| Auxiliary enterprises | 7.95% | 7.93% | 7.83% | 8.66% | 9.32% | 9.80% | 7.57% | 7.51% | 7.83% | 7.51% |
| Other operating revenues | 0.65% | 0.84% | 0.72% | 0.70% | 0.99% | 0.76% | 0.55% | 0.74% | 0.84% | 0.91% |
| Total operating revenues | 30.13% | 27.69% | 26.39% | 24.16% | 19.38% | 21.21% | 38.23% | 34.92% | 46.33% | 48.77% |
| NONOPERATING REVENUES | | | | | | | | | | |
| State appropriations | 27.80% | 30.06% | 28.68% | 29.38% | 33.49% | 37.14% | 30.03% | 33.33% | 34.61% | 35.35% |
| Ad valorem taxes | 15.38% | 16.58% | 16.30% | 15.65% | 13.39% | 14.55% | 11.33% | 11.53% | 10.97% | 10.70% |
| Federal revenue, nonoperating | 21.77% | 21.98% | 24.38% | 24.32% | 26.47% | 28.84% | 14.86% | 14.99% | 0.00% | 0.00% |
| Gifts | 4.75% | 3.66% | 4.68% | 6.44% | 2.09% | 3.10% | 3.69% | 2.97% | 4.60% | 1.84% |
| Investment income | 0.02% | 0.14% | 0.17% | 0.26% | 0.24% | 0.22% | 0.31% | 0.94% | 1.52% | 1.34% |
| Gain (loss) on disposal of fixed assets | 0.00% | 0.00% | -0.10% | 0.27% | 2.39% | -0.08% | -0.15% | -0.31% | 0.00% | 0.00% |
| Other nonoperating revenues | 0.15% | -0.11% | -0.49% | -0.48% | 2.55% | -4.98% | 1.70% | 1.63% | 1.96% | 2.00% |
| Total nonoperating revenues | 69.87% | 72.31% | 73.61% | 75.84% | 80.62% | 78.79% | 61.77% | 65.08% | 53.66% | 51.23% |
| TOTAL REVENUES | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

**Borger Junior College District
Statistical Supplement 3
Program Expense by Function
Fiscal Years 2006 to 2015
(unaudited)**

| | For the Fiscal Year Ending August 31, | | | | | | | | | |
|------------------------------------|---------------------------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|
| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| OPERATING EXPENSES | | | | | | | | | | |
| Instruction | \$ 4,576,493 | \$ 4,341,319 | \$ 4,094,642 | \$ 3,986,808 | \$ 3,716,540 | \$ 3,470,225 | \$ 3,627,995 | \$ 3,912,721 | \$ 3,907,856 | \$ 3,706,467 |
| Academic support | 145,470 | 177,381 | 158,260 | 195,025 | 186,775 | 245,343 | 245,325 | 186,370 | 302,189 | 161,633 |
| Student services | 718,535 | 505,947 | 551,576 | 665,594 | 1,031,212 | 1,075,264 | 1,243,005 | 1,410,509 | 1,236,241 | 1,168,440 |
| Institutional support | 1,778,884 | 1,744,864 | 1,672,599 | 1,577,756 | 1,782,942 | 1,817,377 | 1,796,175 | 1,855,781 | 1,562,190 | 1,609,081 |
| Operation and maintenance of plant | 784,914 | 786,357 | 754,516 | 736,720 | 891,378 | 832,873 | 809,491 | 776,676 | 861,692 | 789,477 |
| Scholarships and fellowships | 249,499 | 213,460 | 105,521 | 132,499 | 99,268 | 128,161 | 149,017 | 144,065 | 171,937 | 91,987 |
| Auxiliary enterprises | 1,184,304 | 1,188,712 | 1,154,941 | 1,208,774 | 1,384,104 | 1,469,777 | 1,500,679 | 1,412,890 | 1,492,709 | 1,322,369 |
| Depreciation | 685,795 | 678,566 | 690,415 | 732,359 | 798,156 | 879,255 | 893,506 | 803,301 | 650,003 | 681,381 |
| Total operating expenses | 10,123,894 | 9,636,606 | 9,182,470 | 9,235,535 | 9,890,375 | 9,918,275 | 10,265,193 | 10,502,313 | 10,184,817 | 9,530,835 |
| NONOPERATING EXPENSES | | | | | | | | | | |
| Interest on capital-related debt | 68,021 | 112,922 | 87,649 | 124,170 | 181,071 | 190,569 | 212,085 | 211,824 | 187,952 | 201,174 |
| Total nonoperating expenses | 68,021 | 112,922 | 87,649 | 124,170 | 181,071 | 190,569 | 212,085 | 211,824 | 187,952 | 201,174 |
| TOTAL EXPENSES | \$ 10,191,915 | \$ 9,749,528 | \$ 9,270,119 | \$ 9,359,705 | \$ 10,071,446 | \$ 10,108,844 | \$ 10,477,278 | \$ 10,714,137 | \$ 10,372,769 | \$ 9,732,009 |

| | For the Fiscal Year Ending August 31, | | | | | | | | | |
|------------------------------------|---------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| OPERATING EXPENSES | | | | | | | | | | |
| Instruction | 44.90% | 44.53% | 44.17% | 42.60% | 36.90% | 34.33% | 34.63% | 36.52% | 37.67% | 38.09% |
| Academic support | 1.43% | 1.82% | 1.71% | 2.08% | 1.85% | 2.43% | 2.34% | 1.74% | 2.91% | 1.66% |
| Student services | 7.05% | 5.19% | 5.95% | 7.11% | 10.24% | 10.64% | 11.86% | 13.16% | 11.92% | 12.01% |
| Institutional support | 17.45% | 17.90% | 18.04% | 16.86% | 17.70% | 17.98% | 17.14% | 17.32% | 15.06% | 16.53% |
| Operation and maintenance of plant | 7.70% | 8.07% | 8.14% | 7.87% | 8.85% | 8.24% | 7.73% | 7.25% | 8.31% | 8.11% |
| Scholarships and fellowships | 2.45% | 2.19% | 1.14% | 1.42% | 0.99% | 1.27% | 1.42% | 1.34% | 1.66% | 0.95% |
| Auxiliary enterprises | 11.62% | 12.19% | 12.46% | 12.91% | 13.74% | 14.54% | 14.32% | 13.19% | 14.39% | 13.58% |
| Depreciation | 6.73% | 6.96% | 7.45% | 7.82% | 7.92% | 8.70% | 8.53% | 7.50% | 6.27% | 7.00% |
| Total operating expenses | 99.33% | 98.84% | 99.05% | 98.66% | 98.20% | 98.11% | 97.98% | 98.02% | 98.19% | 97.93% |
| NONOPERATING EXPENSES | | | | | | | | | | |
| Interest on capital related debt | 0.67% | 1.16% | 0.95% | 1.34% | 1.80% | 1.89% | 2.02% | 1.98% | 1.81% | 2.07% |
| Total nonoperating expenses | 0.67% | 1.16% | 0.95% | 1.34% | 1.80% | 1.89% | 2.02% | 1.98% | 1.81% | 2.07% |
| TOTAL EXPENSES | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

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

| Resident: Fees per semester credit hour (SCH) | | | | | | | | | | |
|---|------------------------------|---------------------|-------------------------|------------------|----------------------|-----------------------------|---------------------------------|--------------------------------------|--|--|
| Academic Year (Fall) | Processing Fee (per student) | In District Tuition | Out-of-District Tuition | General Use Fees | Student Service Fees | Cost for 12 SCH In-District | Cost for 12 SCH Out-of-District | Increase from Prior Year In District | Increase from Prior Year Out-of-District | |
| 2014 | \$ 18 | \$ 40 | \$ 63 | \$ 40 | \$ 8 | \$ 1,136 | \$ 1,412 | 0.0% | 0.0% | |
| 2013 | 18 | 40 | 63 | 40 | 8 | 1,136 | 1,412 | 12.1% | 9.5% | |
| 2012 | 18 | 36 | 59 | 36 | 8 | 1,013 | 1,289 | 0.0% | 0.0% | |
| 2011 | 18 | 36 | 59 | 36 | 8 | 1,013 | 1,289 | 0.0% | 0.0% | |
| 2010 | 18 | 36 | 59 | 36 | 8 | 1,013 | 1,289 | 5.0% | 5.9% | |
| 2009 | 18 | 32 | 53 | 36 | 8 | 965 | 1,217 | 0.0% | 0.0% | |
| 2008 | 18 | 32 | 53 | 36 | 8 | 965 | 1,217 | 4.4% | 3.5% | |
| 2007 | 13 | 32 | 53 | 36 | 5 | 924 | 1,176 | 6.9% | 5.4% | |
| 2006 | 13 | 30 | 51 | 33 | 5 | 864 | 1,116 | 9.1% | 9.4% | |
| 2005 | 13 | 27 | 46 | 30 | 5 | 792 | 1,020 | 11.2% | 11.4% | |

| Non-Resident: Fees per semester credit hour (SCH) | | | | | | | | | | |
|---|--------------------------------|-----------------------------------|------------------------------------|------------------|----------------------|------------------------------|-------------------------------|---------------------------------------|--|--|
| Academic Year (Fall) | Registration Fee (per student) | Non-resident Tuition Out-of-State | Non-resident Tuition International | General Use Fees | Student Service Fees | Cost for 12 SCH Out-of-State | Cost for 12 SCH International | Increase from Prior Year Out-of-State | Increase from Prior Year International | |
| 2014 | \$ 18 | \$ 70 | \$ 70 | \$ 40 | \$ 8 | \$ 1,496 | \$ 1,496 | 0.0% | 0.0% | |
| 2013 | 18 | 70 | 70 | 40 | 8 | 1,496 | 1,496 | 8.9% | 8.9% | |
| 2012 | 18 | 66 | 66 | 36 | 8 | 1,373 | 1,373 | 0.0% | 0.0% | |
| 2011 | 18 | 66 | 66 | 36 | 8 | 1,373 | 1,373 | 0.0% | 0.0% | |
| 2010 | 18 | 66 | 66 | 36 | 8 | 1,373 | 1,373 | 5.5% | 5.5% | |
| 2009 | 18 | 60 | 60 | 36 | 8 | 1,301 | 1,301 | 0.0% | 0.0% | |
| 2008 | 18 | 60 | 60 | 36 | 8 | 1,301 | 1,301 | 3.3% | 3.3% | |
| 2007 | 13 | 60 | 60 | 36 | 5 | 1,260 | 1,260 | 5.0% | 5.0% | |
| 2006 | 13 | 58 | 58 | 33 | 5 | 1,200 | 1,200 | 8.7% | 8.7% | |
| 2005 | 13 | 53 | 53 | 30 | 5 | 1,104 | 1,104 | 10.4% | 10.4% | |

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

| Fiscal Year | Assessed Valuation of Property | Less Exemptions | Taxable Assessed Value (TAV) | Ratio of Taxable Assessed Value to Assessed Value | Direct Rates | | |
|-------------|--------------------------------------|--------------------|------------------------------------|--|---------------------------------------|------------------------|--------------|
| | | | | | Maintenance & Operations (a) | Debt Service (a) | Total (a) |
| 2014-15 | \$ 1,020,388,800 | \$ 199,050,400 | 821,338,400 | 80.49% | 0.22000 | 0.00 | 0.22000 |
| 2013-14 | 877,088,490 | 196,998,460 | 680,090,030 | 77.54% | 0.22000 | 0.00 | 0.22000 |
| 2012-13 | 860,134,580 | 184,868,130 | 675,266,450 | 78.51% | 0.22000 | 0.00 | 0.22000 |
| 2011-12 | 836,477,160 | 176,414,950 | 660,062,210 | 78.91% | 0.22000 | 0.00 | 0.22000 |
| 2010-11 | 779,639,210 | 164,535,300 | 615,103,910 | 78.90% | 0.22000 | 0.00 | 0.22000 |
| 2009-10 | 795,586,800 | 166,208,910 | 629,377,890 | 79.11% | 0.22000 | 0.00 | 0.22000 |
| 2008-09 | 787,849,110 | 163,212,880 | 624,636,230 | 79.28% | 0.22000 | 0.00 | 0.22000 |
| 2007-08 | 757,259,280 | 150,817,020 | 606,442,260 | 80.08% | 0.22000 | 0.00 | 0.22000 |
| 2006-07 | 687,281,080 | 136,332,120 | 550,948,960 | 80.16% | 0.22000 | 0.00 | 0.22000 |
| 2005-06 | 654,871,900 | 131,089,630 | 523,782,270 | 79.98% | 0.22000 | 0.00 | 0.22000 |

Source: Local appraisal district

(a) per \$100 taxable assessed valuation

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

| Fiscal Year | Appropriation per FTSE | | | Appropriation per contact hour | | | |
|-------------|------------------------|----------|------------------------------|--------------------------------|----------------------------|---------------------|---------------------------------------|
| | State Appropriations | FTSE (a) | State Appropriation per FTSE | Academic Contact Hours (a) | Voc/Tech Contact Hours (b) | Total Contact Hours | State Appropriations per Contact Hour |
| 2014-15 | \$ 2,280,532 | 1,348 | \$ 1,692 | 351,800 | 350,655 | 702,455 | \$ 3.25 |
| 2013-14 | 2,285,956 | 1,142 | 2,002 | 300,112 | 306,420 | 606,532 | 3.77 |
| 2012-13 | 2,015,171 | 1,191 | 1,692 | 318,034 | 291,522 | 609,556 | 3.31 |
| 2011-12 | 2,062,851 | 1,041 | 1,982 | 296,768 | 287,994 | 584,762 | 3.53 |
| 2010-11 | 2,632,570 | 1,247 | 2,111 | 373,890 | 301,055 | 674,945 | 3.90 |
| 2009-10 | 2,663,017 | 1,171 | 2,274 | 386,752 | 274,037 | 660,789 | 4.03 |
| 2008-09 | 2,715,708 | 1,290 | 2,105 | 394,256 | 264,602 | 658,858 | 4.12 |
| 2007-08 | 2,715,709 | 1,356 | 2,003 | 394,288 | 297,919 | 692,207 | 3.92 |
| 2006-07 | 2,862,550 | 1,365 | 2,097 | 403,616 | 339,563 | 743,179 | 3.85 |
| 2005-06 | 2,862,542 | 1,217 | 2,352 | 402,032 | 312,285 | 714,317 | 4.01 |

Notes:

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

(a) source CBM001

(b) source CBM00A

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

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

| Taxpayer | Type of Business | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 | 2006-07 | 2005-06 |
|-------------------------------|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Agrium U.S. Inc | Chemical | \$ 162,936,920 | \$ 47,178,070 | \$ 45,416,180 | \$ 41,737,380 | \$ 43,937,070 | \$ 41,530,310 | \$ 43,181,610 | \$ 39,247,400 | \$ 39,318,290 | \$ 42,472,080 |
| DCP Midstream (Duke Energy) | Energy | 40,151,160 | 42,315,800 | 39,822,240 | 37,504,430 | 37,699,430 | 36,382,340 | 36,918,040 | 28,957,650 | 24,882,220 | 21,860,750 |
| Southwestern Public Service | Utility | 16,441,240 | 14,016,010 | 13,100,650 | 11,716,510 | 11,716,510 | 9,750,130 | 9,624,230 | 9,757,440 | 10,989,850 | 11,354,680 |
| National Oil Well | Energy | 13,481,200 | 7,085,930 | - | - | - | - | - | - | - | - |
| Traditions Oil & Gas | Energy | 5,557,220 | 6,851,210 | 7,451,240 | - | - | - | - | - | - | - |
| Turner Energy Services | Energy | 6,366,110 | 6,067,160 | 6,748,650 | - | - | - | 3,322,570 | 3,902,700 | - | - |
| Pahandle Northern Railroad Co | Transportation | 6,375,700 | 5,965,350 | 5,783,480 | 3,014,400 | 3,014,400 | - | - | - | - | - |
| Rice Construction Company | Construction | 4,460,990 | 4,107,130 | 3,716,850 | - | - | - | - | - | - | - |
| Rice D E Trustee | Construction | 7,870,630 | - | - | - | - | - | - | - | - | - |
| Baker Corp | Energy | 4,063,620 | 3,397,180 | - | - | - | - | - | - | - | 2,022,220 |
| Eagle Rock Energy | Energy | 4,408,260 | - | - | - | - | - | - | - | - | - |
| Borger Properties | Energy | 4,158,390 | - | - | - | - | - | - | - | - | - |
| LHM Family LP | Energy | 7,544,320 | - | - | - | - | - | - | - | - | - |
| Walmart Real Estate Business | Real Estate | 7,438,340 | - | - | - | - | - | - | - | - | - |
| Walmart Stores of Texas | Retail | 9,782,420 | - | - | - | - | - | - | - | - | - |
| RS12 Hotels LLC | Hotel | 6,669,000 | - | - | - | - | - | - | - | - | - |
| Amarillo National Bank | Banking | 4,953,470 | - | - | - | - | - | - | - | - | - |
| KAR Spring Ranch | Real Estate | 4,653,330 | - | - | - | - | - | - | - | - | - |
| Totals | | \$ 317,312,320 | \$ 136,983,840 | \$ 122,039,290 | \$ 93,972,720 | \$ 96,367,410 | \$ 87,662,780 | \$ 93,046,450 | \$ 81,865,190 | \$ 75,190,360 | \$ 77,709,730 |
| Total Taxable Value | | \$ 821,338,400 | \$ 680,090,030 | \$ 675,266,450 | \$ 660,062,210 | \$ 615,103,910 | \$ 629,377,890 | \$ 624,636,230 | \$ 606,442,260 | \$ 550,948,960 | \$ 523,782,270 |

% of Taxable Assessed Value (TAV) by Tax Year

| Taxpayer | Type of Business | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 | 2006-07 | 2005-06 |
|-------------------------------|-------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Agrium U.S. Inc | Chemical | 19.84% | 6.94% | 6.73% | 6.32% | 7.14% | 6.60% | 6.91% | 6.47% | 7.14% | 8.11% |
| DCP Midstream (Duke Energy) | Energy | 4.89% | 6.22% | 5.90% | 5.68% | 6.13% | 5.78% | 5.91% | 4.78% | 4.52% | 4.17% |
| Southwestern Public Service | Utility | 2.00% | 2.06% | 1.94% | 1.78% | 1.90% | 1.55% | 1.54% | 1.61% | 1.99% | 2.17% |
| National Oil Well | Energy | 1.64% | 1.04% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Traditions Oil & Gas | Energy | 0.68% | 1.01% | 1.10% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Turner Energy Services | Energy | 0.78% | 0.89% | 1.00% | 0.00% | 0.00% | 0.00% | 0.53% | 0.64% | 0.00% | 0.00% |
| Pahandle Northern Railroad Co | Transportation | 0.78% | 0.88% | 0.86% | 0.46% | 0.49% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Rice Construction Company | Construction | 0.54% | 0.60% | 0.55% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Rice D E Trustee | Construction | 0.96% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Baker Corp | Energy | 0.49% | 0.50% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.39% |
| Eagle Rock Energy | Energy | 0.54% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Borger Properties | Energy | 0.51% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| LHM Family LP | Energy | 0.92% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Walmart Real Estate Business | Real Estate | 0.91% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Walmart Stores of Texas | Retail | 1.19% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| RS12 Hotels LLC | Hotel | 0.81% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Amarillo National Bank | Banking | 0.60% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| KAR Spring Ranch | Real Estate | 0.57% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Totals | | 38.62% | 20.13% | 18.07% | 14.24% | 15.67% | 13.93% | 14.90% | 13.50% | 13.65% | 14.84% |

Source: Local County Appraisal District

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

| Fiscal Year Ended August 31 | Levy (a) | Cumulative Levy Adjustments | Adjusted Tax Levy (b) | Collections - Year of Levy (c) | Percentage | Prior Collections of Prior Levies (d) | Current Collections of Prior Levies (e) | Total Collections (c+d+e) | Cumulative Collections of Adjusted Levy |
|------------------------------------|-----------------|------------------------------------|------------------------------|---------------------------------------|-------------------|--|--|----------------------------------|--|
| 2015 | \$ 1,495,000 | - | \$ 1,495,000 | \$ 1,449,654 | 96.97% | \$ - | \$ 38,743 | \$ 1,488,397 | 99.56% |
| 2014 | 1,471,000 | - | 1,471,000 | 1,440,167 | 97.90% | - | 40,745 | 1,480,912 | 100.67% |
| 2013 | 1,451,000 | - | 1,451,000 | 1,402,819 | 96.68% | - | 35,832 | 1,438,651 | 99.15% |
| 2012 | 1,353,000 | - | 1,353,000 | 1,305,349 | 96.48% | - | 71,228 | 1,376,577 | 101.74% |
| 2011 | 1,383,000 | - | 1,383,000 | 1,299,457 | 93.96% | - | 23,599 | 1,323,056 | 95.67% |
| 2010 | 1,374,000 | - | 1,374,000 | 1,322,861 | 96.28% | - | 29,286 | 1,352,147 | 98.41% |
| 2009 | 1,334,000 | - | 1,334,000 | 1,292,079 | 96.86% | - | 19,479 | 1,311,558 | 98.32% |
| 2008 | 1,212,000 | - | 1,212,000 | 1,175,903 | 97.02% | - | 24,783 | 1,200,686 | 99.07% |
| 2007 | 1,152,000 | - | 1,152,000 | 1,120,605 | 97.27% | - | 40,872 | 1,161,477 | 100.82% |
| 2006 | 1,091,000 | - | 1,091,000 | 1,049,828 | 96.23% | - | 28,824 | 1,078,652 | 98.87% |

Sources:

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

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

| | For the Year Ended August 31 | | | | | | | | | |
|---|------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| General bonded debt: | | | | | | | | | | |
| General obligation bonds | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Notes | - | - | - | - | - | - | - | - | - | - |
| Less: funds restricted for debt service | - | - | - | - | - | - | - | - | - | - |
| Net general bonded debt | - | - | - | - | - | - | - | - | - | - |
| Other debt: | | | | | | | | | | |
| Revenue bonds | 1,150,000 | 1,320,000 | 1,485,000 | 1,650,000 | 1,755,000 | 1,885,000 | 2,005,000 | 2,120,000 | 2,230,000 | 2,352,000 |
| Notes | 510,009 | 622,885 | 730,452 | 865,405 | 1,153,836 | 1,592,644 | 1,969,355 | 2,300,550 | 2,665,720 | 1,379,696 |
| Capital leases obligations | 70,660 | 145,640 | - | - | - | 147,533 | 216,132 | 281,500 | 351,750 | - |
| Total outstanding debt | \$ 1,730,669 | \$ 2,088,525 | \$ 2,215,452 | \$ 2,515,405 | \$ 2,908,836 | \$ 3,625,177 | \$ 4,190,487 | \$ 4,702,050 | \$ 5,247,470 | \$ 3,731,696 |
| General Bonded Debt Ratios: | | | | | | | | | | |
| Per capita | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Per FTSE | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| As a percentage of taxable assessed value | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Total outstanding debt ratios: | | | | | | | | | | |
| Per capita | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | \$ 281 |
| Per FTSE | \$ 1,284 | \$ 1,829 | \$ 1,860 | \$ 2,416 | \$ 2,333 | \$ 3,096 | \$ 3,248 | \$ 3,645 | \$ 3,844 | 3,066 |
| As a percentage of taxable assessed value | 0.21% | 0.31% | 0.33% | 0.38% | 0.47% | 0.58% | 0.67% | 0.78% | 0.95% | 0.71% |

Notes:

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

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

| | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 | 2006-07 | 2005-06 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Total assessed value | \$ 821,338,400 | \$ 680,090,030 | \$ 675,266,450 | \$ 660,062,210 | \$ 615,103,910 | \$ 629,377,890 | \$ 624,636,230 | \$ 606,442,260 | \$ 550,948,960 | \$ 523,782,270 |
| General obligation bonds: | | | | | | | | | | |
| Statutory taxable limit for debt service | \$ 4,106,692 | \$ 3,400,450 | \$ 3,376,332 | \$ 3,300,311 | \$ 3,075,520 | \$ 3,146,889 | \$ 3,123,181 | \$ 3,032,211 | \$ 2,754,745 | \$ 2,618,911 |
| Less: Funds restricted for repayment of general obligation bonds | - | - | - | - | - | - | - | - | - | - |
| Total net general obligation debt | 4,106,692 | 3,400,450 | 3,376,332 | 3,300,311 | 3,075,520 | 3,146,889 | 3,123,181 | 3,032,211 | 2,754,745 | 2,618,911 |
| Current year debt service requirements | 118,444 | 112,875 | 107,568 | 134,953 | 320,874 | 482,296 | 670,565 | 704,973 | 458,528 | 234,197 |
| Excess of statutory limit for debt service | | | | | | | | | | |
| over current requirements | \$ 3,988,248 | \$ 3,287,575 | \$ 3,268,764 | \$ 3,165,358 | \$ 2,754,646 | \$ 2,664,593 | \$ 2,452,616 | \$ 2,327,238 | \$ 2,296,217 | \$ 2,384,714 |
| Net current requirements as a % of statutory limit | 2.88% | 3.32% | 3.19% | 4.09% | 10.43% | 15.33% | 21.47% | 23.25% | 16.65% | 8.94% |

Notes:

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

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

| Fiscal Year Ended August 31 | Pledged Revenues | | | | | | | | | | Debt Service Requirements | | | Coverage Ratio |
|-----------------------------------|------------------|-------------------|----------------------|---------------------|--------------------------------|--------------------|-------------------|-----------------------|-------------------------|------------|---------------------------|-----------|------------|-------------------|
| | Tuition | Technology Fee | Registration Fees | General Use Fees | Community Education Fees | Interest Income | Vending Income | Vending Commission | Bookstore Commission | Total | Principal | Interest | Total | |
| 2015 | \$ 43,117 | \$ - | \$ - | \$ 299,672 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 342,789 | \$ 165,000 | \$ 35,063 | \$ 200,063 | 1.71 |
| 2014 | 35,925 | - | - | 282,523 | - | - | - | - | - | 318,448 | 165,000 | 39,859 | 204,859 | 1.55 |
| 2013 | 39,007 | - | - | 295,900 | - | - | - | - | - | 334,907 | 165,000 | 46,128 | 211,128 | 1.59 |
| 2012 | 34,072 | - | - | 276,700 | - | - | - | - | - | 310,772 | 150,000 | 71,022 | 221,022 | 1.41 |
| 2011 | 37,957 | - | - | 308,175 | - | - | - | - | - | 346,132 | 130,000 | 92,662 | 222,662 | 1.55 |
| 2010 | 39,697 | - | - | 316,750 | - | - | - | - | - | 356,447 | 120,000 | 98,982 | 218,982 | 1.63 |
| 2009 | 40,417 | - | - | 319,787 | - | - | - | - | - | 360,204 | 115,000 | 105,998 | 220,998 | 1.63 |
| 2008 | 42,015 | - | - | 332,813 | - | - | - | - | - | 374,828 | 110,000 | 112,708 | 222,708 | 1.68 |
| 2007 | 43,260 | - | - | 336,450 | - | - | - | - | - | 379,710 | 122,000 | 119,622 | 241,622 | 1.57 |
| 2006 | 38,842 | - | - | 321,275 | - | - | - | - | - | 360,117 | 117,000 | 126,232 | 243,232 | 1.48 |

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

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

(unaudited)

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

| Calendar Year | City of Borger Population | City of Borger Personal Income | City of Borger Personal Income Per Capita | City of Borger Unemployment Rate |
|----------------------|----------------------------------|---------------------------------------|--|---|
| 2014 | 13,251 | \$ 285,347,034 | \$ 21,534 | 4.2% |
| 2013 | 13,024 | 272,839,776 | 20,949 | 4.2% |
| 2012 | 13,077 | 254,766,114 | 19,482 | 5.6% |
| 2011 | 13,240 | 298,098,600 | 22,515 | 6.3% |
| 2010 | 13,251 | 278,111,988 | 20,988 | 7.3% |
| 2009 | 12,655 | 266,995,190 | 21,098 | 7.0% |
| 2008 | 12,901 | 246,138,179 | 19,079 | 7.0% |
| 2007 | 13,305 | 229,258,455 | 17,231 | 4.0% |
| 2006 | 13,262 | 223,716,678 | 16,869 | 4.1% |

Sources:

Population from U.S. Bureau of Census

Personal income from U.S. Bureau of Economic Analysis

Unemployment rate from the Texas Workforce Commission

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

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

Current Fiscal Year

| <u>Employer</u> | <u>Number of Employees</u> | <u>% of Total Employment</u> |
|--|----------------------------|------------------------------|
| Phillips 66 (Conoco Phillips Refinery) | 1,259 | INA |
| Borger ISD | 442 | INA |
| Chevron Phillips Chemical Co. | 323 | INA |
| Wal-Mart | 284 | INA |
| Golden Plains Community Hospital | 216 | INA |
| Austin Industrial | 198 | INA |
| United Supermarket | 140 | INA |
| Sid Richardson | 135 | INA |
| H.B. Zachary | 80 | INA |
| Total | <u>INA</u> | <u>INA</u> |

Ten Years Prior

| <u>Employer</u> | <u>Number of Employees</u> | <u>% of Total Employment</u> |
|----------------------------------|----------------------------|------------------------------|
| Conoco Phillips Refinery | INA | INA |
| Borger ISD | INA | INA |
| Chevron Phillips Chemical Co. | INA | INA |
| Austin Industrial | INA | INA |
| H.B. Zachary | INA | INA |
| Golden Plains Community Hospital | INA | INA |
| Wal-Mart | INA | INA |
| United Supermarket | INA | INA |
| Sid Richardson | INA | INA |
| Total | <u>INA</u> | <u>INA</u> |

Source:
Borger Economic Development Corp
Texas Metropolitan Statistical Area Data

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

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

| | Fiscal Year | | | | | | | | | |
|--|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| Faculty | | | | | | | | | | |
| Full-time | 33 | 30 | 30 | 30 | 28 | 26 | 30 | 30 | 30 | 31 |
| Part-time | 38 | 40 | 43 | 55 | 45 | 60 | 81 | 84 | 82 | 81 |
| Total | 71 | 70 | 73 | 85 | 73 | 86 | 111 | 114 | 112 | 112 |
| Percent | | | | | | | | | | |
| Full-time | 46.5% | 42.9% | 41.1% | 35.3% | 38.4% | 30.2% | 27.0% | 26.3% | 26.8% | 27.7% |
| Part-time | 53.5% | 57.1% | 58.9% | 64.7% | 61.6% | 69.8% | 73.0% | 73.7% | 73.2% | 72.3% |
| Staff and Administrators | | | | | | | | | | |
| Full-time | 64 | 62 | 59 | 58 | 66 | 70 | 73 | 66 | 77 | 70 |
| Part-time | 13 | 9 | 9 | 9 | 10 | 10 | 10 | 12 | 18 | 16 |
| Total | 77 | 71 | 68 | 67 | 76 | 80 | 83 | 78 | 95 | 86 |
| Percent | | | | | | | | | | |
| Full-time | 83.1% | 87.3% | 86.8% | 86.6% | 86.8% | 87.5% | 88.0% | 84.6% | 81.1% | 81.4% |
| Part-time | 16.9% | 12.7% | 13.2% | 13.4% | 13.2% | 12.5% | 12.0% | 15.4% | 18.9% | 18.6% |
| FTSE per full-time faculty | 41 | 38 | 40 | 35 | 45 | 45 | 43 | 45 | 46 | 39 |
| FTSE per full-time staff member | 21 | 18 | 20 | 18 | 19 | 17 | 18 | 21 | 18 | 17 |
| Average annual faculty salary | \$ 40,389 | \$ 40,454 | \$ 37,536 | \$ 37,710 | \$ 40,203 | \$ 36,000 | \$ 32,494 | \$ 37,722 | \$ 36,579 | \$ 35,558 |

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

| Gender | Fall 2014 | | Fall 2013 | | Fall 2012 | | Fall 2011 | | Fall 2010 | | Fall 2009 | | Fall 2008 | | Fall 2007 | | Fall 2006 | | Fall 2005 | |
|--------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|
| | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| Female | 778 | 57.72% | 609 | 53.33% | 681 | 57.18% | 603 | 57.93% | 679 | 54.45% | 653 | 55.76% | 727 | 56.36% | 759 | 55.97% | 786 | 57.58% | 711 | 58.42% |
| Male | 570 | 42.28% | 533 | 46.67% | 510 | 42.82% | 438 | 42.07% | 568 | 45.55% | 518 | 44.24% | 563 | 43.64% | 597 | 44.03% | 579 | 42.42% | 506 | 41.58% |
| Total | 1,348 | 100.00% | 1,142 | 100.00% | 1,191 | 100.00% | 1,041 | 100.00% | 1,247 | 100.00% | 1,171 | 100.00% | 1,290 | 100.00% | 1,356 | 100.00% | 1,365 | 100.00% | 1,217 | 100.00% |

| Ethnic Origin | Fall 2014 | | Fall 2013 | | Fall 2012 | | Fall 2011 | | Fall 2010 | | Fall 2009 | | Fall 2008 | | Fall 2007 | | Fall 2006 | | Fall 2005 | |
|------------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|
| | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| White | 1,012 | 75.07% | 780 | 68.30% | 708 | 59.45% | 663 | 63.69% | 843 | 67.60% | 802 | 68.49% | 877 | 67.98% | 1,036 | 76.40% | 1,031 | 75.52% | 965 | 79.29% |
| Hispanic | 181 | 13.43% | 201 | 17.60% | 264 | 22.17% | 250 | 24.02% | 274 | 21.97% | 267 | 22.80% | 294 | 22.79% | 239 | 17.63% | 282 | 20.66% | 195 | 16.02% |
| African American | 60 | 4.45% | 53 | 4.64% | 41 | 3.44% | 45 | 4.32% | 82 | 6.58% | 52 | 4.44% | 59 | 4.57% | 40 | 2.95% | 30 | 2.20% | 28 | 2.30% |
| Asian | 7 | 0.52% | 8 | 0.70% | 5 | 0.42% | 5 | 0.48% | 7 | 0.56% | 7 | 0.60% | 5 | 0.39% | 3 | 0.22% | 2 | 0.15% | 4 | 0.33% |
| Foreign | 2 | 0.15% | 5 | 0.44% | 11 | 0.92% | 23 | 2.21% | 12 | 0.96% | 6 | 0.51% | 22 | 1.71% | 30 | 2.21% | 9 | 0.66% | 16 | 1.31% |
| Native American | 67 | 4.97% | 32 | 2.80% | 23 | 1.93% | 17 | 1.63% | 18 | 1.44% | 25 | 2.13% | 32 | 2.48% | 7 | 0.52% | 11 | 0.81% | 6 | 0.49% |
| Other | 19 | 1.41% | 63 | 5.52% | 139 | 11.67% | 38 | 3.65% | 11 | 0.89% | 12 | 1.02% | 1 | 0.08% | 1 | 0.07% | - | 0.00% | 3 | 0.25% |
| Total | 1,348 | 100.00% | 1,142 | 100.00% | 1,191 | 100.00% | 1,041 | 100.00% | 1,247 | 100.00% | 1,171 | 100.00% | 1,290 | 100.00% | 1,356 | 100.00% | 1,365 | 100.00% | 1,217 | 100.00% |

| Tuition Status | Fall 2014 | | Fall 2013 | | Fall 2012 | | Fall 2011 | | Fall 2010 | | Fall 2009 | | Fall 2008 | | Fall 2007 | | Fall 2006 | | Fall 2005 | |
|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|
| | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| Under 18 | 475 | 35.24% | 316 | 27.67% | 315 | 26.45% | 255 | 24.50% | 241 | 19.33% | 327 | 27.92% | 312 | 24.19% | 332 | 24.48% | 398 | 29.16% | 312 | 25.64% |
| 18-21 | 573 | 42.51% | 521 | 45.62% | 530 | 44.50% | 481 | 46.21% | 666 | 53.41% | 521 | 44.49% | 641 | 49.69% | 609 | 44.91% | 522 | 38.24% | 538 | 44.21% |
| 22-24 | 94 | 6.97% | 82 | 7.18% | 81 | 6.80% | 85 | 8.17% | 87 | 6.98% | 70 | 5.98% | 92 | 7.13% | 105 | 7.74% | 85 | 6.23% | 83 | 6.82% |
| 25-35 | 142 | 10.53% | 152 | 13.31% | 182 | 15.28% | 142 | 13.64% | 162 | 12.99% | 163 | 13.92% | 149 | 11.55% | 167 | 12.32% | 181 | 13.26% | 179 | 14.71% |
| 36-50 | 60 | 4.45% | 61 | 5.34% | 68 | 5.71% | 64 | 6.15% | 74 | 5.93% | 69 | 5.89% | 76 | 5.89% | 114 | 8.41% | 134 | 9.82% | 91 | 7.48% |
| 51 & over | 4 | 0.30% | 10 | 0.88% | 15 | 1.26% | 14 | 1.34% | 17 | 1.36% | 21 | 1.79% | 20 | 1.55% | 29 | 2.14% | 45 | 3.30% | 14 | 1.15% |
| Total | 1,348 | 100.00% | 1,142 | 100.00% | 1,191 | 100.00% | 1,041 | 100.00% | 1,247 | 100.00% | 1,171 | 100.00% | 1,290 | 100.00% | 1,356 | 100.00% | 1,365 | 100.00% | 1,217 | 100.00% |

| | | | | | | | | | | | |
|-------------|----|----|----|----|----|----|----|----|----|----|----|
| Average age | 20 | 21 | 22 | 22 | 22 | 22 | 22 | 22 | 23 | 22 | 21 |
|-------------|----|----|----|----|----|----|----|----|----|----|----|

Borger Junior College District
Statistical Supplement 17
Transfers to Senior Institutions
2013-2014 Fall Students as of Fall 2014
(unaudited)
(Includes only public senior colleges in Texas)

| Rank | Texas Public Senior College | Transfer Student Count Academic | Transfer Student Count Technical | Transfer Student Count Tech-Prep | Total of All Transfer Students | % of All Transfer Students |
|------|--------------------------------------|---------------------------------|----------------------------------|----------------------------------|--------------------------------|----------------------------|
| 1 | West Texas A&M University | 81 | 3 | - | 84 | 56.8% |
| 2 | Texas Tech University | 31 | - | - | 31 | 20.9% |
| 3 | Texas A&M University | 11 | - | - | 11 | 7.4% |
| 4 | University of North Texas | 4 | - | - | 4 | 2.7% |
| 5 | The University of Texas at Arlington | 2 | - | - | 2 | 1.4% |
| 6 | Midwestern State University | 1 | - | - | 1 | 0.7% |
| 7 | Texas State University | 3 | - | - | 3 | 2.0% |
| 8 | Tarleton State University | 10 | - | - | 10 | 6.8% |
| 9 | Stephen F. Austin State University | 1 | - | - | 1 | 0.7% |
| 10 | The University of Texas at Austin | <u>1</u> | <u>-</u> | <u>-</u> | <u>1</u> | <u>0.7%</u> |
| | Totals | <u>145</u> | <u>3</u> | <u>-</u> | <u>148</u> | <u>100.00%</u> |

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

Borger Junior College District
Statistical Supplement 18
Capital Asset Information
Fiscal Year 2006 to 2015
(unaudited)

| | Fiscal Year | | | | | | | | | |
|---|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| Academic buildings | 7 | 7 | 7 | 7 | 7 | 8 | 8 | 7 | 7 | 7 |
| Square footage | 162,980 | 162,980 | 162,980 | 162,980 | 162,980 | 177,546 | 177,546 | 162,546 | 162,546 | 162,546 |
| Library | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Square footage | 23,000 | 23,000 | 23,000 | 23,000 | 23,000 | 23,000 | 23,000 | 23,000 | 23,000 | 23,000 |
| Number of volumes | 22,900 | 22,900 | 22,900 | 22,900 | 22,900 | 22,900 | 22,900 | 22,900 | 22,900 | 22,900 |
| Administrative and support buildings | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Square footage | 22,400 | 22,400 | 22,400 | 22,400 | 22,400 | 22,400 | 22,400 | 22,400 | 22,400 | 22,400 |
| Dormitories | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Square footage | 54,640 | 54,640 | 54,640 | 54,640 | 54,640 | 54,640 | 54,640 | 54,640 | 54,640 | 54,640 |
| Number of beds | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 |
| Apartments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Square footage | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Number of beds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Dining facilities | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Square footage | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 |
| Average daily customers | 158 | 158 | 158 | 158 | 158 | 158 | 158 | 158 | 190 | 190 |
| Athletic facilities | | | | | | | | | | |
| Square footage | 252,910 | 252,910 | 252,910 | 252,910 | 252,910 | 252,910 | 252,910 | 252,910 | 252,910 | 252,910 |
| Stadiums | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Gymnasiums | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Fitness centers | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Tennis courts | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Plant facilities | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Square footage | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 |
| Transportation | | | | | | | | | | |
| Cars | 9 | 9 | 10 | 10 | 9 | 8 | 8 | 8 | 8 | 8 |
| Light trucks | 6 | 6 | 5 | 6 | 6 | 6 | 6 | 5 | 5 | 6 |
| Buses | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 2 |