BORGER JUNIOR COLLEGE DISTRICT
Borger, Texas

ANNUAL FINANCIAL REPORT
August 31, 2016 and 2015

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BORGER JUNIOR COLLEGE DISTRICT
ORGANIZATIONAL DATA
August 31, 2016

Board of Regents

	Officers	Term Expires May
Scott Radach	Chair	2020
Patrick Nonhof	Vice Chair	2022
Marlene McKinney	Secretary	2022
	Members	
Spring Creek – Lynne White	Borger, Texas	2022
Kelly McDonald	Borger, Texas	2022
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
Amber Jones	Dean of Allen Campus - Perryton
Ilene Walton	Director of Dalhart Center
Renee' Prater	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, 2016 and 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.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material, respects, the respective financial position of the College and of its discretely presented component unit as of August 31, 2016 and 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.

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 and Notes to Required Supplemental Information on pages 8-17 and pages 58-61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the College and its discretely presented component unit. The accompanying supplemental information listed in the table of contents, Schedules A, B, C and D, is likewise presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, Schedule E, and Schedule of Expenditures of State of Texas Awards, Schedule F, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and the State of Texas 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 14, 2016, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Connor McMillon Mitchell & Shennum PLLC

Amarillo, Texas
November 14, 2016

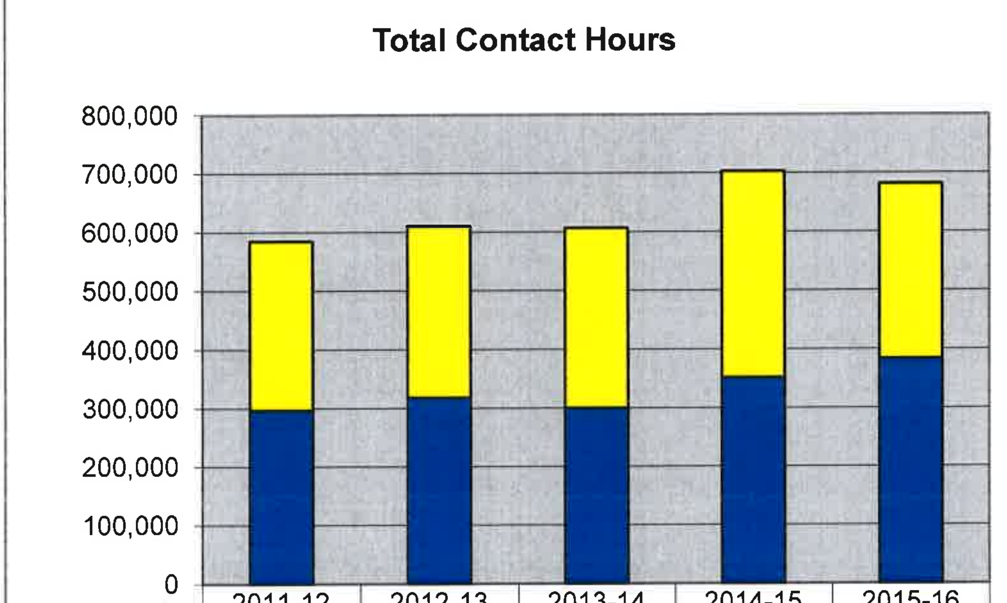
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial and Enrollment Highlights

- For 2016, the College is in the second year post-implementation of GASB 68, which resulted in a significant change in financial reporting. As required by GASB 68, the College proportionate share of the Texas Retirement System's net pension liability was $1,978,712, deferred outflows of $407,995, deferred inflows of $306,218, and pension expense of $294,344.

- The institution's net position at year-end was $9,361,421, a decrease of $368,414 or 3.8% for the year. Net investment in capital assets decreased $229,509 with current year depreciation of $722,943.

- Contact hours enrollment showed a slight decrease of 21,225 hours or 3% from 702,455 in 2014-2015 to 681,230 in 2015-2016. Academic contact hours increased 31,584 or 8.9% while career and technical contact hours showed a decrease of 52,809 or 15.1%. The decrease in career and technical hours was related to a decrease in continuing education contact hours.



	2011-12	2012-13	2013-14	2014-15	2015-16
Career & Technical	287,994	291,533	306,420	350,655	297,846
Academic	296,768	318,304	300,112	351,800	383,384

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

Statements of Net Position (Continued)

accounting used by most private-sector companies. Net position is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources.

	Primary Institution		
	2016	2015	2014
Current assets			
Cash and cash equivalents	$ 613,987	$ 344,132	$ 884,360
Accounts receivables, net	1,539,079	1,463,120	1,294,544
Other current assets	17,442	14,912	16,797
Total current assets	2,170,508	1,822,164	2,195,701
Noncurrent assets			
Restricted cash and cash equivalents	633,976	415,810	348,775
Other long-term investments			-
Capital assets, net	12,621,987	13,040,600	13,421,337
Other noncurrent assets	1,600	1,600	1,600
Total noncurrent assets	13,257,563	13,458,010	13,771,712
Total assets	$ 15,428,071	$ 15,280,174	$ 15,967,413
Deferred outflows of resources			
Deferred outflows on net pension liability	$ 407,995	$ 301,030	$ -
Total Deferred outflows	$ 407,995	$ 301,030	$ -
Current liabilities			
Accounts payable	$ 389,547	$ 27,043	$ 27,388
Accrued liabilities	62,312	94,136	199,046
Accrued compensated absences - current portion	98,578	90,453	85,553
Funds held for others	252,405	197,946	183,039
Unearned revenues	1,845,308	1,515,653	1,447,269
Capital lease obligation - current portion	-	70,660	70,723
Bonds and Note payable - current portion	304,288	118,444	112,875
Total current liabilities	2,952,438	2,114,335	2,125,893
Noncurrent liabilities			
Capital lease obligation	-	-	74,917
Notes payable	267,277	391,565	510,010
Bonds payable	970,000	1,150,000	1,320,000
Net pension liability	1,978,712	1,681,188	-
Total noncurrent liabilities	3,215,989	3,222,753	1,904,927
Total liabilities	$ 6,168,427	$ 5,337,088	$ 4,030,820
Deferred inflow of resources			
Deferred inflows on net pension liability	$ 306,218	$ 514,281	$ -
Total deferred inflows	$ 306,218	$ 514,281	$ -
Net Position			
Net invested in capital assets	$ 11,080,422	$ 11,309,931	$ 11,332,812
Restricted for:			
Expendable:			
Student aid	440,847	415,810	348,775
Debt service	180,000	-	-
Other	13,129	-	-
Equipment	-	-	-
Unrestricted (deficit)	(2,352,977)	(1,995,906)	255,006
Total net position	$ 9,361,421	$ 9,729,835	$ 11,936,593
Total liabilities and net position	$ 15,529,848	$ 15,066,923	$ 15,967,413

Cash and cash equivalents consist of cash in the local financial institution's accounts and TexPool; all are interest-bearing accounts. Unrestricted cash and cash equivalents increased by $269,855 or 78%, which is reflected in the Statement of Cash Flows.

Accounts receivable consists primarily of student receivables related to tuition and fees for the fall 2016 semester. Accounts receivable increased by $75,959 or 5.2%, increasing the balance to $1,539,079.

Other current assets increased by $2,530 reflecting a balance of $17,442.

Noncurrent Assets:

Restricted cash and cash equivalents consist of agency and state scholarship funds. The balance of restricted cash and cash equivalents increased $218,166 reflecting a balance of $633,976. 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 $27.5 million at year-end. Accumulated depreciation totals approximately $14.9 million, resulting in net capital assets of approximately $12.6 million. This reflects a decrease of $418,613 in net capital assets. Capital assets are detailed in Note 6 of the notes to the financial statements. At year-end, asset additions totaled $305,524, and depreciation expense was $722,943. The asset additions include furniture, vehicles, and other equipment ($111,219); telecommunications and peripheral equipment ($146,361); and library books ($4,473). Also, construction in process totaled $43,471 related to the building of a $170,000 livestock and genetics facility for the agriculture program. Completion date is December 2016.

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 $389,547, an increase of $362,504 over the 2015 balance. The balance of accrued liabilities was $62,312 for 2016 compared to a balance of $94,136 for 2015. Accrued compensated absences was $98,578 for 2016 as compared to $90,453 for 2015.

Unearned revenues represent payments recorded primarily for tuition and fees and food service from students for the upcoming fall 2016 semester. Unearned revenues of $1,845,308 increased $329,655 over last year's ending balance of $1,515,653 or 21.8%. The increase in unearned revenues is primarily due to an increase in student enrollment for fall 2016 as compared to fall 2015.

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 $304,288 increased $115,184 from the prior year.

Noncurrent Liabilities:

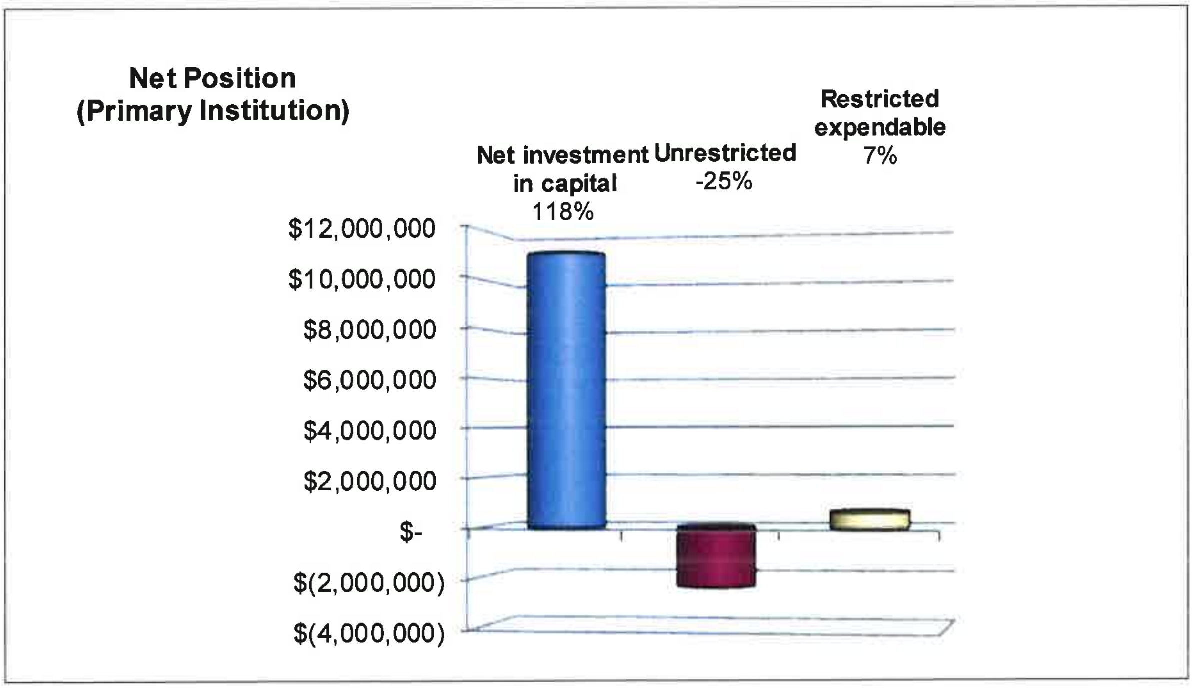
Notes and bonds payable along with net pension liability (as required for the first time the prior fiscal year according to the guidelines of GASB 68 which is detailed in Note 2 and Note 10 of Notes to Financial Statements) represent the College's long-term debt which is payable more than twelve months 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 $1,978,712 (see Note 10 – 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, 2016, was approximately $9.4 million. Compared to the prior year, net position decreased $368,414 for the current year.

Restricted expendable net position consists of $440,847 set aside for student aid, $180,000 for debt service and $13,129 for other. 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 ($2,352,977) which was a decrease of $357,071 over the year-end 2015 balance.



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		
	2016	2015	2014
Operating revenues			
Tuition and fees, net	$ 1,543,126	$ 993,795	$ 1,009,840
Grants and contracts	839,502	1,135,019	707,409
Auxiliary enterprises	722,183	786,409	718,938
Other	58,483	64,374	75,795
Total operating revenues	3,163,294	2,979,597	2,511,982
Operating expenses			
Institutional expense	9,077,219	8,253,795	7,769,328
Auxiliary enterprises	1,284,302	1,184,304	1,188,712
Depreciation	722,943	685,795	678,566
Total operating expenses	11,084,464	10,123,894	9,636,606
Operating loss	(7,921,170)	(7,144,297)	(7,124,624)
Nonoperating revenues (expenses)			
State appropriations	2,993,203	2,748,976	2,726,513
Ad valorem taxes	1,841,383	1,521,526	1,503,577
Federal revenue, nonoperating	1,949,963	2,152,565	1,993,812
Gifts	850,130	470,056	332,002
Investment income, net of investment expenses	2,130	2,094	12,642
Interest on capital related debt	(48,251)	(68,021)	(112,922)
Gain (loss) on disposal of fixed assets	(1,194)		-
Other nonoperating revenues (expenses)	(34,608)	15,137	(10,163)
Net nonoperating revenues (expenses)	7,552,756	6,842,333	6,445,461
Decrease in net position	(368,414)	(301,964)	(679,163)
Net Position – Beginning of Year	9,729,835	11,936,593	12,615,756
Prior Period Adjustment	-	(1,904,794)	-
Net Position - Beginning of Year, Restated	9,729,835	10,031,799	12,615,756
Net Position – End of Year	$ 9,361,421	$ 9,729,835	$ 11,936,593

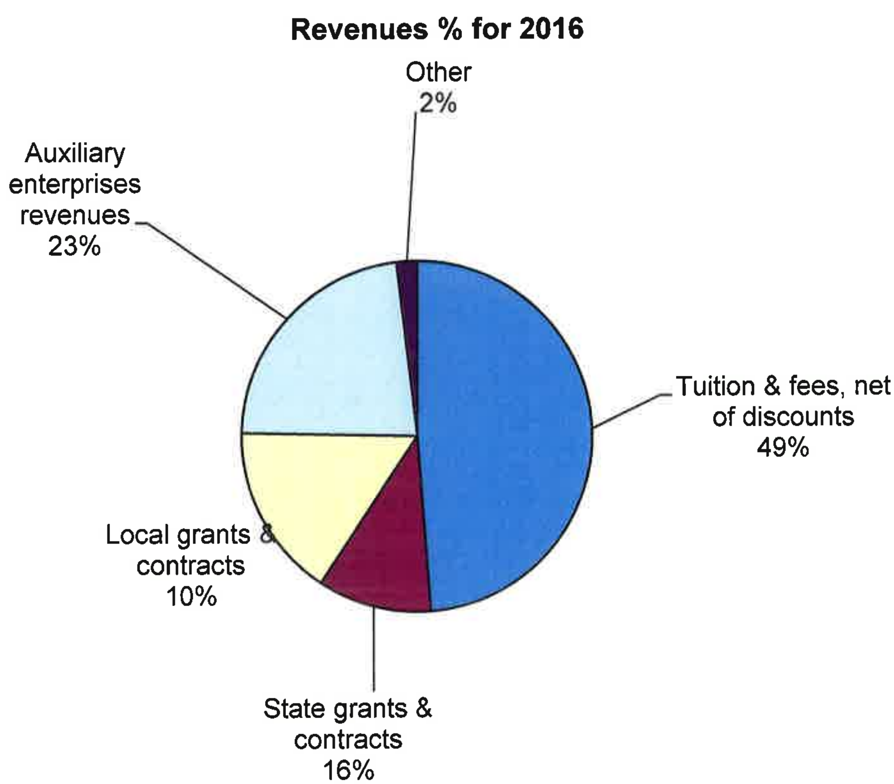
Operating Revenues:

Tuition and fees, net of discounts, was $1,543,126 for the year and represents an increase of $549,331 or 55.3% compared to the previous year balance of $993,795. For 2016, gross tuition and fees increased $254,323 and discounts (primarily federal grants to students) decreased $295,008. Federal grants to students totaled $1,668,991 for the current year, compared to the prior year balance of $1,897,835, a decrease of $228,844 or 12%. Gross tuition and fees are netted against discounts and scholarship allowances. Fiscal year (FY) 2016 discounts consist of federal grants to students of $1,668,991, scholarship allowances of $402,229, and TPEG/state remissions and exemptions of $32,704 – all totaled $2,103,924 in discounts and allowances. In 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 – all totaled $2,398,932.

Grants and contracts totaled $839,502 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 decreased $295,517 or 26% over the previous year balance of $1,135,019.

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 $722,183 for the year, a decrease of $64,226 or 8.2% from the prior year balance of $786,409. The Borger Community Activity Center and the residential life are the primary auxiliary components, which generated $403,221 and $322,707 (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.



Operating Expenses by Functional Classification:

	Primary Institution					
	2016	%	2015	%	2014	%
Instruction	$ 4,986,106	45%	$ 4,576,493	45%	$ 4,341,319	45%
Academic support	135,450	1%	145,470	1%	177,381	2%
Student services	867,462	8%	718,535	7%	505,947	6%
Institutional support	1,901,551	17%	1,778,884	18%	1,744,864	18%
Operations and maintenance of plant	862,979	8%	784,914	8%	786,357	8%
Scholarships and fellowships	323,671	3%	249,499	2%	213,460	2%
Auxiliary enterprises	1,284,302	12%	1,184,304	12%	1,188,712	12%
Depreciation	722,943	7%	685,795	7%	678,566	7%
Total by function	$ 11,084,464	100%	$ 10,123,894	100%	$ 9,636,606	100%

Instruction includes expenses for all activities that are part of the College's instructional programs – academic, workforce and technical. Instruction expenses of $4,986,106 increased $409,613 or 9% compared to the previous year balance of $4,576,493. Salaries and benefits combined account for approximately $3,404,687 or 68% 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 $135,450, representing a 6.9% decrease from the prior year balance of $145,470.

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 $867,462 increased by $148,927 or 20.7% compared to the previous balance of $718,535.

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 $1,901,551 increased $122,667 or 6.9% from the prior year balance of $1,778,884.

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 $862,979 increased by $78,065 or 9.9% from the prior year balance of $784,914.

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 equaled $323,671. As a result of additional contributions from donors, scholarships and fellowships increased $74,172 or 29.7%.

Auxiliary enterprises' expenses include all costs to operate the activity center, resident halls, and food service. Auxiliary enterprises totaled $1,284,302, an increase of $99,998 or 8.4% as compared to the prior year balance of $1,184,304.

Operating Expenses by Natural Classification:

	Primary Institution					
	2016	%	2015	%	2014	%
Salaries and wages	$ 4,640,579	42%	$ 4,375,827	43%	$ 3,979,986	41%
State and local benefits	1,493,704	13%	1,375,405	14%	1,295,207	13%
Scholarships and fellowships	323,671	3%	249,499	2%	213,460	2%
Other expenses	2,619,265	24%	2,253,064	22%	2,280,675	24%
Auxiliary enterprises	1,284,302	12%	1,184,304	12%	1,188,712	13%
Depreciation	722,943	7%	685,795	7%	678,566	7%
Total by natural classification	$ 11,084,464	100%	$ 10,123,894	100%	$ 9,636,606	100%

Salaries and wages, along with benefits, clearly represent the largest operating expense, accounting for 55% of the total expenses. Total dollar expenses for salaries and wages, increased $264,752 over last year, and, as a percentage of total expenses, salaries and wages, decreased by 1% from 43% of total expenditures to 42%.

Nonoperating Revenues (Expenses):

State appropriations of $2,993,203 indicates an increase ($244,227 or 8.9%) in revenue from the previous year balance of $2,748,976.

Ad valorem taxes of $1,841,383 were up in 2016 by 21% or $319,857 from the prior year balance of $1,521,526. The tax rate is capped at $0.22 per $100 of valuation, so the increase was a result of higher values in 2016 versus 2015.

Federal revenue, nonoperating of $1,949,963 decreased $202,602 or 9.4% from the previous year balance of $2,152,565. Federal revenue, nonoperating consists of all Title IV financial aid funds.

Current year gifts of $850,130, generally considered one-time in nature, increased from the 2016 level by $380,074 or 80.9%. This was reflective of the volatility of large, nonrecurring donations and the year-to-year fluctuations that can exist. Investment income, net of investment expenses was $2,130 with not much change from previous year.

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		
	2016	2015	2014
Cash provided (used) from:			
Operating activities	$ (6,568,655)	$ (6,633,195)	$ (6,268,302)
Noncapital financing activities	7,597,425	6,888,842	6,548,265
Capital and related financing activities	(542,879)	(730,934)	(548,514)
Investing activities	2,130	2,094	392,206
Increase (decrease) in cash	488,021	(473,193)	123,655
Cash (restricted and unrestricted) – beginning of year	759,942	1,233,135	1,109,480
Cash (restricted and unrestricted) – end of year	$ 1,247,963	$ 759,942	$ 1,233,135

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

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

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

Cash and equivalents (restricted and unrestricted) balance of $1,247,963 for FY 2016, increased $488,021. The balance was comprised of unrestricted cash and cash equivalents of $613,987 and restricted cash and cash equivalents of $633,976.

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 2016, the Development Corporation contributed $39,209 in scholarships to the College as compared to $46,020 in FY 2015. With the investment markets showing a rise in values, investment income, net of expenses showed an increase of $121,391 for the year as compared to loss of $13,580 in 2015. Overall, the Development Corporation's net position increased $75,431 from the previous year-end total net position.

Factors That Will Affect the Future for Frank Phillips College

The strategy for the College over the course of recent years has been to increase its footprint both in the program area (especially career and technical) and to expand educational delivery points. Expanding delivery points includes additional cosmetology centers outside our service area, dual-credit inside and outside our service area, and of the upmost importance, the Dalhart Center serving Dallam and Hartley Counties. We have requested from the Texas Higher Education Coordinating Board permission to go before the voters of Dallam and Hartley Counties to propose a Branch Campus Maintenance Tax not to exceed $0.05 per $100 value. This Branch Campus Maintenance Tax just recently passed in both counties. Passage of the tax has triggered a rather large contribution that will build facilities in Dalhart that will avail themselves to the College.

While the strategy has been to expand the footprint, the College will focus on filling the recently created capacity. A good example of this is the almost completed Livestock and Genetics Educational Center that will greatly enhance our agriculture program and create a unique opportunity for our students. In addition, the College has received notification of being the recipient of a $495,000 grant that will go a long way toward filling capacity in our core programs in 2017.

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FINANCIAL STATEMENTS

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BORGER JUNIOR COLLEGE DISTRICT
STATEMENTS OF NET POSITION - PRIMARY INSTITUTION
AUGUST 31, 2016 and 2015
Exhibit 1A

	Primary Institution	
	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 613,987	$ 344,132
Accounts receivable, net	1,539,079	1,463,120
Inventories	12,015	11,595
Other assets	5,427	3,317
Total current assets	2,170,508	1,822,164
NONCURRENT ASSETS		
Restricted cash and cash equivalents	633,976	415,810
Capital assets, net	12,621,987	13,040,600
Other noncurrent assets	1,600	1,600
Total noncurrent assets	13,257,563	13,458,010
TOTAL ASSETS	$ 15,428,071	$ 15,280,174
DEFERRED OUTFLOW OF RESOURCES		
Deferred outflows on net pension liability	$ 407,995	$ 301,030
TOTAL DEFERRED OUTFLOWS	$ 407,995	$ 301,030
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	$ 389,547	$ 27,043
Accrued liabilities	62,312	94,136
Accrued compensable absences - current portion	98,578	90,453
Funds held for others	252,405	197,946
Unearned revenues	1,845,308	1,515,653
Capital lease obligation - current portion	-	70,660
Bonds payable - current portion	180,000	-
Notes payable - current portion	124,288	118,444
Total current liabilities	2,952,438	2,114,335
NONCURRENT LIABILITIES		
Notes payable	267,277	391,565
Bonds payable	970,000	1,150,000
Net pension liability	1,978,712	1,681,188
Total noncurrent liabilities	3,215,989	3,222,753
TOTAL LIABILITIES	$ 6,168,427	$ 5,337,088
DEFERRED INFLOW OF RESOURCES		
Deferred inflows on net pension liability	$ 306,218	$ 514,281
TOTAL DEFERRED INFLOWS	$ 306,218	$ 514,281
NET POSITION		
Net investment in capital assets	$ 11,080,422	$ 11,309,931
Restricted for:		
Expendable:		
Student aid	440,847	415,810
Debt service	180,000	-
Other	13,129	-
Unrestricted (deficit)	(2,352,977)	(1,995,906)
TOTAL NET POSITION (Schedule D)	$ 9,361,421	$ 9,729,835

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

BORGER JUNIOR COLLEGE DISTRICT
STATEMENTS OF NET POSITION - COMPONENT UNIT
AUGUST 31, 2016 and 2015
Exhibit 1B

	Component Unit - Foundation	
	2016	**2015**
ASSETS		
Cash and cash equivalents	$ 91,559	$ 239,990
Short-term investments	1,236,738	925,920
Investments	264,187	351,143
TOTAL ASSETS	$ 1,592,484	$ 1,517,053
NET POSITION		
Net position restricted for:		
Expendable - Other, primarily donor restrictions	$ 1,592,484	$ 1,517,053
TOTAL NET POSITION	$ 1,592,484	$ 1,517,053

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

BORGER JUNIOR COLLEGE DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PRIMARY INSTITUTION
YEARS ENDED AUGUST 31, 2016 and 2015
Exhibit 2A

	Primary Institution	
	2016	**2015**
OPERATING REVENUES		
Tuition and fees, net of discounts of $2,103,924 and $2,398,932 in 2016 and 2015, respectively	$ 1,543,126	$ 993,795
State grants and contracts	332,941	629,455
Local grants and revenues	506,561	505,564
Auxiliary enterprises, net of discounts of $144,993 and $127,491 in 2016 and 2015, respectively	722,183	786,409
General operating revenues	58,483	64,374
Total operating revenues (Schedule A)	3,163,294	2,979,597
OPERATING EXPENSES		
Instruction	4,986,106	4,576,493
Academic support	135,450	145,470
Student services	867,462	718,535
Institutional support	1,901,551	1,778,884
Operation and maintenance of plant	862,979	784,914
Scholarships and fellowships	323,671	249,499
Auxiliary enterprises	1,284,302	1,184,304
Depreciation	722,943	685,795
Total operating expenses (Schedule B)	11,084,464	10,123,894
Operating loss	(7,921,170)	(7,144,297)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	2,993,203	2,748,976
Ad valorem property taxes	1,841,383	1,521,526
Federal revenue, nonoperating	1,949,963	2,152,565
Gifts	850,130	470,056
Investment income, net of investment expenses	2,130	2,094
Interest on capital related debt	(48,251)	(68,021)
Gain (loss) on disposal of capital assets	(1,194)	-
Other nonoperating revenues (expenses), net	(34,608)	15,137
Net nonoperating revenues (Schedule C)	7,552,756	6,842,333
Decrease in net position	(368,414)	(301,964)
NET POSITION - BEGINNING OF YEAR	9,729,835	11,936,593
PRIOR PERIOD ADJUSTMENT	-	(1,904,794)
NET POSITION - BEGINNING OF YEAR, RESTATED	9,729,835	10,031,799
NET POSITION - END OF YEAR	$ 9,361,421	$ 9,729,835

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

BORGER JUNIOR COLLEGE DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
COMPONENT UNIT - FOUNDATION
YEARS ENDED AUGUST 31, 2016 and 2015
Exhibit 2B

	Component Unit - Foundation	
	2016	2015
OPERATING EXPENSES		
Institutional support	$ 6,751	$ 7,835
Scholarships and fellowships	39,209	46,020
Total operating expense	45,960	53,855
Total operating loss	(45,960)	(53,855)
NONOPERATING REVENUES (EXPENSES)		
Gifts	-	42,479
Investment income (loss), net of investment expenses	121,391	(13,580)
Net nonoperating revenues	121,391	28,899
Increase (decrease) in net position	75,431	(24,956)
NET POSITION - BEGINNING OF YEAR	1,517,053	1,542,009
NET POSITION - END OF YEAR	$ 1,592,484	$ 1,517,053

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

BORGER JUNIOR COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS - PRIMARY INSTITUTION
YEARS ENDED AUGUST 31, 2016 and 2015
Exhibit 3A

	Primary Institution	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from students and other customers	$ 2,457,526	$ 1,764,853
Receipts from grants and contracts	924,936	1,067,671
Payments to suppliers for goods or services	(3,330,640)	(3,321,930)
Payments to or on behalf of employees	(6,394,602)	(6,001,239)
Payments of scholarships	(317,508)	(223,755)
Other payments or receipts	91,633	81,205
Net cash used by operating activities	(6,568,655)	(6,633,195)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipts from state appropriations	2,993,203	2,748,976
Ad valorem tax revenues	1,838,737	1,520,162
Receipts from nonoperating federal revenue	1,949,963	2,134,511
Gifts and grants (other than capital)	850,130	470,056
Other	(34,608)	15,137
Net cash provided by noncapital financing activities	7,597,425	6,888,842
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(305,524)	(305,058)
Principal payments on debt and capital leases	(189,104)	(357,856)
Cash paid for interest	(48,251)	(68,020)
Net cash used by capital and related financing activities	(542,879)	(730,934)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment earnings	2,130	2,094
Net cash provided by investing activities	2,130	2,094
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	488,021	(473,193)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR (RESTRICTED AND UNRESTRICTED)	759,942	1,233,135
CASH AND CASH EQUIVALENTS - END OF YEAR (RESTRICTED AND UNRESTRICTED)	$ 1,247,963	$ 759,942
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	$ (7,921,170)	$ (7,144,297)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	722,943	685,795
Change in deferred outflows of financial resources	(106,965)	(141,463)
Change in deferred inflows of financial resources	(208,063)	514,281
Changes in assets and liabilities:		
Receivables, net	(73,313)	(149,159)
Inventories	(420)	1,885
Other assets	(2,110)	-
Accounts payable	362,504	(345)
Unearned revenue	329,655	68,384
Funds held for others	54,459	14,907
Accrued liabilities	(23,699)	(100,010)
Net pension liability	297,524	(383,173)
Net cash used by operating activities	$ (6,568,655)	$ (6,633,195)

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

BORGER JUNIOR COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS - COMPONENT UNIT
YEARS ENDED AUGUST 31, 2016 and 2015
Exhibit 3B

	Component Unit - Foundation	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers for goods or services	$ (6,751)	$ (7,835)
Payments of scholarships	(39,209)	(46,020)
Net cash used by operating activities	(45,960)	(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	(223,862)	(335,313)
Cash received on maturities of investments	-	553,056
Investment earnings (loss)	121,391	(13,580)
Net cash provided by investing activities	(102,471)	204,163
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(148,431)	192,787
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	239,990	47,203
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 91,559	$ 239,990
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	$ (45,960)	$ (53,885)
Net cash used by operating activities	$ (45,960)	$ (53,885)

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

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 years ended August 31, 2016 and 2015, the Foundation distributed approximately $39,000 and $46,000, respectively, 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Title IV, Higher Education Act Program Funds

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

Other Tuition Discounts

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

Basis of Accounting

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

Budgetary Data

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

Deferred Inflows

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Governments are only permitted to report deferred inflows in circumstances specifically authorized by the GASB. As of August 31, 2016 and 2015, the College reported a deferred inflow of $306,218 and $514,281, respectively, 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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows (Continued)

not be recognized as an outflow of resources (expense) until then. Governments are only as permitted to report deferred outflows in circumstances specifically authorized by the GASB. As of August 31, 2016 and 2015, the College reported a deferred outflow of $407,995 and $301,030, respectively, 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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unearned Revenues

Tuition, fees, and other revenues received and related to the following fiscal year have been deferred. Tuition and fees of $1,845,308 and $1,515,653 have been reported as unearned revenue at August 31, 2016 and 2015, respectively.

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

In 2015, the College 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.* 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restatement of Beginning Net Position

Due to the changes in accounting principles described above, beginning net position for 2015 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.

Reclassification

Certain prior year amounts have been reclassified to conform with the current year presentation.

NOTE 3 - AUTHORIZED INVESTMENTS

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

NOTE 4 - DEPOSITS AND INVESTMENTS

Cash and cash equivalents included on Exhibit 1A, Statements of Net Position, as of August 31, 2016 and 2015, consist of the items reported below:

	2016	2015
Bank deposits		
Demand deposits	$ 918,115	$ 430,094
Cash and cash equivalents		
Petty cash on hand	3,833	3,833
TexPool	326,015	326,015
Total cash and cash equivalents	$ 1,247,963	$ 759,942

The following represents a reconciliation of cash and cash equivalents, as of August 31, 2016 and 2015, as reported on Exhibit 1A:

	2016	2015
Unrestricted cash and cash equivalents - current	$ 613,987	$ 344,132
Restricted cash and cash equivalents - noncurrent	633,976	415,810
Total cash and cash equivalents	$ 1,247,963	$ 759,942

NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2016, the College did not have any investments in commercial paper or no-load money market mutual funds.

The following is a summary of the investments at fair value of the Foundation at August 31, 2016 and 2015.

	2016	2015
Managed equity funds	$ 1,033,685	$ 925,919
Certificates of deposit – short term	203,053	-
Certificates of deposit – long term	264,187	351,144
Total short-term investments at fair value	$ 1,500,925	$1,277,063

Investment Type	Fair Value	Investment Maturities (in Years) Less than 1	1 to 2	2 to 3	3 to 4
August 31, 2016					
Managed equity funds	$ 1,033,685	$ 1,033,685	$ -	$ -	$ -
Certificates of deposit	467,240	203,053	75,176	75,220	113,791
Total	$ 1,500,925	$ 1,236,738	$ 75,176	$ 75,220	$ 113,791

Participation in External Investment Pools

As of August 31, 2016, the carrying amount of amounts invested in investment pools was $326,015. Investment pools are recorded at cost, which approximated market value at August 31, 2016. 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 - FAIR VALUE MEASUREMENTS

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

The three levels are defined as follows:

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

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

The College did not have any assets or liabilities measured at fair value on a recurring or non-recurring basis for years ended August 31, 2016 and 2015.

The Foundation had the following:

Assets Measured at Fair Value on a Recurring Basis

		Fair Value Measurements Using:		
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
August 31, 2016:				
Restricted Investments:				
Certificate of deposits	$ 467,240	$ –	$ 467,240	$ –
Managed equity funds	1,033,685	1,033,685	–	–
Total	$ 1,500,925	$ 1,033,685	$ 467,240	$ –

NOTE 5 - FAIR VALUE MEASUREMENTS (CONTINUED)

Assets Measured at Fair Value on a Recurring Basis (Continued)

		Fair Value Measurements Using:		
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
August 31, 2015:				
Restricted Investments:				
Certificate of deposits	$ 351,143	$ –	$ 351,143	$ –
Managed equity funds	925,919	925,919	–	–
Total	$ 1,277,062	$ 925,919	$ 351,143	$ –

The Foundation did not have any assets or liabilities measured at fair value on a nonrecurring basis at August 31, 2016 and 2015.

NOTE 6 - CAPITAL ASSETS

Capital assets activity for the year ended August 31, 2016, was as follows:

	Balance September 1, 2015	Additions	Deductions	Balance August 31, 2016
Not depreciated:				
Land	$ 333,687	$ -	$ -	$ 333,687
Construction in process, net	-	43,471	-	43,471
Total not depreciated	333,687	43,471	-	377,158
Other capital assets:				
Buildings	15,904,862	-	-	15,904,862
Land improvements	5,678,809	-	-	5,678,809
Furniture, machinery, vehicles and other equipment	1,322,634	111,219	-	1,433,853
Telecommunications and peripheral equipment	2,838,835	146,361	24,490	2,960,706
Library books	1,179,209	4,473	-	1,183,682
Total other capital assets	26,924,349	262,053	24,490	27,161,912
Total cost of capital assets	27,258,036	305,524	24,490	27,539,070

BORGER JUNIOR COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2016 and 2015

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Capital assets activity for the year ended August 31, 2016, was as follows:

(Continued)	Balance September 1, 2015	Additions	Deductions	Balance August 31, 2016
Accumulated depreciation:				
Buildings	6,510,961	264,690	-	6,775,651
Land improvements	3,232,054	194,336	-	3,426,390
Furniture, machinery, vehicles and other equipment	1,030,502	66,473	-	1,096,975
Telecommunications and peripheral equipment	2,303,064	190,414	23,296	2,470,182
Library books	1,140,855	7,030	-	1,147,885
Total accumulated depreciation	14,217,436	722,943	23,296	14,917,083
Capital assets, net	$ 13,040,600	$ (417,419)	$ 1,194	$ 12,621,987

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

	Balance September 1, 2014	Additions	Deductions	Balance August 31, 2015
Not depreciated:				
Land	$ 333,687	$ -	$ -	$ 333,687
Construction in process, net	-			-
Total not depreciated	333,687	-	-	333,687
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	1,177,524	1,685	-	1,179,209
Total other capital assets	26,644,260	305,058	24,969	26,924,349
Total cost of capital assets	26,977,947	305,058	24,969	27,258,036
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	13,556,610	685,795	24,969	14,217,436
Capital assets, net	$ 13,421,337	$ (380,737)	$ -	$ 13,040,600

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Included in capital assets for the years ended August 31, 2016 and 2015, are the following capital leases:

	2016	2015
Telecommunications and peripheral equipment	$ 225,000	$ 225,000
Less: Accumulated depreciation	90,074	44,975
Total	$ 134,926	$ 180,025

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,	
2017	$ 55,200
2018	55,200
2019	55,200
2020	55,200
2021	36,800
Total future minimum lease payments	$ 257,600

NOTE 7 - NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended August 31, 2016, was as follows:

	Balance September 1, 2015	Additions	Deductions	Balance August 31, 2016	Current
Bonds and notes					
Maintenance tax notes - Series 2007	$ 510,009	$ -	$ 118,444	$ 391,565	$ 124,288
Combined Fee Revenue Refunding Bonds - Series 2012	1,150,000	-	-	1,150,000	180,000
Total bonds and notes	1,660,009	-	118,444	1,541,565	304,288
Capital lease	70,660	-	70,660	-	-
Accrued compensated absences	90,453	104,071	95,946	98,578	98,578
Net pension liability	1,681,188	463,275	165,751	1,978,712	-
Total	$ 3,502,310	$ 567,346	$ 450,801	3,618,855	$ 402,866
Due in one year				(402,866)	
				$ 3,215,989	

NOTE 7 - NONCURRENT LIABILITIES (CONTINUED)

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

	Balance September 1, 2014	Additions	Deductions	Balance August 31, 2015	Current
Bonds and notes	(restated)				
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
Net pension liability	1,904,794	419,214	642,820	1,681,188	-
Total	$ 4,078,872	$ 498,737	$1,075,299	3,502,310	$ 279,557
Due in one year				(279,557)	
				$ 3,222,753	

NOTE 8 - DEBT AND LEASE OBLIGATIONS

Debt service requirements at August 31, 2016, were as follows:

For the Year Ended August 31,	Combined Fee Revenue Refunding Bond Series 2012		Maintenance Tax Notes Series 2007		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
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	405,000	10,188	-	-	405,000	10,188
Total	$ 1,150,000	$ 88,502	$ 391,565	$ 39,259	$ 1,541,565	$ 127,761

NOTE 9 - BONDS AND NOTES PAYABLE

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

Combined Fee Revenue Refunding Bonds - Series 2012

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

NOTE 9 - BONDS AND NOTES PAYABLE (CONTINUED)

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, 2016 and 2015, is $1,150,000, respectively.

Maintenance Tax Notes - Series 2007

To renovate the College's facility, $1,300,000 Maintenance Tax Notes, issued on June 28, 2007, interest at 4.934%. Source of revenue for debt service is all available current revenues of the College, including maintenance and operation tax revenues. Annual payments varying from $118,444 to $136,857, with a maturity date of February 1, 2019. Balance outstanding at August 31, 2016 and 2015 is $391,565 and $510,009, respectively.

Line of Credit

The College has a line of credit in the amount of $300,000. The amount outstanding at August 31, 2016 and 2015, was $-0-, respectively. All outstanding principal plus all accrued unpaid interest are due on May 2, 2017. 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 10 - 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. The information provided in the Notes to the Financial

NOTE 10 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

TRS Multiple-Employer Defined Benefit Pension Plan (Continued)

Statements in the 2015 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2015.

Net Pension Liability	Total
Total Pension Liability	$ 163,887,375,172
Less: Plan Fiduciary Net Position	(128,538,706,212)
Net Pension Liability	$ 35,348,668,960
Net Position as percentage of Total Pension Liability	78.43%

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 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 2015 and 2016.

NOTE 10 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

TRS Multiple-Employer Defined Benefit Pension Plan (Continued)

Contributions (Continued)

Contribution rates for Plan fiscal years (September to August) 2016 and 2015 follow:

	Contribution Rates Plan Fiscal Year	
	2016	2015
Member	7.2%	6.7%
Employer	6.8%	6.8%
Non-Employer Contributing Entity	6.8%	6.8%

	Contributions Required and Made	
	2015	2014
Member (Employee)	$272,606	$ 207,069
Non-employer contributing agency (State)	81,833	66,110
College (Employer)	165,751	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.

NOTE 10 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

TRS Multiple-Employer Defined Benefit Pension Plan (Continued)

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.

The Plan's total pension liability as of August 31, 2015, was determined using the following actuarial assumptions:

Valuation date	August 31, 2015
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	2.50%
Salary increases	3.50% to 9.50%[1] including inflation
Payroll growth rate	2.50%

[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.

NOTE 10 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

TRS Multiple-Employer Defined Benefit Pension Plan (Continued)

Discount Rate (Continued)

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, 2015, as amended October 1, 2015, are summarized below:

Asset Class	Target Allocation	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return*
Global Equity			
U.S.	18%	4.6%	1.0%
Non-U.S. developed	13%	5.1%	0.8%
Emerging markets	9%	5.9%	0.7%
Directional hedge funds	4%	3.2%	0.1%
Private equity	13%	7.0%	1.1%
Stable Value			
U.S. treasuries	11%	0.7%	0.1%
Absolute return	0%	1.8%	0.0%
Stable value hedge funds	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
Real Return			
Global inflation linked bonds	3%	0.9%	0.0%
Real assets	16%	5.1%	1.1%
Energy and natural resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
Risk Parity			
Risk parity	5%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
Total	100%		8.7%

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

NOTE 10 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

TRS Multiple-Employer Defined Benefit Pension Plan (Continued)

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

The following 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:

	1% Decrease Discount Rate 7%	Current Discount Rate 8%	1% Increase Discount Rate 9%
College's proportionate share of the net pension liability	$ 3,100,269	$ 1,978,712	$ 1,044,525

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

At August 31, 2016 and 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, 2015 and 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:

	2016	2015
College's proportionate share of the net pension liability	$1,978,712	$ 1,681,188
State's proportionate share of the net pension liability net pension liability	976,625	698,014
Total	$2,955,337	$ 2,379,202

The net pension liability was measured as of August 31, 2015, 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, 2014, through August 31, 2015. At August 31, 2015 and 2014, respectively, the College's proportion of the collective net pension liability was 0.0055977% and 0.0062939%, which is a decrease of .0006962%.

NOTE 10 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

TRS Multiple-Employer Defined Benefit Pension Plan (Continued)

Changes Since the Prior Actuarial Valuation

The following are changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period:

Economic Assumptions

- The inflation assumption was decreased from 3.00% to 2.50%.
- The ultimate merit assumption for long-service employees was decreased from 1.25% to 1.00%.
- In accordance with the observed experience, there were small adjustments in the service-based promotional/longevity component of the salary scale.
- The payroll growth assumption was lowered from 3.50% to 2.5%.

Mortality Assumptions

- The post-retirement mortality tables for non-disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
- The post-retirement mortality tables for disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
- The pre-retirement mortality tables for active employees were updated to use 90% of the recently published RP-2014 mortality table for active employees. Mortality rates will be assumed to continued to improve in the future using a fully generational approach and Scale BB.

Other Demographic Assumptions

- Previously, it was assumed 10% of all members who had contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities, and therefore these 10% are no longer being counted as active members.
- There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.
- Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
- Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.

NOTE 10 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Changes Since the Prior Actuarial Valuation (Continued)

- For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.

Actuarial Methods and Policies

- The method of using celled data in the valuation process was changed to now using individual data records to allow for better reporting of some items, such as actuarial gains and losses by source.

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

For the measurement period August 31, 2015 and 2014, the College recognized pension expense of $139,153. and $64,530 and revenue of $139,153 and $64,530 for support provided by the State.

For the years ended August 31, 2016 and 2015, the College recognized total pension expense of $294,344 and $234,073, respectively.

At August 31, 2016, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 21,623	$ 76,044
Changes of assumptions	90,884	70,592
Difference between projected and actual earnings on pension plan investments	101,933	-
Changes in proportion and differences between College contributions and proportionate share of contributions	-	159,582
College contributions subsequent to the measurement date	193,555	-
Total	$ 407,995	$ 306,218

NOTE 10 - 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
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	165,751	–
Total	$ 301,030	$ 514,281

The $193,555 and $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, 2017 and 2016, respectively. 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,	
2017	(35,690)
2018	(35,690)
2019	(35,690)
2020	93,310
2021	(30,952)
Thereafter	(47,066)
Total	$ (91,778)

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.

NOTE 10 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Optional Retirement Plan – Defined Contribution Plan (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 for 2016 and 2015. 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 $153,000, $78,000 and $77,000 for the fiscal years ended August 31, 2016, 2015, and 2014, 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, $413,000 and $364,000 for fiscal years 2016, 2015, and 2014, 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 $98,000, $90,000, and $80,000 for the years ended August 31, 2016, 2015, and 2014, 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, 2016, 2015, and 2014, there were 2, 3, and 3, respectively, Plan participants.

NOTE 11 - DEFERRED COMPENSATION PROGRAM

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

NOTE 12 - COMPENSATED ABSENCES

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

Compensated absences liabilities are reported as a current liability as the average maturity of such liability is considered to be less than one year. As a result, the College recognized the accrued liability for unpaid annual leave in the amount of $98,578 and $90,453 at August 31, 2016 and 2015, respectively. Sick leave, which can be accumulated up to 50 days, is earned at the rate of eight hours per month; however, sick leave is not paid at termination. The College's policy is to recognize the cost of sick leave when utilized by employees. The liability is not shown in the financial statements since experience indicates the expenditure for sick leave to be minimal.

NOTE 13 - COMMITMENTS, CONTINGENCIES AND LAWSUITS

The College participates in various state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. In the opinion of the College's management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no other provision has been recorded in the accompanying financial statements for such contingencies. Additionally, the College's students participate in the Federal Direct Loan Program for which the proceeds are used for tuition and education-related costs. Regulations require that default rates pertaining to loans to persons attending the College not exceed certain levels at the College. In the event that specific levels were exceeded, the program could be discontinued at the College; however, the College does not anticipate this occurring. The total amount of Direct Loans made during 2016 and 2015 was $734,015 and $907,474, respectively.

On August 31, 2016, litigation involving the College was pending. The probability and ultimate liability with respect to litigation asserted against the College cannot be reasonably estimated at this time. Accordingly, the effect on the College due to this liability, if any, to the extent not provided for by insurance or otherwise, is not known.

NOTE 14 - RISK FINANCING

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

NOTE 15 - DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

Receivables at August 31, 2016 and 2015, consisted of the following:

	2016	2015
Student receivables, net of allowance of $438,320 and $298,820 for 2016 and 2015, respectively	$1,424,693	$ 1,287,255
Taxes receivable, net of allowance of $106,978 and $108,715 for 2016 and 2015, respectively	50,334	47,688
Government grants and contracts	33,629	119,063
Other	30,423	9,114
Total accounts receivable, net	$1,539,079	$ 1,463,120

Accounts payable at August 31, 2016 and 2015, consisted of the following:

	2016	2015
Vendors payable and other	389,547	$ 27,043
Total accounts payable	$ 389,547	$ 27,043

NOTE 16 - CONTRACT AND GRANT AWARDS

Contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, *Audits of Colleges and Universities*. Revenues are recognized on Exhibit 2A and 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 17 - 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 $577 per month for Health Select for the year ended August 31, 2016 and totaled approximately $399,000 for the year ended August 31, 2016. 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.

NOTE 18 - AD VALOREM TAX

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

At August 31, 2016:

Assessed valuation of the District	$ 1,247,981,190
Less: exemptions and abatements	199,540,350
Net assessed valuation of the District	$ 1,048,440,840

	Current Operations	Debt Service	Total
Tax rate per $100 valuation for authorized	$ .22000	$ .50000	$ .72000
Tax rate per $100 valuation for assessed	.22000	.00000	.22000

Taxes Collected	Current Operations	Debt Service	Total
Taxes collected	$ 1,763,343	$ –	$ 1,763,343
Delinquent taxes collected	36,344	–	36,344
Penalties and interest collected	30,165	–	30,165
Total collections	$ 1,829,852	$ –	$ 1,829,852

At August 31, 2015:

Assessed valuation of the District	$ 1,020,388,800
Less: exemptions and abatements	199,050,400
Net assessed valuation of the District	$ 821,338,400

	Current Operations	Debt Service	Total
Tax rate per $100 valuation for authorized	$ .22000	$ .50000	$ .72000
Tax rate per $100 valuation for assessed	.22000	.00000	.22000

Taxes Collected	Current Operations	Debt Service	Total
Current taxes collected	$ 1,449,654	$ –	$ 1,449,654
Delinquent taxes collected	38,743	–	38,743
Penalties and interest collected	30,315	–	30,315
Total collections	$ 1,518,712	$ –	$ 1,518,712

NOTE 18 - AD VALOREM TAX (CONTINUED)

Taxes levied for the year ended August 31, 2016 and 2015, were approximately $1,809,000 and $1,495,000, respectively, (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, 2016 and 2015, were 97.61% and 97.07%, respectively, of the current tax levy. Allowance for uncollectible taxes is based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to either maintenance and operations or interest and sinking expenditures.

NOTE 19 - BRANCH CAMPUS MAINTENANCE TAX

A branch campus maintenance tax that is established by election is levied by Ochiltree County. It is levied each October 1 on the assessed value listed as of the prior January 1 for all real and 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 years 2016 and 2015 (including penalties and interest) from Ochiltree County totaled approximately $506,000 and $504,000, respectively.

NOTE 20 - INCOME TAXES

The College is exempt from income taxes under IRC Section 115, "Income of States, Municipalities, Etc.," although unrelated business income may be subject to income taxes under IRC Section 511 (a)(2)(B), "Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations." The College had no unrelated business income tax liability for the years ended August 31, 2016 and 2015.

NOTE 21 - 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.

NOTE 21 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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.

The College's contributions to SRHP for the years ended August 31, 2016, 2015, and 2014 were $157,815, $145,400 and $5,536, respectively, which equaled the required contributions each year.

NOTE 22 - COMPONENT UNIT

Frank Phillips College Development Corporation - Discrete Component Unit

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

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

NOTE 23 - NEW GASB PRONOUNCEMENTS (CONTINUED)

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

Recently Issued Accounting Pronouncements

GASB Statement No. 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. The implementation of this statement added note disclosure, but did not have a significant impact on the College's financial statements.

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. The implementation of this statement added note disclosure, but did not have a significant impact on the College's financial statements.

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 or 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. The College is currently evaluating the effect of this statement on their financial statements.

NOTE 23 - NEW GASB PRONOUNCEMENTS (CONTINUED)

Recently Issued Accounting Pronouncements (Continued)

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

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. This statement is not expected to have a significant impact on the College's financial statements.

GASB Statement No. 78, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, amends the scope and applicability of GASB 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that: (1) is not a state or local governmental pension plan; (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers; and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. GASB 78 is effective for financial statements for reporting periods beginning after December 15, 2015. The College is currently evaluating the effect of this statement on their financial statements.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, permits qualifying external investment pools to measure pool investments at amortized cost for financial reporting purposes and provides guidance that will allow many pools to continue to qualify for amortized cost accounting. Existing standards provide that external investment pools may measure their investments at amortized cost for financial reporting purposes, if they follow substantially all of the provisions of the SEC's Rule 2a-7. Likewise, participants in those pools are able to report their investments in the pool at amortized cost per share.

GASB 79 replaces the reference in existing GASB literature to Rule 2a-7 with criteria that are similar in many respects to those in Rule 2a-7. GASB 79 is effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit

NOTE 23 - NEW GASB PRONOUNCEMENTS (CONTINUED)

Recently Issued Accounting Pronouncements (Continued)

risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. The College is currently evaluating the effect of this statement on their financial statements.

GASB Statement No. 80, *Blending Requirement for Certain Component Units,* clarifies the display requirements in GASB Statement No. 14, *The Financial Reporting Entity*, by requiring these component units to be blended into the primary state or local government's financial statements in a manner similar to a department or activity of the primary government. The guidance addresses diversity in practice regarding the presentation of not-for-profit corporations in which the primary government is the sole corporate member. Although GASB 80 applies to a limited number of governmental units, such as, for example, public hospitals, the GASB intends for it to enhance the comparability of financial statements among those units and improve the value of this information for users of state and local government financial statements. GASB 80 is effective for financial statements for reporting periods beginning after June 15, 2016. The College is currently evaluating the effect of this statement on their financial statements.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. GASB 81 requires that a government recognize revenue when the resources become applicable to the reporting period. GASB 81 is effective for financial statements for reporting periods beginning after June 15, 2016. The College is currently evaluating the effect of this statement on their financial statements.

GASB Statement No. 82, *Pension Issues*, is designed to improve consistency in the application of the pension standards by clarifying or amending related areas of existing guidance. Specifically, the practice issues raised by stakeholders during implementation relate to GASB 67, 68, and 73. GASB 82 is effective for financial statements for reporting periods beginning after June 15, 2016. The College is currently evaluating the effect of this statement on their financial statements.

NOTE 24 - SUBSEQUENT EVENT

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

NOTE 24 - SUBSEQUENT EVENT (CONTINUED)

The College has requested from the Higher Education Coordinating Board permission to go before the voters of Dallam and Hartley Counties to propose a Branch Campus Maintenance Tax not to exceed $0.05 per $100 value. This Branch Campus Maintenance Tax successfully passed in both counties on November 8, 2016. The College will proceed immediately with a request to the Higher Education Coordinating Board for permission to establish a branch campus within the boundaries of Dallam and Hartley Counties. The request will go before the Coordinating Board for approval in January 2017.

The College has evaluated for inclusion as a subsequent event disclosure only those events that occurred prior to November 14, 2016, the date the financial statements were available to be issued.

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 Years

	2016	2015
College's proportionate share (percentage) of the net pension liability	0.0055977%	0.0062939%
College's proportionate share (amount) of the net pension liability	$ 1,978,712	$ 1,681,188
State's proportionate share (amount) of the net pension liability associated with the College	976,625	698,014
Total	$ 2,955,337	$ 2,379,202
College's covered-employee payroll (for measurement year)	$ 3,636,051	$ 3,235,450
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	54.42%	51.96%
Plan's fiduciary net pension as a percentage of the total pension liability	78.43%	83.25%

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

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

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

	2016	2015
Contractually required contributions	$ 193,555	$ 165,751
Contributions in relation to the contractually required contributions	(193,555)	165,751
Contribution deficiency (excess)	$ -	$ –
College's covered-employee payroll	$ 3,801,828	$ 3,633,572
Contributions as a percentage of covered-employee payroll	5.09%	4.56%

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

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

BORGER JUNIOR COLLEGE DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Years Ended August 31, 2016 and 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

Changes of assumptions.

The following are changes to the actuarial assumptions or other inputs that affected the measurement of the total pension liability since the prior measurement period.

Economic Assumptions

- The inflation assumption was decreased from 3.00% to 2.50%.
- The ultimate merit assumption for long-service employees was decreased from 1.25% to 1.00%.
- In accordance with the observed experience, there were small adjustments in the service-based promotional/longevity component of the salary scale.
- The payroll growth assumption was lowered from 3.50% to 2.50%.

Mortality Assumptions

- The post-retirement mortality tables for non-disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
- The post-retirement mortality tables for disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
- The pre-retirement mortality tables for active employees were updated to use 90% of the recently published RP-2014 mortality table for active employees. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

Other Demographic Assumptions

- Previously, it was assumed 10% of all members who had contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities, and therefore these 10% are no longer being counted as active members.
- There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.

NOTE 2 - CHANGES OF ASSUMPTIONS (CONTINUED)

- Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
- Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.

Changes Since the Prior Actuarial Valuation

- For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.

Actuarial Methods and Policies

- The method of using celled data in the valuation process was changed to now using individual data records to allow for better reporting of some items, such as actuarial gains and losses by source.

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OTHER SUPPLEMENTAL INFORMATION

BORGER JUNIOR COLLEGE DISTRICT
SCHEDULE A
SCHEDULE OF OPERATING REVENUES
YEAR ENDED AUGUST 31, 2016
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2015)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	2016	2015
TUITION						
State-funded courses						
In-district resident tuition	$ 323,307	$ -	$ 323,307	$ -	$ 323,307	$ 330,006
Out-of-district resident tuition	624,159	-	624,159	-	624,159	612,118
Non-resident tuition	143,275	-	143,275	-	143,275	115,243
TPEG - Credit (set aside)*	49,972	-	49,972	-	49,972	25,365
Non-state funded continuing education	469,797	-	469,797	-	469,797	487,936
Total tuition	1,610,510	-	1,610,510	-	1,610,510	1,570,668
FEES						
General fee	752,686	-	752,686	-	752,686	735,197
Student service fee	-	-	-	169,061	169,061	153,017
Laboratory fee	86,681	-	86,681	-	86,681	94,484
Other fees	1,028,112	-	1,028,112	-	1,028,112	839,361
Total fees	1,867,479	-	1,867,479	169,061	2,036,540	1,822,059
SCHOLARSHIP ALLOWANCES AND DISCOUNTS						
Scholarship allowances	-	-	-	(402,229)	(402,229)	(448,369)
TPEG allowances	(4,235)	-	(4,235)	-	(4,235)	(6,533)
Title IV Federal grants	(1,648,991)	-	(1,648,991)	-	(1,648,991)	(1,877,835)
Other Federal grants	(20,000)	-	(20,000)	-	(20,000)	(20,000)
Remissions and exemptions - state	(28,469)	-	(28,469)	-	(28,469)	(46,195)
Total scholarship allowances and discounts	(1,701,695)	-	(1,701,695)	(402,229)	(2,103,924)	(2,398,932)
Total net tuition and fees	1,776,294	-	1,776,294	(233,168)	1,543,126	993,795

BORGER JUNIOR COLLEGE DISTRICT
SCHEDULE A, CONTINUED
SCHEDULE OF OPERATING REVENUES
YEAR ENDED AUGUST 31, 2016
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2015)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	2016	2015
ADDITIONAL OPERATING REVENUES						
Federal grants and contracts	-	-	-	-	-	-
State grants and contracts	-	332,941	332,941	-	332,941	629,455
Local grants and contracts	506,561	-	506,561	-	506,561	505,564
General operating revenues	58,483	-	58,483	-	58,483	64,374
Total additional operating revenues	565,044	332,941	897,985	-	897,985	1,199,393
AUXILIARY ENTERPRISES						
Bookstore	-	-	-	-	-	-
Less: Discounts	-	-	-	(3,745)	(3,745)	(5,816)
Residential	-	-	-	463,955	463,955	500,480
Less: Discounts	-	-	-	(141,248)	(141,248)	(121,675)
Other Auxiliary Enterprises	-	-	-	403,221	403,221	413,420
Total net auxiliary enterprises	-	-	-	722,183	722,183	786,409
TOTAL OPERATING REVENUES	$ 2,341,338	$ 332,941	$ 2,674,279	$ 489,015	$ 3,163,294	$ 2,979,597
					(Exhibit 2A)	

*In accordance with Education Code 56.033, $49,972 and $25,365 for years ended August 31, 2016 and 2015, 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, 2016
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2015)

	Operating Expenses					
		Benefits				
	Salaries and Wages	State	Local	Other Expenses	2016	2015
UNRESTRICTED EDUCATIONAL ACTIVITIES						
Instruction	$ 2,901,944	$ -	$ 502,743	$ 1,241,816	$ 4,646,503	$ 4,281,021
Academic support	59,563	-	10,319	58,598	128,480	138,968
Student services	284,217	-	97,356	50,382	431,955	358,163
Institutional support	805,493	-	243,233	758,562	1,807,288	1,695,127
Operation and maintenance of plant	314,241	-	54,440	457,524	826,205	752,767
Scholarship and fellowships	-	-	-	317,508	317,508	223,755
Total unrestricted educational activities	4,365,458	-	908,091	2,884,390	8,157,939	7,449,801
RESTRICTED EDUCATIONAL ACTIVITIES						
Instruction	-	339,603	-	-	339,603	295,472
Academic support	-	6,970	-	-	6,970	6,502
Student services	275,121	65,457	42,546	52,383	435,507	360,372
Institutional support	-	94,263	-	-	94,263	83,757
Operation and maintenance of plant	-	36,774	-	-	36,774	32,147
Scholarship and fellowships	-	-	-	6,163	6,163	25,744
Total restricted educational activities	275,121	543,067	42,546	58,546	919,280	803,994
Total educational activities	4,640,579	543,067	950,637	2,942,936	9,077,219	8,253,795
AUXILIARY ENTERPRISES	194,071	-	59,328	1,030,903	1,284,302	1,184,304
DEPRECIATION EXPENSE - buildings and other real estate improvements	-	-	-	459,027	459,027	459,097
DEPRECIATION EXPENSE - equipment and furniture	-	-	-	263,916	263,916	226,698
TOTAL OPERATING EXPENSES	$ 4,834,650	$ 543,067	$1,009,965	$ 4,696,782	$ 11,084,464	$10,123,894
					(Exhibit 2A)	

BORGER JUNIOR COLLEGE DISTRICT
SCHEDULE C
SCHEDULE OF NONOPERATING REVENUES AND EXPENSES
YEAR ENDED AUGUST 31, 2016
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2015)

	Unrestricted	Restricted	Auxiliary Enterprises	2016	2015
NONOPERATING REVENUES					
State appropriations:					
Education and general state support	$ 2,450,136	$ -	$ -	$ 2,450,136	$ 2,280,532
State group insurance	-	390,271	-	390,271	390,271
State retirement matching	-	152,796	-	152,796	78,173
Total state appropriations	2,450,136	543,067	-	2,993,203	2,748,976
Maintenance ad valorem taxes	1,841,383	-	-	1,841,383	1,521,526
Federal revenue, nonoperating	-	1,949,963	-	1,949,963	2,152,565
Gifts	508,039	342,091	-	850,130	470,056
Investment income	758	1,372	-	2,130	2,094
Total nonoperating revenues	4,800,316	2,836,493	-	7,636,809	6,895,217
NONOPERATING EXPENSES					
Interest on capital related debt	48,251	-	-	48,251	68,021
Loss on disposal of capital assets	1,194	-	-	1,194	-
Other nonoperating (income) expenses	34,608	-	-	34,608	(15,137)
Total nonoperating expenses	84,053	-	-	84,053	52,884
NET NONOPERATING REVENUES	$ 4,716,263	$ 2,836,493	$ -	$ 7,552,756	$ 6,842,333
				(Exhibit 2A)	

BORGER JUNIOR COLLEGE DISTRICT
SCHEDULE D
SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY
YEAR ENDED AUGUST 31, 2016
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2015)

	Detail by Source					Available for Current Operations	
		Restricted		Capital Assets Net of Depreciation			
	Unrestricted	Expendable	Nonexpendable	& Related Debt	Total	Yes	No
CURRENT							
Unrestricted	$ (2,834,760)	$ -	$ -	$ -	$ (2,834,760)	$ (2,834,760)	$ -
Board designated	481,783	-	-	-	481,783	481,783	-
Restricted	-	453,976	-	-	453,976	-	453,976
Auxiliary enterprises	-	-	-	-	-	-	-
LOAN	-	-	-	-	-	-	-
ENDOWMENT							
Quasi:							
Unrestricted	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Endowment							
True	-	-	-	-	-	-	-
Term (per instructions at maturity)	-	-	-	-	-	-	-
Life income contracts	-	-	-	-	-	-	-
Annuities	-	-	-	-	-	-	-
PLANT							
Unexpended	-	-	-	-	-	-	-
Renewals	-	-	-	-	-	-	-
Debt service	-	180,000	-	-	180,000	-	180,000
Investment in plant	-	-	-	11,080,422	11,080,422	-	11,080,422
Total net position, August 31, 2016	(2,352,977)	633,976	-	11,080,422	9,361,421	(2,352,977)	11,714,398
					(Exhibit 1A)		
Total net position, August 31, 2015	(1,995,906)	415,810	-	11,309,931	9,729,835	(1,995,906)	11,725,741
NET DECREASE IN NET POSITION	$ (357,071)	$ 218,166	$ -	$ (229,509)	$ (368,414)	$ (357,071)	$ (11,343)
					(Exhibit 2A)		

BORGER JUNIOR COLLEGE DISTRICT
SCHEDULE E
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2016

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures and Pass-Through Disbursements
U.S. Department of Education				
Direct Programs:				
Student Financial Aid Cluster				
Federal Supplemental Educational Opportunity Grant Program (FSEOG)	84.007	-	-	$ 15,309
Federal Work Study Program	84.033	-	-	14,204
Federal Pell Grant Program	84.063	-	-	1,631,291
Federal Direct Student Loans	84.268	-	-	734,015
TRIO Cluster				
Title IV - TRIO	84.042	-	-	220,072
Total Direct Programs				2,614,891
Pass-Through From:				
Texas Higher Education Coordinating Board				
Carl Perkins Vocational Education - Basic	84.048	164229		69,087
Total Pass-Through from Texas Higher Education Coordinating Board				69,087
Total U.S. Department of Education				2,683,978
TOTAL EXPENDITURES OF FEDERAL AWARDS				$ 2,683,978

See accompanying notes to Schedule of Expenditures of Federal Awards.

BORGER JUNIOR COLLEGE DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
August 31, 2016

NOTE 1 - FEDERAL ASSISTANCE RECONCILIATION

Federal grants and contracts revenue - per Schedule A	$ 1,949,963
Nonoperating federal revenue from Schedule C	-
Federal Direct Student Loans	734,015
Total federal revenues per Schedule of Expenditures of Federal Awards	$ 2,683,978

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING THE SCHEDULE

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

BORGER JUNIOR COLLEGE DISTRICT
SCHEDULE F
SCHEDULE OF EXPENDITURES OF STATE OF TEXAS AWARDS
YEAR ENDED AUGUST 31, 2016

Grantor Agency/Program Title	Grant Contract Number	Expenditures
Texas Higher Education Coordinating Board		
Direct Programs:		
Texas Grant	-	$ 1,368
Work Study Awards	-	5,372
Texas Educational Opportunity Grant 2015-2016	-	142,150
Texas Educational Opportunity Grant 2014-2015	-	(675)
Total Texas Educational Oppurtunity Grant	-	141,475
Accelerate Texas	-	23,403
Total Texas Higher Education Coordinating Board		171,618
Texas Workforce Commission		
Direct Programs:		
Skills - CP Chemical	0114SDF000	109,538
Skills - Solvay	0116SDF000	21,960
Skills - Hilmar Cheese Company	0115SDF001	11,633
Total Texas Workforce Commission Skills Program		143,131
Texas Success Grant	-	18,192
Total Texas Workforce Commission		161,323
Total Expenditures of State of Texas Awards		$ 332,941

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, 2016

NOTE 1 - STATE ASSISTANCE RECONCILIATION

State grants and contracts revenue – per Schedule A	$ 332,941
Total state expenditures per Schedule A expenditures of State of Texas Awards	$ 332,941

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.

During FY 2016, the College returned $675 of the Texas Educational Opportunity Grant 2014-2015 Award. The $675 represented disallowed costs.

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 years ended August 31, 2016 and 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 14, 2016.

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 & Shennum PLLC

Amarillo, Texas
November 14, 2016

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

Board of Regents
Borger Junior College District
Borger, Texas

Report on Compliance for Each Major Federal Programs

We have audited Borger Junior College District's (the College) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended August 31, 2016. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal 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 programs for the year ended August 31, 2016.

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Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2016-001. Our opinion on each major federal program is not modified with respect to these matters.

The College's responses to the noncompliance finding identified in our audit is 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 program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-001 that we consider a significant deficiency.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Connor McMillon Mitchell & Shennum PLLC

Amarillo, Texas
November 14, 2016

BORGER JUNIOR COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended August 31, 2016

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 2 CFR Section 200.516(a)?	X	yes	____	no

Identification of major programs:

CFDA Number(s)	Name of Federal or State Program or Cluster
Major Federal Programs	*Student Financial Aid Cluster*
	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

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

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

SECTION II - Financial Statement Findings

None

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

Finding 2016-001

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 2 CFR Part 200, Appendix XI Compliance Supplement, under the Pell Grant and Department of Education (ED) loan programs, institutions must complete and return within 15 days the Enrollment Reporting roster file placed in their Student Aid Internet Gateway mailboxes sent by ED via the National Student Loan Data System (NSLDS).
Condition:	One student's enrollment status was 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 100 student status changes, the status change of one student was not accurately reported.
Cause:	The student was enrolled in two classes. One instructor assigned the student a grade of "W" to administratively withdrawal them from the class. The other instructor assigned a grade of "F". Since the student was only withdrawn from one class while receiving a grade in the other class the student's enrollment status changed from "Half Time" to "Less than Half Time", but a full withdrawal was reported 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.
Repeat Finding:	Repeat Finding of 2015-001

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

Finding 2016-001 (Continued)

Recommendation: Care should be taken to ensure student's enrollment data is entered correctly, and reports generated for NSC should be checked for accuracy before being submitted.

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 student reported to NSLDS.

BORGER JUNIOR COLLEGE DISTRICT
SCHEDULE OF CORRECTIVE ACTION
FOR AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended August 31, 2016

Finding 2016-001

Program:	84.063 Federal Pell Grant Program 84.268 Federal Direct Student Loans
Condition:	One student's enrollment status was 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 student reported to NSLDS.

BORGER JUNIOR COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended August 31, 2016

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)
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.
Current Status:	In the current year audit there was a finding related to enrollment. See current year finding 2016-001 on the Schedule of Finding and Questioned Costs.

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.
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.
Current Status:	The program ended in the current year.

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 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.
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.
Current Status:	The College resolved the findings in the current year.

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STATISTICAL SUPPLEMENT
(Unaudited)

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Borger Junior College District
Statistical Supplement 1
Net Position by Component
Fiscal Years 2007 to 2016
(unaudited)

	For the Fiscal Year Ended August 31,									
	2016	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**
Net investment in capital assets	$ 11,080,422	$ 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
Restricted - expendable	633,976	415,810	348,775	383,310	880,475	690,876	699,154	921,165	794,065	752,267
Unrestricted (deficit)	(2,352,977)	(1,995,906)	255,006	696,519	594,025	1,364,810	1,127,470	1,397,624	1,647,619	2,439,263
Total primary government net position	$ 9,361,421	$ 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

Borger Junior College District
Statistical Supplement 2
Revenues by Source
Fiscal Years 2007 to 2016
(unaudited)

	For the Year Ended August 31,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
OPERATING REVENUES										
Tuition and fees (net of discounts)	$ 1,543,126	$ 993,795	$ 1,009,840	$ 769,545	$ 619,626	$ 155,904	$ 366,868	$ 1,297,890	$ 1,284,954	$ 1,378,217
Governmental grants and contracts										
Federal grants and contracts	-	-	-	-	-	27,640	61,903	106,135	427,959	2,034,040
State grants and contracts	332,941	629,455	204,271	324,533	221,298	250,546	162,650	1,678,469	746,687	242,327
Local grants and revenues	506,561	505,564	503,138	497,850	466,171	500,454	411,309	473,320	386,272	350,931
Auxiliary enterprises	722,183	786,409	718,938	699,427	764,988	959,784	922,877	894,734	801,071	833,016
Other operating revenues	58,483	64,374	75,795	64,665	61,534	101,952	71,492	65,335	78,783	89,824
Total operating revenues	3,163,294	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
NONOPERATING REVENUES										
State appropriations	2,993,203	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
Ad valorem taxes	1,841,383	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
Federal revenue, nonoperating	1,949,963	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	850,130	470,056	332,002	418,085	568,559	215,497	292,323	435,672	317,139	489,532
Investment income	2,130	2,094	12,642	14,746	23,282	24,353	21,084	36,146	100,293	161,782
Gain (loss) on disposal of fixed assets	(1,194)	-	-	(9,207)	23,415	246,005	(7,805)	(17,230)	(33,443)	-
Other nonoperating revenues (losses)	(34,608)	15,137	(10,163)	(43,795)	(42,055)	262,792	(468,571)	200,835	173,732	209,876
Total nonoperating revenues	7,601,007	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
TOTAL REVENUES	$ 10,764,301	$ 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

	For the Year Ended August 31,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
OPERATING REVENUES										
Tuition and fees (net of discounts)	14.34%	10.05%	11.13%	8.62%	7.01%	1.51%	3.90%	10.99%	12.04%	12.96%
Governmental grants and contracts										
Federal grants and contracts	0.00%	0.00%	0.00%	0.00%	0.00%	0.27%	0.66%	0.90%	4.01%	19.12%
State grants and contracts	3.09%	6.36%	2.25%	3.63%	2.51%	2.43%	1.73%	14.21%	7.00%	2.28%
Local grants and contracts	4.71%	5.11%	5.55%	5.58%	5.28%	4.86%	4.37%	4.01%	3.62%	3.30%
Auxiliary enterprises	6.71%	7.95%	7.93%	7.83%	8.66%	9.32%	9.80%	7.57%	7.51%	7.83%
Other operating revenues	0.54%	0.65%	0.84%	0.72%	0.70%	0.99%	0.76%	0.55%	0.74%	0.84%
Total operating revenues	29.39%	30.13%	27.69%	26.39%	24.16%	19.38%	21.21%	38.23%	34.92%	46.33%
NONOPERATING REVENUES										
State appropriations	27.81%	27.80%	30.06%	28.68%	29.38%	33.49%	37.14%	30.03%	33.33%	34.61%
Ad valorem taxes	17.11%	15.38%	16.58%	16.30%	15.65%	13.39%	14.55%	11.33%	11.53%	10.97%
Federal revenue, nonoperating	18.12%	21.77%	21.98%	24.38%	24.32%	26.47%	28.84%	14.86%	14.99%	0.00%
Gifts	7.90%	4.75%	3.66%	4.68%	6.44%	2.09%	3.10%	3.69%	2.97%	4.60%
Investment income	0.02%	0.02%	0.14%	0.17%	0.26%	0.24%	0.22%	0.31%	0.94%	1.52%
Gain (loss) on disposal of fixed assets	-0.01%	0.00%	0.00%	-0.10%	0.27%	2.39%	-0.08%	-0.15%	-0.31%	0.00%
Other nonoperating revenues	-0.32%	0.15%	-0.11%	-0.49%	-0.48%	2.55%	-4.98%	1.70%	1.63%	1.96%
Total nonoperating revenues	70.63%	69.87%	72.31%	73.61%	75.84%	80.62%	78.79%	61.77%	65.08%	53.66%
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 2007 to 2016
(unaudited)

	For the Fiscal Year Ending August 31,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
OPERATING EXPENSES										
Instruction	$ 4,986,106	$ 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
Academic support	135,450	145,470	177,381	158,260	195,025	186,775	245,343	245,325	186,370	302,189
Student services	867,462	718,535	505,947	551,576	665,594	1,031,212	1,075,264	1,243,005	1,410,509	1,236,241
Institutional support	1,901,551	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
Operation and maintenance of plant	862,979	784,914	786,357	754,516	736,720	891,378	832,873	809,491	776,676	861,692
Scholarships and fellowships	323,671	249,499	213,460	105,521	132,499	99,268	128,161	149,017	144,065	171,937
Auxiliary enterprises	1,284,302	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
Depreciation	722,943	685,795	678,566	690,415	732,359	798,156	879,255	893,506	803,301	650,003
Total operating expenses	11,084,464	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
NONOPERATING EXPENSES										
Interest on capital-related debt	48,251	68,021	112,922	87,649	124,170	181,071	190,569	212,085	211,824	187,952
Total nonoperating expenses	48,251	68,021	112,922	87,649	124,170	181,071	190,569	212,085	211,824	187,952
TOTAL EXPENSES	$ 11,132,715	$ 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

	For the Fiscal Year Ending August 31,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
OPERATING EXPENSES										
Instruction	44.79%	44.90%	44.53%	44.17%	42.60%	36.90%	34.33%	34.63%	36.52%	37.67%
Academic support	1.22%	1.43%	1.82%	1.71%	2.08%	1.85%	2.43%	2.34%	1.74%	2.91%
Student services	7.79%	7.05%	5.19%	5.95%	7.11%	10.24%	10.64%	11.86%	13.16%	11.92%
Institutional support	17.08%	17.45%	17.90%	18.04%	16.86%	17.70%	17.98%	17.14%	17.32%	15.06%
Operation and maintenance of plant	7.75%	7.70%	8.07%	8.14%	7.87%	8.85%	8.24%	7.73%	7.25%	8.31%
Scholarships and fellowships	2.91%	2.45%	2.19%	1.14%	1.42%	0.99%	1.27%	1.42%	1.34%	1.66%
Auxiliary enterprises	11.54%	11.62%	12.19%	12.46%	12.91%	13.74%	14.54%	14.32%	13.19%	14.39%
Depreciation	6.49%	6.73%	6.96%	7.45%	7.82%	7.92%	8.70%	8.53%	7.50%	6.27%
Total operating expenses	99.57%	99.33%	98.84%	99.05%	98.66%	98.20%	98.11%	97.98%	98.02%	98.19%
NONOPERATING EXPENSES										
Interest on capital related debt	0.43%	0.67%	1.16%	0.95%	1.34%	1.80%	1.89%	2.02%	1.98%	1.81%
Total nonoperating expenses	0.43%	0.67%	1.16%	0.95%	1.34%	1.80%	1.89%	2.02%	1.98%	1.81%
TOTAL EXPENSES	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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

Academic Year (Fall)	Processing Fee (per student)	Resident: Fees per semester credit hour (SCH) In District Tuition	Out-of-Distict 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
2015	$ 18	$ 43	$ 68	$ 43	$ 10	$ 1,235	$ 1,535	8.7%	8.7%
2014	18	40	63	40	8	1,136	1,412	0.0%	0.0%
2013	18	40	63	40	8	1,136	1,412	12.1%	9.5%
2012	18	36	59	36	8	1,013	1,289	0.0%	0.0%
2011	18	36	59	36	8	1,013	1,289	0.0%	0.0%
2010	18	36	59	36	8	1,013	1,289	5.0%	5.9%
2009	18	32	53	36	8	965	1,217	0.0%	0.0%
2008	18	32	53	36	8	965	1,217	4.4%	3.5%
2007	13	32	53	36	5	924	1,176	6.9%	5.4%
2006	13	30	51	33	5	864	1,116	9.1%	9.4%

Academic Year (Fall)	Registration Fee (per student)	Non-Resident: Fees per semester credit hour (SCH) Non-resident Tuition Out-of-State	Non-resident Tuition International	General Use Fees	Student Service Fees	Cost for 12 SCH Out-of-State	Cost for 12 SCH International	Increase from Prior Year Out-of-State	Increase from Prior Year International
2015	$ 18	$ 76	$ 76	$ 43	$ 10	$ 1,631	$ 1,631	9.0%	9.0%
2014	18	70	70	40	8	1,496	1,496	0.0%	0.0%
2013	18	70	70	40	8	1,496	1,496	8.9%	8.9%
2012	18	66	66	36	8	1,373	1,373	0.0%	0.0%
2011	18	66	66	36	8	1,373	1,373	0.0%	0.0%
2010	18	66	66	36	8	1,373	1,373	5.5%	5.5%
2009	18	60	60	36	8	1,301	1,301	0.0%	0.0%
2008	18	60	60	36	8	1,301	1,301	3.3%	3.3%
2007	13	60	60	36	5	1,260	1,260	5.0%	5.0%
2006	13	58	58	33	5	1,200	1,200	8.7%	8.7%

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)	Direct Rates: Debt Service (a)	Direct Rates: Total (a)
2015-16	$ 1,247,981,190	$ 199,540,350	1,048,440,840	84.01%	0.22000	0.00	0.22000
2014-15	1,020,388,800	199,050,400	821,338,400	80.49%	0.22000	0.00	0.22000
2013-14	877,088,490	196,998,460	680,090,030	77.54%	0.22000	0.00	0.22000
2012-13	860,134,580	184,868,130	675,266,450	78.51%	0.22000	0.00	0.22000
2011-12	836,477,160	176,414,950	660,062,210	78.91%	0.22000	0.00	0.22000
2010-11	779,639,210	164,535,300	615,103,910	78.90%	0.22000	0.00	0.22000
2009-10	795,586,800	166,208,910	629,377,890	79.11%	0.22000	0.00	0.22000
2008-09	787,849,110	163,212,880	624,636,230	79.28%	0.22000	0.00	0.22000
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

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)

	Appropriation per FTSE			Appropriation per contact hour			
Fiscal Year	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
2015-16	$ 2,993,203	1,459	$ 2,052	383,384	297,846	681,230	$ 4.39
2014-15	2,280,532	1,348	1,692	351,800	350,655	702,455	3.25
2013-14	2,285,956	1,142	2,002	300,112	306,420	606,532	3.77
2012-13	2,015,171	1,191	1,692	318,034	291,522	609,556	3.31
2011-12	2,062,851	1,041	1,982	296,768	287,994	584,762	3.53
2010-11	2,632,570	1,247	2,111	373,890	301,055	674,945	3.90
2009-10	2,663,017	1,171	2,274	386,752	274,037	660,789	4.03
2008-09	2,715,708	1,290	2,105	394,256	264,602	658,858	4.12
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

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	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Agrium U.S. Inc	Chemical	432,421,600	$ 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
DCP Midstream (Duke Energy)	Energy	35,455,510	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
Southwestern Public Service	Utility	16,585,320	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
National Oil Well	Energy	8,584,720	13,481,200	7,085,930	-	-	-	-	-	-	-
Traditions Oil & Gas	Energy	8,540,810	5,557,220	6,851,210	7,451,240	-	-	-	-	-	-
Turner Energy Services	Energy	7,438,340	6,366,110	6,067,160	6,748,650	-	-	-	3,322,570	3,902,700	-
Pahandle Northern Railroad Co	Transportation	6,478,250	6,375,700	5,965,350	5,783,480	3,014,400	3,014,400	-	-	-	-
Rice Construction Company	Construction	8,540,810	4,460,990	4,107,130	3,716,850	-	-	-	-	-	-
Rice D E Trustee	Construction	4,932,070	7,870,630	-	-	-	-	-	-	-	-
Baker Corp	Energy	4,800,000	4,063,620	3,397,180	-	-	-	-	-	-	-
Eagle Rock Energy	Energy	3,051,080	4,408,260	-	-	-	-	-	-	-	-
Borger Properties	Energy	4,800,000	4,158,390	-	-	-	-	-	-	-	-
LHM Family LP	Energy	4,496,090	7,544,320	-	-	-	-	-	-	-	-
Walmart Real Estate Business	Real Estate	7,438,340	7,438,340	-	-	-	-	-	-	-	-
Walmart Stores of Texas	Retail	8,584,720	9,782,420	-	-	-	-	-	-	-	-
RS12 Hotels LLC	Hotel	7,481,470	6,669,000	-	-	-	-	-	-	-	-
Amarillo National Bank	Banking	4,932,070	4,953,470	-	-	-	-	-	-	-	-
Nov Process & Flow Tech Inc.	Energy	5,437,690	-	-	-	-	-	-	-	-	-
P&B Senior Living Group, LLC	Health Care	4,496,090	-	-	-	-	-	-	-	-	-
RAYMAC Energy, LTD	Energy	3,666,440	-	-	-	-	-	-	-	-	-
KAR Spring Ranch	Real Estate	-	4,653,330	-	-	-	-	-	-	-	-
	Totals	$ 588,161,420	$ 317,312,320	$ 136,983,840	$ 122,039,290	$ 93,972,720	$ 96,367,410	$ 87,662,760	$ 93,046,450	$ 81,865,190	$ 75,190,360
	Total Taxable Value	$ 1,048,440,840	$ 821,338,400	$ 680,090,030	$ 675,266,450	$ 660,062,210	$ 615,103,910	$ 629,377,890	$ 624,636,230	$ 606,442,260	$ 550,948,960

% of Taxable Assessed Value (TAV) by Tax Year

Taxpayer	Type of Business	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Agrium U.S. Inc	Chemical	0.00%	19.84%	6.94%	6.73%	6.32%	7.14%	6.60%	6.91%	6.47%	7.14%
DCP Midstream (Duke Energy)	Energy	3.38%	4.89%	6.22%	5.90%	5.68%	6.13%	5.78%	5.91%	4.78%	4.52%
Southwestern Public Service	Utility	1.58%	2.00%	2.06%	1.94%	1.78%	1.90%	1.55%	1.54%	1.61%	1.99%
National Oil Well	Energy	0.00%	1.64%	1.04%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Traditions Oil & Gas	Energy	0.00%	0.68%	1.01%	1.10%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Turner Energy Services	Energy	0.00%	0.78%	0.89%	1.00%	0.00%	0.00%	0.00%	0.53%	0.64%	0.00%
Pahandle Northern Railroad Co	Transportation	0.62%	0.78%	0.88%	0.86%	0.46%	0.49%	0.00%	0.00%	0.00%	0.00%
Rice Construction Company	Construction	0.81%	0.54%	0.60%	0.55%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Rice D E Trustee	Construction	0.00%	0.96%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Baker Corp	Energy	0.00%	0.49%	0.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Eagle Rock Energy	Energy	0.29%	0.54%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Borger Properties	Energy	0.46%	0.51%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
LHM Family LP	Energy	0.00%	0.92%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Walmart Real Estate Business	Real Estate	0.71%	0.91%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Walmart Stores of Texas	Retail	0.82%	1.19%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
RS12 Hotels LLC	Hotel	0.71%	0.81%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Amarillo National Bank	Banking	0.47%	0.60%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Nov Process & Flow Tech Inc.	Energy	0.52%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
P&B Senior Living Group, LLC	Health Care	0.43%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
RAYMAC Energy, LTD	Energy	0.35%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
KAR Spring Ranch	Real Estate	0.00%	0.57%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Totals	11.14%	38.62%	20.13%	18.07%	14.24%	15.67%	13.93%	14.90%	13.50%	13.65%

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
2016	$ 1,809,048	-	$ 1,809,048	$ 1,763,343	97.47%	$ -	$ 36,344	$ 1,799,687	0.00%
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%

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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General bonded debt:										
General obligation bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Notes	-	-	-	-	-	-	-	-	-	-
Less: funds restricted for debt service	-	-	-	-	-	-	-	-	-	-
Net general bonded debt	-	-	-	-	-	-	-	-	-	-
Other debt:										
Revenue bonds	1,150,000	1,150,000	1,320,000	1,485,000	1,650,000	1,755,000	1,885,000	2,005,000	2,120,000	2,230,000
Notes	391,565	510,009	622,885	730,452	865,405	1,153,836	1,592,644	1,969,355	2,300,550	2,665,720
Capital leases obligations	-	70,660	145,640	-	-	-	147,533	216,132	281,500	351,750
Total outstanding debt	$ 1,541,565	$ 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
General Bonded Debt Ratios:										
Per capita	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Per FTSE	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
As a percentage of taxable assessed value	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total outstanding debt ratios:										
Per capita	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Per FTSE	$ 1,459	$ 1,284	$ 1,829	$ 1,860	$ 2,416	$ 2,333	$ 3,096	$ 3,248	$ 3,645	$ 3,844
As a percentage of taxable assessed value	0.15%	0.21%	0.31%	0.33%	0.38%	0.47%	0.58%	0.67%	0.78%	0.95%

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)

	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Total assessed value	$ 1,048,440,840	$ 821,338,400	$ 680,090,030	$ 675,266,450	$ 660,062,210	$ 615,103,910	$ 629,377,890	$ 624,636,230	$ 606,442,260	$ 550,948,960
General obligation bonds:										
Statutory taxable limit for debt service	$ 5,242,204	$ 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
Less: Funds restricted for repayment of general obligation bonds	-	-	-	-	-	-	-	-	-	-
Total net general obligation debt	5,242,204	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
Current year debt service requirements	304,288	118,444	112,875	107,568	134,953	320,874	482,296	670,565	704,973	458,528
Excess of statutory limit for debt service over current requirements	$ 4,937,916	$ 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
Net current requirements as a % of statutory limit	5.80%	2.88%	3.32%	3.19%	4.09%	10.43%	15.33%	21.47%	23.25%	16.65%

Notes:

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

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

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

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
2015	12,964	$ 279,166,776	$ 21,534	4.1%
2014	13,251	285,347,034	21,534	4.2%
2013	13,024	272,839,776	20,949	4.2%
2012	13,077	254,766,114	19,482	5.6%
2011	13,240	298,098,600	22,515	6.3%
2010	13,251	278,111,988	20,988	7.3%
2009	12,655	266,995,190	21,098	7.0%
2008	12,901	246,138,179	19,079	7.0%
2007	13,305	229,258,455	17,231	4.0%

Sources:

Population from U.S. Bureau of Census

Personal income from U.S. Bureau of Economic Analysis

Unemployment rate from the Texas Workforce Commission

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

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

Current Fiscal Year

Employer	Number of Employees	% of Total Employment
Phillips 66 (Conoco Phillips Refinery)	1,410	INA
Borger ISD	926	INA
Chevron Phillips Chemical Co.	449	INA
Wal-Mart	291	INA
Golden Plains Community Hospital	253	INA
Austin Industrial	222	INA
United Supermarket	140	INA
Sid Richardson	139	INA
H.B. Zachary	116	INA
Total	INA	INA

Ten Years Prior

Employer	Number of Employees	% of Total Employment
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	INA	INA

Source:
Borger Economic Development Corp
Texas Metropolitan Statistical Area Data

Information for prior years in unavailabe; therefore, this schedule will be implemented prospectivley.

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Faculty										
Full-time	36	33	30	30	30	28	26	30	30	30
Part-time	34	38	40	43	55	45	60	81	84	82
Total	70	71	70	73	85	73	86	111	114	112
Percent										
Full-time	51.4%	46.5%	42.9%	41.1%	35.3%	38.4%	30.2%	27.0%	26.3%	26.8%
Part-time	48.6%	53.5%	57.1%	58.9%	64.7%	61.6%	69.8%	73.0%	73.7%	73.2%
Staff and Administrators										
Full-time	66	64	62	59	58	66	70	73	66	77
Part-time	17	13	9	9	9	10	10	10	12	18
Total	83	77	71	68	67	76	80	83	78	95
Percent										
Full-time	79.5%	83.1%	87.3%	86.8%	86.6%	86.8%	87.5%	88.0%	84.6%	81.1%
Part-time	20.5%	16.9%	12.7%	13.2%	13.4%	13.2%	12.5%	12.0%	15.4%	18.9%
FTSE per full-time faculty	41	41	38	40	35	45	45	43	45	46
FTSE per full-time staff member	22	21	18	20	18	19	17	18	21	18
Average annual faculty salary	$ 40,578	$ 40,389	$ 40,454	$ 37,536	$ 37,710	$ 40,203	$ 36,000	$ 32,494	$ 37,722	$ 36,579

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

Student Classification	Fall 2015 Number	Fall 2015 Percent	Fall 2014 Number	Fall 2014 Percent	Fall 2013 Number	Fall 2013 Percent	Fall 2012 Number	Fall 2012 Percent	Fall 2011 Number	Fall 2011 Percent	Fall 2010 Number	Fall 2010 Percent	Fall 2009 Number	Fall 2009 Percent	Fall 2008 Number	Fall 2008 Percent	Fall 2007 Number	Fall 2007 Percent	Fall 2006 Number	Fall 2006 Percent
00-30 hours	1100	75.39%	1167	86.57%	802	70.23%	1,011	84.89%	755	72.53%	843	67.60%	931	79.50%	909	70.47%	911	67.18%	1,150	84.25%
31-60 hours	256	17.55%	140	10.39%	235	20.58%	129	10.83%	226	21.71%	270	21.65%	201	17.16%	242	18.76%	275	20.28%	185	13.55%
> 60 hours	103	7.06%	41	3.04%	105	9.19%	51	4.28%	60	5.76%	134	10.75%	39	3.33%	139	10.78%	170	12.54%	30	2.20%
Total	1,459	100.00%	1,348	100.00%	1,142	100.00%	1,191	100.00%	1,041	100.00%	1,247	100.00%	1,171	100.00%	1,290	100.00%	1,356	100.00%	1,365	100.00%

Semester Hour Load	Fall 2015 Number	Fall 2015 Percent	Fall 2014 Number	Fall 2014 Percent	Fall 2013 Number	Fall 2013 Percent	Fall 2012 Number	Fall 2012 Percent	Fall 2011 Number	Fall 2011 Percent	Fall 2010 Number	Fall 2010 Percent	Fall 2009 Number	Fall 2009 Percent	Fall 2008 Number	Fall 2008 Percent	Fall 2007 Number	Fall 2007 Percent	Fall 2006 Number	Fall 2006 Percent
Less than 3	18	1.23%	20	1.48%	0	0.00%	3	0.25%	2	0.19%	2	0.16%	-	0.00%	19	1.47%	44	3.24%	86	6.30%
3-5 semester hours	318	21.80%	271	20.10%	198	17.34%	243	20.40%	214	20.56%	258	20.69%	226	19.30%	305	23.64%	268	19.76%	264	19.34%
6-8 semester hours	320	21.93%	331	24.55%	288	25.22%	238	19.98%	184	17.68%	207	16.60%	250	21.35%	261	20.23%	300	22.12%	301	22.05%
9-11 semester hours	229	15.70%	158	11.72%	155	13.57%	159	13.35%	118	11.34%	94	7.54%	135	11.53%	120	9.30%	138	10.18%	136	9.96%
12-14 semester hours	338	23.17%	329	24.41%	319	27.93%	337	28.30%	296	28.43%	381	30.55%	359	30.66%	288	22.33%	312	23.01%	318	23.30%
15-17 semester hours	204	13.98%	208	15.43%	157	13.75%	176	14.78%	203	19.50%	268	21.49%	176	15.03%	218	16.90%	219	16.15%	184	13.48%
18 and over	32	2.19%	31	2.30%	25	2.19%	35	2.94%	24	2.31%	37	2.97%	25	2.14%	79	6.13%	75	5.54%	76	5.57%
Total	1,459	100.00%	1,348	100.00%	1,142	100.00%	1,191	100.00%	1,041	100.00%	1,247	100.00%	1,171	100.00%	1,290	100.00%	1,356	100.00%	1,365	100.00%
Average course load					11		10		10		10		10		11		11		10	

Tuition Status	Fall 2015 Number	Fall 2015 Percent	Fall 2014 Number	Fall 2014 Percent	Fall 2013 Number	Fall 2013 Percent	Fall 2012 Number	Fall 2012 Percent	Fall 2011 Number	Fall 2011 Percent	Fall 2010 Number	Fall 2010 Percent	Fall 2009 Number	Fall 2009 Percent	Fall 2008 Number	Fall 2008 Percent	Fall 2007 Number	Fall 2007 Percent	Fall 2006 Number	Fall 2006 Percent
Texas resident (In-District)	444	30.43%	411	30.49%	366	32.05%	399	33.50%	342	32.85%	390	31.28%	399	34.07%	389	30.16%	359	26.47%	482	35.31%
Texas resident (Out-of-state)	950	65.11%	887	65.80%	736	64.45%	763	64.06%	648	62.25%	750	60.14%	709	60.55%	786	60.93%	923	68.07%	814	59.63%
Non-resident tuition	65	4.46%	50	3.71%	40	3.50%	29	2.43%	51	4.90%	107	8.58%	63	5.38%	115	8.91%	74	5.46%	69	5.05%
Total	1,459	100.00%	1,348	100.00%	1,142	100.00%	1,191	100.00%	1,041	100.00%	1,247	100.00%	1,171	100.00%	1,290	100.00%	1,356	100.00%	1,365	100.00%

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

Gender	Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	845	57.92%	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%
Male	614	42.08%	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%
Total	1,459	100.00%	1,348	100.00%	1,142	100.00%	1,191	100.00%	1,041	100.00%	1,247	100.00%	1,171	100.00%	1,290	100.00%	1,356	100.00%	1,365	100.00%

Ethnic Origin	Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	1,107	75.87%	1,012	75.07%	780	68.30%	708	59.45%	663	63.69%	843	67.60%	802	68.49%	877	67.98%	1,036	76.40%	1,031	75.52%
Hispanic	178	12.20%	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%
African American	68	4.66%	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%
Asian	9	0.62%	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%
Foreign	13	0.89%	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%
Native American	60	4.11%	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%
Other	24	1.64%	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%
Total	1,459	100.00%	1,348	100.00%	1,142	100.00%	1,191	100.00%	1,041	100.00%	1,247	100.00%	1,171	100.00%	1,290	100.00%	1,356	100.00%	1,365	100.00%

Tuition Status	Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 18	562	38.52%	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%
18-21	608	41.67%	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%
22-24	90	6.17%	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%
25-35	138	9.46%	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%
36-50	54	3.70%	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%
51 & over	7	0.48%	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%
Total	1,459	100.00%	1,348	100.00%	1,142	100.00%	1,191	100.00%	1,041	100.00%	1,247	100.00%	1,171	100.00%	1,290	100.00%	1,356	100.00%	1,365	100.00%
Average age	20		20		21		22		22		22		22		22		23		22	

Borger Junior College District
Statistical Supplement 17
Transfers to Senior Institutions
2014-2015 Fall Students as of Fall 2015
(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	96	2	-	98	56.6%
2	Texas Tech University	37	-	-	37	21.4%
3	Texas A&M University	10	-	-	10	5.8%
4	University of North Texas	8	-	-	8	4.6%
5	The University of Texas at Arlington	5	-	-	5	2.9%
6	Midwestern State University	5	-	-	5	2.9%
7	Texas State University	4	-	-	4	2.3%
8	Tarleton State University	2	-	-	2	1.2%
9	Stephen F. Austin State University	2	-	-	2	1.2%
10	The University of Texas at Austin	1	-	-	1	0.6%
11	Steven F. Austin State University	1	-	-	1	0.6%
	Totals	171	2	-	173	100.10%

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

Borger Junior College District
Statistical Supplement 18
Capital Asset Information
Fiscal Year 2007 to 2016
(unaudited)

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Academic buildings	8	7	7	7	7	7	8	8	7	7
Square footage	170,180	162,980	162,980	162,980	162,980	162,980	177,546	177,546	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	158	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	9	10	10	9	8	8	8	8
Light trucks	6	6	6	5	6	6	6	6	5	5
Buses	3	3	3	3	3	3	3	3	3	3