

RANGER COLLEGE DISTRICT

ANNUAL FINANCIAL AND COMPLIANCE REPORT

FOR THE YEAR ENDED AUGUST 31, 2020

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, 2020**

Board of Regents

Officers

Jackie Stephens	Chairman
Jo Ann Greenwood	Vice Chairman
Sandi Herod	Secretary

Members

		<u>Term Expires</u>
Gay Ann Wolford	Ranger, Texas	2022
Sandi Herod	Ranger, Texas	2022
Jackie Stephens	Ranger, Texas	2022
Ron Butler	Ranger, Texas	2024
Joe Walraven	Ranger, Texas	2024
Della Carey	Ranger, Texas	2024
Doug Crawley	Ranger, Texas	2026
Bobby Murry	Ranger, Texas	2026
Jo Ann Greenwood	Ranger, Texas	2026

Key Administrative Personnel

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

FINANCIAL SECTION



SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Regents
Ranger College District

Report on the Financial Statements

We have audited the accompanying financial statements of the Ranger College District (the College) as of and for the years ended August 31, 2020 and 2019, 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 opinions, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College as of August 31, 2020 and 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the College's proportionate share of net pension liability, the schedule of the College's contributions for pensions, the schedule of the College's proportionate share of net 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 basic 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 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, *Uniform Grant Management Standards* (UGMS), 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 15, 2020, 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.

A handwritten signature in black ink that reads "Snow Garrett Williams". The script is cursive and fluid, with the first letters of each word being capitalized and prominent.

Snow Garrett Williams
December 15, 2020

RANGER COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2020 and 2019

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, 2020 and 2019. Since this management's discussion and analysis is designed to focus on current activities, resulting change, and currently known facts, please read it in conjunction with the College's financial statements and the footnotes. Responsibility for the completeness and fairness of this information rests with the College.

Using This Annual Report

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

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

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

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

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

RANGER COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2020 and 2019



Financial Highlights

The College's net position decreased from August 31, 2019, to August 31, 2020 by \$1,431,584 and decreased from August 31, 2018, restated, to August 31, 2019, by \$467,316. During the fiscal year ending August 31, 2019, management determined that errors resulted in the overstatement of net position by \$247,960, therefore requiring the applicable August 31, 2018 balances to be restated. As of August 31, 2020 and 2019, the College's net position was \$36,404 and \$1,467,988, which includes \$7,896,431 and \$7,339,501 in net investment in capital assets, \$287,063 and \$286,933 in restricted net position, and (\$8,147,090) and (\$6,158,446) in unrestricted net position, respectively.

Operating expenses for fiscal years 2020 and 2019, were \$16,914,960 and \$15,430,598, of which \$6,076,495 and \$4,896,638 were expended for instruction, \$2,720,084 and \$2,558,985 were expended for institutional support, and \$2,817,586 and \$3,230,275 were expended for auxiliary enterprises, respectively. In fiscal years 2020 and 2019, depreciation expense was \$838,949 and \$709,034, respectively.

Operating revenues for fiscal years 2020 and 2019, were \$6,901,495 and \$6,326,616, which includes \$3,454,226 and \$3,088,372 in tuition and fees (net of discounts), \$1,635,217 and \$1,712,538 in auxiliary revenue (net of discounts), \$725,666 and \$680,079 in federal grants and contracts, and \$834,602 and \$599,827 in state grants and contracts, respectively.

Net non-operating revenues for fiscal years 2020 and 2019, were \$8,581,881 and \$8,636,666, which includes \$4,525,503 and \$4,519,833 in state allocations, \$3,447,134 and \$3,259,990 in federal grants, and \$633,674 and \$627,523 in ad-valorem taxes, respectively.



RANGER COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2020 and 2019

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, 2020, net position was \$36,404. This was a decrease of \$1,431,584 from the period ended August 31, 2019. As of August 31, 2019, the net position was \$1,467,988. This was a decrease of \$467,316 from the period ended August 31, 2018, restated. This decrease in net position was primarily due to the \$1,484,362 increase in total operating expenses.

Net Position
As of August 31,

	<u>2020</u>	<u>2019</u>	<u>Restated 2018</u>
Current Assets	\$ 7,473,052	\$ 8,726,774	\$ 9,456,144
Non-current Assets			
Capital Assets, Net of Depreciation	23,131,105	22,476,690	15,776,386
Other	<u>287,063</u>	<u>1,067,044</u>	<u>7,070,199</u>
Total Assets	<u>30,891,220</u>	<u>32,270,508</u>	<u>32,302,729</u>
Deferred Outflows of Resources	<u>4,188,128</u>	<u>4,141,513</u>	<u>905,433</u>
Current Liabilities	6,953,399	6,843,485	6,235,716
Non-current Liabilities	<u>25,558,957</u>	<u>24,995,640</u>	<u>23,263,494</u>
Total Liabilities	<u>32,512,356</u>	<u>31,839,125</u>	<u>29,499,210</u>
Deferred Inflows of Resources	<u>2,530,588</u>	<u>3,104,908</u>	<u>1,773,648</u>
Net Position			
Net Investment in Capital Assets	7,896,431	7,339,501	5,982,450
Restricted for: Expendable	287,063	286,933	286,825
Unrestricted	<u>(8,147,090)</u>	<u>(6,158,446)</u>	<u>(4,333,971)</u>
Total Net Position	<u>\$ 36,404</u>	<u>\$ 1,467,988</u>	<u>\$ 1,935,304</u>

RANGER COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2020 and 2019

Investment in capital assets (e.g., land, building and improvements, land improvements, leasehold improvements, library books, and vehicles and equipment) less any related debt used to acquire those assets that is still outstanding was \$7,896,431 and \$7,339,501 at August 31, 2020 and 2019, 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, 2020 and 2019, an additional \$287,063 and \$286,933, 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, 2020 and 2019, is (\$8,147,090) and (\$6,158,446), respectively.

Statement of Revenues, Expenses, and Changes in Net Position

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

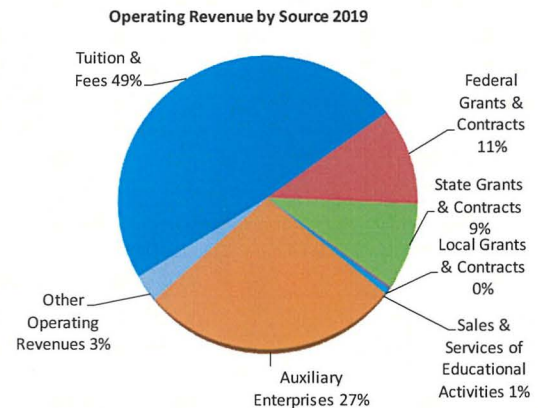
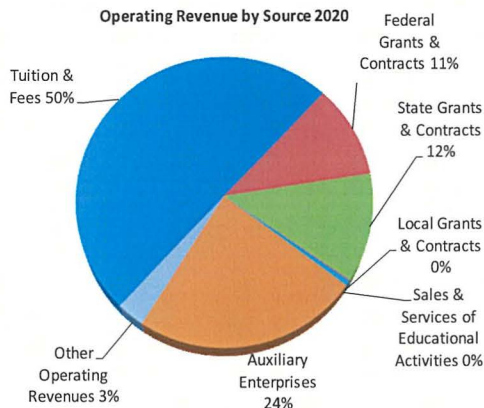


RANGER COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2020 and 2019

Operating Results for the Years Ended
August 31,

	2020	2019	Restated 2018
Operating Revenues			
Tuition and Fees (Less Discounts)	\$ 3,454,226	\$ 3,088,372	\$ 3,245,015
Federal Grants and Contracts	725,666	680,079	607,683
State Grants and Contracts	834,602	599,827	1,054,012
Local Grants and Contracts	15,000	20,159	50,269
Sales and Services of Educational Activities	31,573	37,378	35,265
Auxiliary Enterprises (Less Discounts)	1,635,217	1,712,538	2,053,184
Other Operating Revenues	205,211	188,263	144,305
Total Operating Revenues	<u>6,901,495</u>	<u>6,326,616</u>	<u>7,189,733</u>
Less Operating Expenses	<u>16,914,960</u>	<u>15,430,598</u>	<u>15,378,969</u>
Net Operating Loss	<u>(10,013,465)</u>	<u>(9,103,982)</u>	<u>(8,189,236)</u>
Non-Operating Revenues (Expenses)			
State Allocations	4,525,503	4,519,833	4,631,412
Ad-Valorem Taxes for Maintenance and Operations	28,416	34,736	329,498
Ad-Valorem Taxes for Debt Service	605,258	592,787	293,616
Federal Revenue, Non-Operating	3,447,134	3,259,990	3,254,990
Gifts	642,018	264,249	512,092
Investment Income (Net of Investment Expense)	34,679	157,633	203,224
Interest on Capital Related Debt	(539,454)	(193,562)	(155,537)
Gain/(Loss) on Disposal of Capital Assets	(161,673)	1,000	-
Total Non-Operating Revenues (Expenses)	<u>8,581,881</u>	<u>8,636,666</u>	<u>9,069,295</u>
Change in Net Position	(1,431,584)	(467,316)	880,059
Net Position, Beginning of Year	1,467,988	1,935,304	7,913,673
Cumulative Effect of Change in Accounting Principle	-	-	(6,858,428)
Net Position, Beginning of Year	<u>1,467,988</u>	<u>1,935,304</u>	<u>1,055,245</u>
Net Position, End of Year	<u>\$ 36,404</u>	<u>\$ 1,467,988</u>	<u>\$ 1,935,304</u>
Total Revenues	<u>\$ 16,184,503</u>	<u>\$ 15,155,844</u>	<u>\$ 16,414,565</u>

RANGER COLLEGE DISTRICT Management's Discussion and Analysis August 31, 2020 and 2019

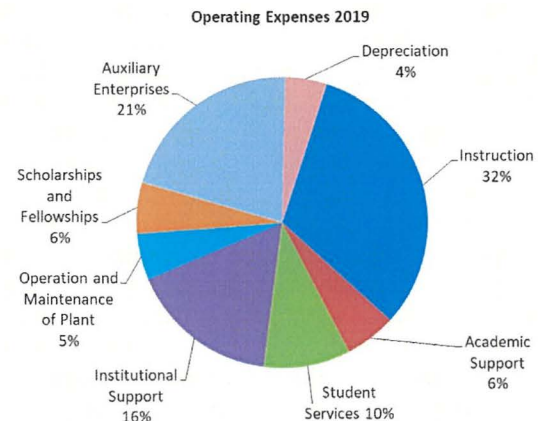
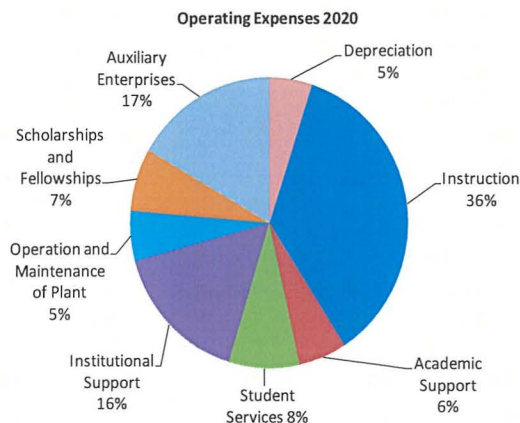


Operating Expenses For the Years Ended August 31,

	2020	2019	Restated 2018
Instruction	\$ 6,076,495	\$ 4,896,638	\$ 6,054,156
Academic Support	947,271	873,114	614,330
Student Services	1,382,658	1,488,501	1,131,401
Institutional Support	2,720,084	2,558,985	2,460,476
Operation and Maintenance of Plant	947,249	801,694	878,751
Scholarships and Fellowships	1,184,668	872,357	809,490
Auxiliary Enterprises	2,817,586	3,230,275	2,843,568
Depreciation	838,949	709,034	586,797
Total	\$ 16,914,960	\$ 15,430,598	\$ 15,378,969

Total Expenses (Including Non-Operating Expenses)

\$ 17,454,414	\$ 15,624,160	\$ 15,534,506
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RANGER COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2020 and 2019

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The College's investment in total capital assets as of August 31, 2020 and 2019, amounts to \$23,131,105 and \$22,476,690, 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, 2020 and 2019

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

- Continued construction at the Ranger campus;
- Renovation of Meyerson Buildings;
- Equipment paid for with JET grant funds;
- Mechatronics Trainer purchased with grant funds; and
- Purchase of a baseball scoreboard.

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

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

Capital Assets, Net
August 31,

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Capital Assets			
Land	\$ 764,848	\$ 764,848	\$ 764,848
Construction in Progress	182,291	10,343,390	3,913,024
Building and Improvements	23,128,628	13,063,211	12,652,264
Land Improvements	2,069,339	704,742	704,742
Leasehold Improvements	792,940	792,940	716,805
Library Books	165,493	165,493	165,493
Vehicles and Equipment	<u>2,850,907</u>	<u>3,079,974</u>	<u>2,606,954</u>
Total	29,954,446	28,914,598	21,524,130
Less Accumulated Depreciation	<u>(6,823,341)</u>	<u>(6,437,908)</u>	<u>(5,747,744)</u>
Net Capital Assets	<u>\$ 23,131,105</u>	<u>\$ 22,476,690</u>	<u>\$ 15,776,386</u>

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

Long-term debt. At August 31, 2020 and 2019, the College had total debt outstanding, which represents bonds payable of \$13,587,133 and \$14,125,664, respectively, and notes payable of \$1,647,541 and \$1,791,636, respectively. The College's total debt decreased by a net amount of \$682,626 during the fiscal year ending August 31, 2020 due to regularly scheduled payments. The College's total debt decreased by a net amount of \$660,010 during the fiscal year ending August 31, 2019 due to regularly scheduled payments.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Board of Regents adopted the College's 2020 – 2021 budget and tax rate on August 31, 2020.

RANGER COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2020 and 2019

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

In considering the College budget for fiscal year 2021, the Board of Regents and management considered the following factors:

- Increased costs to continue creating a quality learning environment for our students during this unprecedented change of instruction that has occurred in the past year.
- Startup costs for expanding LVN program to Eastland as well as increasing the program in Brownwood and Stephenville due to the enrollment growth.
- Continuing resources for expanding dual credit enrollment to bring college success at the high school level.
- Continuing resources for expanding the welding and machining programs.
- Increased depreciation expense due to the completion of the Ranger construction and renovations in various buildings.
- Increased expenditures related to new grants that were awarded in the later part of fiscal year 2020.
- Increased expenditures related to additional needs in technology and supplies in order to maintain a safe and healthy environment for our students, faculty, and staff.
- The COVID-19 pandemic has created many challenges for the College when estimating enrollment, budget, and overall operations. The College expects that COVID-19 may have the following financial impacts:
 - Possible increase in revenue due to CARES Act funding; and
 - Possible increases in expenses for virtual learning, personal protective equipment, and additional cleaning expenses.

REQUEST FOR INFORMATION

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

RANGER COLLEGE DISTRICT
Statements of Net Position
August 31, 2020 and 2019

EXHIBIT 1

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 2,670,893	\$ 4,438,300
Accounts Receivable (net)	4,696,366	4,222,956
Inventories	30,820	11,480
Prepaid Expenses	49,223	53,288
Deposits	25,750	750
Total Current Assets	<u>7,473,052</u>	<u>8,726,774</u>
Non-Current Assets		
Restricted Cash and Cash Equivalents	287,063	1,067,044
Capital Assets, net of Accumulated Depreciation (See Note 5)	<u>23,131,105</u>	<u>22,476,690</u>
Total Non-Current Assets	<u>23,418,168</u>	<u>23,543,734</u>
Total Assets	<u>30,891,220</u>	<u>32,270,508</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	1,467,493	1,556,742
Deferred Outflows Related to OPEB	<u>2,720,635</u>	<u>2,584,771</u>
Total Deferred Outflows of Resources	<u>4,188,128</u>	<u>4,141,513</u>

RANGER COLLEGE DISTRICT
Statements of Net Position
August 31, 2020 and 2019

EXHIBIT 1

	<u>2020</u>	<u>2019</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 439,633	\$ 924,554
Accrued Liabilities	440,849	466,256
Accrued Compensable Absences - Current Portion	133,613	126,281
Funds Held for Others	23,620	-
Unearned Revenue	4,938,968	4,537,343
Notes Payable - Current Portion	146,998	144,095
Bonds Payable - Current Portion	554,249	538,531
Net OPEB Liability - Current Portion	275,469	106,425
Total Current Liabilities	<u>6,953,399</u>	<u>6,843,485</u>
Non-Current Liabilities		
Accrued Compensable Absences	25,127	15,989
Notes Payable	1,500,543	1,647,541
Bonds Payable	13,032,884	13,587,133
Net Pension Liability	2,584,469	2,616,470
Net OPEB Liability	8,415,934	7,128,507
Total Non-Current Liabilities	<u>25,558,957</u>	<u>24,995,640</u>
Total Liabilities	<u>32,512,356</u>	<u>31,839,125</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pensions	567,041	304,526
Deferred Inflows Related to OPEB	1,963,547	2,800,382
Total Deferred Inflows of Resources	<u>2,530,588</u>	<u>3,104,908</u>
NET POSITION		
Net Investment in Capital Assets	7,896,431	7,339,501
Restricted for:		
Expendable		
Debt Service	287,063	286,933
Unrestricted	(8,147,090)	(6,158,446)
Total Net Position (Schedule D)	<u>\$ 36,404</u>	<u>\$ 1,467,988</u>

**RANGER COLLEGE DISTRICT
Component Unit
Statement of Financial Position
August 31, 2020**

EXHIBIT 1

	Ranger College Foundation, Inc.
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 190,708
Investments	2,215,275
Accounts Receivable	8,775
Total Current Assets	2,414,758
Non-Current Assets	
Land	8,500
Total Non-Current Assets	8,500
Total Assets	2,423,258
LIABILITIES	
Current Liabilities	
Payable to Ranger College	1,050
Notes Payable - Current Portion	50,000
Total Current Liabilities	51,050
Non-Current Liabilities	
Notes Payable	200,000
Total Non-Current Liabilities	200,000
NET ASSETS	
Without Donor Restriction	2,152,208
With Donor Restriction	20,000
Total Net Assets	\$ 2,172,208

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

RANGER COLLEGE DISTRICT
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2020 and 2019

EXHIBIT 2

	<u>2020</u>	<u>2019</u>
REVENUES		
Operating Revenues		
Tuition and Fees (Net of Discounts of \$3,578,511 and \$3,474,486, respectively)	\$ 3,454,226	\$ 3,088,372
Federal Grants and Contracts	725,666	680,079
State Grants and Contracts	834,602	599,827
Non-Governmental Grants and Contracts	15,000	20,159
Sales and Services of Educational Activities	31,573	37,378
Auxiliary Enterprises (Net of Discounts of \$1,043,464 and \$1,131,502, respectively)	1,635,217	1,712,538
Other Operating Revenues	<u>205,211</u>	<u>188,263</u>
Total Operating Revenues (Schedule A)	<u>6,901,495</u>	<u>6,326,616</u>
EXPENSES		
Operating Expenses		
Instruction	6,076,495	4,896,638
Academic Support	947,271	873,114
Student Services	1,382,658	1,488,501
Institutional Support	2,720,084	2,558,985
Operation and Maintenance of Plant	947,249	801,694
Scholarships and Fellowships	1,184,668	872,357
Auxiliary Enterprises	2,817,586	3,230,275
Depreciation	<u>838,949</u>	<u>709,034</u>
Total Operating Expenses (Schedule B)	<u>16,914,960</u>	<u>15,430,598</u>
Operating Loss	(10,013,465)	(9,103,982)
NON-OPERATING REVENUES (EXPENSES)		
State Appropriations	4,525,503	4,519,833
Maintenance Ad Valorem Taxes	28,416	34,736
Debt Service Ad Valorem Taxes	605,258	592,787
Federal Revenue, Non-Operating	3,447,134	3,259,990
Gifts	642,018	264,249
Investment Income	34,679	157,633
Interest on Capital Related Debt	(539,454)	(193,562)
Gain/ (Loss) on Disposal of Capital Assets	<u>(161,673)</u>	<u>1,000</u>
Net Non-Operating Revenues (Expenses) (Schedule C)	<u>8,581,881</u>	<u>8,636,666</u>
Change in Net Position	(1,431,584)	(467,316)
NET POSITION		
Net Position - Beginning of Year	<u>1,467,988</u>	<u>1,935,304</u>
Net Position - End of Year	<u><u>\$ 36,404</u></u>	<u><u>\$ 1,467,988</u></u>

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, 2020

EXHIBIT 2

	Ranger College Foundation, Inc.
REVENUE	
Contributions	\$ 360,021
Interest and Dividends	43
Gain on Investments	279,955
Total Revenue	640,019
EXPENSES	
Contributions to Ranger College	582,600
Salaries and Payroll Taxes	12,918
Scholarships	2,925
Supplies	3,354
Total Expenses	601,797
Change in Net Assets	38,222
Net Assets - Beginning of Year	2,133,986
Net Assets - End of Year	\$ 2,172,208

RANGER COLLEGE DISTRICT
Statements of Cash Flows
For the Years Ended August 31, 2020 and 2019

EXHIBIT 3

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Students and Other Customers	\$ 5,711,271	\$ 5,242,151
Receipts from Grants and Contracts	1,436,999	1,447,246
Payments to or on Behalf of Employees	(7,997,197)	(7,556,895)
Payments to Suppliers for Goods or Services	(6,466,154)	(5,122,879)
Payments of Scholarships	(1,184,668)	(872,357)
Other receipts (payments)	205,211	188,263
Net Cash Used by Operating Activities	(8,294,538)	(6,674,471)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Receipts from State Appropriations	3,900,985	3,934,596
Receipts from Maintenance Ad Valorem Taxes	40,257	43,152
Receipts from Non-Operating Federal Revenue	3,390,938	3,264,737
Receipts from Gifts and Grants (Other Than Capital)	642,018	83,824
Receipts from (Payments to) Student Organizations and Other Agency Transactions	23,620	(43,601)
Net Cash Provided by Non-Capital Financing Activities	7,997,818	7,282,708
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Proceeds from Sale of Capital Assets	116,239	1,000
Receipts from Debt Service Ad Valorem Taxes	593,678	575,164
Purchases of Capital Assets	(1,771,276)	(7,228,913)
Payments on Capital Debt - Principal	(669,095)	(646,248)
Payments on Capital Debt - Interest	(554,893)	(207,797)
Net Cash Used by Capital Financing Activities	(2,285,347)	(7,506,794)
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts from Investment Earnings	34,679	157,633
Net Cash Provided by Investing Activities	34,679	157,633
Decrease in Cash and Cash Equivalents	(2,547,388)	(6,740,924)
Cash and Cash Equivalents - September 1	5,505,344	12,246,268
Cash and Cash Equivalents - August 31	\$ 2,957,956	\$ 5,505,344

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, 2020 and 2019

EXHIBIT 3

	<u>2020</u>	<u>2019</u>
Reconciliation to Exhibit 1:		
Cash and Cash Equivalents	\$ 2,670,893	\$ 4,438,300
Restricted Cash and Cash Equivalents	<u>287,063</u>	<u>1,067,044</u>
Total Cash and Cash Equivalents	<u><u>\$ 2,957,956</u></u>	<u><u>\$ 5,505,344</u></u>
Non-Cash Investing and Financing Activities:		
Gift of Capital Asset	<u><u>\$ -</u></u>	<u><u>\$ 180,425</u></u>
Reconciliation of Operating Loss to Net Cash Used By Operating Activities:		
Operating Loss	\$ (10,013,465)	\$ (9,103,982)
Adjustments to Reconcile Operating Loss to Net Cash		
Used by Operating Activities:		
Depreciation Expense	838,949	709,034
Bad Debt Expense	467,836	352,602
Payments Made Directly by State for Benefits	624,518	585,237
Changes in Assets and Liabilities:		
Receivables, Net	(885,311)	(364,264)
Inventories	(19,340)	2,530
Prepaid Expenses	(20,935)	5,193
Deferred Outflows of Resources	(46,615)	(3,236,080)
Accounts Payable	(484,921)	282,827
Accrued Liabilities	(23,499)	(9,336)
Unearned Revenue	401,625	250,104
Net Pension Liability	(32,001)	1,179,706
Net OPEB Liability	1,456,471	1,359,433
Compensable Absences	16,470	(18,735)
Deferred Inflows of Resources	<u>(574,320)</u>	<u>1,331,260</u>
Net Cash Used By Operating Activities	<u><u>\$ (8,294,538)</u></u>	<u><u>\$ (6,674,471)</u></u>

**NOTES TO THE
FINANCIAL STATEMENTS**

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2020 and 2019

1. REPORTING ENTITY

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Guidelines

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

Tuition Discounting

Texas Public Education Grants (TPEG)

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

Title IV, Higher Education Act (HEA) Program Funds

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

Other Tuition Discounts

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

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

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

Other Post-Employment Benefits (OPEB)

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

Pensions

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

Unearned Revenues

Revenues, primarily consisting of tuition, fees, meal charges, and resident hall charges, related to academic terms in the next fiscal year are recorded on the Statement of Net Position as unearned revenue in the current fiscal year. Tuition and fees of \$4,519,953 and \$4,406,957 and federal and state grants of \$419,015 and \$130,386 have been reported as unearned revenue at August 31, 2020 and 2019, respectively.

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Operating and Non-Operating Revenue and Expense Policy

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

Application of Restricted and Unrestricted Resources

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

Reclassifications

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

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.

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2020 and 2019

4. DEPOSITS AND INVESTMENTS

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

Cash and Deposits

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

	August 31,	
	2020	2019
Bank Deposits with Financial Institutions	\$ 2,955,356	\$ 5,503,244
Petty Cash	2,600	2,100
Total Cash and Cash Equivalents	<u>\$ 2,957,956</u>	<u>\$ 5,505,344</u>

Interest Rate Risk – In accordance with the College's investment policy, the College does not purchase any securities with maturities greater than one year, unless reserve funds are necessary to match anticipated cash flow requirements. As of August 31, 2020 and 2019, 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, 2020 and 2019, 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, 2020 and 2019, 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, 2020 and 2019, the College's cash and cash equivalents were not exposed to custodial credit risk.

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2020 and 2019

4. DEPOSITS AND INVESTMENTS (Continued)

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

	August 31,	
	2020	2019
Per Note 4:		
Cash and Cash Equivalents	\$ 2,957,956	\$ 5,505,344
Total Deposits and Investments	<u>\$ 2,957,956</u>	<u>\$ 5,505,344</u>
Per Exhibit 1:		
Cash and Cash Equivalents	\$ 2,670,893	\$ 4,438,300
Restricted Cash and Cash Equivalents	<u>287,063</u>	<u>1,067,044</u>
Total Deposits and Investments	<u>\$ 2,957,956</u>	<u>\$ 5,505,344</u>

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2020 and 2019

5. CAPITAL ASSETS

Capital assets activity for the year ended August 31, 2020 was as follows:

	Balance 9/1/2019	Increases	Decreases	Balance 8/31/2020
<u>Not Depreciated:</u>				
Land	\$ 764,848	\$ -	\$ -	\$ 764,848
Construction in Progress	10,343,390	1,544,537	11,705,636	182,291
Subtotal	11,108,238	1,544,537	11,705,636	947,139
<u>Other Capital Assets:</u>				
Buildings and Improvements	13,063,211	10,406,060	340,643	23,128,628
Land Improvements	704,742	1,364,597	-	2,069,339
Leasehold Improvements	792,940	-	-	792,940
Library Books	165,493	-	-	165,493
Vehicles and Equipment	3,079,974	161,718	390,785	2,850,907
Subtotal	17,806,360	11,932,375	731,428	29,007,307
<u>Accumulated Depreciation:</u>				
Buildings and Improvements	3,672,822	525,626	65,620	4,132,828
Land Improvements	355,330	42,224	-	397,554
Leasehold Improvements	720,031	23,509	-	743,540
Library Books	151,544	1,443	-	152,987
Vehicles and Equipment	1,538,181	246,147	387,896	1,396,432
Subtotal	6,437,908	838,949	453,516	6,823,341
Net Other Capital Assets	11,368,452	11,093,426	277,912	22,183,966
Net Capital Assets	\$ 22,476,690	\$ 12,637,963	\$ 11,983,548	\$ 23,131,105

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2020 and 2019

5. CAPITAL ASSETS (Continued)

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

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

For the fiscal year ended August 31, 2019, the College capitalized interest expense of \$366,675 on the Ranger campus additions and renovations project related to the Series 2017 Limited Tax Bond. For the fiscal years ended August 31, 2020 and 2019, the College incurred a total of \$552,826 and \$571,267, respectively, of interest cost for all debt outstanding.

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2020 and 2019

6. NON-CURRENT LIABILITIES

Non-current liability activity for the years ended August 31, 2020 and 2019 was as follows:

	Balance September 1, 2019	Additions	Reductions	Balance August 31, 2020	Current Portion
Revenue Bonds Payable	\$ 4,424,000	\$ -	\$ 315,000	\$ 4,109,000	\$ 326,000
Limited Tax Bonds Payable	9,480,000	-	210,000	9,270,000	215,000
Bond Premium	221,664	-	13,531	208,133	13,249
Note Payable - Direct Borrowings	1,791,636	-	144,095	1,647,541	146,998
Net Pension Liability	2,616,470	494,336	526,337	2,584,469	N/A
Net OPEB Liability	7,234,932	1,562,829	106,358	8,691,403	275,469
Accrued Compensable Absences	142,270	58,603	42,133	158,740	133,613
Total Long-Term Liabilities	<u>\$ 25,910,972</u>	<u>\$ 2,115,768</u>	<u>\$ 1,357,454</u>	<u>\$ 26,669,286</u>	<u>\$ 1,110,329</u>

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

7. DEBT OBLIGATIONS

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

Revenue Bonds

- Combined Fee Revenue Bond, Series 2013.
- To purchase and renovate a building in Stephenville to be used for instruction.
- Issued May 15, 2013.
- Original balance of \$3,000,000 is payable in thirty semi-annual installments varying from \$160,000 to \$243,000, which includes interest at a rate of 2.95%.
- Final installment is due June 1, 2028.
- Source of revenue for debt service – tuition and fees.
- Outstanding principal balance of \$1,762,000 and \$1,955,000 at August 31, 2020 and 2019, respectively.

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2020 and 2019

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 \$2,347,000 and \$2,469,000 at August 31, 2020 and 2019, 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 \$9,270,000 and \$9,480,000 at August 31, 2020 and 2019, respectively.

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

- To fund Energy Conservation Measures.
- Original loan date – December 8, 2016.
- Total available draw down was \$1,968,046, which was drawn down during the fiscal years ending August 31, 2017 and 2018.
- Payable in accordance with the terms of the Loan Payment Schedule with quarterly installments of \$44,975 starting August 31, 2018 through February 28, 2031.
- Interest accrues at a rate of 2% from the date of the borrowing.
- Source of revenue for debt service – unrestricted revenue.
- Outstanding principal balance of \$1,647,541 and \$1,791,636 at August 31, 2020 and 2019, respectively.
- The above note payable from direct borrowings contains a provision that in the event of default, outstanding amounts become immediately due if the College is unable to make payment. Additionally, if the College fails to repay the loan within 90 days after the declaration of default, SECO may recommend that the Legislative Budget Board reduce state appropriations by the total outstanding amount due under the agreement.

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2020 and 2019

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	
2021	\$ 326,000	\$ 148,208	\$ 474,208	\$ 215,000	\$ 352,575	\$ 567,575	\$ 13,249
2022	337,000	137,128	474,128	225,000	343,775	568,775	12,918
2023	348,000	125,658	473,658	235,000	334,575	569,575	12,572
2024	361,000	113,806	474,806	245,000	326,813	571,813	12,282
2025	373,000	101,499	474,499	250,000	320,625	570,625	12,050
2026 - 2030	1,555,000	314,902	1,869,902	1,365,000	1,480,737	2,845,737	55,636
2031 - 2035	809,000	84,621	893,621	1,660,000	1,186,400	2,846,400	44,552
2036 - 2040	-	-	-	2,030,000	818,400	2,848,400	30,706
2041 - 2045	-	-	-	2,485,000	368,300	2,853,300	13,771
2046 - 2050	-	-	-	560,000	11,200	571,200	397
Total	<u>\$ 4,109,000</u>	<u>\$ 1,025,822</u>	<u>\$ 5,134,822</u>	<u>\$ 9,270,000</u>	<u>\$ 5,543,400</u>	<u>\$ 14,813,400</u>	<u>\$ 208,133</u>

Year Ended August 31,	Note Payable - Direct Borrowings		
	Note Principal	Interest	Total
2021	\$ 146,998	\$ 32,902	\$ 179,900
2022	149,960	29,940	179,900
2023	152,982	26,918	179,900
2024	156,065	23,835	179,900
2025	159,210	20,690	179,900
2026 - 2030	845,483	54,017	899,500
2031 - 2035	36,843	446	37,289
Total	<u>\$ 1,647,541</u>	<u>\$ 188,748</u>	<u>\$ 1,836,289</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 workload and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Pension Plan Fiduciary Net Position

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

That report may be obtained on the Internet at https://www.trs.texas.gov/TRS%20Documents/cafr_2018.pdf; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided

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

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.

In May, 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. This action causing the pension fund to be actuarially sound, allowed the legislature to approve funding for a 13th check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in either the matching amount of their monthly annuity or \$2,000, whichever was less.

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% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025.

Contribution Rates

	<u>Fiscal Years</u>	
	<u>2020</u>	<u>2019</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (NECE) - State	7.5%	6.8%
Employers	7.5%	6.8%

<u>Fiscal Year 2019</u>		
Member Contributions	\$	304,145
State of Texas (NECE) On-behalf Contributions	\$	104,921
College Contributions	\$	174,017

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

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% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.
- In addition to the employer contributions listed above, when employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Actuarial Assumptions

The total pension liability in the August 31, 2018 actuarial valuation rolled forward to August 31, 2019 was determined using the following actuarial assumptions:

Valuation Date	August 31, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2019*	2.63%
Inflation	2.30%
Salary increases including inflation	3.05% to 9.05%
Ad hoc post-employment benefit changes	None

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

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2018. For a full description of these assumptions please see the actuarial valuation report dated November 9, 2018.

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2020 and 2019

8. EMPLOYEES' RETIREMENT PLANS (Continued)

Changes Since the Prior Actuarial Valuation

- The single discount rate as of August 31, 2018 was a blended rate of 6.907 percent and that has changed to the long-term rate of return of 7.25 percent as of August 31, 2019.
- With the enactment of SB 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected in the actuarial assumptions.
- The Texas legislature approved funding for a 13th check in September 2019. All eligible members retired as of December 31, 2018 will receive an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever was less.

Discount Rate

A single discount rate of 7.25 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.25 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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 7.25%. 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, 2019 are summarized below:

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2020 and 2019

8. EMPLOYEES' RETIREMENT PLANS (Continued)

Asset Allocation and Long-Term Expected Rate of Return			
Asset Class	FY 2019 Target Allocation %*	New Target Allocation %**	Long-Term Expected Geometric Real Rate of Return***
Global Equity			
U.S.	18.0%	18.0%	6.4%
Non-U.S. Developed	13.0%	13.0%	6.3%
Emerging Markets	9.0%	9.0%	7.3%
Directional Hedge Funds	4.0%	0.0%	0.0%
Private Equity	13.0%	14.0%	8.4%
Stable Value			
U.S. Treasuries****	11.0%	16.0%	3.1%
Stable Value Hedge Funds	4.0%	5.0%	4.5%
Absolute Return	0.0%	0.0%	0.0%
Real Return			
Global Inflation Linked Bonds*****	3.0%	0.0%	0.0%
Real Assets	14.0%	15.0%	8.5%
Energy and Natural Resources	5.0%	6.0%	7.3%
Commodities	0.0%	0.0%	0.0%
Risk Parity			
Risk Parity	5.0%	8.0%	5.8%/ 6.5%*****
Leverage			
Cash	1.0%	2.0%	2.5%
Asset Allocation Leverage	0.0%	-6.0%	2.7%
Total	100.00%	100.00%	7.23%

* Target allocations are based on the Strategic Asset Allocations as of FY 2019.

** New allocations are based on the Strategic Asset Allocation to be implemented FY 2020.

*** 10-year annualized geometric nominal returns include the real rate of return and inflation of 2.1%.

**** New Target Allocation groups Government Bonds within the stable value allocation. This includes global sovereign nominal and inflation-linked bonds.

***** 5.8% (6.5%) return expectation corresponds to Risk Parity with a 10% (12%) target volatility.

Source: Teacher Retirement System of Texas 2019 Comprehensive Annual Financial Report

RANGER COLLEGE DISTRICT
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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% less than and 1% greater than the discount rate that was used (7.25%) in measuring the 2019 Net Pension Liability.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
College's proportionate share of the net pension liability:	\$3,972,702	\$2,584,469	\$1,459,730

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

At August 31, 2020, the College reported a liability of \$2,584,469 for its proportionate share of the TRS' net pension liability. This liability reflects a reduction for State pension support provided to the College. The amount recognized by the College as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the College were as follows:

College's proportionate share of the collective net pension liability	\$ 2,584,469
State's proportionate share that is associated with the College	<u>1,558,340</u>
Total	<u><u>\$ 4,142,809</u></u>

The net pension liability was measured as of August 31, 2018 and rolled forward to August 31, 2019, 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, 2018 through August 31, 2019.

At the measurement date of August 31, 2019, the College's proportion of the collective net pension liability was 0.0049717%, which was an increase of 4.5912% from its proportion measured as of August 31, 2018.

For the fiscal year ended August 31, 2020, the College recognized pension expense of \$104,921 and revenue of \$104,921 for support provided by the State.

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2020 and 2019

8. EMPLOYEES' RETIREMENT PLANS (Continued)

At August 31, 2020, the College reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 10,857	\$ 89,737
Changes in actuarial assumptions	801,829	331,354
Difference between projected and actual investment earnings	155,379	129,428
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	309,170	16,522
Contributions paid to TRS after the measurement date	190,258	-
Total	<u>\$ 1,467,493</u>	<u>\$ 567,041</u>

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

Year ended August 31:	Pension Expense Amount
2021	\$ 142,850
2022	119,601
2023	210,739
2024	191,721
2025	64,379
Thereafter	(19,096)

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 6.6% and 6.65%, respectively. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the State has no additional or unfunded liability for this program. Senate Bill 1812, 83rd Texas Legislature, Regular Session, effective September 1, 2013, limits the amount of the State's contribution to 50% of eligible employees in the reporting district.

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2020 and 2019

8. EMPLOYEES' RETIREMENT PLANS (Continued)

The retirement expense to the State for the College was \$37,596 and \$41,709 for the fiscal years ended August 31, 2020 and 2019, respectively. This amount represents the portion of expended appropriations made by the Legislature on behalf of the College.

The total payroll for all College employees was \$6,685,825 and \$6,200,962 for fiscal years 2020 and 2019, respectively. The total payroll of employees covered by the TRS was \$4,251,765 and \$3,958,764, and the total payroll of employees covered by the Optional Retirement Program was \$1,501,511 and \$1,263,897 for fiscal years 2020 and 2019, respectively.

9. COMPENSABLE ABSENCES

Full-time employees earn annual leave at a rate of 4.6 hours per month from September through June. 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 \$158,740 and \$142,270 as of August 31, 2020 and 2019, respectively.

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

10. HEALTH CARE AND LIFE INSURANCE BENEFITS

Certain health care and life insurance benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The State recognizes the cost of providing these benefits by expending the annual insurance premiums. The State's contribution per full-time employee was \$624.82 per month for the year ended August 31, 2020, and totaled \$478,567 for the year. The cost of providing those benefits for 33 retirees for the year ended August 31, 2020 was \$131,442. For 107 active employees, the cost of providing benefits was \$347,125 for the year ended August 31, 2020. The State's contribution per full-time employee was \$624.82 per month for the year ended August 31, 2019, and totaled \$475,463 for the year. The cost of providing those benefits for 33 retirees for the year ended August 31, 2019 was \$130,010. For 102 active employees, the cost of providing benefits was \$345,453 for the year ended August 31, 2019. Senate Bill 1812, 83rd Texas Legislature, Regular Session, effective September 1, 2013, limits the amount of the State's contribution to 50% of eligible employees in the reporting district.

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

Plan Description

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

OPEB Plan Fiduciary Net Position

Detailed information about the GBP's fiduciary net position is available in the separately issued ERS Comprehensive Annual Financial Report (CAFR) that includes financial statements, notes to the financial statements, and required supplementary information.

That report may be obtained on the Internet at <https://ers.texas.gov/About-ERS/Reports-and-Studies/Reports-on-Overall-ERS-Operations-and-Financial-Management>; or by writing to ERS at: 200 East 18th Street, Austin, TX 78701; or by calling (877) 275-4377.

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. There are no long-term contracts for contributions to the plan.

RANGER COLLEGE DISTRICT
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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, which is based on a blended rate. 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 2019

Retiree only	\$ 624.82
Retiree & Spouse	1,340.82
Retiree & Children	1,104.22
Retiree & Family	1,820.22

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, 2019 and 2018

	2019	2018
Employers	\$ 401,284,833	\$ 307,028,461
Members (Employees)	209,836,664	203,123,120
Nonemployer Contributing Entity (State of Texas)	20,182,872	16,585,270

Source: ERS 2019 Comprehensive Annual Financial Report

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
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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, 2019 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, 2019
Actuarial Cost Method	Entry age
Amortization Method	Level percent of payroll, open
Remaining Amortization Period	30 years
Asset Valuation Method	N/A
Discount Rate	2.97%
Projected Annual Salary Increase (Includes Inflation)	2.50% to 9.50%
Annual Healthcare Trend Rate	7.30% for FY 2021, 7.40% for FY 2022, 7.00% for FY 2023, decreasing 50 basis points per year to an ultimate rate of 4.50% for FY 2028 and later years
Inflation Assumption Rate	2.50%
Ad Hoc Post-Employment Benefit Changes	None
Mortality Assumptions:	
Service Retirees, Survivors, and Other Inactive Members	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018
Disability Retirees	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members
Active Members	Sex Distinct RP-2014 Employee Mortality multiplied by 90% with Ultimate MP Projection Scale from the year 2014

Source: Fiscal year 2019 ERS CAFR

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
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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, 2017 for higher education members.

Investment Policy

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

Discount Rate

Because the GBP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bonds rate. The discount rate used to determine the total OPEB liability as of the *beginning* of the measurement year was 3.96%. The discount rate used to measure the total OPEB liability as of the *end* of the measurement year was 2.97%, which amounted to a decrease of 0.99%. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp's AA rating. Projected cash flows into the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you-go basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets and therefore the years of projected benefit payments to which the long-term expected rate of return is applicable is zero years.

Discount Rate Sensitivity Analysis

The following schedule shows the impact on the College's proportionate share of the collective net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.97%) in measuring the net OPEB Liability.

	1% Decrease in Discount Rate (1.97%)	Discount Rate (2.97%)	1% Increase in Discount Rate (3.97%)
College's proportionate share of the net OPEB liability:	\$10,371,547	\$8,691,403	\$7,398,593

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

Healthcare Trend Rate Sensitivity Analysis

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

	1% Decrease (6.30% decreasing to 3.50%)	Current Healthcare Cost Trend Rates (7.30% decreasing to 4.50%)	1% Increase (8.30% decreasing to 5.50%)
College's proportionate share of the net OPEB liability:	\$7,298,094	\$8,691,403	\$10,512,139

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

At August 31, 2020, the College reported a liability of \$8,691,403 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	\$ 8,691,403
State's proportionate share that is associated with the College	<u>475,463</u>
Total	<u>\$ 9,166,866</u>

The net OPEB liability was measured as of August 31, 2019, 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, 2018 through August 31, 2019.

At the measurement date of August 31, 2019, the employer's proportion of the collective net OPEB liability was 0.0251468%, which was an increase of 3.013% from the proportion measured as of August 31, 2018.

For the year ended August 31, 2020, the College recognized OPEB expense of \$6,283 and revenue of \$6,283 for support provided by the State.

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2020 and 2019

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:

- Assumed Per Capita Health Benefit Costs and assumed Health Benefit Cost and Retiree Contribution trends have been updated to reflect recent experience and its effects on our short-term expectations.
- The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- The percentage of future male retirees assumed to be married and electing coverage for their spouse.
- The percentages of future retirees and future retiree spouses assumed to use tobacco have been updated to reflect recent plan experience and expected trends.
- The discount rate assumption was changed from 3.96% as of August 31, 2018 to 2.97% as of August 31, 2019 as a result of requirements by GASB No. 74 to utilize the yield or index rate for 20-year, tax-exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

The valuation reflects the benefit change that will become effective January 1, 2020, The change to HealthSelect retirees and dependents for whom Medicare is not primary is an increase in the out-of-pocket maximum for both HealthSelect and Consumer Directed HealthSelect (CDHP) from \$6,650 to \$6,750 for individuals and from \$13,300 to \$13,500 for families in order to remain consistent with Internal Revenue Service maximums.

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2020 and 2019

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

At August 31, 2020, 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	\$ -	\$ 226,158
Changes in actuarial assumptions	618,520	1,942,199
Differences between projected and actual investment earnings	3,573	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,977,905	(204,810)
Contributions paid to ERS subsequent to the measurement date	120,637	-
Total	<u>\$ 2,720,635</u>	<u>\$ 1,963,547</u>

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

Year Ended August 31:	OPEB Expense Amount
2021	\$ (5,100)
2022	(5,099)
2023	233,211
2024	323,994
2025	89,445
Thereafter	-

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2020 and 2019

12. DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables

Receivables at August 31, 2020 and 2019 were as follows:

	<u>August 31,</u>	
	<u>2020</u>	<u>2019</u>
Student Receivables (Net of Allowances of \$3,968,775 and \$3,535,389 for 2020 and 2019, respectively)	\$ 4,195,891	\$ 3,896,782
Taxes Receivables (Net of Allowances of \$17,092 and \$16,335 for 2020 and 2019, respectively)	52,192	52,453
Federal, State, and Local Grants Receivable	445,283	250,818
Other Accounts Receivable	<u>3,000</u>	<u>22,903</u>
Total Accounts Receivable	<u>\$ 4,696,366</u>	<u>\$ 4,222,956</u>

Payables

Payables at August 31, 2020 and 2019 were as follows:

	<u>August 31,</u>	
	<u>2020</u>	<u>2019</u>
Vendor Payable	\$ 313,005	\$ 803,619
Benefit Payable	<u>126,628</u>	<u>120,935</u>
Total Accounts Payable	<u>\$ 439,633</u>	<u>\$ 924,554</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 2020 and 2019 for which monies have not been received nor funds expended totaled \$1,938,355 and \$1,568,410, respectively. Of these amounts, \$675,292 and \$384,544 were from Federal Contract and Grant Awards and \$1,263,063 and \$1,183,866 were from State Contract and Grant Awards for fiscal years ended 2020 and 2019, respectively.

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2020 and 2019

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,	
	2020	2019
Assessed Valuation of the College	\$ 167,459,600	\$ 158,172,640
Less: Exemptions	(1,340,120)	(1,166,030)
Net Assessed Valuation of the College	<u>\$ 166,119,480</u>	<u>\$ 157,006,610</u>

	Current Operations	Debt Service	Total
At August 31, 2020			
Tax Rate per \$100 valuation of authorized	\$ 0.50000	\$ 0.50000	\$ 1.00000
Tax Rate per \$100 valuation of assessed	\$ 0.01403	\$ 0.36095	\$ 0.37498
At August 31, 2019			
Tax Rate per \$100 valuation of authorized	\$ 0.50000	\$ 0.50000	\$ 1.00000
Tax Rate per \$100 valuation of assessed	\$ 0.01393	\$ 0.37959	\$ 0.39352

Taxes levied for the years ended August 31, 2020 and 2019 were \$622,912 and \$617,841, 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, 2020 and 2019

14. AD VALOREM TAX (Continued)

	2020		
	Current Operations	Debt Service	Total
Current Taxes Collected	\$ 22,536	\$ 579,606	\$ 602,142
Delinquent Taxes Collected	5,371	12,898	18,269
Penalties and Interest Collected	509	12,754	13,263
Total Gross Collections	28,416	605,258	633,674
Tax Appraisal & Collection Fees	(1,033)	(26,572)	(27,605)
Total Net Collections	<u>\$ 27,383</u>	<u>\$ 578,686</u>	<u>\$ 606,069</u>
	2019		
	Current Operations	Debt Service	Total
Current Taxes Collected	\$ 20,933	\$ 579,694	\$ 600,627
Delinquent Taxes Collected	10,054	6,455	16,509
Penalties and Interest Collected	3,749	6,638	10,387
Total Gross Collections	34,736	592,787	627,523
Tax Appraisal & Collection Fees	(1,005)	(27,819)	(28,824)
Total Net Collections	<u>\$ 33,731</u>	<u>\$ 564,968</u>	<u>\$ 598,699</u>

Tax collections for the years ended August 31, 2020 and 2019 were 97% and 97% 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, 2020 and 2019.

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2020 and 2019

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 \$582,600 and \$76,325 for other contributions to the College during the years ended August 31, 2020 and 2019, respectively. Also, at August 31, 2020 and 2019, the College reported a receivable from the Foundation of \$1,050 and \$10,100, respectively. There were no payables to the Foundation at August 31, 2020 and 2019. 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 \$162,769 and \$261,257 for rent paid under operating leases during the fiscal years ended August 31, 2020 and 2019, respectively. Future minimum lease rental payments under noncancelable operating leases having an initial term in excess of one year as of August 31, 2020 are as follows:

Year Ended August 31,	Amount
2021	\$ 182,871
2022	171,990
2023	127,158
2024	71,403
2025	48,322
Thereafter	90,242
Total	<u>\$ 691,986</u>

Other Commitments

The College entered into one new construction-related commitment during the fiscal year ended August 31, 2019. The construction-related commitment included contracts for the continued renovations to the Ranger location. All of these contracts were completed as of August 31, 2020.

RANGER COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2020 and 2019

18. RISK MANAGEMENT

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

19. SUBSEQUENT EVENTS

The College evaluated subsequent events through December 15, 2020, the date the financial statements were available to be issued and noted nothing other than the following:

- In early 2020, an outbreak of coronavirus (COVID-19) emerged and was characterized as a pandemic. Multiple jurisdictions in the United States, including Texas, declared a state of emergency and it is anticipated that the impacts of the virus will continue for some time. There has been no immediate impact on the College's operations. The pandemic resulted in an overall decline in economic activity and may include future impacts on the College. However, the ultimate impact of COVID-19 on the College is not reasonably estimable at this time.

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*,	2020	2019	2018	2017	2016	2015
College's proportionate share of collective net pension liability (NPL) (%)	0.0049717%	0.0047535%	0.0044934%	0.0036272%	0.0035399%	0.0037633%
College's proportionate share of collective NPL (\$)	\$ 2,584,469	\$ 2,616,470	\$ 1,436,764	\$ 1,370,661	\$ 1,251,307	\$ 1,005,230
State's proportionate share of NPL associated with the College	1,558,340	1,567,085	743,500	1,713,093	(34,084)	628,357
Total	<u>\$ 4,142,809</u>	<u>\$ 4,183,555</u>	<u>\$ 2,180,264</u>	<u>\$ 3,083,754</u>	<u>\$ 1,217,223</u>	<u>\$ 1,633,587</u>
College's covered payroll	\$ 3,958,764	\$ 3,623,931	\$ 3,253,820	\$ 2,809,247	\$ 2,186,874	\$ 1,992,401
College's proportionate share of collective NPL as a percentage of covered payroll	65.28%	72.20%	44.16%	48.79%	57.22%	50.45%
Plan fiduciary net position as percentage of total pension liability	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

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

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

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

Fiscal Year Ending August 31*,	2020	2019	2018	2017	2016	2015
Legally required contributions	\$ 190,187	\$ 160,181	\$ 149,602	\$ 134,611	\$ 109,468	\$ 110,821
Actual contributions	190,187	160,181	149,602	134,611	109,468	110,821
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll amount	\$ 4,251,765	\$ 3,958,764	\$ 3,623,931	\$ 3,253,820	\$ 2,809,247	\$ 2,186,874
Contributions as a percentage of covered payroll	4.47%	4.05%	4.13%	4.14%	3.90%	5.07%

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

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

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

Fiscal years ended August 31*,	2020	2019	2018
College's proportion of collective net OPEB liability (%)	0.0251468%	0.0244112%	0.0172439%
College's proportionate share of collective net OPEB liability (\$)	\$ 8,691,403	\$ 7,234,932	\$ 5,875,499
State's proportionate share of net OPEB liability associated with the College	<u>475,463</u>	<u>458,129</u>	<u>127,742</u>
Total	<u>\$ 9,166,866</u>	<u>\$ 7,693,061</u>	<u>\$ 6,003,241</u>
College's covered-employee payroll	\$ 5,222,661	\$ 5,014,948	\$ 4,810,086
College's proportionate share of collective net OPEB liability as a percentage of covered-employee payroll	166.42%	144.27%	122.15%
Plan fiduciary net position as percentage of the total net OPEB liability	0.17%	1.27%	2.04%

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

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

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

Fiscal years ended August 31*,	2020	2019	2018
Legally required contributions	\$ 783,667	\$ 745,158	\$ 174,359
Actual contributions	<u>783,667</u>	<u>745,158</u>	<u>174,359</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered-employee payroll amount	\$ 5,753,276	\$ 5,222,661	\$ 5,014,948
Contributions as a percentage of covered-employee payroll	13.62%	14.27%	3.48%

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

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

RANGER COLLEGE DISTRICT
Notes to Required Supplementary Information
For the Year Ended August 31, 2020

Defined Benefit Pension and OPEB Plans

Change of benefit terms

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

Change of benefit terms that affected the measurement of the total net OPEB liability during the measurement period are described in the notes to the financial statements (Note 11).

Changes of assumptions

Changes of assumptions that affected the measurement of the net pension liability during the measurement period are described in the notes to the financial statements (Note 8).

Changes of assumptions that affected the measurement of the net OPEB liability during the measurement period are described in the notes to the financial statements (Note 11).

SUPPLEMENTAL INFORMATION

RANGER COLLEGE DISTRICT
Schedule A
Schedule of Operating Revenues
For the Year Ended August 31, 2020
(With Memorandum Totals for the Year Ended August 31, 2019)

	Total				Totals	
	Unrestricted	Restricted	Educational Activities	Auxiliary Enterprises	8/31/2020	8/31/2019
Tuition						
State Funded Credit Courses						
In-District Resident Tuition	\$ 25,597	\$ -	\$ 25,597	\$ -	\$ 25,597	\$ 39,736
Out-of-District Resident Tuition	4,031,287	-	4,031,287	-	4,031,287	4,060,527
Non-Resident Tuition	136,966	-	136,966	-	136,966	95,535
TPEG - Credit (set aside)*	128,957	-	128,957	-	128,957	149,872
State Funded Continuing Education	555,567	-	555,567	-	555,567	223,174
Total Tuition	4,878,374	-	4,878,374	-	4,878,374	4,568,844
Fees						
General Fees	659,846	-	659,846	-	659,846	657,722
Laboratory Fees	100,908	-	100,908	-	100,908	96,779
Registration Fees	319,251	-	319,251	-	319,251	282,822
Educational Service Fees	199,024	-	199,024	-	199,024	202,121
Other Fees	875,334	-	875,334	-	875,334	754,570
Total Fees	2,154,363	-	2,154,363	-	2,154,363	1,994,014
Scholarship Allowances and Discounts						
Bad Debt Allowance	(467,836)	-	(467,836)	-	(467,836)	(352,602)
Scholarship Allowances	(976,309)	-	(976,309)	-	(976,309)	(874,854)
Title IV Federal Program	(2,050,574)	-	(2,050,574)	-	(2,050,574)	(2,140,734)
TPEG Awards	(69,854)	-	(69,854)	-	(69,854)	(84,455)
Other State Grants	(13,938)	-	(13,938)	-	(13,938)	(21,841)
Total Scholarship Allowances	(3,578,511)	-	(3,578,511)	-	(3,578,511)	(3,474,486)
Total Net Tuition and Fees	3,454,226	-	3,454,226	-	3,454,226	3,088,372
Additional Operating Revenues						
Federal Grants and Contracts	-	725,666	725,666	-	725,666	680,079
State Grants and Contracts	-	834,602	834,602	-	834,602	599,827
Non-Governmental Grants and Contracts	-	15,000	15,000	-	15,000	20,159
Sales and Services of Educational Activities	31,573	-	31,573	-	31,573	37,378
Other Operating Revenues	205,211	-	205,211	-	205,211	188,263
Total Additional Operating Revenues	236,784	1,575,268	1,812,052	-	1,812,052	1,525,706
Auxiliary Enterprises						
Residential Life	-	-	-	458,596	458,596	430,303
Less Discounts	-	-	-	(232,805)	(232,805)	(241,959)
Bookstore	-	-	-	1,008,251	1,008,251	1,008,210
Less Discounts	-	-	-	(354,699)	(354,699)	(364,611)
Food Services	-	-	-	850,443	850,443	933,515
Less Discounts	-	-	-	(455,960)	(455,960)	(524,932)
Intercollegiate Athletics	-	-	-	195,418	195,418	178,914
Student Services	-	-	-	-	-	2,517
Child Care Services	-	-	-	165,973	165,973	290,581
Total Net Auxiliary Enterprises	-	-	-	1,635,217	1,635,217	1,712,538
Total Operating Revenues	\$ 3,691,010	\$ 1,575,268	\$ 5,266,278	\$ 1,635,217	\$ 6,901,495	\$ 6,326,616

(Exhibit 2) (Exhibit 2)

* In accordance with Education Code 56.033, \$128,957 and \$149,872 for years August 31, 2020 and 2019, 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, 2020
(With Memorandum Totals for the Year Ended August 31, 2019)

	Operating Expenses				Totals	
	Salaries and Wages	State Benefits	Local Benefits	Other Expenses	8/31/2020	8/31/2019
Unrestricted Educational Activities						
Instruction	\$ 3,251,427	\$ -	\$ 1,150,555	\$ 462,799	\$ 4,864,781	\$ 4,237,937
Academic Support	622,406	-	220,246	34,748	877,400	807,429
Student Services	526,062	-	186,153	96,671	808,886	855,324
Institutional Support	1,174,846	-	415,733	986,935	2,577,514	2,435,924
Operation and Maintenance of Plant	239,769	-	-	707,480	947,249	801,694
Total Unrestricted Educational Activities	5,814,510	-	1,972,687	2,288,633	10,075,830	9,138,308
Restricted Educational Activities						
Instruction	134,608	364,246	-	712,860	1,211,714	658,701
Academic Support	-	69,726	-	145	69,871	65,685
Student Services	310,772	58,933	85,535	118,532	573,772	633,177
Institutional Support	-	131,613	-	10,957	142,570	123,061
Scholarships and Fellowships	-	-	-	1,184,668	1,184,668	872,357
Total Restricted Educational Activities	445,380	624,518	85,535	2,027,162	3,182,595	2,352,981
Total Educational Activities	6,259,890	624,518	2,058,222	4,315,795	13,258,425	11,491,289
Auxiliary Enterprises	425,935	-	55,349	2,336,302	2,817,586	3,230,275
Depreciation Expense - Buildings and Land Improvements	-	-	-	591,359	591,359	470,325
Depreciation Expense - Furniture, Machinery, Vehicles, and Other Equipment	-	-	-	247,590	247,590	238,709
Total Operating Expenses	\$ 6,685,825	\$ 624,518	\$ 2,113,571	\$ 7,491,046	\$ 16,914,960 (Exhibit 2)	\$ 15,430,598 (Exhibit 2)

RANGER COLLEGE DISTRICT
Schedule C
Schedule of Non-Operating Revenues and Expenses
For the Year Ended August 31, 2020
(With Memorandum Totals for the Year Ended August 31, 2019)

	Unrestricted	Restricted	Auxiliary Enterprises	Totals	
				8/31/2020	8/31/2019
Non-Operating Revenues					
State Appropriations					
Education and General State Support	\$ 3,864,163	\$ -	\$ -	\$ 3,864,163	\$ 3,898,220
State Group Insurance	-	478,567	-	478,567	475,463
State OPEB	-	6,283	-	6,283	(27,785)
State Retirement Matching	-	142,889	-	142,889	137,905
Professional Nursing Shortage Reduction	-	33,601	-	33,601	36,030
Total State Appropriations	<u>3,864,163</u>	<u>661,340</u>	<u>-</u>	<u>4,525,503</u>	<u>4,519,833</u>
Maintenance Ad Valorem Taxes	28,416	-	-	28,416	34,736
Debt Service Ad Valorem Taxes	605,258	-	-	605,258	592,787
Federal Revenue, Non-Operating	-	3,447,134	-	3,447,134	3,259,990
Gifts	642,018	-	-	642,018	264,249
Investment Income	34,679	-	-	34,679	157,633
Gain/ (Loss) on Disposal of Capital Assets	<u>(161,673)</u>	<u>-</u>	<u>-</u>	<u>(161,673)</u>	<u>1,000</u>
Total Non-Operating Revenue	5,012,861	4,108,474	-	9,121,335	8,830,228
Non-Operating Expenses					
Interest on Capital Related Debt	<u>539,454</u>	<u>-</u>	<u>-</u>	<u>539,454</u>	<u>193,562</u>
Total Non-Operating Expenses	<u>539,454</u>	<u>-</u>	<u>-</u>	<u>539,454</u>	<u>193,562</u>
Net Non-Operating Revenues (Expenses)	<u>\$ 4,473,407</u>	<u>\$ 4,108,474</u>	<u>\$ -</u>	<u>\$ 8,581,881</u>	<u>\$ 8,636,666</u>
				(Exhibit 2)	(Exhibit 2)

RANGER COLLEGE DISTRICT
Schedule D
Schedule of Net Position by Source and Availability
For the Year Ended August 31, 2020
(With Memorandum Totals for the Year Ended August 31, 2019)

	Detail by Source					Available for Current Operations	
	Unrestricted	Restricted Expendable	Non- Expendable	Capital Assets Net of Depreciation and Related Debt	Total	Yes	No
Current							
Unrestricted	\$ (8,147,090)	\$ -	\$ -	\$ -	\$ (8,147,090)	\$ (8,147,090)	\$ -
Plant							
Debt Service	-	287,063	-	-	287,063		287,063
Investment in Plant	-	-	-	7,896,431	7,896,431		7,896,431
Totals							
Net Position, August 31, 2020	(8,147,090)	287,063	-	7,896,431	36,404 (Exhibit 1)	(8,147,090)	8,183,494
Net Position, August 31, 2019	(6,158,446)	286,933	-	7,339,501	1,467,988 (Exhibit 1)	(6,158,446)	7,626,434
Net Increase (Decrease) in Net Position	<u>\$ (1,988,644)</u>	<u>\$ 130</u>	<u>\$ -</u>	<u>\$ 556,930</u>	<u>\$ (1,431,584)</u> (Exhibit 2)	<u>\$ (1,988,644)</u>	<u>\$ 557,060</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, 2020, 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 15, 2020.

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) as a basis for designing 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 financial statements. 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, 2020, 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.

A handwritten signature in black ink that reads "Snow Garrett Williams". The script is cursive and fluid, with the first letters of each word being capitalized and prominent.

Snow Garrett Williams
December 15, 2020

**RANGER COLLEGE DISTRICT
Summary Schedule of Prior Audit Findings
For the Year Ended August 31, 2020**

There were no prior year findings.

RANGER COLLEGE DISTRICT
Schedule of Findings and Questioned Costs
August 31, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes X no

Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes X no

Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

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

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

Identification of Major Programs:

Federal Awards

U.S. Department of Education:

Student Financial Assistance Cluster of Programs:

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

State Awards

Texas Workforce Commission

N/A Skills Development Fund - Manufacturing Consortium

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

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

Section II – Financial Statement Findings

None Noted

Section III – Federal Award Findings and Questioned Costs

None Noted

RANGER COLLEGE DISTRICT
Corrective Action Plan
August 31, 2020

A corrective action plan is not needed.

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 (the College)'s 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, 2020. 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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); 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, 2020.

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 15, 2020

RANGER COLLEGE DISTRICT
Schedule E
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2020

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		\$ 76,961
Federal College Workstudy Program	84.033		45,292
Federal Pell Grant Program	84.063		2,950,781
Federal Direct Student Loans	84.268		1,682,970
Total Student Financial Aid Cluster			<u>4,756,004</u>
TRIO Cluster			
TRIO - Student Support Services Grant	84.042A		257,955
TRIO - Upward Bound	84.047A		235,529
Total TRIO Cluster			<u>493,484</u>
Education Stabilization Fund - Student Aid	84.425 E		374,100
Education Stabilization Fund - Institutional	84.425 F		143,548
Total Education Stabilization Fund			<u>517,648</u>
Pass-Through From:			
Texas Higher Education Coordinating Board			
Career and Technical Education Basic Grants -			
Texas Counselors' Network	84.048	194251	<u>88,343</u>
Total U.S. Department of Education			<u>5,855,479</u>
Institute of Museum and Library Services			
Pass-Through From:			
Texas State Library and Archives Commission			
Grants to States	45.310	901804	<u>291</u>
Total Instituted of Museum and Library Services			<u>291</u>
Total Federal Financial Assistance			<u>\$ 5,855,770</u>

RANGER COLLEGE DISTRICT
Schedule E
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2020

Note 1: Federal Assistance Reconciliation

Federal Grants and Contracts Revenue - per Schedule A	\$ 725,666
Add: Non-Operating Revenues - Federal Revenue, non-operating - per Schedule C	<u>3,447,134</u>
Total Federal Revenues per Schedules A and C	<u>\$ 4,172,800</u>
Reconciling Items:	
Federal Direct Student Loans	<u>1,682,970</u>
Total Federal Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 5,855,770</u>

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

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

Note 3: Student Loans Processed and Administrative Costs Recovered

Federal Grantor CFDA Number / Program Name	New Loans Processed	Administrative Cost Recovered	Total Loans Processed & Admin Cost Recovered
U.S. Department of Education 84.268 Federal Direct Student Loans	<u>\$ 1,682,970</u>	<u>\$ -</u>	<u>\$ 1,682,970</u>

STATE AWARDS SECTION

RANGER COLLEGE DISTRICT
Schedule F
Schedule of Expenditures of State Awards
For the Year Ended August 31, 2020

Grantor Agency/Program Title	Grant Contract Number	Expenditures
Texas Higher Education Coordinating Board Professional Nursing Shortage Reduction	20213	\$ 33,601
Texas Education Opportunity Grant	427:321	133,807
Texas Workforce Commission Skills Development Fund - Manufacturing Consortium	0919SDF001	619,653
Jobs and Education for Texans Grant Program	0920JET001	81,142
Total State Financial Assistance		<u>\$ 868,203</u>

See Notes to Schedule below.

Note 1: State Assistance Reconciliation

State Financial Assistance - per Schedule of Expenditures of State Awards	\$ 868,203
Reconciling Items Professional Nursing Shortage Reduction reported on Schedule C	<u>(33,601)</u>
Total State Revenues per Exhibit 2 and Schedule A	<u>\$ 834,602</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.

