

RANGER COLLEGE DISTRICT

ANNUAL FINANCIAL AND COMPLIANCE REPORT

FOR THE YEAR ENDED AUGUST 31, 2018

RANGER COLLEGE DISTRICT

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RANGER COLLEGE DISTRICT

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**RANGER COLLEGE DISTRICT
ORGANIZATIONAL DATA
For the Year Ended August 31, 2018**

Board of Regents

Officers

Jackie Stephens	Chairman
Ron Butler	Vice Chairman
Dr. Philip Webb	Secretary

Members

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

Key Administrative Personnel

Dr. Bill Campion	President
Dr. Jennifer Kent	Vice President
Mr. Jon Dixon Bailey	Executive Vice President for Workforce Development
Mr. John Slaughter	Interim Vice President of Instruction, Interim Vice President of Institutional Research, Director of Institutional Research in Erath County, and Director of Institutional Research in Brown County
Mr. Gordon Warren	Vice President - Brown County
Mr. Derrick Worrels	Vice President for Student Services
Ms. Gaylyn Mendoza	Vice President for Business Services/CFO
Mr. Matt Cardin	Associate Vice President of Institutional Effectiveness
Mr. Robert Culverhouse	Dean of Enrollment Management/Registrar

FINANCIAL SECTION



SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Regents
Ranger College

Report on the Financial Statements

We have audited the accompanying financial statements of the Ranger College District (the College) as of and for the years ended August 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matter Change in Accounting Principle

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

Other Matters

Required Supplementary Information

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

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's financial statements. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The schedule of expenditures of state awards is presented for purposes of additional analysis as required by the State of Texas *Single Audit Circular*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2018, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Snow Garrett Williams

Snow Garrett Williams
December 19, 2018

RANGER COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2018 and 2017

This section of the Ranger College District's annual financial report presents management's discussion and analysis of the College's financial activity during the fiscal years ended August 31, 2018 and 2017. Since this management's discussion and analysis is designed to focus on current activities, resulting change, and currently known facts, please read it in conjunction with the College's financial statements and the footnotes. Responsibility for the completeness and fairness of this information rests with the College.

Using This Annual Report

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

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

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

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found beginning on page 22 of this report.

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

RANGER COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2018 and 2017

Financial Highlights

The College's net position decreased from August 31, 2017, restated, to August 31, 2018 by \$5,730,409 and increased from August 31, 2016, to August 31, 2017, restated, by \$266,863. During the fiscal year ending August 31, 2018, management determined that errors resulted in the overstatement of net position by \$59,707, therefore requiring the applicable August 31, 2017 balances to be restated. Also, with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting for OPEB*, the beginning net position for the year ended August 31, 2017 was decreased by \$6,858,428. As of August 31, 2018 and 2017, restated, the College's net position was \$2,183,264 and \$7,913,673, which includes \$5,982,450 and \$4,738,821 in net investment in capital assets, \$286,825 and \$286,767 in restricted net position, and (\$4,086,011) and \$2,888,085 in unrestricted net position, respectively.

Operating expenses for fiscal years 2018 and 2017, restated, were \$15,371,298 and \$14,287,991, of which \$6,054,156 and \$6,229,090 were expended for instruction, \$2,452,805 and \$2,107,068 were expended for institutional support, and \$2,843,568 and \$2,764,608 were expended for auxiliary enterprises, respectively. In fiscal years 2018 and 2017, depreciation expense was \$586,797 and \$445,139, respectively.

Operating revenues for fiscal years 2018 and 2017, restated, were \$7,430,022 and \$7,350,003, which includes \$4,421,075 and \$4,158,954 in tuition and fees (net of discounts), \$1,112,121 and \$949,814 in auxiliary revenue (net of discounts), \$607,683 and \$431,002 in federal grants and contracts, and \$1,059,304 and \$1,334,091, in state grants and contracts, respectively.

Net non-operating revenues for fiscal years 2018 and 2017, restated, were \$9,069,295 and \$7,204,851, which includes \$4,631,412 and \$4,233,363 in state allocations, \$3,254,990 and \$2,969,647 in federal grants, and \$623,114 and \$341,953 in ad-valorem taxes, respectively.

RANGER COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2018 and 2017

Financial Analysis of the College as a Whole

Statement of Net Position

The statement of net position presents current assets (non-restricted assets expected to provide support within a year), non-current assets (restricted assets expected to provide long term benefit), deferred outflows of resources, current liabilities (obligations which must be met within the current year), non-current liabilities (obligations which are not settled in the current year), and deferred inflows of resources. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources are presented using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. Net position, the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, is one way to measure the financial position of the College. As of August 31, 2018, net position was \$2,183,264. This was a decrease of \$5,730,409 from the period ended August 31, 2017, restated. This decrease was due to the \$6,858,428 decrease in net position related to the implementation of GASB Statement No. 75, *Accounting for OPEB*. As of August 31, 2017, restated, the net position was \$7,913,673. This was an increase of \$266,863 from the period ended August 31, 2016.

Net Position
As of August 31,

	<u>2018</u>	<u>Restated 2017</u>	<u>2016</u>
Current Assets	\$ 9,475,464	\$ 9,858,790	\$ 9,860,748
Non-current Assets			
Capital Assets, Net of Depreciation	15,776,386	12,567,869	9,089,191
Other	7,070,199	9,443,381	581,287
Total Assets	<u>32,322,049</u>	<u>31,870,040</u>	<u>19,531,226</u>
Deferred Outflows of Resources	<u>905,433</u>	<u>479,507</u>	<u>484,908</u>
Current Liabilities	6,007,076	6,168,639	5,701,413
Non-current Liabilities	<u>23,263,494</u>	<u>17,997,616</u>	<u>6,293,413</u>
Total Liabilities	<u>29,270,570</u>	<u>24,166,255</u>	<u>11,994,826</u>
Deferred Inflows of Resources	<u>1,773,648</u>	<u>269,619</u>	<u>374,498</u>
Net Position			
Net Investment in Capital Assets	5,982,450	4,738,821	4,074,809
Restricted for: Expendable	286,825	286,767	286,669
Unrestricted	<u>(4,086,011)</u>	<u>2,888,085</u>	<u>3,285,332</u>
Total Net Position	<u>\$ 2,183,264</u>	<u>\$ 7,913,673</u>	<u>\$ 7,646,810</u>

RANGER COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2018 and 2017

Investment in capital assets (e.g., land, building and improvements, land improvements, leasehold improvements, library books, and vehicles and equipment) less any related debt used to acquire those assets that is still outstanding was \$5,982,450 and \$4,738,821 at August 31, 2018 and 2017, restated, respectively. The College uses these assets to provide services to the students; consequently, they are not available for future spending. Although the College's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. At August 31, 2018 and 2017, restated, an additional \$286,825 (or 13%) and \$286,767 (or 4%), respectively, of the College's net position represents resources that are subject to external restrictions on how they may be used. All restricted net position of the College is being held for debt service. The remaining portion of the College's net position at August 31, 2018 and 2017, restated (\$4,086,011) and \$2,888,085, respectively, may be used to meet the College's ongoing obligations.

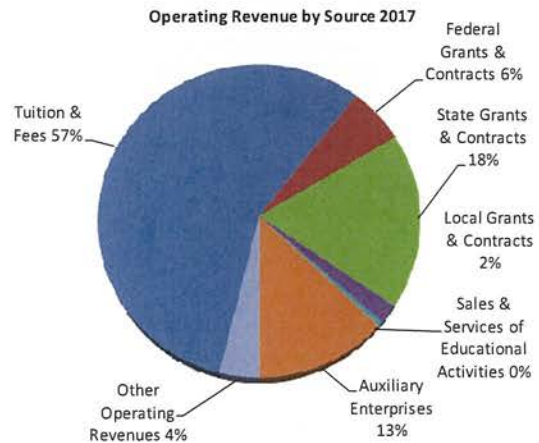
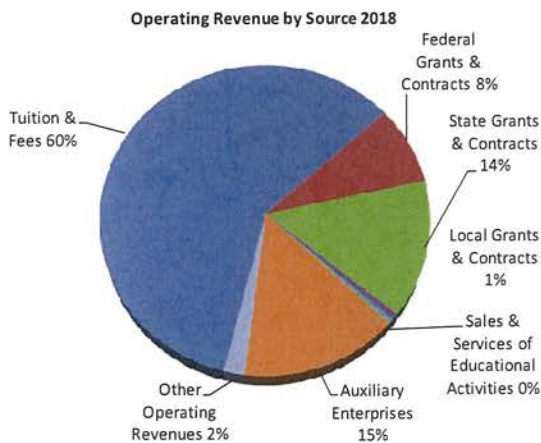
Statement of Revenues, Expenses, and Changes in Net Position

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

RANGER COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2018 and 2017

Operating Results for the Years Ended
August 31,

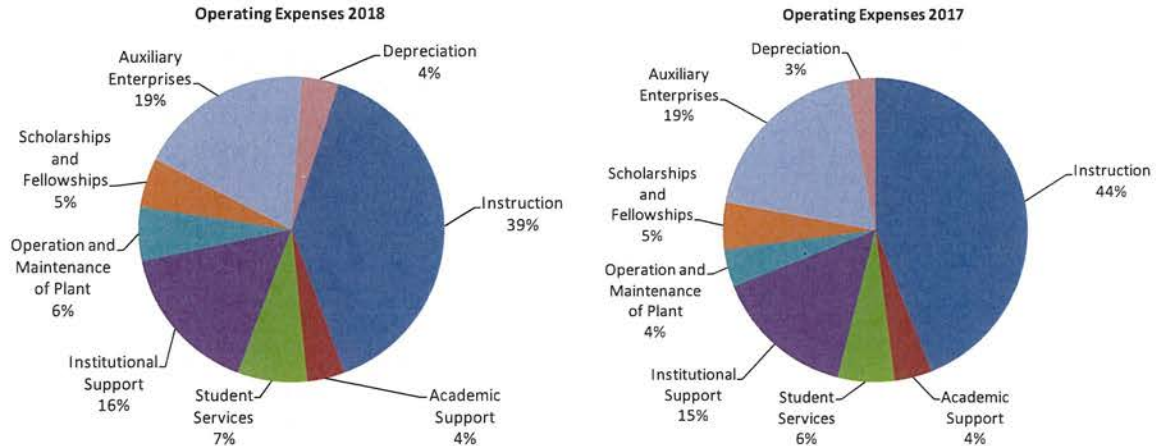
	2018	Restated 2017	2016
Operating Revenues			
Tuition and Fees (Less Discounts)	\$ 4,421,075	\$ 4,167,634	\$ 4,097,064
Federal Grants and Contracts	607,683	431,002	445,937
State Grants and Contracts	1,059,304	1,334,091	662,162
Local Grants and Contracts	50,269	142,500	190,000
Sales and Services of Educational Activities	35,265	41,376	46,609
Auxiliary Enterprises (Less Discounts)	1,112,121	949,814	1,214,243
Other Operating Revenues	144,305	283,586	150,762
Total Operating Revenues	7,430,022	7,350,003	6,806,777
Less Operating Expenses	15,371,298	14,287,991	13,262,455
Net Operating Loss	(7,941,276)	(6,937,988)	(6,455,678)
Non-Operating Revenues (Expenses)			
State Allocations	4,631,412	4,233,363	4,057,758
Ad-Valorem Taxes for Maintenance and Operations	329,498	341,953	298,871
Ad-Valorem Taxes for Debt Service	293,616	-	-
Federal Revenue, Non-Operating	3,254,990	2,969,647	2,822,318
Gifts	512,092	25,074	140,118
Investment Income (Net of Investment Expense)	203,224	65,077	5,057
Interest on Capital Related Debt	(155,537)	(406,712)	(77,592)
Loss on Disposal of Capital Assets	-	(23,551)	(2,026)
Total Non-Operating Revenues (Expenses)	9,069,295	7,204,851	7,244,504
Change in Net Position	1,128,019	266,863	788,826
Net Position, Beginning of Year	7,913,673	7,646,810	6,857,984
Prior Period Adjustment	(6,858,428)	-	-
Net Position, Beginning of Year	1,055,245	7,646,810	6,857,984
Net Position, End of Year	\$ 2,183,264	\$ 7,913,673	\$ 7,646,810
Total Revenues	\$ 16,654,854	\$ 14,985,117	\$ 14,130,899



RANGER COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2018 and 2017

Operating Expenses
For the Years Ended August 31,

	2018	Restated 2017	2016
Instruction	\$ 6,054,156	\$ 6,229,090	\$ 5,662,435
Academic Support	614,330	518,849	822,600
Student Services	1,131,401	845,056	782,996
Institutional Support	2,452,805	2,107,068	1,860,750
Operation and Maintenance of Plant	878,751	608,970	629,758
Scholarships and Fellowships	809,490	769,211	668,931
Auxiliary Enterprises	2,843,568	2,764,608	2,364,277
Depreciation	586,797	445,139	470,708
Total	\$ 15,371,298	\$ 14,287,991	\$ 13,262,455
 Total Expenses (Including Non-Operating Expenses)	 \$ 15,526,835	 \$ 14,718,254	 \$ 13,342,073



CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The College's investment in total capital assets as of August 31, 2018 and 2017, restated, amounts to \$15,776,386 and \$12,567,869, respectively, (net of accumulated depreciation). Investments in capital assets include land, construction in progress, buildings and improvements, land improvements, leasehold improvements, library books, and vehicles and equipment.

RANGER COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2018 and 2017

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

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

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

- Completion of the Stephenville facility;
- Renovations related to energy conservation measures; and
- Welding and machining related equipment purchased with grant funds.

Capital Assets, Net
August 31,

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Capital Assets			
Land	\$ 764,848	\$ 739,948	\$ 739,948
Construction in Progress	3,913,024	2,866,732	2,720,649
Building and Improvements	12,652,264	10,465,224	7,393,900
Land Improvements	704,742	354,134	342,808
Leasehold Improvements	716,805	716,805	729,790
Library Books	165,493	165,493	150,185
Vehicles and Equipment	<u>2,606,954</u>	<u>2,420,480</u>	<u>2,046,442</u>
Total	21,524,130	17,728,816	14,123,722
Less Accumulated Depreciation	<u>(5,747,744)</u>	<u>(5,160,947)</u>	<u>(5,034,531)</u>
Net Capital Assets	<u>\$ 15,776,386</u>	<u>\$ 12,567,869</u>	<u>\$ 9,089,191</u>

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

Long-term debt. At August 31, 2018 and 2017, the College had total debt outstanding, which represents bonds payable of \$14,644,426 and \$15,023,375, respectively and notes payable of \$1,932,884 and \$1,962,287, respectively. The College's total debt decreased by a net amount of \$408,352 during the fiscal year ending August 31, 2018 due to regularly scheduled payments. The College's total debt increased by a net amount of \$11,676,662 during the fiscal year ending August 31, 2017 due to the issuance of limited tax bonds and notes payable net of the scheduled payments.

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

**RANGER COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2018 and 2017**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Board of Regents adopted the College's 2018 – 2019 budget and tax rate on September 4, 2018. The annual budget is developed to provide efficient, effective, and economic uses of the College's resources, as well as, a means to accomplish the highest priority objectives. Through the budget, the Board of Regents sets the direction of the College, allocates its resources, and establishes its priorities.

In considering the College budget for fiscal year 2019, the Board of Regents and management considered the following factors:

- Many facilities at Ranger College remain basically as they were 50-60 years ago and have significant deferred maintenance. With the voter approval of issuing \$10,000,000 in tax-supported bonds in November 2016, the College is continuing the construction of two new buildings and renovation of other buildings to address the demands of 21st century students, and will help build the Ranger campus for the future of this College and the community.
- Property valuations in Ranger College District increased resulting in an increased ad valorem tax levy. This resulted in a reduction in the total ad valorem tax rate as desired by the College's Board of Regents.
- Maintain athletic program spending at levels required for successful competition.
- With consistent tuition and fee charges, student enrollment, and state appropriations related to instruction, the College anticipates fiscal year 2019 will be comparable to fiscal year 2018.
- Maintain sufficient contingency reserves to address any fluctuations in enrollment.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Ranger College District's finances and to show the College's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Chief Financial Officer at 1100 College Circle, Ranger, Texas 76470.

RANGER COLLEGE DISTRICT
Statements of Net Position
August 31, 2018 and 2017

EXHIBIT 1

	<u>2018</u>	<u>Restated 2017</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 5,176,069	\$ 5,040,212
Accounts Receivable (net)	4,226,154	4,814,769
Inventories	14,010	-
Prepaid Expenses	58,481	3,059
Deposits	750	750
Total Current Assets	<u>9,475,464</u>	<u>9,858,790</u>
Non-Current Assets		
Restricted Cash and Cash Equivalents	7,070,199	9,443,381
Capital Assets, net of Accumulated Depreciation (See Note 5)	<u>15,776,386</u>	<u>12,567,869</u>
Total Non-Current Assets	<u>22,846,585</u>	<u>22,011,250</u>
Total Assets	<u>32,322,049</u>	<u>31,870,040</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	729,335	479,507
Deferred Outflows Related to OPEB	<u>176,098</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>905,433</u>	<u>479,507</u>

RANGER COLLEGE DISTRICT
Statements of Net Position
August 31, 2018 and 2017

EXHIBIT 1

	<u>2018</u>	<u>Restated 2017</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 634,056	\$ 871,484
Accrued Liabilities	476,065	432,876
Accrued Compensable Absences - Current Portion	97,261	90,358
Funds Held for Others	43,601	25,182
Unearned Revenue	4,066,270	4,369,790
Notes Payable - Current Portion	141,248	-
Bonds Payable - Current Portion	518,762	378,949
Net OPEB Liability - Current Portion	29,813	-
Total Current Liabilities	<u>6,007,076</u>	<u>6,168,639</u>
Non-Current Liabilities		
Accrued Compensable Absences	63,744	20,242
Notes Payable	1,791,636	1,962,287
Bonds Payable	14,125,664	14,644,426
Net Pension Liability	1,436,764	1,370,661
Net OPEB Liability	5,845,686	-
Total Non-Current Liabilities	<u>23,263,494</u>	<u>17,997,616</u>
Total Liabilities	<u>29,270,570</u>	<u>24,166,255</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pensions	474,546	269,619
Deferred Inflows Related to Pensions	1,299,102	-
Total Deferred Inflows of Resources	<u>1,773,648</u>	<u>269,619</u>
NET POSITION		
Net Investment in Capital Assets	5,982,450	4,738,821
Restricted for:		
Expendable		
Debt Service	286,825	286,767
Unrestricted	<u>(4,086,011)</u>	<u>2,888,085</u>
Total Net Position (Schedule D)	<u>\$ 2,183,264</u>	<u>\$ 7,913,673</u>

**RANGER COLLEGE DISTRICT
Component Unit
Statement of Financial Position
August 31, 2018**

EXHIBIT 1

	Ranger College Foundation, Inc.
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 163,119
Investments	1,921,357
Total Current Assets	2,084,476
Non-Current Assets	
Land	8,500
Total Non-Current Assets	8,500
Total Assets	2,092,976
LIABILITIES	
Current Assets	
Payable to Ranger College	613
Total Current Liabilities	613
NET ASSETS	
Unrestricted	2,072,363
Temporarily Restricted	20,000
Total Net Assets	\$ 2,092,363

RANGER COLLEGE DISTRICT
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2018 and 2017

EXHIBIT 2

	2018	Restated 2017
REVENUES		
Operating Revenues		
Tuition and Fees (Net of Discounts of \$3,849,143 and \$3,584,048, respectively)	\$ 4,421,075	\$ 4,167,634
Federal Grants and Contracts	607,683	431,002
State Grants and Contracts	1,059,304	1,334,091
Non-Governmental Grants and Contracts	50,269	142,500
Sales and Services of Educational Activities	35,265	41,376
Auxiliary Enterprises (Net of Discounts of \$814,738 and \$742,223, respectively)	1,112,121	949,814
Other Operating Revenues	144,305	283,586
	7,430,022	7,350,003
EXPENSES		
Operating Expenses		
Instruction	6,054,156	6,229,090
Academic Support	614,330	518,849
Student Services	1,131,401	845,056
Institutional Support	2,452,805	2,107,068
Operation and Maintenance of Plant	878,751	608,970
Scholarships and Fellowships	809,490	769,211
Auxiliary Enterprises	2,843,568	2,764,608
Depreciation	586,797	445,139
	15,371,298	14,287,991
	(7,941,276)	(6,937,988)
NON-OPERATING REVENUES (EXPENSES)		
State Appropriations	4,631,412	4,233,363
Maintenance Ad Valorem Taxes	329,498	341,953
Debt Service Ad Valorem Taxes	293,616	-
Federal Revenue, Non-Operating	3,254,990	2,969,647
Gifts	512,092	25,074
Investment Income	203,224	65,077
Interest on Capital Related Debt	(155,537)	(406,712)
Loss on Disposal of Capital Assets	-	(23,551)
	9,069,295	7,204,851
	1,128,019	266,863
NET POSITION		
Net Position - Beginning of Year	7,913,673	7,646,810
Cumulative Effect of Change in Accounting Principle (Note 2)	(6,858,428)	-
	1,055,245	7,646,810
	\$ 2,183,264	\$ 7,913,673

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

RANGER COLLEGE DISTRICT
Component Unit
Statement of Activities
For the Year Ended August 31, 2018

EXHIBIT 2

	Ranger College Foundation, Inc.
REVENUE	
Contributions	\$ 122,005
Interest and Dividends	22
Gain on Investments	193,846
Total Revenue	315,873
 EXPENSES	
Contributions to Ranger College	188,496
Salaries and Payroll Taxes	11,842
Supplies	3,179
Total Expenses	203,517
 Change in Net Assets	112,356
Net Assets - Beginning of Year	1,980,007
Net Assets - End of Year	\$ 2,092,363

RANGER COLLEGE DISTRICT
Statements of Cash Flows
For the Years Ended August 31, 2018 and 2017

EXHIBIT 3

	2018	Restated 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Students and Other Customers	\$ 6,128,200	\$ 5,854,282
Receipts from Grants and Contracts	1,919,291	1,663,180
Payments to or on Behalf of Employees	(7,218,528)	(6,598,722)
Payments to Suppliers for Goods or Services	(6,748,821)	(6,334,174)
Payments of Scholarships	(809,490)	(769,211)
Other receipts (payments)	144,305	283,586
	(6,585,043)	(5,901,059)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Receipts from State Appropriations	4,128,579	3,595,437
Receipts from Maintenance Ad Valorem Taxes	338,093	347,084
Receipts from Non-Operating Federal Revenue	3,241,792	3,091,946
Receipts from Gifts and Grants (Other Than Capital)	39,816	25,074
Receipts from Student Organizations and Other Agency Transactions	18,419	25,182
	7,766,699	7,084,723
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Revenue Bonds	-	9,999,885
Proceeds from Notes Payable	5,471	1,962,287
Receipts from Debt Service Ad Valorem Taxes	279,791	-
Purchases of Capital Assets	(3,353,038)	(3,947,368)
Receipts from Gifts and Grants (Capital)	30,000	-
Payments on Capital Debt - Principal	(394,874)	(285,000)
Payments on Capital Debt - Interest	(189,555)	(440,131)
	(3,622,205)	7,289,673
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts from Investment Earnings	203,224	65,077
	203,224	65,077
Increase (Decrease) in Cash and Cash Equivalents	(2,237,325)	8,538,414
Cash and Cash Equivalents - September 1	14,483,593	5,945,179
Cash and Cash Equivalents - August 31	\$ 12,246,268	\$ 14,483,593

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

RANGER COLLEGE DISTRICT
Statements of Cash Flows
For the Years Ended August 31, 2018 and 2017

EXHIBIT 3

	2018	Restated 2017
Reconciliation to Exhibit 1:		
Cash and Cash Equivalents	\$ 5,176,069	\$ 5,040,212
Restricted Cash and Cash Equivalents	7,070,199	9,443,381
Total Cash and Cash Equivalents	\$ 12,246,268	\$ 14,483,593
 Non-Cash Investing and Financing Activities:		
Gift of Capital Asset	\$ 442,276	\$ -
 Reconciliation of Operating Loss to Net Cash Used By Operating Activities:		
Operating Loss	\$ (7,941,276)	\$ (6,937,988)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation Expense	586,797	445,139
Bad Debt Expense	458,251	451,697
Payments Made Directly by State for Benefits	502,833	637,926
Changes in Assets and Liabilities:		
Receivables, Net	148,792	(954,629)
Inventories	(14,010)	-
Prepaid Expenses	(55,422)	53,780
Deferred Outflows of Resources	(264,381)	5,401
Accounts Payable	(237,428)	(123,100)
Accrued Liabilities	58,258	(8,840)
Unearned Revenue	(303,520)	515,080
Net Pension Liability	66,103	119,354
Net OPEB Liability	(1,144,474)	-
Compensated Absences	50,405	-
Deferred Inflows of Resources	1,504,029	(104,879)
Net Cash Used By Operating Activities	\$ (6,585,043)	\$ (5,901,059)

**NOTES TO THE
FINANCIAL STATEMENTS**

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2018 and 2017

1. REPORTING ENTITY

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Guidelines

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

Tuition Discounting

Texas Public Education Grants (TPEG)

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

Title IV, Higher Education Act (HEA) Program Funds

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

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2018 and 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Tuition Discounts

The College awards tuition and fee scholarships from institutional funds to students who qualify. When these amounts are used for tuition and fees, the amounts are recorded as a tuition discount. If the amount is dispersed 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, whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

Budgetary Data

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

Cash and Cash Equivalents

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

Deferred Outflows

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

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2018 and 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-Current Cash and Investments

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

Inventories

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

Capital Assets

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

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

Other Post-Employment Benefits (OPEB)

The fiduciary net position of the Employees Retirement System of Texas (ERS) State Retiree Health Plan (SRHP) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits; OPEB expense; and information about assets, liabilities, and additions to/deductions from SRHP's fiduciary net position. Benefit payments are recognized when due and are payable in accordance with the benefit terms.

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2018 and 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions

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

Unearned Revenues

Revenues, primarily consisting of tuition, fees, meal charges, and resident hall charges, related to academic terms in the next fiscal year are recorded on the Statement of Net Position as unearned revenue in the current fiscal year. Tuition and fees of \$3,968,114 and \$4,234,247 and federal and state grants of \$98,156 and \$135,543 have been reported as unearned revenue at August 31, 2018 and August 31, 2017, respectively.

Bonds Payable

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

Deferred Inflows

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

Estimates

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

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2018 and 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating and Non-Operating Revenues and Expenses

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

Application of Restricted and Unrestricted Resources

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

Prior Year Restatement

During the fiscal year ended August 31, 2018, the College determined that certain prior year amounts were recorded incorrectly. This resulted in an understatement of accounts receivable and operating revenue by \$12,800; overstatements of \$56,822 in prepaid expenses and \$15,685 in accounts payable; and understated expenses of \$72,507. Accordingly, the College restated its financial statements for the fiscal year ended August 31, 2017. The effects of the restatements decreased the College's net position and change in net position for 2017 by \$59,707.

Cumulative Effect of Change in Accounting Principle

Effective for fiscal year 2018, the College implemented GASB Statement No. 75, *Accounting for OPEB*. Accordingly, a restatement to beginning net position was required for the recording of the beginning net OPEB liability and for the recording of deferred outflows of resources related to OPEB for contributions made to the ERS OPEB plan subsequent to the measurement date of the beginning net OPEB liability.

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

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2018 and 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

3. AUTHORIZED INVESTMENTS

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

4. DEPOSITS AND INVESTMENTS

The College's deposits and investments are invested pursuant to the Investment Policy, which is approved annually by the College's Board. The Investment Policy includes a list of authorized investment instruments. The Board has only authorized Ranger College to invest in Certificates of Deposit; however the College may hold investments that were authorized investments at the time of purchase or receipt. No other investments shall be made without approval of a majority of the Board of Regents.

Cash and Deposits

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

	August 31,	
	2018	2017
Bank Deposits with Financial Institutions	\$ 12,244,518	\$ 14,481,843
Petty Cash	1,750	1,750
Total Cash and Cash Equivalents	\$ 12,246,268	\$ 14,483,593

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2018 and 2017

4. DEPOSITS AND INVESTMENTS (Continued)

Interest Rate Risk – In accordance with the College’s investment policy, the College does not purchase any investments with maturities greater than one year. As of August 31, 2018 and August 31, 2017, the College had no investments and was not exposed to interest rate risk.

Credit Risk – The College has no formal policy addressing credit risk. However, the safety of principal is the primary objective of the College’s investment policy. As of August 31, 2018 and August 31, 2017, the College had no investments and was not exposed to credit risk.

Concentration of Credit Risk - The College does not place a limit on the amount that may be invested in any one issue. As of August 31, 2018 and August 31, 2017, the College had no investments and was not exposed to concentration of credit risk.

Custodial Credit Risk – Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution’s trust department or agent but not in the College’s name. At August 31, 2018 and at August 31, 2017, the College’s cash and cash equivalents were not exposed to custodial credit risk.

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

	August 31,	
	2018	2017
Per Note 4:		
Cash and Cash Equivalents	\$ 12,246,268	\$ 14,483,593
Total Deposits and Investments	\$ 12,246,268	\$ 14,483,593
Per Exhibit 1:		
Cash and Cash Equivalents	\$ 5,176,069	\$ 5,040,212
Restricted Cash and Cash Equivalents	7,070,199	9,443,381
Total Deposits and Investments	\$ 12,246,268	\$ 14,483,593

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2018 and 2017

5. CAPITAL ASSETS

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

	Balance 9/1/2017	Increases	Decreases	Transfers	Balance 8/31/2018
<u>Not Depreciated:</u>					
Land	\$ 739,948	\$ 24,900	\$ -	\$ -	\$ 764,848
Construction in Progress	2,866,732	3,282,795	2,236,503	-	3,913,024
Subtotal	<u>3,606,680</u>	<u>3,307,695</u>	<u>2,236,503</u>	<u>-</u>	<u>4,677,872</u>
<u>Other Capital Assets:</u>					
Buildings and Improvements	10,465,224	2,218,304	-	(31,264)	12,652,264
Land Improvements	354,134	319,344	-	31,264	704,742
Leasehold Improvements	716,805	-	-	-	716,805
Library Books	165,493	-	-	-	165,493
Vehicles and Equipment	2,420,480	186,474	-	-	2,606,954
Subtotal	<u>14,122,136</u>	<u>2,724,122</u>	<u>-</u>	<u>-</u>	<u>16,846,258</u>
<u>Accumulated Depreciation:</u>					
Buildings and Improvements	2,946,224	318,647	-	(14,053)	3,264,871
Land Improvements	286,192	25,253	-	14,053	311,445
Leasehold Improvements	699,387	2,155	-	-	701,542
Library Books	129,478	11,033	-	-	140,511
Vehicles and Equipment	1,099,666	229,709	-	-	1,329,375
Subtotal	<u>5,160,947</u>	<u>586,797</u>	<u>-</u>	<u>-</u>	<u>5,747,744</u>
Net Other Capital Assets	<u>8,961,189</u>	<u>2,137,325</u>	<u>-</u>	<u>-</u>	<u>11,098,514</u>
Net Capital Assets	<u>\$ 12,567,869</u>	<u>\$ 5,445,020</u>	<u>\$ 2,236,503</u>	<u>\$ -</u>	<u>\$ 15,776,386</u>

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2018 and 2017

5. CAPITAL ASSETS (Continued)

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

	Balance 9/1/2016	Increases	Decreases	Balance 8/31/2017
<u>Not Depreciated:</u>				
Land	\$ 739,948	\$ -	\$ -	\$ 739,948
Construction in Progress	2,720,649	2,597,052	2,450,969	2,866,732
Subtotal	<u>3,460,597</u>	<u>2,597,052</u>	<u>2,450,969</u>	<u>3,606,680</u>
<u>Other Capital Assets:</u>				
Buildings and Improvements	7,393,900	3,083,769	12,445	10,465,224
Land Improvements	342,808	11,326	-	354,134
Leasehold Improvements	729,790	-	12,985	716,805
Library Books	150,185	15,308	-	165,493
Vehicles and Equipment	2,046,442	740,879	366,841	2,420,480
Subtotal	<u>10,663,125</u>	<u>3,851,282</u>	<u>392,271</u>	<u>14,122,136</u>
<u>Accumulated Depreciation:</u>				
Buildings and Improvements	2,749,127	198,342	1,245	2,946,224
Land Improvements	274,959	11,233	-	286,192
Leasehold Improvements	705,222	2,155	7,990	699,387
Library Books	119,126	10,352	-	129,478
Vehicles and Equipment	1,186,097	223,057	309,488	1,099,666
Subtotal	<u>5,034,531</u>	<u>445,139</u>	<u>318,723</u>	<u>5,160,947</u>
Net Other Capital Assets	<u>5,628,594</u>	<u>3,406,143</u>	<u>73,548</u>	<u>8,961,189</u>
Net Capital Assets	<u>\$ 9,089,191</u>	<u>\$ 6,003,195</u>	<u>\$ 2,524,517</u>	<u>\$ 12,567,869</u>

For the fiscal year ended August 31, 2018 and 2017, the College capitalized interest expense of \$510,282 and \$28,258 on the Ranger campus additions and renovations project related to the Series 2017 Limited Tax Bond. For the fiscal years ended August, 31, 2018 and 2017, the College capitalized interest expense of \$0 and \$58,084 on the Stephenville campus renovation project in progress related to the Series 2014 Revenue Bond. For the fiscal years ended August 31, 2018 and 2017, the College incurred a total of \$685,379 and \$215,510, respectively, of interest cost for all debt outstanding.

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2018 and 2017

6. NON-CURRENT LIABILITIES

Non-current liability activity for the years ended August 31, 2018 and 2017 was as follows:

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

	Balance September 1, 2016	Additions	Reductions	Balance August 31, 2017	Current Portion
Revenue Bonds Payable	\$ 5,309,000	\$ -	\$ 285,000	\$ 5,024,000	\$ 295,000
Limited Tax Bonds Payable	-	9,745,000	-	9,745,000	65,000
Bond Premium	-	254,885	510	254,375	18,949
Note Payable	-	1,962,287	-	1,962,287	-
Net Pension Liability	1,251,307	265,371	146,017	1,370,661	n/a
Compensated Absences	110,600	131,286	131,286	110,600	90,358
Total Long-Term Liabilities	\$ 6,670,907	\$ 12,358,829	\$ 562,813	\$18,466,923	\$ 469,307

7. DEBT OBLIGATIONS

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

Revenue Bonds

- Combined Fee Revenue Bond, Series 2013.
- To purchase and renovate a building in Stephenville to be used for instruction.
- Issued May 15, 2013.
- Original balance of \$3,000,000 is payable in thirty semi-annual installments varying from \$160,000 to \$243,000, which includes interest at a rate of 2.95%.
- Final installment is due June 1, 2028.
- Source of revenue for debt service – tuition and fees.
- Outstanding principal balance of \$2,142,000 and \$2,324,000 at August 31, 2018 and 2017, respectively.

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2018 and 2017

7. DEBT OBLIGATIONS (Continued)

Revenue Bonds

- Combined Fee Revenue Bond, Series 2014.
- To purchase and renovate a building in Stephenville to be used for instruction.
- Issued July 1, 2014.
- Original balance of \$3,000,000 is payable in forty semi-annual installments varying from \$88,000 to \$215,000, which includes interest at a rate of 4.1%.
- Final installment is due August 15, 2034.
- Source of revenue for debt service – tuition and fees.
- Outstanding principal balance of \$2,587,000 and \$2,700,000 at August 31, 2018 and 2017, respectively.

Limited Tax Bonds

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

Note Payable - State Energy Conservation Office

- To fund Energy Conservation Measures.
- Original loan date – December 8, 2016.
- Total available to draw down is \$1,968,046 of which \$1,967,758 was drawn down at August 31, 2018.
- Payable in accordance with the terms of the Loan Payment Schedule with quarterly installments of \$44,975 starting August 31, 2018 through February 28, 2031.
- Interest accrues at a rate of 2% from the date of the borrowing.
- Source of revenue for debt service – unrestricted revenue.
- Outstanding principal balance of \$1,932,884 and \$1,962,287 at August 31, 2018 and 2017, respectively.

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
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7. DEBT OBLIGATIONS (Continued)

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

Year Ended August 31,	Revenue Bonds Payable			Limited Tax Bonds Payable			Amortization of Bond Premium
	Bonds Principal	Interest	Total	Bonds Principal	Interest	Total	
2019	\$ 305,000	\$ 169,258	\$ 474,258	\$ 200,000	\$ 366,174	\$ 566,174	\$ 13,762
2020	315,000	158,902	473,902	210,000	360,025	570,025	13,531
2021	326,000	148,208	474,208	215,000	352,575	567,575	13,249
2022	337,000	137,128	474,128	225,000	343,775	568,775	12,918
2023	348,000	125,658	473,658	235,000	334,575	569,575	12,572
2024 - 2028	1,930,000	441,647	2,371,647	1,285,000	1,566,075	2,851,075	58,853
2029 - 2033	953,000	164,366	1,117,366	1,530,000	1,314,000	2,844,000	49,353
2034 - 2038	215,000	8,815	223,815	1,875,000	974,500	2,849,500	36,579
2039 - 2043				2,295,000	559,500	2,854,500	20,967
2044 - 2048				1,610,000	98,400	1,708,400	3,642
Total	<u>\$4,729,000</u>	<u>\$1,353,982</u>	<u>\$6,082,982</u>	<u>\$9,680,000</u>	<u>\$6,269,599</u>	<u>\$15,949,599</u>	<u>\$ 235,426</u>

Year Ended August 31,	Note Payable		
	Note Principal	Interest	Total
2019	\$ 141,248	\$ 38,651	\$ 179,899
2020	144,095	35,805	179,900
2021	146,998	32,902	179,900
2022	149,960	29,940	179,900
2023	152,982	26,918	179,900
2024 - 2028	812,413	87,087	899,500
2029 - 2033	385,188	11,901	397,089
Total	<u>\$1,932,884</u>	<u>\$ 263,204</u>	<u>\$2,196,088</u>

8. EMPLOYEES' RETIREMENT PLANS

Teacher Retirement System of Texas - Defined Benefit Pension Plan

Plan Description

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

RANGER COLLEGE DISTRICT
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8. EMPLOYEES' RETIREMENT PLANS (Continued)

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

Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/TRS%20Documents/cafr_2017.pdf; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

The College's portion of the plan's fiduciary net position has been determined on the same basis as that used by the plan. The fiduciary net position of the 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 or resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities, and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, whose formulas use the three highest annual salaries. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic cost of living adjustments (COLAs). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan Description above.

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
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8. EMPLOYEES' RETIREMENT PLANS (Continued)

Contributions

Contribution requirements are established or amended pursuant to Article 16, Section 67 of the Texas Constitution which requires the Texas Legislature to establish a member contribution rate of not less than 6 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent 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.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

	<u>Contribution Rates</u>	
	<u>Fiscal Years</u>	
	<u>2018</u>	<u>2017</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (NECE) - State	6.8%	6.8%
Employers	6.8%	6.8%

Contributions

2017 Member Contributions	\$250,098
2017 NECE On-behalf Contributions	\$76,049
2017 Employer Contributions	\$134,611

The College's contributions to the TRS pension plan in fiscal year 2018 were \$149,602 as reported in the Schedule of College's Contributions for Pensions in the Required Supplementary Information section of these financial statements. Estimated State of Texas (NECE) on-behalf contributions for the 2018 fiscal year were \$97,625.

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

RANGER COLLEGE DISTRICT
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8. EMPLOYEES' RETIREMENT PLANS (Continued)

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

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

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

Actuarial Assumptions

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

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Single Discount Rate	8.00%
Long-term Expected Rate	8.00%
Municipal Bond Rate*	N/A*
Last year ending August 31 in 2017 to 2116 Projection period (100 years)	2116
Inflation	2.50%
Salary increases	3.5% to 9.5% including inflation
Ad hoc post-employment benefit changes	None

**If a municipal bond rate was to be used, the rate would be 3.42% as of August 31, 2017 (i.e. the rate closest to but not later than the Measurement Date). The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."*

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
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8. EMPLOYEES' RETIREMENT PLANS (Continued)

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

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

Discount Rate

The discount rate used to measure the total pension liability was 8.0 percent. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8.0 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2017, are summarized below:

RANGER COLLEGE DISTRICT
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8. EMPLOYEES' RETIREMENT PLANS (Continued)

Asset Allocation and Long-Term Expected Real Rate of Return

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns *
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.

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

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
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8. EMPLOYEES' RETIREMENT PLANS (Continued)

Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
College's proportionate share of the net pension liability:	\$2,422,098	\$1,436,764	\$616,311

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

At August 31, 2018, the College reported a liability of \$1,436,764 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the College. The amount recognized by the College as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the College were as follows:

College's proportionate share of the collective net pension liability	\$1,436,764
State's proportionate share that is associated with the College	743,500
Total	\$2,180,264

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

At the measurement date of August 31, 2017, the College's proportion of the collective net pension liability was 0.0044934 percent, which was a decrease of 23.882 percent from its proportion measured as of August 31, 2016.

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
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8. EMPLOYEES' RETIREMENT PLANS (Continued)

For the fiscal year ended August 31, 2018, the College recognized pension expense of \$76,049 and revenue of \$76,049 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 21,020	\$ 77,483
Changes in actuarial assumptions	65,447	37,467
Difference between projected and actual investment earnings	220,957	325,666
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	272,309	33,930
Contributions paid to TRS subsequent to the measurement date	149,602	-
Total	\$ 729,335	\$ 474,546

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

Year ended August 31:	Pension Expense Amount
2019	\$ (7,771)
2020	83,941
2021	(14,819)
2022	(35,747)
2023	47,309
Thereafter	32,274

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
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8. EMPLOYEES' RETIREMENT PLANS (Continued)

Optional Retirement Plan - Defined Contribution Plan

Plan Description

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

Funding Policy

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

The retirement expense to the State for the College was \$45,904 and \$51,357 for the fiscal years ended August 31, 2018 and 2017, respectively. This amount represents the portion of expended appropriations made by the State Legislature on behalf of the College.

The total payroll for all College employees was \$5,919,235 and \$5,594,466 for fiscal years 2018 and 2017, respectively. The total payroll of employees covered by the TRS was \$3,623,931 and \$3,253,820, and the total payroll of employees covered by the Optional Retirement Program was \$1,391,017 and \$1,556,266 for fiscal years 2018 and 2017, respectively.

9. COMPENSABLE ABSENCES

Full-time employees earn annual leave at a rate of 7.4 hours per month to a maximum of eighty hours each year. Twelve-month employees become eligible for vacation after one year of service. The College's policy is that an employee may carry his accrued leave forward from one fiscal year to another fiscal year with a maximum of twenty days (160 hours). Employees who fail to work one year forfeit vacation benefits. Employees, who have worked a minimum of one year and terminate their employment with a minimum of a two-week notice, are entitled to payment for all accumulated annual leave up to the maximum allowed. The College recognized the accrued liability for unpaid annual leave in the amount of \$161,005 and \$110,600 as of August 31, 2018 and 2017, respectively.

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
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9. COMPENSABLE ABSENCES (Continued)

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

10. HEALTH CARE AND LIFE INSURANCE BENEFITS

Certain health care and life insurance benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The State recognizes the cost of providing these benefits by expending the annual insurance premiums. The State's contribution per full-time employee was \$621.90 per month for the year ended August 31, 2018, and totaled \$454,797 for the year. The cost of providing those benefits for 33 retirees for the year ended August 31, 2018 was \$128,267. For 109 active employees, the cost of providing benefits was \$326,530 for the year ended August 31, 2018. The State's contribution per full-time employee was \$617.30 per month for the year ended August 31, 2017, and totaled \$439,483 for the year. The cost of providing those benefits for 30 retirees for the year ended August 31, 2017 was \$127,962. For 103 active employees, the cost of providing benefits was \$311,521 for the year ended August 31, 2017. Senate Bill 1812, 83rd Texas Legislature, Regular Session, effective September 1, 2013, limits the amount of the State's contribution to 50 percent of eligible employees in the reporting district.

11. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

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

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
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11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

OPEB Plan Fiduciary Net Position

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

Benefits Provided

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

Contributions

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

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

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

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

Retiree only	\$ 617.30
Retiree & Spouse	970.98
Retiree & Children	854.10
Retiree & Family	1,207.78

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

Premium Contributions by Source
Group Benefits Program Plan
For the Years Ended August 31, 2017 and 2016

	2017	2016
Employers	\$ 890,735,173	\$ 663,986,538
Members (Employees)	195,806,162	183,284,339
Nonemployer Contributing Entity (State of Texas)	44,433,743	N/A

Source: ERS 2017 Comprehensive Annual Financial Report

RANGER COLLEGE DISTRICT
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11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Actuarial Assumptions

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

Actuarial Assumptions ERS Group Benefits Program Plan	
Valuation Date	August 31, 2017
Actuarial Cost Method	Entry age
Amortization Method	Level percent of pay, open
Remaining Amortization Period	30 years
Asset Valuation Method	N/A
Discount Rate	3.51%
Projected Annual Salary Increase (Includes Inflation)	2.50% to 9.50%
Annual Healthcare Trend Rate	8.50% for FY 2019, decreasing 0.5% per year to 4.50% for FY 2027 and later years
Inflation Assumption Rate	2.50%
Ad Hoc Post-Employment Benefit Changes	None
Mortality Assumptions:	
Service Retirees, Survivors, and Other Inactive Members	Tables based on TRS experience with full generational projection using Scale BB from Base Year 2014
Disability Retirees	Tables based on TRS experience with full generational projection using Scale BB from Base Year 2014 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members
Active Members	Sex Distinct RP-2014 Employee Mortality multiplied by 90% with full generational projection using Scale BB

Source: 2017 ERS Comprehensive Annual Financial Report except for mortality assumptions obtained from ERS 2017 GASB 74 Actuarial Valuation.

RANGER COLLEGE DISTRICT
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11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

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

Investment Policy

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

Discount Rate

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

Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (2.51%)	Discount Rate (3.51%)	1% Increase in Discount Rate (4.51%)
College's proportionate share of the net OPEB liability:	\$7,013,629	\$5,875,499	\$4,993,916

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

Healthcare Trend Rate Sensitivity Analysis

The initial healthcare trend rate is 8.5% and the ultimate rate is 4.5%. The following schedule shows the impact on the College's proportionate share of the collective net OPEB Liability if the healthcare cost trend rate used was 1 percent less than and 1 percent greater than the healthcare cost trend rate that was used (8.5% decreasing to 4.5%) in measuring the net OPEB liability.

	1% Decrease (7.50% decreasing to 3.50%)	Current Healthcare Cost Trend Rates (8.50% decreasing to 4.50%)	1% Increase (9.50% decreasing to 5.50%)
College's proportionate share of the net OPEB liability:	\$4,939,356	\$5,875,499	\$7,090,199

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

At August 31, 2018, the College reported a liability of \$5,875,499 for its proportionate share of the ERS's net OPEB liability. The liability reflects a reduction for State support provided to the College for OPEB. The amount recognized by the College as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the College were as follows:

College's proportionate share of the collective net OPEB liability	\$ 5,875,499
State's proportionate share that is associated with the College	127,742
Total	\$ 6,003,241

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

At the measurement date of August 31, 2017, the employer's proportion of the collective net OPEB liability was 0.01724385%.

For the year ended August 31, 2018, the College recognized OPEB expense of \$127,742 and revenue of \$127,742 for support provided by the State.

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
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11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

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

- Additional demographic assumptions (aggregate payroll increases and rate of general inflation) to reflect an experience study;
- The percentage of current and future retirees and retirees' spouses not yet eligible to participate in the HealthSelect Medicare Advantage plan who will elect to participate at the earliest date at which coverage can commence has been updated to reflect recent plan experience and expected trends;
- Assumptions for administrative expenses, assumed per Capital Health Benefit Costs, Health Benefit Cost and Retiree Contribution trends to reflect recent health plan experience;
- Effects in short-term expectations and revised assumed rate of general inflation.

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

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

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

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2018 and 2017

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 70,605
Changes in actuarial assumptions	-	1,228,496
Differences between projected and actual investment earnings	1,740	-
Contributions paid to ERS subsequent to the measurement date	174,359	-
Total	\$ 176,099	\$ 1,299,101

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

Year Ended August 31:	OPEB Expense Amount
2019	\$ (292,155)
2020	(292,155)
2021	(292,155)
2022	(292,155)
2023	(128,741)
Thereafter	-

The College is dependent upon information provided by the ERS Plan for recognizing the OPEB liability, deferred inflows and deferred outflows of resources, and expenses. The ERS Plan information provided to the College used retiree data for the restatement in fiscal year 2018. Contributions made subsequent to the measurement date by the College for retirees have been recorded as deferred outflows of resources as of August 31, 2018 and contributions made subsequent to the measurement date by the College for active employees have been recorded as an expense for the year ended August 31, 2018. Future changes, if any, to the current methodology or actuarial assumptions being utilized, could result in significant changes in accounting and financial reporting in future periods.

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2018 and 2017

12. DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables

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

	August 31,	
	2018	Restated 2017
Student Receivables (Net of Allowances of \$3,294,668 and \$2,804,934 for 2018 and 2017, respectively)	\$ 3,782,687	\$ 3,814,811
Taxes Receivables (Net of Allowances of \$21,989 for 2018 and 2017)	43,246	38,016
Federal, State, and Local Grants Receivable	370,459	602,783
Other Accounts Receivable	29,762	359,159
Total Accounts Receivable	<u>\$ 4,226,154</u>	<u>\$ 4,814,769</u>

Payables

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

	August 31,	
	2018	Restated 2017
Vendor Payable	\$ 387,377	\$ 755,410
Benefit Payable	246,679	116,074
Total Accounts Payable	<u>\$ 634,056</u>	<u>\$ 871,484</u>

13. CONTRACT AND GRANT AWARDS

Contract and grant awards are accounted for in accordance with the requirements of the American Institute of Certified Public Accountants (AICPA audit and accounting guide, *State and Local Governments*, 8.99). For Federal Contract and Grant Awards, funds expended but not collected are reported as Accounts Receivable (net) on Exhibit 1. Contract and grant awards that are not yet funded, and for which the College has not yet performed services, are not included in the financial statements. Contract and grant awards funds already committed, e.g., multi-year awards or funds awarded during fiscal years 2018 and 2017 for which monies have not been received nor funds expended totaled \$1,255,466 and \$216,891, respectively. Of these amounts, \$760,839 and \$37,245 were from Federal Contract and Grant Awards and \$494,627 and \$179,646 were from State Contract and Grant Awards for fiscal years ended 2018 and 2017, respectively.

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2018 and 2017

14. AD VALOREM TAX

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

	August 31,		
	2018	2017	
Assessed Valuation of the College	\$ 146,143,530	\$ 133,160,790	
Less: Exemptions	(1,107,830)	(888,510)	
Less: Abatements	-	-	
Net Assessed Valuation of the College	\$ 145,035,700	\$ 132,272,280	
	Current Operations	Debt Service	Total
At August 31, 2018			
Tax Rate per \$100 valuation of authorized	\$ -	\$ -	\$0.50000
Tax Rate per \$100 valuation of assessed	\$ 0.22361	\$0.21080	\$0.43441
At August 31, 2017			
Tax Rate per \$100 valuation of authorized	\$ 0.50000	\$ -	\$0.50000
Tax Rate per \$100 valuation of assessed	\$ 0.24531	\$ -	\$0.24531

Taxes levied for the years ended August 31, 2018 and 2017 were \$630,042 and \$324,472, respectively. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2018 and 2017

14. AD VALOREM TAX (Continued)

	2018		
	Current Operations	Debt Service	Total
Current Taxes Collected	\$ 302,831	\$ 285,486	\$ 588,317
Delinquent Taxes Collected	14,346	-	14,346
Penalties and Interest Collected	12,321	8,130	20,451
Total Gross Collections	329,498	293,616	623,114
Tax Appraisal & Collection Fees	(13,655)	(12,873)	(26,528)
Bad Debt Expense	-	-	-
Total Net Collections	<u>\$ 315,843</u>	<u>\$ 280,743</u>	<u>\$ 596,586</u>
	2017		
	Current Operations	Debt Service	Total
Current Taxes Collected	\$ 309,536	\$ -	\$ 309,536
Delinquent Taxes Collected	22,670	-	22,670
Penalties and Interest Collected	9,747	-	9,747
Total Gross Collections	341,953	-	341,953
Tax Appraisal & Collection Fees	(19,031)	-	(19,031)
Bad Debt Expense	-	-	-
Total Net Collections	<u>\$ 322,922</u>	<u>\$ -</u>	<u>\$ 322,922</u>

Tax collections for the years ended August 31, 2018 and 2017 were 98% and 105% of the current tax levy, respectively. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted for the use of current operations/maintenance and debt service.

15. INCOME TAXES

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

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2018 and 2017

16. COMPONENT UNIT

Ranger College Foundation, Inc. - Discretely Presented Component Unit

The Ranger College Foundation, Inc. (the Foundation) was established as a separate nonprofit organization with the sole purpose of supporting the educational and other activities of the College. The Foundation solicits donations and acts as coordinator of gifts made by other parties. It remitted \$188,496 and \$25,000 for other contributions to the College during the years ended August 31, 2018 and 2017, respectively. Also, at August 31, 2018 and 2017, the College reported a receivable from the Foundation of \$0 and \$4,610, respectively, and a payable to the Foundation of \$613 and \$48,343, respectively. Under GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, an organization should report as a discretely presented component unit those organizations that raise and hold economic resources for the direct benefit of a government unit. Accordingly, the Foundation's financial statements are included in the College's annual report as a discretely presented component unit (see table of contents).

17. COMMITMENTS AND CONTINGENCIES

Operating Lease Commitments and Rental Agreement

Expenses include \$266,811 and \$258,557 for rent paid under operating leases during the fiscal years ended August 31, 2018 and 2017, respectively. Future minimum lease rental payments under noncancellable operating leases having an initial term in excess of one year as of August 31, 2018 are as follows:

Year Ended August 31,	Amount
2019	\$ 200,949
2020	111,564
2021	55,712
2022	52,632
2023	45,436
Thereafter	<u>10,054</u>
Total	<u>\$ 476,347</u>

Other Commitments

The College entered into three construction-related commitments during the fiscal year ended August 31, 2018. These commitments included contracts for the renovations to the Ranger location. All of these contracts were in progress but not completed as of August 31, 2018. The total contractual commitments outstanding as of August 31, 2018 aggregated approximately \$5,772,000. The College has sufficient funds available to cover these commitments.

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2018 and 2017

18. RISK MANAGEMENT

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

19. SUBSEQUENT EVENTS

The College has evaluated subsequent events through December 19, 2018, the date the financial statements were available to be issued, and nothing significant requiring disclosure was noted.

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

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

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

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

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

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

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

Fiscal Year Ending August 31*,	2018
College's proportion of collective net OPEB liability (%)	0.0172439%
College's proportionate share of collective net OPEB liability (\$)	\$ 5,875,499
State's proportionate share of net OPEB liability associated with the College	127,742
Total	\$ 6,003,241
College's covered-employee payroll	\$ 4,810,086
College's proportionate share of collective net OPEB liability as a percentage of covered-employee payroll	122.15%
Plan fiduciary net position as percentage of the total net OPEB liability	2.04%

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

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

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

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

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

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

RANGER COLLEGE DISTRICT
Notes to Required Supplementary Information
For the Year Ended August 31, 2018

1. PENSION LIABILITY

Changes in Benefit Terms

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

Changes of Assumptions

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

2. OTHER POST-EMPLOYMENT BENEFITS LIABILITY

Changes in Benefit Terms

The benefit changes for HealthSelect retirees and dependents for whom Medicare is not primary include:

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

These minor benefit changes are provided for in the FY 2018 Assumed Per Capita Health Benefit Costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is Primary.

RANGER COLLEGE DISTRICT
Notes to Required Supplementary Information
For the Year Ended August 31, 2018

2. OTHER POST-EMPLOYMENT BENEFITS LIABILITY (Continued)

Changes of Assumptions

Demographic Assumptions

Since the last valuation was prepared for this plan, demographic assumptions (including rates of retirement, disability, termination, and mortality, assumed salary increases and assumed age difference for future retirees and their spouses for selected classes of State Agency employees), assumed aggregate payroll increases and the assumed rate of general inflation have been updated to reflect assumptions recently adopted by the ERS Trustees. These new assumptions were adopted to reflect an experience study on the ERS retirement plan performed by the ERS retirement plan actuary.

In addition, the following assumptions have been updated since the previous valuation to reflect recent plan experience and expected trends:

- Percentage of current retirees and retiree spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and retiree spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- Proportion of future retirees covering dependent children.
- Percentage of future retirees assumed to be married and electing coverage for their spouse.

Economic Assumptions

The assumed rate of general inflation has been updated since the previous valuation to remain consistent with the ERS retirement plan assumption previously adopted by the ERS Trustees.

Assumptions for Expenses, Assumed Per Capita Health Benefit Costs and Health Benefit Cost, Retiree Contribution and Expense trends have been updated since the previous valuation to reflect recent health plan experience and its effects on our short-term expectations and the revised assumed rate of general inflation.

The discount rate was lowered as a result of requirements by GASB No. 74 to utilize the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or higher.

Minor benefit changes have been reflected in the FY 2018 Assumed Per Capita Health Benefit Costs.

SUPPLEMENTAL INFORMATION

RANGER COLLEGE DISTRICT
Schedule A
Schedule of Operating Revenues
For the Year Ended August 31, 2018
(With Memorandum Totals for the Year Ended August 31, 2017)

	Total				Totals	
	Unrestricted	Restricted	Educational Activities	Auxiliary Enterprises	8/31/2018	Restated 8/31/2017
Tuition						
State Funded Credit Courses						
In-District Resident Tuition	\$ 30,957	\$ -	\$ 30,957	\$ -	\$ 30,957	\$ 55,771
Out-of-District Resident Tuition	4,220,678	-	4,220,678	-	4,220,678	3,784,650
Non-Resident Tuition	(51,498)	-	(51,498)	-	(51,498)	121,653
TPEG - credit (set aside)*	155,807	-	155,807	-	155,807	164,961
State Funded Continuing Education	692,671	-	692,671	-	692,671	785,057
Total Tuition	<u>5,048,615</u>	<u>-</u>	<u>5,048,615</u>	<u>-</u>	<u>5,048,615</u>	<u>4,912,092</u>
Fees						
General Fee	683,387	-	683,387	-	683,387	661,218
Laboratory Fee	151,280	-	151,280	-	151,280	97,541
Registration fees	325,992	-	325,992	-	325,992	351,692
Educational Service fees	215,776	-	215,776	-	215,776	210,695
Other fees	1,845,168	-	1,845,168	-	1,845,168	1,518,444
Total Fees	<u>3,221,603</u>	<u>-</u>	<u>3,221,603</u>	<u>-</u>	<u>3,221,603</u>	<u>2,839,590</u>
Scholarship Allowances and Discounts						
Bad Debt Allowance	(458,251)	-	(458,251)	-	(458,251)	(451,697)
Scholarship Allowances	(896,011)	-	(896,011)	-	(896,011)	(861,473)
Title IV Federal Program	(2,395,143)	-	(2,395,143)	-	(2,395,143)	(2,171,784)
TPEG Awards	(60,809)	-	(60,809)	-	(60,809)	(62,800)
Other State Grants	(38,929)	-	(38,929)	-	(38,929)	(36,294)
Total Scholarship Allowances	<u>(3,849,143)</u>	<u>-</u>	<u>(3,849,143)</u>	<u>-</u>	<u>(3,849,143)</u>	<u>(3,584,048)</u>
Total Net Tuition and Fees	<u>4,421,075</u>	<u>-</u>	<u>4,421,075</u>	<u>-</u>	<u>4,421,075</u>	<u>4,167,634</u>
Additional Operating Revenues						
Federal Grants and Contracts	-	607,683	607,683	-	607,683	431,002
State Grants and Contracts	-	1,059,304	1,059,304	-	1,059,304	1,334,091
Non-Governmental Grants and Contracts	35,269	15,000	50,269	-	50,269	142,500
Sales and Services of Educational Activities	35,265	-	35,265	-	35,265	41,376
Other Operating Revenues	144,305	-	144,305	-	144,305	283,586
Total Additional Operating Revenues	<u>214,839</u>	<u>1,681,987</u>	<u>1,896,826</u>	<u>-</u>	<u>1,896,826</u>	<u>2,232,555</u>
Auxiliary Enterprises						
Residential life	-	-	-	387,244	387,244	385,349
Less Discounts	-	-	-	(229,254)	(229,254)	(215,545)
Bookstore	-	-	-	271,595	271,595	267,896
Less Discounts	-	-	-	(86,528)	(86,528)	(82,432)
Food Services	-	-	-	873,271	873,271	826,313
Less Discounts	-	-	-	(498,956)	(498,956)	(444,246)
Intercollegiate Athletics	-	-	-	94,860	94,860	73,885
Student Services	-	-	-	220	220	1,770
Child Care Services	-	-	-	299,669	299,669	136,824
Total Net Auxiliary Enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,112,121</u>	<u>1,112,121</u>	<u>949,814</u>
Total Operating Revenues	<u>\$ 4,635,914</u>	<u>\$ 1,681,987</u>	<u>\$ 6,317,901</u>	<u>\$ 1,112,121</u>	<u>\$ 7,430,022</u>	<u>\$ 7,350,003</u>
				(Exhibit 2)	(Exhibit 2)	

* In accordance with Education Code 56.033, \$155,807 and \$164,961 for years August 31, 2018 and 2017, respectively, of tuition was set aside for Texas Public Education Grants (TPEG).

RANGER COLLEGE DISTRICT
Schedule B
Schedule of Operating Expenses by Object
For the Year Ended August 31, 2018
(With Memorandum Totals for the Year Ended August 31, 2017)

	Operating Expenses				Totals	
	Salaries and Wages	Benefits		Other Expenses	8/31/2018	Restated 8/31/2017
		State Benefits	Local Benefits			
Unrestricted Educational Activities						
Instruction	\$ 3,081,136	\$ -	\$ 1,020,068	679,475	\$ 4,780,679	\$ 4,804,731
Academic Support	385,213	-	127,532	61,803	574,548	471,496
Student Services	403,014	-	133,425	56,376	592,815	549,118
Institutional Support	999,579	-	330,930	1,019,066	2,349,575	1,996,585
Operation and Maintenance of Plant	226,442	-	-	652,309	878,751	608,970
Total Unrestricted Educational Activities	5,095,384	-	1,611,955	2,469,029	9,176,368	8,430,900
Restricted Educational Activities						
Instruction	165,420	318,200	-	789,857	1,273,477	1,424,359
Academic Support	-	39,782	-	-	39,782	47,353
Student Services	279,892	41,621	65,732	151,341	538,586	295,938
Institutional Support	-	103,230	-	-	103,230	110,483
Scholarships and Fellowships	-	-	-	809,490	809,490	769,211
Total Restricted Educational Activities	445,312	502,833	65,732	1,750,688	2,764,565	2,647,344
Total Educational Activities	5,540,696	502,833	1,677,687	4,219,717	11,940,933	11,078,244
Auxiliary Enterprises	378,539	-	22,151	2,442,878	2,843,568	2,764,608
Depreciation Expense - Buildings and Land Improvements	-	-	-	346,055	346,055	211,730
Depreciation Expense - Furniture, Machinery, Vehicles, and Other Equipment	-	-	-	240,742	240,742	233,409
Total Operating Expenses	\$ 5,919,235	\$ 502,833	\$ 1,699,838	\$ 7,249,392	\$ 15,371,298	\$ 14,287,991
				(Exhibit 2)	(Exhibit 2)	

RANGER COLLEGE DISTRICT
Schedule C
Schedule of Non-Operating Revenues and Expenses
For the Year Ended August 31, 2018
(With Memorandum Totals for the Year Ended August 31, 2017)

	Unrestricted	Restricted	Auxiliary Enterprises	Totals	
				8/31/2018	8/31/2017
Non-Operating Revenues					
State Appropriations					
Education and General State Support	\$ 3,898,292	\$ -	\$ -	\$ 3,898,292	\$ 3,584,306
State Group Insurance	-	454,797	-	454,797	439,483
State OPEB	-	127,742	-	127,742	-
State Retirement Matching	-	121,953	-	121,953	195,680
Professional Nursing Shortage Reduction	-	28,628	-	28,628	13,894
Total State Appropriations	<u>3,898,292</u>	<u>733,120</u>	<u>-</u>	<u>4,631,412</u>	<u>4,233,363</u>
Maintenance Ad Valorem Taxes	329,498	-	-	329,498	341,953
Debt Service Ad Valorem Taxes	293,616	-	-	293,616	-
Federal Revenue, Non-Operating	-	3,254,990	-	3,254,990	2,969,647
Gifts	512,092	-	-	512,092	25,074
Investment Income	203,224	-	-	203,224	65,077
Total Non-Operating Revenue	<u>5,236,722</u>	<u>3,988,110</u>	<u>-</u>	<u>9,224,832</u>	<u>7,635,114</u>
Non-Operating Expenses					
Interest on Capital Related Debt	155,537	-	-	155,537	406,712
Loss on Disposal of Capital Assets	-	-	-	-	23,551
Total Non-Operating Expenses	<u>155,537</u>	<u>-</u>	<u>-</u>	<u>155,537</u>	<u>430,263</u>
Net Non-Operating Revenues (Expenses)	<u>\$ 5,081,185</u>	<u>\$ 3,988,110</u>	<u>\$ -</u>	<u>\$ 9,069,295</u>	<u>\$ 7,204,851</u>
				(Exhibit 2)	(Exhibit 2)

RANGER COLLEGE DISTRICT
Schedule D
Schedule of Net Position by Source and Availability
For the Year Ended August 31, 2018
(With Memorandum Totals for the Year Ended August 31, 2017)

	Detail by Source				Available for Current Operations		
	Unrestricted	Restricted		Capital Assets Net of Depreciation and Related Debt	Total	Yes	No
		Expendable	Non- Expendable				
Current							
Unrestricted	\$ (4,086,011)	\$ -	\$ -	\$ -	\$ (4,086,011)	\$ (4,086,011)	\$ -
Plant							
Debt Service	-	286,825	-	-	286,825		286,825
Investment in Plant	-	-	-	5,982,450	5,982,450		5,982,450
Totals							
Net Position, August 31, 2018	(4,086,011)	286,825	-	5,982,450	2,183,264 (Exhibit 1)	(4,086,011)	6,269,275
Net Position, August 31, 2017 restated	2,888,085	286,767	-	4,738,821	7,913,673 (Exhibit 1)	2,888,085	5,025,588
Cumulative Effect of Change in Accounting Principle	(6,858,428)	-	-	-	(6,858,428)	(6,858,428)	
Net Position, August 31, 2017, restated after above change	(3,970,343)	286,767	-	4,738,821	1,055,245 (Exhibit 2)	(3,970,343)	5,025,588
Net Increase (Decrease) in Net Position	<u>\$ (115,668)</u>	<u>\$ 58</u>	<u>\$ -</u>	<u>\$ 1,243,629</u>	<u>\$ 1,128,019</u> (Exhibit 2)	<u>\$ (115,668)</u>	<u>\$ 1,243,687</u>

**OVERALL COMPLIANCE AND
INTERNAL CONTROLS SECTION**



SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Regents
Ranger College District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Ranger College District (the College) as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated December 19, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Purpose of this Report

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



Snow Garrett Williams
December 19, 2018

RANGER COLLEGE DISTRICT
Summary Schedule of Prior Audit Findings
For the Year Ended August 31, 2018

Financial Statement Findings

Finding 2017-001, 2016-001, 2015-001, 2014-001, 2013-001, 12-1, 11-1, and 10-1: Financial Accounting and Reporting Process.

Condition: Many adjusting and reclassifying entries were necessary to correct balances and transactions in order to prepare accurate financial statements.

Auditor's Recommendation: The College should continue developing and implementing policies and procedures to include strong internal controls related to financial reporting and monitoring, including the preparation of reconciliations and recording of financial transactions in the general ledger in a timely manner to produce more useful and accurate financial reports.

Current Status: The College implemented the planned corrective action and no similar findings were noted in the fiscal year ending August 31, 2018.

Finding 2017-002, 2016-003, 2015-011, 2014-007, 2013-007, and 12-6: Recording Grant Receivables, Unearned Revenue, and Revenue.

Condition: Grant receivables, unearned revenues, and revenues were not recorded consistently in the general ledger.

Auditor's recommendation: The College should record grant receivables, unearned revenue, and revenue as the related grant expenses are incurred and implement procedures to review and reconcile grant related accounts throughout the fiscal year.

Current Status: The College implemented the planned corrective action and no similar findings were noted in the fiscal year ending August 31, 2018.

RANGER COLLEGE DISTRICT
Summary Schedule of Prior Audit Findings
For the Year Ended August 31, 2018

Finding 2017-003: Bank Reconciliation Process

Condition: While some bank reconciliations were prepared timely throughout the fiscal year, several of these reconciliations did not agree to the general ledger and included unreconciled differences. At fiscal year end, the bank reconciliation process was not being performed timely and was approximately four months behind. Prior to the College's adjustments recorded during the fiscal year end reconciliation process, the bank accounts in total were overstated by approximately \$125,000.

Auditor's recommendation: Bank reconciliations should be prepared in a timely manner each month and all unreconciled differences should be immediately researched and resolved. Any bookkeeping errors that are identified should be researched, thoroughly reviewed, and immediately corrected. The source of any errors should be identified and additional controls should be implemented to prevent those errors from recurring in the future.

Current Status: The College implemented the planned corrective action and no similar findings were noted in the fiscal year ending August 31, 2018.

Federal and State Award Findings

Texas Workforce Commission: Skills Development Fund – Manufacturing Consortium

Finding 2017-004: Non-compliance with Procurement

Condition: The College purchased equipment for \$49,798 without Board approval before the transaction took place.

Auditor's Recommendation: The College's policies and procedures in place for purchasing and acquisition should be followed and monitored for all purchases.

Current Status: The College implemented the planned corrective action and no similar findings were noted in the fiscal year ending August 31, 2018.

RANGER COLLEGE DISTRICT
Schedule of Findings and Questioned Costs
August 31, 2018

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

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

Noncompliance material to financial statements noted? yes X no

Federal and State Awards

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

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

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

Any audit findings disclosed that are required to be reported in
 accordance with the State of Texas *Uniform Grant Management*
Standards? yes X no

Identification of Major Programs:

Federal Awards

U.S. Department of Education:
 Student Financial Assistance Cluster of Programs:
 CFDA # 84.007 Federal Supplemental Education Opportunity Grant
 CFDA # 84.033 Federal College Workstudy Program
 CFDA # 84.063 Federal Pell Grant Program
 CFDA # 84.268 Federal Direct Student Loans

State Awards

Texas Workforce Commission
 N/A Skills Development Fund - Manufacturing Consortium

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

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

RANGER COLLEGE DISTRICT
Schedule of Findings and Questioned Costs
August 31, 2018

Section II – Financial Statement Findings

None Noted

Section III – Federal and State Award Findings and Questioned Costs

None Noted

FEDERAL AWARDS SECTION



SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE OF TEXAS UNIFORM GRANT MANAGEMENT STANDARDS

To the Board of Regents
Ranger College District

Report on Compliance for Each Major Federal and State Program

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

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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)*; and *UGMS*. Those standards, the Uniform Guidance, and *UGMS* 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 or state 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 and state program. However, our audit does not provide a legal determination of the College's compliance.

Opinion on Each Major Federal and State Program

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

Report on Internal Control over Compliance

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

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

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

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

Snow Garrett Williams

Snow Garrett Williams
December 19, 2018

RANGER COLLEGE DISTRICT
Schedule E
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2018

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass-Through Disbursements
U.S. Department of Education			
Direct Programs:			
Student Financial Aid Cluster			
Federal Supplemental Educational Opportunity Grant	84.007		\$ 52,500
Federal College Workstudy Program	84.033		55,505
Federal Pell Grant Program	84.063		3,146,985
Federal Direct Student Loans	84.268		<u>2,173,761</u>
Total Student Financial Aid Cluster			5,428,751
TRIO Cluster			
TRIO - Student Support Services Grant	84.042A		227,485
TRIO - Upward Bound	84.047A		<u>254,240</u>
Total TRIO Cluster			481,725
Pass-Through From:			
Texas Higher Education Coordinating Board Career and Technical Education Basic Grants - Texas Counselors' Network	84.048	164250	<u>99,228</u>
Total U.S. Department of Education			<u>6,009,704</u>
U.S. Department of Health and Human Services			
Pass Through From:			
Texas Association of Community Colleges Temporary Assistance for Needy Families - Self Sufficiency	93.558		<u>26,730</u>
Total U.S. Department of Health and Human Services			<u>26,730</u>
Total Federal Financial Assistance			<u>\$ 6,036,434</u>

RANGER COLLEGE DISTRICT
Schedule E
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2018

Note 1: Federal Assistance Reconciliation

Federal Grants and Contracts Revenue - per Schedule A	\$ 607,683
Add: Non-Operating Revenues - Federal Revenue, non-operating - per Schedule C	<u>3,254,990</u>
Total Federal Revenues per Schedules A and C	<u>\$ 3,862,673</u>
Reconciling Items:	
Federal Direct Student Loans	<u>2,173,761</u>
Total Federal Expenditures per Schedule of Expenditures of Federal Awards	<u><u>\$ 6,036,434</u></u>

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

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

Note 3: Student Loans Processed and Administrative Costs Recovered

Federal Grantor CFDA Number / Program Name	New Loans Processed	Administrative Cost Recovered	Total Loans Processed & Admin Cost Recovered
U.S. Department of Education 84.268 Federal Direct Student Loans	<u>\$ 2,173,761</u>	<u>\$ -</u>	<u>\$ 2,173,761</u>

STATE AWARDS SECTION

RANGER COLLEGE DISTRICT
Schedule F
Schedule of Expenditures of State Awards
For the Year Ended August 31, 2018

Grantor Agency/Program Title	Grant Contract Number	Expenditures
Texas Higher Education Coordinating Board Nursing and Allied Health	19554	\$ 71,069
Professional Nursing Shortage Reduction	12563	28,628
Texas Education Opportunity Grant	19339	133,933
Texas Science, Technology, Engineering, and Mathematics (T-STEM) Challenge Scholarship Program	16908	14,950
Texas Workforce Commission Skills Development Fund - Manufacturing Consortium	0917SDF004	775,615
Skills for Small Business Program	0417SSD001	27,657
Jobs and Education for Texans Grant Program	0417JET001	<u>36,080</u>
Total State Financial Assistance		<u>\$ 1,087,932</u>

See Notes to Schedule below.

Note 1: State Assistance Reconciliation

State Financial Assistance - per Schedule of Expenditures of State Awards	\$ 1,087,932
Reconciling Items Professional Nursing Shortage Reduction reported on Schedule C	<u>(28,628)</u>
Total State Revenues per Exhibit 2 and Schedule A	<u>\$ 1,059,304</u>

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

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