



TYLER, TEXAS

For the fiscal years ended
August 31, 2016 and August 31, 2015



Comprehensive Annual Financial Report

Celebrating
1926
2016
Years



**TYLER JUNIOR COLLEGE DISTRICT
TYLER TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED
AUGUST 31, 2016 AND 2015**

**Prepared By:
DEPARTMENT OF BUSINESS SERVICES
TYLER JUNIOR COLLEGE DISTRICT**



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DISTRICT

**TYLER JUNIOR COLLEGE DISTRICT
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INTRODUCTORY SECTION

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Although the Tyler Junior College District is regional in concept, the District's 120 degree and certificate programs at relatively low cost attracts students from thirty-seven states and thirty-five foreign countries. Annual fall unduplicated enrollment is approximately 11,000 academic and vocational students with an additional 4,900 unduplicated "non-credit" continuing education students. In addition to outstanding instructional programs, the District offers a broad array of campus activities, men's and women's intercollegiate athletic programs, marching band, Apache Belles precision dance team, and a strong performing arts program. Student and service clubs, campus housing, career guidance and counseling, endowed scholarships, federal financial aid, and a modern 137-acre campus round out the educational experience.

The Tyler Junior College District is committed to maintaining its strong "junior college" academic heritage of the first two years of a four-year baccalaureate degree education. The District is further committed to preserving a traditional campus experience for current and future students by maintaining campus housing for students, student life activities, and intercollegiate athletic programs. By maintaining the strength of its traditions while positioning itself to respond quickly and surely to rapid technological change, the District plans to continue its role as a vital educational resource in the 21st century.

COMPONENT UNIT REPORTING

In accordance with the provisions of GASB 39, the financial statements for the Tyler Junior College Foundation, a separate 501(c) (3) corporation, are presented discretely in the accompanying financial statements. The Tyler Junior College Foundation is a nonprofit corporation organized under the Texas Corporation Act. Its mission is to enhance the overall reputation of Tyler Junior College, to provide external resources to fund College priorities, and to create opportunities for the College to build partnerships with alumni, friends, donors, corporations, and foundations.

BUDGETARY PROCESSES

State Requirements

The state annual budget requirements for community and/or junior colleges are contained within a rider in the general appropriations act for the State of Texas. This rider states that "each community/junior college must file by December 1 of each fiscal year directly with the Governor, Legislative Budget Board, the Legislative Reference Library, and the Texas Higher Education Coordinating Board, a copy of an annual operating budget, and subsequent amendments thereto, approved by the community/junior college governing board.

Tyler Junior College Process

Budgeting is the process whereby the plans of the institution are translated into an itemized, authorized, and systematic plan of operation expressed in dollars for a given period. Development of the budget should also ensure that all institutional activities and programs are simultaneously examined to determine, in light of available resources, which should be supported and at what levels. The budget is prepared by fund, function (e.g. Instruction) and department (e.g. History). The result of this process is a document that is used to monitor and control the ongoing operations of the institution.



November 30, 2016

To the Board of Trustees and the President of the Tyler Junior College District:

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended August 31, 2016.

The District's financial staff bears the responsibility for the completeness and reliability of the information contained in this report based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Gollob Morgan Peddy PC have issued an unmodified ("clean") opinion on the Tyler Junior College financial statements for the year ended August 31, 2016. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

TYLER JUNIOR COLLEGE PROFILE

The Tyler Junior College District facilities are located in Tyler, Texas, a city of approximately 100,000 located in East Texas. The District was created in 1926 as part of the Tyler public school system to serve the higher education needs of area citizens. In 1945, Tyler voters established the Tyler Junior College District as an independent local governmental entity with a publicly elected board of trustees and the authority to levy taxes in support of the District. The District is currently comprised of some or all of six independent school districts including Chapel Hill, Grand Saline, Lindale, Tyler, Van, and Winona school districts located in Smith and Van Zandt counties. The District is considered a special-purpose government engaged in business-type activities for financial reporting purposes.

In 1995, the 74th Texas Legislature defined the District's service area by adding the Yantis, Alba-Golden, Arp, Bullard, Hawkins, Jacksonville, Mineola, New Summerfield, Quitman, Rusk, Troup, and Whitehouse independent school districts to the existing six districts mentioned above. While not adding to the tax base, defining the service area clarifies the geographic boundaries within which the District may offer its courses and programs.

Budget Adoption

An itemized budget covering the operation of the College must be approved on or before September 1 of each year for the fiscal year beginning on September 1 of each year. The adopted budget provides the authority to expend funds for the purposes indicated and in accordance with state law, Board policy, and the College District's approved purchasing procedures. The expenditure of funds shall be under the direction of the College President or designee who shall ensure funds are expended in accordance with the adopted budget.

Monitoring of the Budget

The budget and expenditures are monitored by the College President, the Vice President for Financial and Administrative Affairs/CFO, the Business Services staff and the Board. The Board may make adjustments to the operating budget at any time during the budget year upon recommendation by the College President.

Legal Level Budgetary Control

Department heads may transfer resources within a department as they see fit. However, additions to the budget or unusual transactions require oversight and approval by the College President or his designee, or the Board.

ASSESSING THE ECONOMIC CONDITION

Enrollment for the 2015-2016 academic year remained stable as compared to 2014-2015. Since the recent recession, enrollment and contact hours have declined slightly for several years, but this decline appears to be stabilizing. Contact hours for academic year 2015-2016 increased slightly as compared to the 2014-2015 academic year indicating students are beginning to enroll in additional courses as compared to prior years. Modest enrollment growth is expected in the future due to the addition of new programs and expansion of existing programs and continued economic improvement.

State appropriations for fiscal year 2016 remained relatively flat as compared to the prior year. Future state funding for higher education continues to be an ongoing concern. The College reviews tuition and fee schedules annually and adjusts tuition and fee rates as necessary to mitigate the impact of reduced state funding from prior years and the uncertainty of future appropriations. The Board approved a mid-year tuition and fee increase for the Spring 2016 semester. The College strives to maintain a low cost tuition and fee structure to remain competitive and provide access to education for as many students as possible. However, additional increases may be considered in the future in order to align tuition and fees with program costs.

The College also relies on local tax revenues to support the ongoing maintenance of existing facilities and grounds plus any additional capital growth as a result of increased capacity needs due to limited state funding. Tax revenues continue to increase slightly over the past several

years due to an expanded tax base and increased property valuations. Property valuations of the District remained relatively flat this past year. The College decreased the maintenance and operation tax rate for 2015-2016 to \$.147119 per \$100 valuation. Additionally, the District increased the associated debt tax rate slightly to \$.052807 per \$100 valuation. The total tax rate for 2015-2016 for the College remained at \$.199926 per \$100 valuation. The College issued \$27,325,000 Combined Fee Revenue Refunding Bonds for the Series 2006 bond issue resulting in debt service savings over the life of the bonds in excess of \$7.2 million. The College also issued additional maintenance tax notes in September 2016 to complete several maintenance projects over the next two years. The Tyler area economy is expected to continue to grow and property valuations to increase resulting in increased tax revenues. The College is mindful of the relationship with the taxing district and strives to keep the tax rates at reasonable levels while still providing funds for the College to preserve existing infrastructure and provide for future capital growth.

TRENDS

Tyler is located in Smith County in northeastern Texas approximately 100 miles east of Dallas and 100 miles west of Shreveport, Louisiana. Tyler is considered the advanced manufacturing, health care, educational, and retail center of East Texas. The Texas Workforce Commission indicates occupations expected to add the most jobs between 2014-2024 in the East Texas area are in the fields of health related services, manufacturing, retail and service and hospitality. The Texas Workforce Commission projects employment growth in the East Texas area to increase 16.3% over the next 10 years outpacing the national estimated employment growth rate of 6.5%. Unemployment in the East Texas area remains stable at 4.6% which is comparable to both state and national unemployment levels. The economy in Tyler, the East Texas area and the state of Texas continues to grow at a healthy rate as compared to the national economy.

Tyler Junior College is sensitive to the needs of employers in the local area and the state. New programs and courses are continuously developed to uniquely situate the College to provide the needed skilled and educated workforce. The College collaborates with area businesses and organizations to determine the workforce needs. With the expansion of existing programs and the addition of new programs in nursing and health sciences, workforce and technical programs, the College is able to provide local area employers with well-educated and trained employees.

The 84th Texas Legislature approved House Bill 3348 which provided authorization for Tyler Junior College to award a baccalaureate degree for Dental Hygiene beginning in Fall 2016. Only four community colleges in Texas, including Tyler Junior College, are currently authorized by the legislature to offer selected baccalaureate degree programs. The Commission on Colleges of the Southern Association of Schools (SACS/COC) conducted an onsite visit for a level change review in August 2016. The College is celebrating a successful visit resulting in no recommendations. Official notification is expected in December 2016.

The College is also expanding program and course offerings in the Lindale area, a community north of Tyler and within the District's taxing boundary. An existing center exists in Lindale where selected core courses and a vocational nursing program are offered. The College is collaborating with the Lindale Economic Development Council and the City of Lindale to provide additional space for classrooms in a strategic location within the city. A new veterinary technician program is being offered in the Lindale location beginning Fall 2016. Classes are expected to begin in the new facility in March 2017.

As a proud member of the East Texas community, Tyler Junior College has committed to provide additional educational opportunities to all students in our taxing district who are willing to commit to their educational goals. The TJC Promise program will be launched during fiscal year 2016-2017,

the 90th anniversary of the College. The Tyler Junior College Foundation has established a goal to raise \$20 million in donations to fully fund the TJC Promise. The program will provide scholarships to students who sign contracts as freshmen in high school and meet defined academic and community service requirements. These students will receive a scholarship from the TJC Promise program which will cover tuition and fees for two years as long as the student maintains minimum academic requirements. The College is excited to offer this program to students and believes the program will offer students who are underserved the opportunity to obtain a higher education credential that may have been unattainable otherwise.

AWARDS AND ACKNOWLEDGMENTS

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Tyler Junior College District for its comprehensive annual financial report (CAFR) for the fiscal year ended August 31, 2015. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standard for preparation of a state and local government financial report.

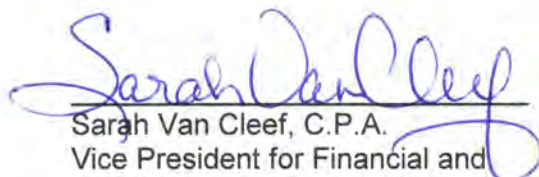
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.


A Certificate of Achievement is valid for a period of one year only. The 2015 report was the twentieth submission for the District, having earned its first Certificate of Achievement in 1996. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of the District's financial statements and reports requires the ongoing efforts and diligence of many persons and offices. We would like to express our appreciation to the individuals who work throughout the year to maintain the accuracy and integrity of the District's financial information. We would also like to thank the President of the College and the Board of Trustees for their progressive leadership and support of the financial operations of the District.

Respectfully submitted,


Sarah Van Cleef, C.P.A.
Vice President for Financial and
Administrative Affairs/CFO


Carol Hutson, C.P.A.
Director, Accounting Services/Controller



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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Tyler Junior College District
Texas**

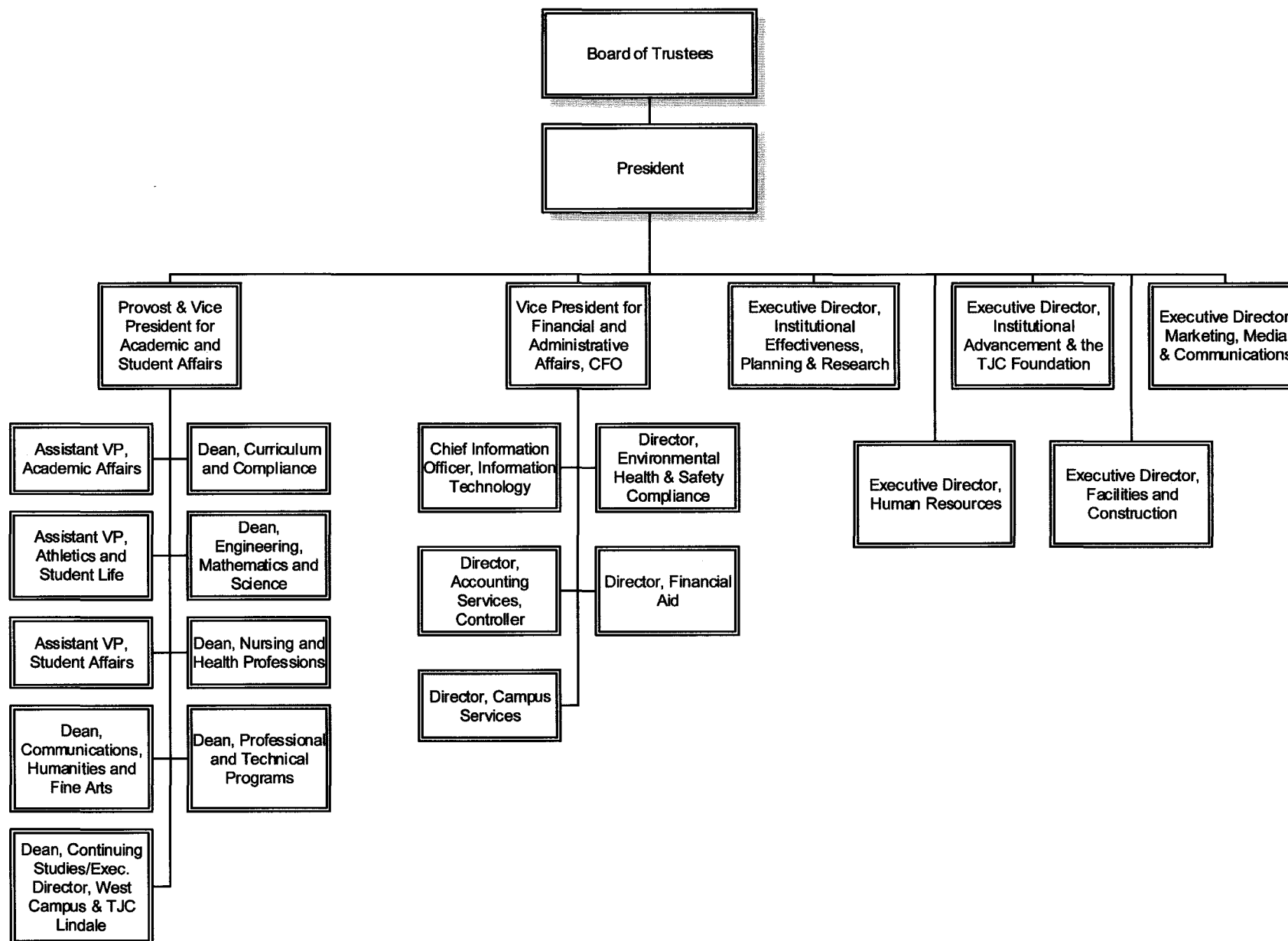
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

August 31, 2015

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is fluid and cursive.

Executive Director/CEO

TYLER JUNIOR COLLEGE ORGANIZATIONAL STRUCTURE





ORGANIZATIONAL DATA
For the Fiscal Year 2016-2017

Board of Trustees

Officers

Ann Brookshire
Mike Coker
Rohn Boone

President
First Vice President
Second Vice President

Members

John Hills
David Hudson
Joe Prud'homme
Clint Roxburgh
Peggy Smith
Lonny Uzzell

Tyler, Texas
Tyler, Texas
Tyler, Texas
Tyler, Texas
Tyler, Texas
Tyler, Texas

Term Expires

May, 2018
May, 2020
May, 2022
May, 2022
May, 2022
May, 2018

Principal Administrative Officers

L. Michael Metke
Juan Mejia

Sarah Van Cleef

Lisa M. Harper
Paul R. Monagan
Kenneth Murphy

Linda Gary

Bryan Renfro

Aubrey D. Sharpe

President
Provost and VP, Academic and Student Affairs
VP, Financial and Administrative Affairs, CFO
Dean, Curriculum and Compliance
Dean, Nursing & Health Sciences
Dean, Engineering, Mathematics and Sciences
Dean, Humanities, Communication and Fine Arts
Dean, Professional and Technology Programs
Dean, Continuing Studies/Executive Administrator, West Campus/TJC Lindale



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TYLER, TEXAS



FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Tyler Junior College District
Tyler, Texas

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Tyler Junior College District as of and for the years ended August 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Tyler Junior College District'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 did not audit the financial statements of Tyler Junior College Foundation, a component unit of the District, which statements reflect total assets of \$47,396,419 as of August 31, 2016 and total revenues of \$5,262,606 for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the component unit in Exhibits 1-1 and 2-1, is based on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Tyler Junior College District as of August 31, 2016 and 2015, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) on pages 3 – 16 and the information contained in Schedules 1 and 2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tyler Junior College District's basic financial statements. The introductory section, statistical section, and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information contained in Schedules A - D and the Schedule of Expenditures of Federal 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 contained in Schedules A - D and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2016, on our consideration of the Tyler Junior College District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tyler Junior College District's internal control over financial reporting and compliance.

Gollob Morgan Peddy PC

Certified Public Accountants

Tyler, Texas
November 30, 2016



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Tyler Junior College District

Management's Discussion and Analysis

Tyler Junior College District is a public, open door, comprehensive community college dedicated to meeting the changing needs of citizens in its seven county service area. By offering a broad spectrum of programs, the District provides students with opportunities for educational, personal and professional advancement. A wide range of academic courses prepares students to transfer to four-year institutions. Technical programs equip students to master certain skills as well as to utilize them through job entry.

Tyler Junior College District is proud to present its financial statements for fiscal year 2016. The emphasis of discussions about these statements will be on current year data. There are three financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

This discussion and analysis of the District's financial statements provides an overview of its financial activities for the year.

Statement of Net Position

The Statement of Net Position presents the assets, liabilities, and net position of the District as of the end of the fiscal year. The Statement of Net Position is a 'point in time' financial statement. The purpose of the Statement of Net Position is to present to the readers of the financial statements a fiscal snapshot of Tyler Junior College District. The Statement of Net Position presents end-of-year data concerning Assets (current and noncurrent), Liabilities (current and noncurrent), and Net Position (Assets and Deferred Outflows minus Liabilities and Deferred Inflows). The difference between current and noncurrent assets will be discussed in the financial statement disclosures.

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the institution. They are also able to determine how much the institution owes vendors, investors and lending institutions.

Net position is divided into three major categories. The first category, net investment in capital assets, provides the institution's equity in property, plant and equipment owned by the institution. The next asset category is restricted net position, which is divided into two categories, nonexpendable and expendable. The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted resources are available for expenditure by the institution, but must be spent for purposes as determined by donors and/or

external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position. Unrestricted net position is available to the institution for any appropriate purpose of the institution.

Condensed Statement of Net Position
(thousands of dollars)

	August 31			Change	
	2016	2015	2014	2015 to 2016	2014 to 2015
Assets					
Current Assets	\$ 36,221	\$ 34,314	\$ 30,608	\$ 1,907	\$ 3,706
Capital Assets, Net	207,241	212,562	169,995	(5,321)	42,567
Other Assets	2,005	6,991	49,582	(4,986)	(42,591)
Total Assets	<u>245,467</u>	<u>253,867</u>	<u>250,185</u>	<u>(8,400)</u>	<u>3,682</u>
Deferred Outflows of Resources					
Deferred Outflows Related to Pensions	3,893	1,411	801	2,482	610
Liabilities					
Current Liabilities	35,448	35,420	36,993	28	(1,573)
Noncurrent Liabilities	121,267	128,971	128,201	(7,704)	770
Total Liabilities	<u>156,715</u>	<u>164,391</u>	<u>165,194</u>	<u>(7,676)</u>	<u>(803)</u>
Deferred Inflows of Resources					
Deferred Inflows Related to Pensions	3,375	2,581	0	794	2,581
Net Position					
Net Investment in Capital Assets	88,796	85,846	81,013	2,950	4,833
Restricted: Expendable	748	721	598	27	123
Unrestricted	(274)	1,739	4,182	(2,013)	(2,443)
Total Net Position	<u>\$ 89,270</u>	<u>\$ 88,306</u>	<u>\$ 85,793</u>	<u>\$ 964</u>	<u>\$ 2,513</u>

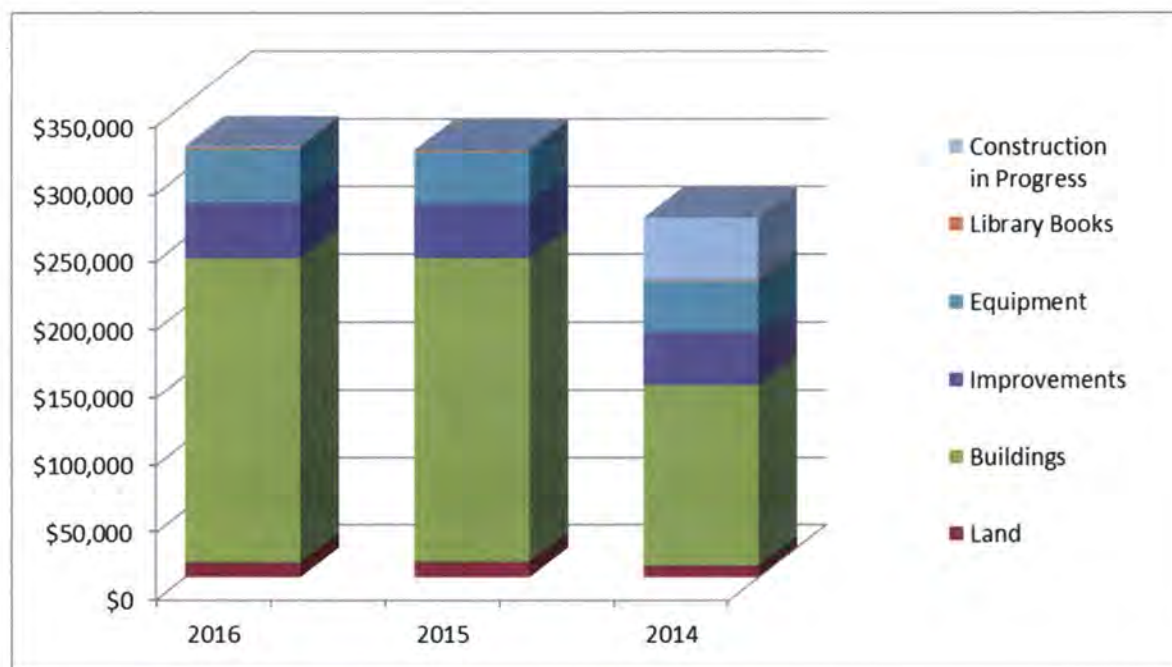
The \$245.5 million in assets includes cash and cash equivalents of \$17.8 million. This represents a \$4.3 million decrease over the cash and cash equivalents of \$22.1 million in FY2015. The majority of the decrease is a result of the proceeds from the issuance of \$4,684,000 of Maintenance Tax Notes, Series 2015, on March 26, 2015 for the refurbishment of existing buildings and the issuance of \$5,316,000 of Combined Fee Revenue Bonds, Series 2015, on March 26, 2015 for the completion of the construction of a new 248-bed residence hall, being expended. A review of the Statement of Net Position also reveals accounts receivable of \$20.1 million compared to \$18.6 million in FY2015 and just over \$16 million in FY2014. Approximately 83 percent of the accounts receivable are for student loans and fees.

Capital assets display the result of the implementation of a policy to capitalize only those capital assets with an acquisition cost of \$5,000 or more. The consumption of assets follows the institutional philosophy to use available resources to acquire and improve all areas of the institution to better serve the instruction and public service missions of the institution.

While construction was completed during FY2015 on the Robert M. Rogers Nursing and Health Sciences Center, the Energy Center facility, and the 248-bed residence hall, there were a few final expenditures made to those projects in FY2016. Improvements were made to instructional spaces throughout the year that included a dance studio renovation in the Ornelas Health and Physical Educational Center and a remodel of the former Dental Hygiene space in the Pirtle Technology building for the Criminal Justice program. Other projects completed during the 2016 year included upgrades and replacements to the existing technology infrastructure and hardware, upgrades to the campus wide fire suppression system, boiler replacements, renovation of computer lab space in the Vaughn Learning Resource Center, and needed accessibility compliance renovations. More detailed information of capital asset activity and long-term debt activity is presented in the note disclosures Number 6 that details the capital assets, Number 8 that discloses the details pertaining to long-term liabilities, and Number 9 that displays details of all outstanding bonds payable.

Capital Assets at Year End
(in thousands)

	August 31			Change	
	2016	2015	2014	2015 to 2016	2014 to 2015
Capital Assets:					
Land	\$ 10,897	\$ 11,315	\$ 8,478	\$ (418)	\$ 2,837
Buildings	225,061	224,844	134,458	217	90,386
Improvements	41,431	40,995	39,325	436	1,670
Equipment	39,409	37,464	37,506	1,945	(42)
Library Books	1,313	1,316	667	(3)	649
Construction in Progress	1,068	326	45,792	742	(45,466)
Total Capital Assets	<u>\$ 319,179</u>	<u>\$ 316,260</u>	<u>\$ 266,226</u>	<u>\$ 2,919</u>	<u>\$ 50,034</u>



Based on the provisions of GASB Statement 68, the District must record Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions. Deferred Outflows of Resources totaling \$3,892,603 for FY2016 include the District's proportionate share of the differences between expected and actual economic experience, changes in actuarial assumptions, and contributions paid to TRS subsequent to the measurement date of August 31, 2015. Deferred Inflows of Resources totaling \$3,374,782 for FY2016 include differences between projected and actual investment earnings and changes in proportion and difference between the employer's contributions and the proportionate share of contributions. The FY2015 Deferred Outflows of Resources and Deferred Inflows of Resources were \$1,411,403 and \$2,580,807, respectively. Additional information regarding deferred outflows and deferred inflows of resources may be found within Note 12, Defined Benefit Pension Plan, in the note disclosures, and the Schedules 1 and 2 of the Required Supplementary Information.

Liabilities of \$157 million include debt of \$118 million, compensated absences of \$1 million, and \$10 million for the District's net pension liability. This compares to the liabilities in FY2015 of \$164 million with \$126 million of debt, \$1 million in compensated absences, and \$9 million for the District's net pension liability, as a result of the implementation of GASB 68, as of the end of the 2015 fiscal year. Also included in the liabilities are student deposits and deferred revenue in excess of \$20.8 million. The approximate \$7 million decrease in liabilities is a direct result of the District's issuance of Combined Fee Revenue Refunding Bonds, Series 2016, issued to retire the remaining Series 2006 bonds, issued August 24, 2016 for \$27,325,000

The assets plus deferred outflows less liabilities and deferred inflows result in a net position of \$89.3 million compared to the \$88.3 million in FY2015 and the restated \$85.8 million in FY2014. The majority of the net position is the District's capital assets of \$88.8 million.

The District reports as an enterprise activity and as such does not have a debt limit that impacts the financing of any planned facilities or services. Additional information that pertains to the District's long-term debt liability can be found in the notes to the financial statements, Numbers 9 and 10.

Statement of Revenues, Expenses and Changes in Net Position

Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of the statement is to present the revenues received by the institution, both operating and nonoperating, and the expenses paid by the institution, operating and nonoperating, and any other revenues, expenses, gains and losses received or spent by the institution.

Operating revenues are received for providing goods and services to the various customers and constituencies of the institution. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the institution. Nonoperating revenues are revenues received for which goods and services are not provided. For example, property taxes are nonoperating because the taxes are paid by citizens without the citizens receiving any commensurate goods or services. Additionally, state appropriations and Title IV financial aid revenue are considered to be nonoperating revenues based on the reporting requirements set forth by the Texas Higher Education Coordinating Board.

Condensed Statement of Revenues, Expenses and Changes in Net Position
(thousands of dollars)

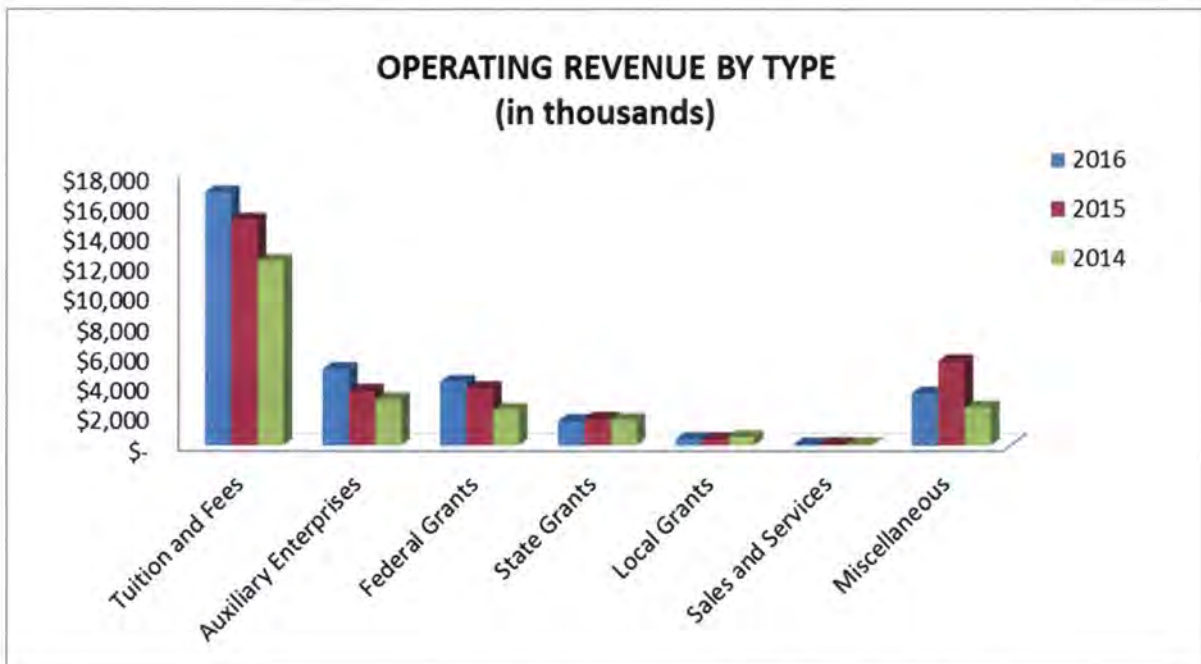
	August 31			Change	
	2016	2015	2014	2015 to 2016	2014 to 2015
Operating Revenues					
Tuition and Fees	\$ 16,754	\$ 14,978	\$ 12,241	\$ 1,776	\$ 2,737
Federal Grants and Contracts	4,270	3,843	2,382	427	1,461
State Grants and Contracts	1,654	1,767	1,702	(113)	65
Local Grants and Contract	460	433	585	27	(152)
Sales and Service of Educational Activities	106	114	111	(8)	3
Auxiliary Enterprises	5,103	3,665	3,078	1,438	587
Miscellaneous	3,485	5,611	2,529	(2,126)	3,082
Total Operating Revenues	31,832	30,411	22,628	1,421	7,783
Operating Expenses					
Instruction	31,740	31,823	30,301	(83)	1,522
Public Service	2,851	2,564	1,154	287	1,410
Academic Support	3,454	3,241	3,066	213	175
Student Service	7,878	8,368	9,132	(490)	(764)
Institutional Support	14,363	13,396	13,361	967	35
Operation and Maintenance of Plant	7,941	7,696	7,989	245	(293)
Scholarship and Fellowships	3,726	3,719	1,923	7	1,796
Auxiliary Enterprises	9,016	8,084	7,733	932	351
Depreciation	8,324	7,543	6,603	781	940
Total Operating Expenses	89,293	86,434	81,262	2,859	5,172
Operating Loss	(57,461)	(56,023)	(58,634)	(1,438)	2,611
Non-Operating Revenues (Expenses)	58,425	58,536	60,914	(111)	(2,378)
Increase (Decrease) in Net Position	964	2,513	2,280	(1,549)	233
Net Position					
Net Position, Beginning of Year	88,306	85,793	93,072	2,513	(7,279)
Prior Period Adjustment	-	-	(9,559)	0	9,559
Net Position, End of Year	\$ 89,270	\$ 88,306	\$ 85,793	\$ 964	\$ 2,513

The nonoperating revenues (expenses) are comprised of \$21.2 million state educational contracts, \$23.0 million property taxes, \$18.7 million in Title IV financial assistance, investment income of \$75,197 and \$4.5 million interest paid on capital related debt. The total for nonoperating revenues decreased approximately \$111,704 or .19% from FY2015. A contributor to the decrease was the additional interest on capital related debt that was paid by the District related to the Series 2015 bonds. As a result of the payouts for the completed construction projects during FY2016, there was less money invested and thus a 27% decrease in investment income from \$103,591 in FY2015 to \$75,197 in FY2016, contributed to the overall decrease in the nonoperating revenues (expenses).

The Statement of Revenues, Expenses, and Changes in Net Position reflects a positive year with an increase in the net position at the end of the year. Some highlights of the information presented on the Statement of Revenues, Expenses, and Changes in Net Position are discussed in the following section.

Operating Revenue by Type
(thousands of dollars)

	August 31			Change	
	2016	2015	2014	2015 to 2016	2014 to 2015
Operating Revenues					
Tuition and Fees	\$ 16,754	\$ 14,978	\$ 12,241	\$ 1,776	\$ 2,737
Auxiliary Enterprises	5,103	3,665	3,078	1,438	587
Federal Grants and Contracts	4,270	3,843	2,382	427	1,461
State Grants and Contracts	1,654	1,767	1,702	(113)	65
Local Grants and Contract	460	433	585	27	(152)
Sales and Service of Educational Activities	106	114	111	(8)	3
Miscellaneous	3,485	5,611	2,529	(2,126)	3,082
Total Operating Revenues	\$ 31,832	\$ 30,411	\$ 22,628	\$ 1,421	\$ 7,783



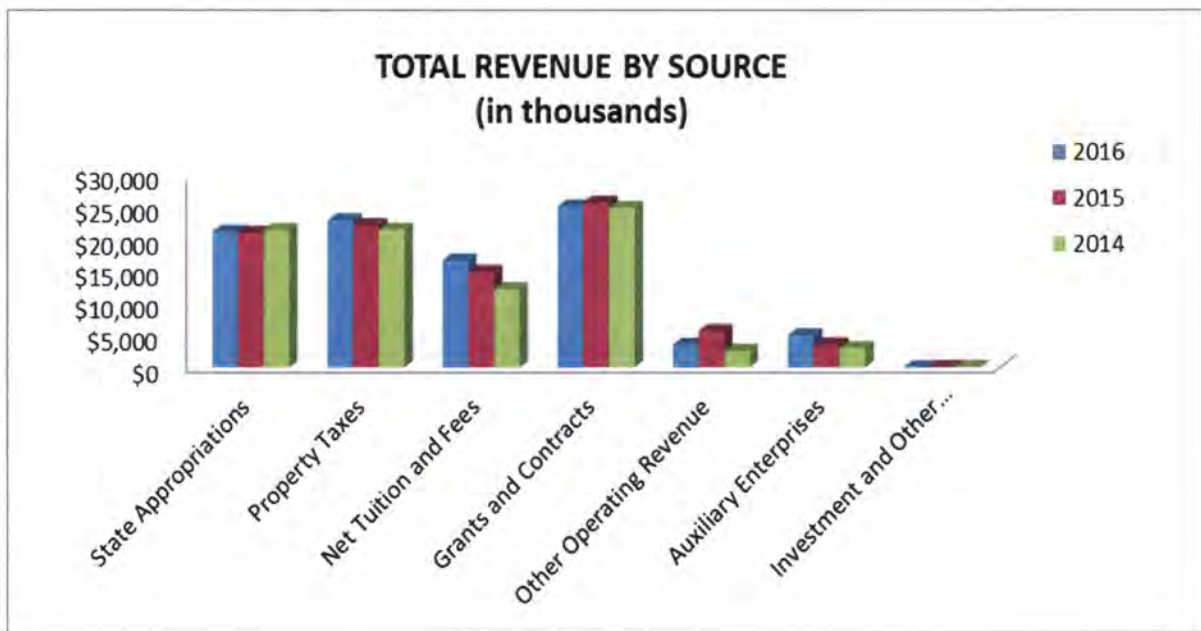
The above chart displays, in thousands of dollars, the operating revenues by type and their relationship with one another. Student tuition and fees represent the largest type of operating revenue followed by auxiliary enterprises. All other types of revenue represent approximately 31% of the total operating revenue.

The auxiliary services, other than the residence halls, are not self-supporting activities. Two principal auxiliary services, athletics and the Center for Earth & Space Science Education, are programmed to be supported by the general operating resources.

The District relies equally on operating revenue as well as nonoperating revenue. When all of the revenues by source are combined, the District experienced a modest increase in total revenue from FY2015 to FY2016, approximately 1.5% from \$93.4 million in FY2015 to \$94.8 million in FY2016. The Grants and Contracts source continues to be the largest contributor in FY2016 at 26.5% compared to 27.5% and 28.9% for FY2015 and FY2014, respectively. This source is restricted in nature and includes the federal Pell grant awards that pass through the District directly to the students. The State Appropriations contribution has remained relatively constant over the last three years even though State Appropriations account for a significant portion of the District's revenue. For the year 2016, the State Appropriations were 22.4% of the total revenue for the District at \$21.2 million, compared to 22.5% in FY2015 at \$21.1 million and 25% in FY2014 at \$21.5 million. The property taxes source is usually the third largest contributor to the total revenue received by the District. With a slight increase in property valuations across the District and the increased amount of taxes collected as a result of the maintenance tax notes issued March 26, 2015 as well as the voter approved general obligation bond issued in September, 2012, and the continued collection of the taxes for the maintenance tax notes issued in October, 2009, property taxes account for 24.2% of total revenue for FY2016 or \$23.0 million. Property taxes accounted for 23.8% and 25.1% of total revenue for FY2015 and FY2014 or \$22.2 million and \$22.0 million, respectively. Other Operating Revenue represents 3.8% of the total revenue for FY2016 compared to 6.1% and 3.1% of the total revenue for FY2015 and FY2014, respectively.

Total Revenues by Source
(thousands of dollars)

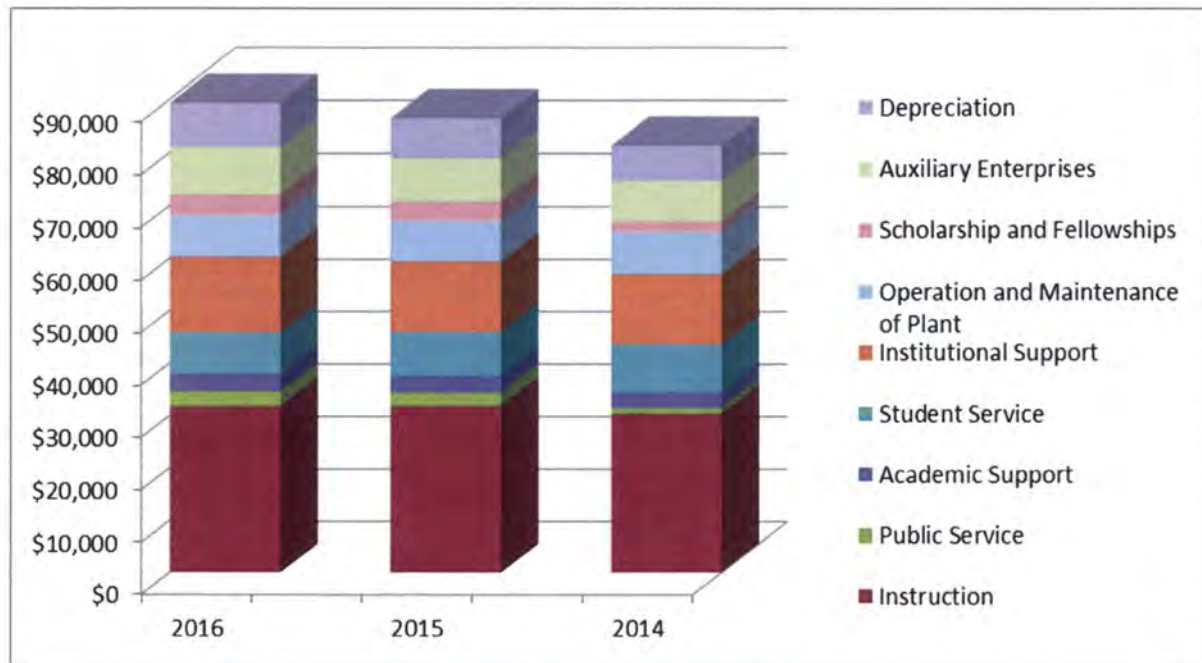
	August 31			Change	
	2016	2015	2014	2015 to 2016	2014 to 2015
Revenue Sources:					
State Appropriations	\$ 21,197	\$ 21,051	\$ 21,463	\$ 146	\$ (412)
Property Taxes	22,952	22,234	21,555	718	679
Net Tuition and Fees	16,754	14,978	12,241	1,776	2,737
Grants and Contracts	25,097	25,648	24,880	(551)	768
Other Operating Revenue	3,591	5,725	2,639	(2,134)	3,086
Auxiliary Enterprises	5,103	3,665	3,078	1,438	587
Investment and Other Income	75	103	139	(28)	(36)
Total Revenue	<u>\$ 94,769</u>	<u>\$ 93,404</u>	<u>\$ 85,995</u>	<u>\$ 1,365</u>	<u>\$ 7,409</u>



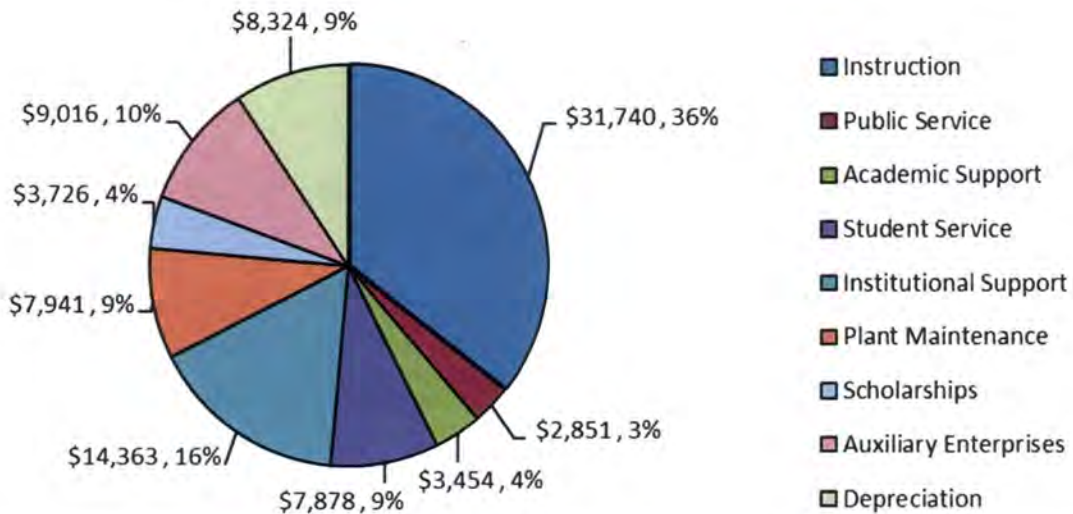
While the District experienced a modest increase in operating revenue for FY2016 of 4.7% or approximately \$1.4 million, the operating expenses also increased for FY2016 by 3.3% or approximately \$2.9 million. Costs to maintain enrollment at the District remained strong at over \$31 million for FY2016. Instruction cost remained relatively flat with a minimal decline of less than 1% or \$83 thousand for FY2016 to total \$31.7 million as compared to \$31.8 million in FY2015 and \$30.3 million in FY2014. Academic Support expenses experienced an increase from FY2015 to FY2016 by \$213,000. While Student Service expenses decreased from FY2015 to FY2016 by \$491,000, the expenses for Institutional Support experienced an increase of \$967,000 or 7% in FY2016 to total \$14.4 million and the expenses remained flat between the years FY2014 and FY2015 at \$13.4 million. Scholarships and Fellowships remained fairly flat for FY2016 at \$3.73 million compared to \$3.72 million in FY2015 compared to \$1.9 million in FY2014. With the completion of significant capital construction projects and other projects funded by donations, general obligation bonds and maintenance tax notes and several years of depreciation, the 10% increase in depreciation expense appears reasonable. The increase equates to a total depreciation expense of \$8.3 million for FY2016 as compared to \$7.5 million in FY2015 and \$6.6 million in FY2014.

Operating Expenses by Function
(in thousands)

	August 31			Change	
	2016	2015	2014	2015 to 2016	2014 to 2015
Operating Expenses:					
Instruction	\$ 31,740	\$ 31,823	\$ 30,301	\$ (83)	\$ 1,522
Public Service	2,851	2,564	1,154	287	1,410
Academic Support	3,454	3,241	3,066	213	175
Student Service	7,878	8,369	9,132	(491)	(763)
Institutional Support	14,363	13,396	13,361	967	35
Operation and Maintenance of Plant	7,941	7,695	7,989	246	(294)
Scholarship and Fellowships	3,726	3,719	1,923	7	1,796
Auxiliary Enterprises	9,016	8,084	7,733	932	351
Depreciation	8,324	7,543	6,603	781	940
Total Operating Expenses	\$ 89,293	\$ 86,434	\$ 81,262	\$ 2,859	\$ 5,172



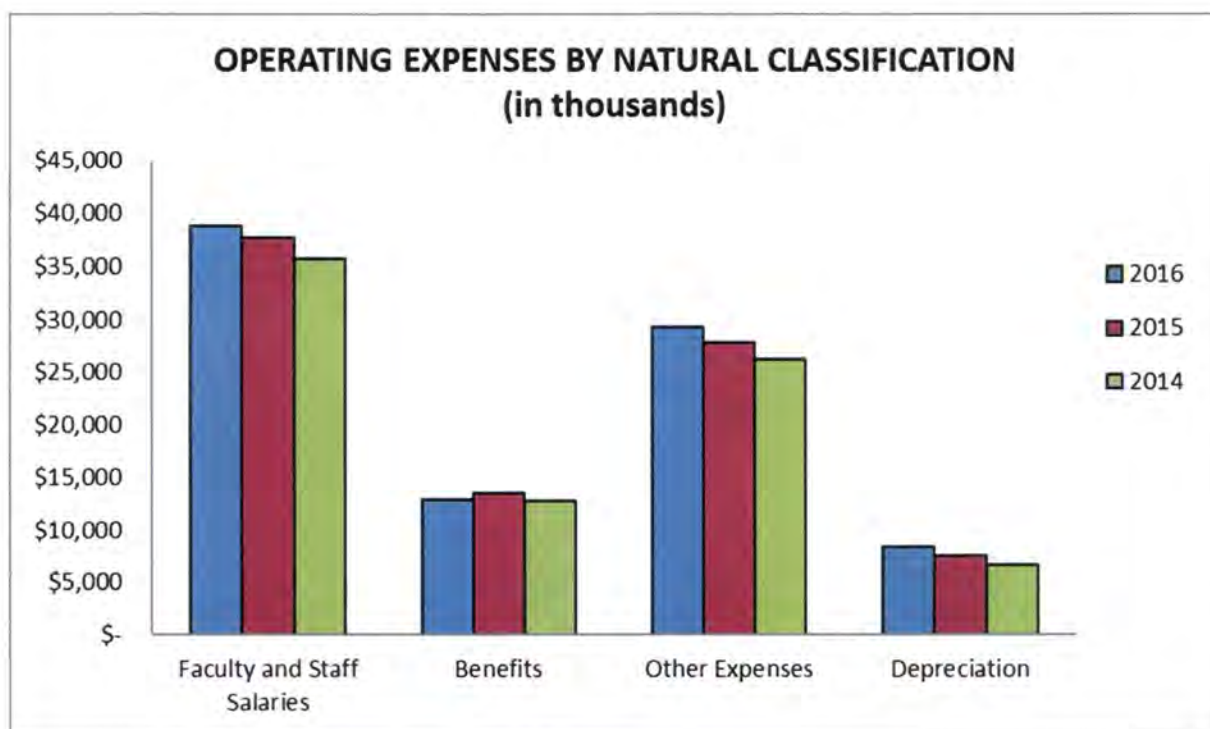
2016 OPERATING EXPENSES BY FUNCTION
(in thousands and as a percentage)



Although the District's operating expenses are reported by functional classification, the operating expenses restated by their natural classification is necessary because each function contains each of the natural classification expenses except depreciation that is considered both a functional and natural expense class. Operating expenses are summarized here by natural classification. Natural classification displays the type of expense regardless of program.

Operating Expenses by Natural Classification
(in thousands)

	August 31			Change	
	2016	2015	2014	2015 to 2016	2014 to 2015
Operating Expenses:					
Salaries	\$ 38,722	\$ 37,593	\$ 35,625	\$ 1,129	\$ 1,968
Benefits	12,904	13,453	12,779	(549)	674
Other Expenses	29,344	27,845	26,256	1,499	1,589
Depreciation	8,323	7,543	6,602	780	941
Total Operating Expenses	\$ 89,293	\$ 86,434	\$ 81,262	\$ 2,859	\$ 5,172



Approximately 44% of the District's \$89.3 million operating expenses are expended for salaries and wages. When the benefits are combined with the salaries and wages, the total of \$51.6 million is 57.8% of the District's total operating expense as compared to 59.1% in FY2015 and 59.6% in FY2014. The second highest portion of the operating expenses is the \$29.3 million of operating expenses that the District paid in FY2016 to its vendors to acquire supplies, goods and services. This amount expended to vendors compared to \$27.8 million in FY2015 and \$26.3 million in FY2014. With the completion of the construction projects over the past several years, the College has increased its footprint with respect to square footage that needs to be heated, cooled, cleaned, and maintained. Additionally, with the addition of the new facilities the College expanded numerous existing academic programs and added several new academic programs. These new programs and additional students required additional instructional supplies. In addition to the increased operational costs associated with the new academic buildings, the new 248-bed residence hall also contributed to increased operating expenses. Depreciation expense increased in FY2016 to \$8.3 million up from \$7.5 million in FY2015 and \$6.6 million in FY2014.

Statement of Cash Flows

The final statement presented by the District is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the institution during the year. The statement is divided into five components. The first component deals with operating cash flows and shows the net cash used by the operating activities of the institution. The second section reflects cash flows from noncapital financing activities. This section reflects the cash

received and spent for nonoperating, noninvesting, and noncapital financing purposes. The third component reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fourth component deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fifth and final component presented in the statement reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position.

Condensed Cash Flows for the Year ended August 31
(thousands of dollars)

	August 31			Change	
	2016	2015	2014	2015 to 2016	2014 to 2015
Cash Provided (used) by:					
Operating Activities	\$ (47,571)	\$ (47,519)	\$ (48,472)	\$ (52)	\$ 953
Noncapital Financing Activities	59,827	58,299	58,967	1,528	(668)
Capital and Related Financing Activities	(16,615)	(52,286)	6,334	35,671	(58,620)
Investing Activities	75	7,103	(6,861)	(7,028)	13,964
Net Change in Cash	(4,284)	(34,403)	9,968	30,119	(44,371)
Cash, Beginning of Year	22,084	56,487	46,519	(34,403)	9,968
Cash, End of Year	\$ 17,801	\$ 22,084	\$ 56,487	\$ (4,283)	\$ (34,403)

The primary cash receipts from operating activities consist of tuition and fees and auxiliary enterprises. Operating cash receipts in FY2016 totaled \$29.4 million as compared to \$26.2 million in FY2015 and \$21.5 million in FY2014. Cash outlay payments for wages, benefits, supplies, utilities and scholarships totaled \$76.9 million in FY2016 as compared to \$73.7 million in FY2015, and \$70.0 million in FY2014. These receipts and cash outlay payments resulted in \$52,364 more net cash used by operating activities in FY2016.

State educational contracts were once the primary source of noncapital financing. Property tax revenue and non-operating federal revenue are now the primary sources of noncapital financing. State educational contracts make up the third largest source of noncapital financing. These sources of revenue are categorized as noncapital even though the District's budget depends on them to continue the current level of operations. In FY2016, \$59.8 million was received as compared to \$58.3 million in FY2015 and \$59.0 million in FY2014. Other noncapital financing activity includes the cash held in trust for others that was received and disbursed. Although funds held for others are both received and disbursed throughout the year, the amount received in FY2016 was \$1.3 million more than the amount disbursed as compared to a lesser amount received in FY2015 and a greater amount received in FY2014 than disbursed of \$150,371 and \$213,463, respectively.

The capital and related financing activities in FY2016 included \$5.5 million expended for campus construction, improvements, and renovations. The FY2015 included \$55.0 million expended for campus improvements and renovations. This compares to \$35.2 million expended in FY2014 for campus improvements and renovations. Financing outflows also include expenditures for debt service payments and related long-term debt interest. The long-term debt interest of \$4.5 million was \$152,647 more than the amount paid in FY2015.

Investing activities reflect purchases, sales, and interest income earned on investments. Investments identified in the cash flow statement investing activities include both short and long-term investments. The total amount of investment income received in FY2016 was \$28 thousand less than the amount received in FY2015. There were no investments, specifically certificates of deposits, which matured during FY2016. This compares to \$7 million in investments, specifically certificates of deposits, which matured during FY2015. There were no investments, specifically certificates of deposits, which matured during FY2014.

Economic Outlook

As in prior years, the District is not aware of any currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during the forthcoming fiscal year beyond those unknown variations having a global effect on virtually all types of business operations.

Enrollment at the District remained flat for the 2015-2016 academic year as compared to the enrollment for the 2014-2015 year. The slow recovery from the national recession and the lower unemployment in the region continues to play a significant part in stable enrollment as the numbers of displaced workers desiring to improve their skills or even obtain a new skill set has remained relatively level. However, contact hours increased slightly in the 2015-2016 academic year as compared to the 2014-2015 academic year indicating that students are enrolling in additional courses as compared to prior years. Current enrollment levels are expected for fiscal year 2017 as the local and national economies continue to recover. With the opening of the Robert M. Rogers Nursing and Health Science Center and the Energy Center in the spring of 2015, enrollment is projected to increase due to the new program offerings and the expansion of several existing programs. Additionally, during the 84th Texas Legislature House Bill 3348 provided authorization for Tyler Junior College to award a baccalaureate degree in Dental Hygiene beginning in Fall 2016. The Commission on Colleges of the Southern Association of Schools conducted an onsite visit for a level change review in August 2016. The District celebrated a successful site visit that resulted in no recommendations. Official notification is expected in December 2016.

The District's overall financial position is strong. The District underwent credit rating reviews with Standard & Poor's Rating Services during the 2016 year. Standard & Poor's affirmed its 'AA+' long-term rating on the District's outstanding general obligation (GO) bonds, with a stable outlook. Additionally, Standard & Poor's assigned its 'AA+' long-term rating for the Series 2016 Maintenance Tax Notes that are to be issued during September, 2016. Even with the positive financial position, the District continues to work with the lingering effects of the slow economic recovery. The District is managing the financial pressures by maintaining operating budget controls, addressing reserves, evaluation of new hires and capital expenditures and assessment of current processes and procedures to identify efficiencies. Given the economic constraints at the local, state and national level, relatively flat ad-valorem tax valuation changes and student fee increases, the District anticipates fiscal year 2017 will be comparable to fiscal year 2016 and will keep a close watch over resources to maintain the District's ability to react to unknown internal and external issues.



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DISTRICT

TYLER JUNIOR COLLEGE DISTRICT
STATEMENTS OF NET POSITION
AS OF AUGUST 31, 2016 AND 2015

ASSETS	2016	2015
Current Assets		
Cash and Cash Equivalents	\$ 16,097,920	\$ 15,643,160
Accounts Receivable (net of allowance for doubtful accounts of \$5,524,201 and \$4,994,378 respectively)	20,063,294	18,639,623
Prepaid Expenses	59,901	31,724
Total Current Assets	36,221,115	34,314,507
Noncurrent Assets		
Cash and Cash Equivalents	1,702,664	6,441,626
Deferred Charges	302,516	548,931
Capital Assets (Net)	207,241,078	212,562,143
Total Noncurrent Assets	209,246,258	219,552,700
TOTAL ASSETS	245,467,373	253,867,207
Deferred Outflows of Resources		
Deferred Outflows Related to Pensions	3,892,603	1,411,403
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Liabilities	6,322,042	7,798,363
Deferred Revenues	20,844,938	19,732,816
Current Portion of Compensated Absences	100,567	103,777
Current Portion of Bonds Payable	8,180,000	7,668,000
Current Portion of Notes Payable	-	117,303
Total Current Liabilities	35,447,547	35,420,259
Noncurrent Liabilities		
Accrued Compensable Absences Payable	905,098	933,989
Net Pension Liability	10,097,312	9,237,442
Bonds Payable	110,265,020	118,794,949
Notes and Loans Payable	-	4,852
Total Noncurrent Liabilities	121,267,430	128,971,232
TOTAL LIABILITIES	156,714,977	164,391,491
Deferred Inflows of Resources		
Deferred Inflows Related to Pensions	3,374,782	2,580,807
NET POSITION		
Net investment in capital assets	88,796,058	85,846,676
Restricted		
Expendable		
Financial Aid and Scholarships	748,134	720,685
Unrestricted	(273,975)	1,738,951
TOTAL NET POSITION	\$ 89,270,217	\$ 88,306,312

The notes to the financial statements are an integral part of this statement.

THE TYLER JUNIOR COLLEGE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and Cash Equivalents	\$ 1,838,336	\$ 2,099,602
Investments	42,708,319	40,116,674
Funds Held in Trust	456,005	444,532
Charitable Gift Annuities	301,776	291,234
Other Assets	<u>52,901</u>	<u>54,570</u>
Total Invested Funds	45,357,337	43,006,612
Contributions Receivable (Net of allowance for uncollectible pledges)	659,878	928,872
Real Estate and Mineral Interests	599,221	811,607
Deferred Expense	<u>779,983</u>	<u>764,518</u>
Total Assets	<u>\$ 47,396,419</u>	<u>\$ 45,511,609</u>
LIABILITIES		
Accounts Payable - Tyler Junior College	\$ 729,690	\$ 735,045
Deferred Revenue	<u>108,893</u>	<u>87,714</u>
Total Liabilities	838,583	822,759
NET ASSETS		
Unrestricted	8,699,646	7,486,918
Temporarily Restricted	5,426,982	5,710,547
Permanently Restricted	<u>32,431,208</u>	<u>31,491,385</u>
Total Net Assets	<u>46,557,836</u>	<u>44,688,850</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 47,396,419</u>	<u>\$ 45,511,609</u>

The notes to the financial statements are an integral part of this statement.

TYLER JUNIOR COLLEGE DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

REVENUES	<u>2016</u>	<u>2015</u>
Operating revenues		
Pledged Revenues:		
Tuition and Fees (net of \$14,517,508 and \$15,696,453 in discounts)	\$ 16,754,371	\$ 14,977,980
Auxiliary Enterprises (net of \$3,509,584 and \$2,924,706 in discounts)	5,103,155	3,665,385
Federal Grants and Contracts	4,270,172	3,842,958
State Grants and Contracts	1,654,043	1,767,315
Local Grants and Contracts	459,730	432,759
Sales and Service of Educational Activities	106,163	113,873
Interest on Student Loans	95,640	53,880
Miscellaneous Operating Revenues	<u>3,388,830</u>	<u>5,556,939</u>
Total Operating Revenues	<u>31,832,104</u>	<u>30,411,089</u>
 EXPENSES		
Operating expenses		
Instruction	31,740,018	31,823,349
Public Service	2,850,500	2,564,089
Academic Support	3,454,246	3,240,998
Student Services	7,878,226	8,368,551
Institutional Support	14,363,329	13,395,614
Operations and Maintenance of Plant	7,941,044	7,695,539
Scholarship and Fellowships (net of \$18,027,092 and \$18,621,159 in discounts)	3,725,898	3,718,928
Auxiliary Enterprises	9,016,053	8,083,988
Depreciation	<u>8,323,527</u>	<u>7,542,729</u>
Total Operating Expenses	<u>89,292,841</u>	<u>86,433,785</u>
Operating (Loss)	<u>(57,460,737)</u>	<u>(56,022,696)</u>
 NON-OPERATING REVENUES (EXPENSES)		
State Appropriations (non-capital)	21,197,433	21,051,274
Property Taxes	22,952,007	22,233,785
Federal Revenue, Non Operating	18,713,030	19,605,018
Investment Income	75,197	103,591
Interest on Capital Related Debt	<u>(4,513,025)</u>	<u>(4,457,322)</u>
Total Non-Operating Revenues (Expenses)	<u>58,424,642</u>	<u>58,536,346</u>
Increase in Net Position	963,905	2,513,650
Net Position, Beginning of the Year	<u>88,306,312</u>	<u>85,792,662</u>
Net Position, End of the Year	<u><u>\$ 89,270,217</u></u>	<u><u>\$ 88,306,312</u></u>

The notes to the financial statements are an integral part of this statement.

THE TYLER JUNIOR COLLEGE FOUNDATION
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2016 and 2015

	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Other Support:								
Contributions and Fund-raising	\$ 255,414	\$ 1,606,494	\$ 939,086	\$ 2,800,994	\$ 225,427	\$ 1,842,167	\$ 1,599,739	\$ 3,667,333
Unrealized Gain (loss)								
on Investments	1,303,484	17,530	(201,845)	1,119,169	(2,312,053)	(21,515)	(187,811)	(2,521,379)
Net Gain (loss) on Sales	494,137	(5,616)	-	488,521	1,536,613	-	-	1,536,613
Investment Income	803,351	10,944	39,627	853,922	691,657	6,184	80,522	778,363
Donor Transfers	(1,496,431)	1,333,476	162,955	-	(1,265,392)	271,946	993,446	-
Net Assets								
Released from Restrictions	3,246,393	(3,246,393)	-	-	4,824,189	(4,824,189)	-	-
Total Revenues	4,606,348	(283,565)	939,823	5,262,606	3,700,441	(2,725,407)	2,485,896	3,460,930
Administrative	23,781	-	-	23,781	30,628	-	-	30,628
Fund-Raising								
Golf Tournament	56,567	-	-	56,567	47,607	-	-	47,607
Special Event	-	-	-	-	48,324	-	-	48,324
Other	-	-	-	-	13,400	-	-	13,400
Real Estate	5,685	-	-	5,685	9,219	-	-	9,219
Scholarships & Awards								
Support of TJC	1,518,593	-	-	1,518,593	3,260,541	-	-	3,260,541
Scholarships	1,747,159	-	-	1,747,159	1,581,241	-	-	1,581,241
Other Awards	41,835	-	-	41,835	44,453	-	-	44,453
Total Expenditures	3,393,620	-	-	3,393,620	5,035,413	-	-	5,035,413
Change in Net Assets	1,212,728	(283,565)	939,823	1,868,986	(1,334,972)	(2,725,407)	2,485,896	(1,574,483)
Net Assets, September 1	7,486,918	5,710,547	31,491,385	44,688,850	8,821,890	8,435,954	29,005,489	46,263,333
Net Assets, August 31	\$ 8,699,646	\$ 5,426,982	\$ 32,431,208	\$ 46,557,836	\$ 7,486,918	\$ 5,710,547	\$ 31,491,385	\$ 44,688,850

The notes to the financial statements are an integral part of this statement.

TYLER JUNIOR COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED AUGUST 31, 2016 AND 2015

CASH FLOWS FROM OPERATING ACTIVITIES

	2016	2015
Receipts from students and other customers	\$ 16,380,741	\$ 14,479,227
Receipt of state financial aid	1,654,043	1,767,315
Receipt of federal financial aid	4,270,172	3,842,958
Receipt of local grants and support	459,730	432,759
Receipt from sales and services of educational activities	106,163	113,873
Receipt from auxiliary enterprises	5,103,155	3,665,385
Receipt of interest on student loans	95,640	53,880
Receipt from other operating revenues	1,284,976	1,875,128
Payments for salaries and benefits to employees	(48,111,278)	(46,180,263)
Payments to suppliers for goods and services	(28,814,896)	(27,569,452)
Net cash used in operating activities	<u>(47,571,554)</u>	<u>(47,519,190)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Receipt from state educational contracts	16,823,569	17,002,767
Receipts from Non Operating Federal Revenue	22,807,024	22,255,098
Property tax revenues	18,920,094	19,191,062
Receipts from student organizations	1,456,953	852,578
Payments to student organizations	(180,256)	(1,002,949)
Net cash provided by noncapital financing activities	<u>59,827,384</u>	<u>58,298,556</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchases of capital assets and construction costs	(5,469,178)	(55,014,802)
Proceeds from sale of land	993,905	-
Bond proceeds	27,325,000	10,000,000
Issuance costs on debt	(179,975)	(124,000)
Principal payments on capital related debt	(36,343,860)	(6,514,420)
Interest on capital related debt	(4,467,327)	(4,314,680)
Contributions received for capital related financing	1,526,206	3,681,811
Net cash used in capital and related financing activities	<u>(16,615,229)</u>	<u>(52,286,091)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Investment income	75,197	103,591
Maturity of investments	-	7,000,000
Net cash provided by investing activities	<u>75,197</u>	<u>7,103,591</u>

Increase (decrease) in cash and cash equivalents	(4,284,202)	(34,403,134)
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Cash and cash equivalents, September 1	<u>22,084,786</u>	<u>56,487,920</u>
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Cash and cash equivalents, August 31	<u>\$ 17,800,584</u>	<u>\$ 22,084,786</u>
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Reconciliation of cash on Exhibit 1:

Cash and cash equivalents - current	\$ 16,097,920	\$ 15,643,160
Cash and cash equivalents - noncurrent	<u>1,702,664</u>	<u>6,441,626</u>

Total cash and cash equivalents	<u>\$ 17,800,584</u>	<u>\$ 22,084,786</u>
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The notes to the financial statements are an integral part of this statement.

TYLER JUNIOR COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED AUGUST 31, 2016 AND 2015

(Continued)

Reconciliation of operating loss to net cash used by operating activities

Operating loss	\$ (57,460,737)	\$ (56,022,696)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	8,323,527	7,542,729
Gain on sale of land	(577,648)	-
Non-operating plant revenue	(1,526,206)	(3,681,811)
Amortization of deferred charges	(36,302)	294,740
Payments made directly by state for benefits	4,373,864	4,048,507
(Increase) decrease in assets		
Receivables (net)	(1,485,752)	(2,217,945)
Prepaid expenses	(28,177)	29,314
Deferred outflows on pensions	(2,481,200)	(610,645)
Increase (decrease) in liabilities		
Accounts payable and accrued liabilities	593,211	(48,423)
Deferred revenues	1,112,122	1,719,192
Deferred inflows on pensions	793,975	2,580,807
Pension liability	859,870	(1,122,114)
Compensated absences	(32,101)	(30,845)
Net cash used in operating activities	<u>\$ (47,571,554)</u>	<u>\$ (47,519,190)</u>

The notes to the financial statements are an integral part of this statement.

TYLER JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements

NOTE 1 — REPORTING ENTITY

The Tyler Junior College District was established in 1926 in accordance with the laws of the State of Texas, to serve the educational needs of the City of Tyler and surrounding communities. The District is governed by an elected nine member Board of Trustees which has oversight responsibility over all District activities. The District consists of the areas of six Independent School Districts located in Smith and Van Zandt Counties, Texas. The Tyler Junior College District is considered to be a special purpose, primary government according to the definition in *Governmental Accounting Standards Board (GASB) Statement 14* and as amended by *(GASB) Statement 61*. While the District 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.

Tyler Junior College Foundation is a legally separate, tax-exempt component unit of the District. The foundation acts primarily as a fund-raising organization to supplement the resources that are available to the District in support of its educational programs and student services. The foundation is a non-governmental entity and follows accounting standards set forth by the *Financial Accounting Standards Board (FASB)*. Although the District does not control the timing or the amount of receipts from the foundation, the majority of resources, or income thereon that the foundation holds and invests is restricted to the activities of the District. Because these restricted resources held by the foundation can only be used by, or for the benefit of, the District, the foundation is considered a component unit of the District and is discretely presented in the District's financial statements.

During the year ended August 31, 2016 and 2015, the foundation distributed \$1,788,442 and \$4,647,951 in support and scholarships to the District. Complete financial statements for the foundation can be obtained from the foundation's offices in the White Administrative Services Center on the District's main campus.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Report Guidelines

The significant accounting policies followed by the District 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 District applies all applicable pronouncements as set forth by the Governmental Accounting Standards Board. The District is reported as a special purpose government engaged in business-type activities.

Basis of Accounting

The financial statements of the District have been prepared on the accrual basis of accounting as appropriate for public colleges and universities. Under the accrual basis, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing goods and related services in connection with the District's ongoing operations to provide educational needs to its students and community. The principal operating revenues of the District are tuition and fees along with auxiliary revenues. The major non-operating revenues are state appropriations, property tax collections and Title IV financial aid. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the Current Funds. Under Texas law, contracts lapse at August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. All encumbrances outstanding at year end have been cancelled.

Tuition Discounting

Texas Public Education Grants

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

Title IV, Higher Education Act Program Funds

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

Other Tuition Discounts

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

Budgetary Data

Each community college district in Texas is required by law to prepare an annual operating budget of anticipated revenues and expenditures for current operating funds for the fiscal year beginning September 1. The District's Board of Trustees 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.

Capital Assets

Capital assets include land, infrastructure, buildings, improvements, and equipment. The District's board voted to set a capitalization policy for assets with a unit cost of \$5,000 and an estimated useful life of greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair value at the date of the donation. The costs of normal repairs and maintenance that do not add to the value of the asset or significantly extend an asset's useful life are charged to expense when incurred. Costs incurred for capital projects are included in construction in progress until the project is completed at which time the asset is properly categorized and depreciated over its estimated useful life.

Capital assets of the District are depreciated using the straight-line and composite methods over the following useful lives.

<u>Assets</u>	<u>Years</u>
Buildings and renovations	50
Improvements including re-roofing	20
Equipment	10
Library Books	10

Use of Estimates

Preparation of the basic financial statements in conformity with U.S. generally accepted accounting principles requires the District's management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents

The District defines cash and cash equivalents to be deposits held in banks plus cash on hand. Also, cash equivalents include funds maintained at Texpool which is an overnight investment pool and the funds held there can be readily converted to cash on a daily basis.

Pensions

For the year ended August 31, 2015, the District implemented the provisions of GASB Statement 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined based on 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, and liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable, in accordance with the benefit terms. Investments are reported at fair value.

Investments

In accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments are reported at fair value. Fair values are based on published market rates. Short-term investments have an original maturity greater than three

months but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

Capitalized Interest

The District has capitalized a portion of the interest paid on its debt as construction in progress in relation to the portion of debt used to fund construction projects during the current year.

Allowance for Doubtful Accounts

The allowance for doubtful accounts for accounts receivable, taxes receivable and notes receivable is based on management's estimate of the anticipated collectability of the respective accounts.

Deferred Charges

Included in deferred charges are bond discounts which are amortized under the effective interest method over the remaining life of the bonds.

NOTE 3 — AUTHORIZED INVESTMENTS

Tyler Junior College District is authorized to invest in obligations and instruments as defined in the *Public Funds Investment Act* (Chapter 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. The District's investment pool with Texpool has oversight from the State Comptroller of Public Accounts. The fair value of the District's position in Texpool is the same as the value of the pool shares.

NOTE 4 — DEPOSITS AND INVESTMENTS

As of August 31, 2016 and August 31, 2015, the District had the following deposits and investments:

	August 31, 2016		August 31, 2015	
	Book Balance	Bank Balance	Book Balance	Bank Balance
Depository Accounts				
Insured	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
Collateral held by pledging bank's trust department in District's name	12,331,937	19,148,529	18,160,932	19,148,529
Total Deposits	12,831,937	19,648,529	18,660,932	19,648,529
Petty cash on hand	5,400	-	5,400	-
Texpool Investments	4,963,247	4,963,247	3,418,454	3,418,454
Total Cash and Cash Equivalents	<u>\$ 17,800,584</u>	<u>\$ 24,611,776</u>	<u>\$ 22,084,786</u>	<u>\$ 23,066,983</u>

Interest Rate Risk – The District’s investment policy allows for portfolio maturities to be structured to meet the obligations of the District first, and then to achieve the highest return of interest. The maximum allowable stated maturity of any individual investment of the District is ten years.

Credit Risk – The District’s investment pool with Texpool has a AAAM rating with Standard and Poor’s.

Concentration of Credit Risk – The District’s investment policy does not place a limit on the amount the District may invest in any one insurer. The District’s largest investment as of August 31, 2016 and 2015 is as follows:

<u>Investment</u> Texpool	<u>% of Total Deposits and Investments</u>	
	<u>8-31-16</u>	<u>8-31-15</u>
	27.88%	15.48%

NOTE 5 — ACCOUNTS RECEIVABLE

Accounts receivable at August 31, 2016 and August 2015, are the following:

	<u>8-31-16</u>	<u>8-31-15</u>
Student tuition and fees receivable (net of allowance for doubtful accounts of \$2,900,279 and \$2,272,106, respectively)	\$ 16,711,453	\$ 15,437,122
Taxes receivable (net of allowance for doubtful accounts of \$442,190 and \$520,045 respectively)	737,052	592,069
Federal receivable	857,392	1,064,456
Student loans receivable (net of allowance for doubtful accounts of \$2,181,732 and \$2,202,227 respectively)	-	-
Other receivables	1,757,397	1,545,976
	<u>\$ 20,063,294</u>	<u>\$ 18,639,623</u>

NOTE 6 — CAPITAL ASSETS

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

	<u>Beg. Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Nondepreciable assets				
Land	\$ 11,315,403	\$ -	\$ 418,738	\$ 10,896,665
Construction in progress	325,763	1,350,963	608,158	1,068,568
Total nondepreciable capital assets	<u>11,641,166</u>	<u>1,350,963</u>	<u>1,026,896</u>	<u>11,965,233</u>
Depreciable capital assets				
Buildings	224,844,090	216,547	-	225,060,637
Improvements	40,994,995	436,313	-	41,431,308
Library books	625,031	707,773	19,709	1,313,095
Equipment	38,155,076	1,332,781	78,877	39,408,980
Total depreciable capital assets	<u>304,619,192</u>	<u>2,693,414</u>	<u>98,586</u>	<u>307,214,020</u>
Total Capital Assets	<u>316,260,358</u>	<u>4,044,377</u>	<u>1,125,482</u>	<u>319,179,253</u>
Less accumulated depreciation				
Buildings	48,710,176	5,122,216	-	53,832,392
Improvements	20,914,172	2,028,042	-	22,942,214
Library books	395,488	1,115,455	4,690	1,506,253
Equipment	33,678,379	57,814	78,877	33,657,316
Total accumulated depreciation	<u>103,698,215</u>	<u>8,323,527</u>	<u>83,567</u>	<u>111,938,175</u>
Net Capital Assets	<u>\$ 212,562,143</u>	<u>\$ (4,279,150)</u>	<u>\$ 1,041,915</u>	<u>\$ 207,241,078</u>

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

	<u>Beg. Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Nondepreciable assets				
Land	\$ 8,478,087	\$ 2,837,316	\$ -	\$ 11,315,403
Construction in progress	45,791,806	48,259,476	93,725,519	325,763
Total nondepreciable capital assets	<u>54,269,893</u>	<u>51,096,792</u>	<u>93,725,519</u>	<u>11,641,166</u>
Depreciable capital assets				
Buildings	134,457,779	90,386,311	-	224,844,090
Improvements	39,324,803	1,670,192	-	40,994,995
Library books	667,370	32,847	75,186	625,031
Equipment	37,506,163	648,913	-	38,155,076
Total depreciable capital assets	<u>211,956,115</u>	<u>92,738,263</u>	<u>75,186</u>	<u>304,619,192</u>
Total Capital Assets	<u>266,226,008</u>	<u>143,835,055</u>	<u>93,800,705</u>	<u>316,260,358</u>
Less accumulated depreciation				
Buildings	44,442,117	4,268,059	-	48,710,176
Improvements	18,926,840	1,987,332	-	20,914,172
Library books	408,171	62,503	75,186	395,488
Equipment	32,453,544	1,224,835	-	33,678,379
Total accumulated depreciation	<u>96,230,672</u>	<u>7,542,729</u>	<u>75,186</u>	<u>103,698,215</u>
Net Capital Assets	<u>\$ 169,995,336</u>	<u>\$ 136,292,326</u>	<u>\$ 93,725,519</u>	<u>\$ 212,562,143</u>

NOTE 7 — ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at August 31, 2016 and August 31, 2015 were the following:

	<u>8-31-16</u>	<u>8-31-15</u>
Vendors payable	\$ 2,878,833	\$ 4,343,331
Salaries and benefits payable	3,300,269	3,177,815
Interest payable	142,940	277,217
Total Accounts Payable and Accrued Liabilities	<u>\$ 6,322,042</u>	<u>\$ 7,798,363</u>

NOTE 8 — LONG-TERM LIABILITIES

Long-term liability activity for the year ended August 31, 2016 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds and notes					
Bonds payable	\$ 126,462,949	\$ 28,486,493	\$ 36,504,422	\$ 118,445,020	\$ 8,180,000
Notes payable					
Energy project B	107,741	-	107,741	-	-
Land purchase	14,414	-	14,414	-	-
Total notes payable	122,155	-	122,155	-	-
Total bonds and notes payable	126,585,104	28,486,493	36,626,577	118,445,020	8,180,000
Other liabilities					
Net pension liability	9,237,442	859,870	-	10,097,312	-
Compensable absences	1,037,765	65,265	97,365	1,005,665	100,567
Total other liabilities	10,275,207	925,135	97,365	11,102,977	100,567
Total Long-term Liabilities	\$ 136,860,311	\$ 29,411,628	\$ 36,723,942	\$ 129,547,997	\$ 8,280,567

Long-term liability activity for the year ended August 31, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds and notes					
Bonds payable	\$ 122,037,689	\$ 10,000,000	\$ 5,574,740	\$ 126,462,949	\$ 7,668,000
Notes payable					
Energy project B	734,761	-	627,020	107,741	107,741
Land purchase	23,693	-	9,279	14,414	9,562
Data backup system	72,148	-	72,148	-	-
Total notes payable	830,602	-	708,447	122,155	117,303
Total bonds and notes payable	122,868,291	10,000,000	6,283,187	126,585,104	7,785,303
Other liabilities					
Net pension liability	10,359,556	-	1,122,114	9,237,442	-
Compensable absences	1,068,611	56,342	87,188	1,037,765	103,777
Total other liabilities	11,428,167	56,342	1,209,302	10,275,207	103,777
Total Long-term Liabilities	\$ 134,296,458	\$ 10,056,342	\$ 7,492,489	\$ 136,860,311	\$ 7,889,080

NOTE 9 — BONDS PAYABLE

Bonds payable as of August 31, 2016 and August 31, 2015 are comprised of the following:

	<u>8-31-16</u>	<u>8-31-15</u>
Maintenance Tax Notes, Series 2009, issued solely for repairs and renovations of existing campus infrastructure, issued October 22, 2009 for \$24,500,000, plus premium of \$1,624,703: all authorized notes have been issued. The source of revenues for debt service is designated property tax revenues.	\$ 10,565,000	\$ 13,010,000
Combined Fee Revenue Bonds, Series 2006, issued to construct a new satellite plant and student housing, issued October 26, 2006 for \$39,675,000, plus premium of \$941,611: all authorized bonds have been issued. The source of revenues for debt service is Pledged Revenues consisting of certain tuition, fees and auxiliary revenues.	-	29,420,000
General Obligation Bonds, Series 2012, issued to construct a new Nursing and Health Sciences Building, issued September 26, 2012 for \$25,000,000 plus premium of \$652,472; all authorized bonds have been issued. The source of revenues for debt service is designated property tax revenues.	20,805,000	21,860,000
Combined Fee Revenue Bonds, Series 2013, issued to construct a new Energy Center on West Campus, issued December 19, 2013 for \$9,705,000; all authorized bonds have been issued. The source of revenues for debt service is Pledged Revenues consisting of certain tuition, fees and auxiliary revenues.	8,480,000	9,095,000
Combined Fee Revenue Bonds, Series 2014, issued to construct a new residence hall and complete the new Nursing and Health Sciences Building, issued February 27, 2014 for \$41,385,000; all authorized bonds have been issued. The source of revenues for debt service is Pledged Revenues consisting of certain tuition, fees and auxiliary revenues.	39,840,000	41,385,000
Maintenance Tax Notes, Series 2015, issued solely for repairs and renovations of existing campus projects, issued March 26, 2015 for \$4,684,000; all authorized notes have been issued. The source of revenues for debt service is designated property tax revenues.	4,072,000	4,684,000
Combined Fee Revenue Bonds, Series 2015, issued to complete construction on a new residence hall, issued March 26, 2015 for \$5,316,000; all authorized bonds have been issued. The source of revenues for debt service is Pledged Revenues consisting of certain tuition, fees and auxiliary revenues.	5,210,000	5,316,000

Combined Fee Revenue Refunding Bonds, Series 2016, issued to retire the remaining Series 2006 bonds, issued August 24, 2016 for \$27,325,000; all authorized bonds have been issued. The source of revenues for debt service is Pledged Revenues consisting of certain tuition, fees and auxiliary revenues.

	27,325,000	-
Total	116,297,000	124,770,000
Plus: Unamortized Bond Premium	2,148,020	1,692,949
Net Outstanding Bonds Payable	\$ 118,445,020	\$ 126,462,949

Bonds are due in annual principal installments varying from \$155,000 to \$3,705,000 with interest rates from 1.00% to 5.00% with the final installments due in 2036.

The principal payments and interest expense requirements for the bonds for the next five years and beyond is summarized below:

Year Ending 8/31	Principal Due 2/15 or 8/15	Interest Rates	Interest Due		Total Principal and Interest Requirements
			2/15	8/15	
2017	\$ 8,180,000	1.25 - 5.00	\$ 1,862,118	\$ 1,807,936	\$ 11,850,05
2018	8,040,000	1.50 - 4.00	1,754,119	1,688,881	11,483,00
2019	8,264,000	1.80 - 4.00	1,630,331	1,563,086	11,457,41
2020	8,519,000	2.00 - 4.00	1,501,759	1,426,571	11,447,33
2021	5,903,000	2.00 - 4.00	1,362,773	1,342,751	8,608,52
2022-2026	29,023,000	2.15 - 4.25	5,380,052	5,274,549	39,677,60
2027-2031	30,713,000	2.95 - 5.00	2,970,270	2,845,303	36,528,57
2032-2036	17,655,000	3.00 - 5.00	711,629	685,309	19,051,93
	<u>\$ 116,297,000</u>		<u>\$ 17,173,051</u>	<u>\$ 16,634,386</u>	<u>\$ 150,104,43</u>

Pursuant to terms of the original issue of the bonds, a Reserve Fund was required to contain a Required Reserve Fund Amount. The District's Board of Trustees has adopted a resolution authorizing the substitution of a surety bond in lieu of cash and investments to satisfy the Required Reserve Fund Amount, as authorized by Section 130.125, Texas Education Code, as amended. Also, the two most recent bond issues require the District to maintain a Reserve Fund which has been established and is included as part of cash equivalents (current assets) in Exhibit 1. The District has also included a statistical table at Table 18 that reflects the maturity schedule for each debt obligation above in compliance with HB No. 1378.

NOTE 10 – NOTES PAYABLE

The District has the following loans at August 31, 2016 and August 31, 2015:

	8-31-16	8-31-15
<u>Southside Bank:</u>		
For energy conservation project; original loan amount of \$6,420,664, interest at 5.3% beginning 11/5/99; with monthly installments of \$54,240.80 beginning 11/5/00 principal payments to begin 11/05/01, unsecured.	\$ -	\$ 107,741
<u>Doris Kiser (Individual):</u>		
For purchase of property located at 814 Tipton for future expansion; annual payments including interest at 3.00% due beginning August 31, 2014; annual payments of \$10,000; final payment due August 31, 2017; secured by real estate.	-	14,414
Total	\$ -	\$ 122,155

NOTE 11 — COMPENSABLE ABSENCES

Full-time employees earn annual leave from 6.67 to 13.33 hours per month depending on the number of years employed by the District. The District's policy is that an employee may carry accrued leave forward from one fiscal year to another fiscal year with a maximum number of hours up to 240 for those employees with eight or more years of service. Employees with at least six months of service who terminate their employment are entitled to payment for all accumulated annual leave up to 160 hours. The District recognized the accrued liability for the unpaid annual leave for \$1,005,665. Sick leave, which can be accumulated to a limit of 720 hours, is earned at the rate of eight hours per month. It is paid to an employee who misses work because of illness or to the estate of an employee in the event of his/her death. The maximum sick leave that may be paid an employee's estate is one-half of the employee's accumulated entitlement. The District's policy is to recognize the cost of sick leave when paid. The liability is not shown in the financial statements since experience indicates the expenditure for sick leave to be minimal.

The District also has a policy whereby employees with an initial employment date prior to May 22, 1997 and with over ten years service who terminate their employment are entitled to payment for one-half of their allowable accumulated sick leave. The related accrued liability has been recorded in the basic financial statements by the District.

NOTE 12 — DEFINED BENEFIT PENSION PLAN

In lieu of Federal Social Security benefits, the Board of Trustees of the District has chosen to participate in the Teacher Retirement System of Texas (TRS) or an approved optional retirement program to provide retirement income. All full-time employees of the District are legally required to participate in the Teacher Retirement System of Texas unless they have previously elected to join an optional retirement plan. Each employee choosing an optional plan pays 6.65 percent of their salary to an approved insurance company, the District pays 3.30 percent plus an additional 1.90 percent for employees hired prior to September 1, 1995, and the state pays 3.30 percent.

Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS's defined benefit pension plan is 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.

Types of Employees Covered

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Subtitle C 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/Pages/about_publications.aspx, 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 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 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. Ad hoc post-employment benefit changes, including ad hoc cost of living adjustments can be granted by the Texas Legislature as noted in the Plan description above.

Contributions

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas Legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

Contribution Rates

	<u>2016</u>	<u>2015</u>
Member	7.2%	6.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%

FY2016 District or College Contributions	\$845,819
FY2016 State of Texas On-behalf Contributions	\$643,140

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. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.

- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to:

- 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.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

Actuarial Assumptions

The total pension liability in the August 31, 2015, actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2015
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 years
Asset Valuation Method	Market Value
Discount Rate	8.00%
Long-term expected Investment Rate of Return*	8.00%
Salary Increases*	3.5% to 9.5%
Payroll Growth Rate	2.50%

*Includes Inflation of 2.5%

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2014, and adopted on September 24, 2015.

Discount Rate

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

The long-term rate of return on pension plan investments is 8%. 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, 2015 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Return*
Global Equity			
U.S.	18.0%	4.6%	1.0%
Non-U.S Developed	13.0%	5.1%	0.8%
Emerging Markets	9.0%	5.9%	0.7%
Directional Hedge Funds	4.0%	3.2%	0.1%
Private Equity	13.0%	7.0%	1.1%
Stable Value			
U. S. Treasuries	11.0%	0.7%	0.1%
Absolute Return	0.0%	1.8%	0.0%
Stable Value Hedge Funds	4.0%	3.0%	0.1%
Cash	1.0%	-0.2%	0.0%
Real Return			
Global Inflation Linked Bonds	3.0%	0.9%	0.0%
Real Assets	16.0%	5.1%	1.1%
Energy and Natural Resources	3.0%	6.6%	0.2%
Commodities	0.0%	1.2%	0.0%
Risk Parity			
Risk Parity	5.0%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
Total	<u>100.0%</u>		<u>8.7%</u>

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

Source: Teacher Retirement System of Texas 2015 Comprehensive Annual Financial Report

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used (8%) in measuring the 2014 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
Tyler Junior College District's proportionate share of the net pension liability	\$15,820,585	\$10,097,312	\$5,330,181

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

At August 31, 2016, the Tyler Junior College District reported a net pension liability of \$10,097,312 for its proportionate share of the TRS's net pension liability. This liability reflects a

reduction for State pension support provided to the Tyler Junior College District. The amount recognized by the Tyler Junior College District 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 Tyler Junior College District was as follows:

TJC District Proportionate share of the collective net pension liability	\$ 10,097,312
State's proportionate share that is associated with TJC District	<u>7,643,641</u>
Total	<u>\$ 17,740,953</u>

The net pension liability was measured as of August 31, 2015, and the total pension liability used to calculate the net pension liability was .0286% 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, 2014, thru August 31, 2015.

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

Economic Assumptions

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

Mortality Assumptions

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

Other Demographic Assumptions

- Previously, it was assumed 10% of all members who had contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities, and therefore these 10% are no longer being counted as active members.
- There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.
- Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
- Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.
- For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.
- Actuarial Methods and Policies

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

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

For the year ended August 31, 2016, the Tyler Junior College District recognized pension expense of \$1,089,096 and revenue of \$1,089,096 for support provided by the State. At August 31, 2016, the Tyler Junior College District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 388,049
Changes in actuarial assumptions	564,589	360,228
Difference between projected and actual investment earnings	2,486,743	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	-	2,626,505
Contributions paid to TRS subsequent to the measurement date [calculated by employer]	841,271	-
Total	\$3,892,603	\$3,374,782

The net amounts of the employer'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
2017	\$ 1,219,219
2018	377,948
2019	377,948
2020	377,948
2021	-
Thereafter	\$ -

NOTE 13 — EMPLOYEE BENEFIT PLANS

The District established a cafeteria plan as described in Section 125 of the Internal Revenue Code. The plan provides various health and dependent care benefits on non-discriminatory basis to substantially all employees of the District through accounts funded with before-tax employee contributions and contributions from the District. The plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

NOTE 14 — DEFERRED COMPENSATION PLAN

District employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted by Government Code 609.001 and in Senate Bill No. 872 of the 63rd Legislature. The employees' investments are held in tax-deferred annuity plans pursuant to Internal Revenue Code Section 403(b). Employees also have the option to defer a portion of their earnings for tax treatment pursuant to IRC Section 457(g)(3). As of August 31, 2016, the District had 35 employees participating in the 403(b) program and 13 employees

participating in the 457 plan. A total of \$163,108 and \$48,719 in payroll deductions had been invested in the 403(b) and 457 approved plans, respectively, during the fiscal year.

Effective January 2013, the District developed an additional retirement plan for employees to elect to defer a portion of their earnings for tax treatment pursuant to IRC Section 457(g)(3). The District also created a 401(a) plan at the same time. As of September 1, 2013, the District contributes 4% of all eligible full-time employees' payroll to a retirement account in the employee's name whether the employee contributes or not. If the employee chooses to contribute a portion of their salary, the employee's contributions are deposited into a 457 plan in the employee's name. The District also contributes an additional matching percentage of up to 2% if the employee contributes. As of August 31, 2016, the District had 646 participants in the 401(a) plan and 482 participants in the 457 employee plan. The District contributed \$1,664,030 and employees contributed \$616,998 to this plan during the fiscal year.

NOTE 15 — PENDING LAWSUITS AND CLAIMS

From time to time, the District is named as a defendant in legal actions arising out of the ordinary course of business. There were no such legal actions as of August 31, 2016 that are required to be disclosed in the financial statements.

NOTE 16 — OPERATING LEASE COMMITMENTS

Included in current expenditures are the following amounts of rent paid or due under operating leases.

<u>Fund Group</u>	Year Ended August 31, 2016	Year Ended August 31, 2015
Unrestricted Current Funds	<u>\$650,462</u>	<u>\$690,212</u>
Total	<u>\$650,462</u>	<u>\$690,212</u>

NOTE 17 — RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. There has been no reduction in insurance coverage from the prior year. Settlements in each of the past three fiscal years have not exceeded insurance coverage. Prior to the current year, the District was self-insured for coverage under workers' compensation. Pursuant to terms of terminating this plan, claims can arise for a five-year period and be required to be covered. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Changes in the balances in claims liabilities related to this plan during the past two years are as follows:

	8-31-16	8-31-15
Liability, beginning of year	\$ 49,284	\$ -
Incurred claims (including IBNRs)	52,973	110,490
Claim payments	(38,368)	(60,666)
Liability, end of year	<u>\$ 63,889</u>	<u>\$ 49,284</u>

NOTE 18 — POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

In addition to providing pension benefits, the state provides certain health care and life insurance benefits for retired employees. Almost all of the employees may become eligible for those benefits if they reach normal retirement age while working for the state. Those and similar benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The state recognizes the cost of providing these benefits

by expending the annual insurance premiums. The state's contribution per full-time employee was \$852 per month for the year ended August 31, 2016. The state cost of providing those benefits for all employees totaled \$3,272,373 with \$752,646 for 209 retirees and \$2,519,727 for 643 active employees.

NOTE 19 — PROPERTY TAXES

Property taxes are levied each October 1 on the assessed value of property in the taxing district as of the prior January 1. 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. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

Assessed Valuation of the District	\$ 14,769,306,310
Less: Exemptions	2,825,618,729
Net Taxable Valuation of the District	<u>\$ 11,943,687,581</u>

	Current Operations	Debt Service	Total
Tax rate per \$100 valuation for authorized (Maximum per enabling legislation)	\$.2800	-	\$.2800
Tax rate per \$100 valuation for assessed	\$.147119	\$.052807	\$.199926

Taxes levied for the year ended August 31, 2016 amounted to \$22,705,595.

Taxes Collected	Current Operations	Debt Service	Total
Current taxes collected	\$16,469,793	\$5,879,996	\$22,349,789
Delinquent taxes collected	248,390	69,516	317,906
Penalties and interest collected	228,782	55,530	284,312
Total Collections	\$16,946,965	\$6,005,042	\$22,952,007

The use of tax proceeds is restricted to either maintenance and operations or interest and sinking expenditures. Tax collections for the year ended August 31, 2016 were approximately 98.43% of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes.

NOTE 20 — DEFERRED REVENUES AND EXPENSES

Revenues received and expenses incurred which are applicable to the future fiscal year's operations are recorded as deferred revenues and deferred charges, respectively, in the financial statements.

NOTE 21 — INCOME TAXES

The District 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 District had no material unrelated business income tax liability for the years ended August 31, 2016 and 2015.

NOTE 22 — CONTRACTUAL AGREEMENTS

The District has a contract for the District's food services for students, faculty, staff, employees and invited guests. The District awarded a new contract for food services effective May 20, 2013, through May 19, 2023. Under the agreement, the food service provider bills the District weekly for service based on day rates per residents under resident meal plans plus other special events. In consideration of the right to operate the campus dining services, the District is paid 10% commission on retail and catering sales and a 15% commission on concessions. Food service commissions are remitted monthly to the District.

The District also has an agreement for the operation and management of the campus bookstore. The manager owns all inventories of merchandise and has the sole and exclusive right to sell this inventory. In consideration for the use of campus space, the manager pays the greater of a yearly fee as stated in the contract, or a percentage of all gross revenues in a contract year as outlined in the contract. The District's contract runs through August 31, 2022. The terms of the agreement call for a 13.75% commission to the District on the first \$4 million in sales and a 14.75% commission on all sales above \$4 million.

The District has entered into a contract with a company to provide beverage and food vending services to its main campus and to its Regional Training and Development Center (RTDC) complex. The District is paid a commission for vending sales based on the products sold at varying commission rates as set forth in the agreement. This agreement was effective August 1, 2016 through July 31, 2019 and contains two one year renewal options.

The District also has a contract with a local bottling company for exclusive rights as beverage supplier for all District events. Under the agreement, the District will receive commissions on beverages sold as outlined in the agreement, as well as other sponsorship and contributions for the District's academic and athletic programs. This contract has a term of ten years and will expire January 20, 2018.

The District participates in a tax increment financing agreement under Chapter 311 of the Texas Tax Code through the City of Tyler Reinvestment Zone #1. The Reinvestment Zone was created in 1998 for the purpose of financing the construction of a District-owned educational facility. The original financing agreement was paid in full earlier than scheduled and the agreement was amended in 2014. The amended agreement is for the purpose of financing construction of another District-owned educational facility in the Reinvestment Zone. The District and one other taxing entity pledged their incremental tax collections on growth in the appraised values for the construction of the new facility.

The District has a contract with a local hospital to provide on-campus medical care. The health care provider maintains a clinic in the student center on the main campus. The current contract is effective for the period September 1, 2015 through August 31, 2017.

The District also has a contract for custodial services with an outside company. The contract was renewed beginning September 1, 2014, to include additional buildings. The current contract was effective August 1, 2016 through July 31, 2017 at the amount of \$101,081 per month.

During a prior year, the District entered into two separate agreements to provide educational opportunities at satellite centers. The first agreement was a joint effort with a local hospital and a neighboring Economic Development Corporation to provide nursing classes in a renovated wing of an existing hospital. Under this agreement, the District received funding from the hospital and the Economic Development Corporation over a three year period to assist in building improvements and the operations of the nursing program. The contract is currently under a one year extension through July 31, 2017.

The other agreement is similar and provides financial assistance from another local Economic Development Council to provide classes in a rented facility within the District. The lease on the

classroom space is for five years. The agreement has been renewed beginning January 1, 2016 through December 31, 2020 for \$10,853 per month.

The District entered into an agreement beginning June 1, 2014 with a local orthopedic hospital to provide sports medicine and rehabilitation services for the District's athletic department. As part of the agreement the facility will provide scholarship funds for the Sports Medicine Training Program and the District will pay for graduate assistant trainers under a schedule within the agreement. The agreement is for a four year period ending May 31, 2018.

NOTE 23 – TUITION AND FEES

Tuition and fees are the student component of the Texas public junior college funding model, the other components consisting of state contracts and local district property taxes. Tuition and fees are set by the Board of Trustees and account for approximately 64% of total current Unrestricted Fund revenues.

Tuition rates for Texas public junior colleges are authorized by state law with an \$8 per semester credit hour minimum. Fees are established by the local governing board and are frequently used to designate, but not legally restrict, charges for certain purposes. An additional reason designated fees are levied, instead of increasing tuition rates, is the tendency of state legislators to focus on "tuition" when mandating set asides, waivers, exemptions, or otherwise restricting portions of local revenues available for college operations. The District's tuition and fees are listed below.

Tuition – (\$30) per Semester Hour for Texas residents; (\$50/\$53) per semester hour non-Texas residents.

Contributes to the support of the District's educational operations.

General Education Fee – (\$40/\$42) per Semester Hour

Adopted to supplement state contracts in funding regularly scheduled academic functions.

Registration Fee - \$35 per Semester

Defrays increased labor and processing expenses during registration.

Laboratory Fee - \$14-\$24 per Semester Hour

Defrays the cost of supplies used in courses with laboratory sessions.

Music Fees - \$85-\$110 for Private Lessons

Defrays the cost of private lessons.

Distance Education Fee (\$8) per Semester Hour

Charged to students registered for online courses to help defray costs associated with technology costs.

Technology Fee (\$5/\$7) per Semester Hour

Defrays the cost of instruction based technology improvements.

Differential Fee (\$4-\$13) per Semester Hour

Defrays the costs for certain programs with higher instructional costs.

Out of District Surcharge – (\$47/\$50) per Semester Hour

Charged to students from outside the Tyler Junior College District taxing district to partially equalize operational costs born by District taxpayers.

Campus Security Fee – \$23/(\$30/\$36) per Semester

Designated for use in constructing and maintaining parking facilities.

Health Service Fee – \$23/\$35 per semester

Charged to students for use of on-campus medical care facility.

Student Life Fee - \$2 per Semester Hour (max of \$26)

Charged to students for on campus extracurricular activities.

NOTE 24 – SUBSEQUENT EVENTS

On September 22, 2016, the District received \$9,830,000 in 2016 Series Maintenance Tax Notes. The proceeds from these notes will be used to fund various construction projects over the next two years.

Subsequent events have been evaluated through November 30, 2016, the date which the financial statements were available to be issued.



TYLER, TEXAS



REQUIRED SUPPLEMENTARY INFORMATION



TYLER JUNIOR COLLEGE DISTRICT
SCHEDULE OF DISTRICT'S SHARE OF NET PENSION LIABILITY
FOR THE YEAR ENDED AUGUST 31, 2016

Fiscal year ending August 31,	2016	2015
TRS net position as percentage of total pension liability	80.20%	80.25%
Tyler Junior College District's proportionate share of collective net pension liability (%)	0.0285649%	0.0315846%
Tyler Junior College District's proportionate share of collective net pension liability (\$)	10,097,312	8,436,684
Portion of NECE's total proportionate share of NPL associated with TJC District	7,643,641	6,586,151
Total	17,740,953	15,022,835
TJC District covered payroll amount	20,706,283	21,411,900
Ratio of: ER Proportionate share of collective NPL/ER's covered payroll amount	48.76%	39.40%

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.
The amounts presented above are as of the measurement date of the collective net pension liability.

TYLER JUNIOR COLLEGE DISTRICT
SCHEDULE OF DISTRICT'S PENSION CONTRIBUTIONS
FOR THE YEAR ENDED AUGUST 31, 2016

Fiscal year ending August 31,	2016	2015
Legally required contributions	845,819	800,758
Actual contributions	845,819	800,758
Contribution deficiency (excess)	-	-
 Tyler Junior College District covered employee payroll	 20,706,283	 21,411,900
Ratio of: Actual contributions/ER covered payroll amount	4.08%	3.74%

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.
The amounts presented above are as of the Tyler Junior College District's most recent fiscal year end.

TYLER JUNIOR COLLEGE DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2016

Changes of Benefit Terms include:

- ** a 1.5% COLA, effective September 1, 2015**

Changes of Assumptions

Economic Assumptions

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

Mortality Assumptions

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

Other Demographic Assumptions

- Previously, it was assumed 10% of all members who had contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities, and therefore these 10% are no longer being counted as active members.
- There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.
- Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
- Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.
- For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.
- **Actuarial Methods and Policies**
- The method of using celled data in the valuation process was changed to now using individual data records to allow for better reporting of some items, such as actuarial gains and losses by source.



TYLER, TEXAS



SUPPLEMENTAL INFORMATION



SCHEDULE A

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

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Activities	Total 8/31/16	Total 8/31/15
Tuition						
State Funded Courses						
In-District Resident Tuition	\$ 2,907,452	\$ -	\$ 2,907,452	\$ -	\$ 2,907,452	\$ 2,966,805
Out-of-District Resident Tuition	4,142,157	-	4,142,157	-	4,142,157	4,210,418
TPEG **	449,198	-	449,198	-	449,198	465,544
Non-Resident Tuition	496,468	-	496,468	-	496,468	469,645
Continuing Education	1,271,195	-	1,271,195	-	1,271,195	1,229,092
Non-State Funded Continuing Education	897,845	-	897,845	-	897,845	1,039,539
Total Tuition	<u>10,164,315</u>	<u>-</u>	<u>10,164,315</u>	<u>-</u>	<u>10,164,315</u>	<u>10,381,043</u>
Fees						
General Education Fee	8,843,838	-	8,843,838	-	8,843,838	8,741,144
Out-of-District Fee	6,255,619	-	6,255,619	-	6,255,619	6,022,796
Laboratory Fee	1,314,989	-	1,314,989	-	1,314,989	1,315,208
Registration Fee	816,170	-	816,170	-	816,170	812,994
Student Life Fee	-	-	-	405,542	405,542	399,133
Health Service Fee	-	-	-	723,976	723,976	703,108
Other	3,375,368	-	3,375,368	-	3,375,368	2,299,007
Total Fees	<u>20,605,984</u>	<u>-</u>	<u>20,605,984</u>	<u>1,129,518</u>	<u>21,735,502</u>	<u>20,293,390</u>
Allowances and Discounts						
Bad Debt Allowance	(92,230)	-	(92,230)	(535,708)	(627,938)	-
Federal Grants to Students	(9,961,357)	-	(9,961,357)	-	(9,961,357)	(11,057,794)
TPEG Allowances	(260,495)	-	(260,495)	-	(260,495)	(282,415)
State Grants to Students	(1,072,813)	-	(1,072,813)	-	(1,072,813)	(1,202,377)
Contributions	(210,559)	-	(210,559)	-	(210,559)	(195,903)
Scholarships and Performance Grants	(1,417,119)	-	(1,417,119)	-	(1,417,119)	(1,482,420)
Waivers and Exemptions	(1,595,165)	-	(1,595,165)	-	(1,595,165)	(1,475,544)
Total Scholarship Allowances and Discounts	<u>(14,609,738)</u>	<u>-</u>	<u>(14,609,738)</u>	<u>(535,708)</u>	<u>(15,145,446)</u>	<u>(15,696,453)</u>
Net Tuition and Fees	<u>16,160,561</u>	<u>-</u>	<u>16,160,561</u>	<u>593,810</u>	<u>16,754,371</u>	<u>14,977,980</u>
Additional Operating Revenues						
Federal Grants and Contracts	85,715	4,184,457	4,270,172	-	4,270,172	3,842,958
State Grants and Contracts	-	1,654,043	1,654,043	-	1,654,043	1,767,315
Local Grants and Contracts	-	459,730	459,730	-	459,730	432,759
Sales and Service of Educational Activities	106,163	-	106,163	-	106,163	113,873
Interest on Student Loans	95,640	-	95,640	-	95,640	53,880
Other	3,388,830	-	3,388,830	-	3,388,830	5,556,939
Total Additional Operating Revenues	<u>3,676,348</u>	<u>6,298,230</u>	<u>9,974,578</u>	<u>-</u>	<u>9,974,578</u>	<u>11,767,724</u>
Auxiliary Enterprises						
Housing and Meals	-	-	-	7,711,730	7,711,730	5,681,427
Scholarship Allowances and Discounts	-	-	-	(3,509,584)	(3,509,584)	(2,924,706)
Net Housing and Meals	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,202,146</u>	<u>4,202,146</u>	<u>2,756,721</u>
Bookstore Commissions	-	-	-	509,332	509,332	565,924
Other Auxiliary Revenues	-	-	-	391,677	391,677	342,740
Total Net Auxiliary Enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,103,155</u>	<u>5,103,155</u>	<u>3,665,385</u>
Total Operating Revenues	<u>\$ 19,836,909</u>	<u>\$ 6,298,230</u>	<u>\$ 26,135,139</u>	<u>\$ 5,696,965</u>	<u>\$ 31,832,104</u>	<u>\$ 30,411,089</u>

** In accordance with Education Code 56.033, \$449,198 and \$465,544 for years August 31, 2016 and 2015, respectively, of tuition was set aside for Texas Public Education Grants.

SCHEDULE B

TYLER JUNIOR COLLEGE DISTRICT
 SCHEDULE OF OPERATING EXPENSES BY OBJECT
 FOR THE YEAR ENDED AUGUST 31, 2016
 (WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2015)

	Salaries and Wages	Benefits		Other Expenses	Total 8/31/16	Total 8/31/15
		State	Local			
Unrestricted - Educational Activities						
Instruction	\$ 21,455,731	\$ -	\$ 2,791,003	\$ 2,886,803	\$ 27,133,537	\$ 26,995,251
Public Service	49,701	-	95,824	1,098	146,623	137,846
Academic Support	2,327,506	-	303,519	451,665	3,082,690	2,952,323
Student Services	3,535,933	-	430,109	2,208,606	6,174,648	6,631,046
Institutional Support	6,553,983	-	3,904,888	3,272,479	13,731,350	13,142,389
Operation and Maintenance of Plant	1,035,494	-	461,957	6,443,593	7,941,044	7,695,539
Scholarships and Fellowships	-	-	-	2,238,207	2,238,207	2,139,112
Total Unrestricted	<u>34,958,348</u>	<u>-</u>	<u>7,987,300</u>	<u>17,502,451</u>	<u>60,448,099</u>	<u>59,693,506</u>
Restricted - Education and General						
Instruction	510,515	2,877,082	93,185	1,125,699	4,606,481	4,828,098
Public Service	1,961,653	79,769	25,986	636,469	2,703,877	2,426,243
Academic Support	-	371,556	-	-	371,556	288,675
Student Services	211,747	413,478	60,193	1,018,160	1,703,578	1,737,505
Institutional Support	-	631,979	-	-	631,979	253,225
Operation and Maintenance of Plant	-	-	-	-	-	-
Scholarships and Fellowships	144,035	-	178	1,343,478	1,487,691	1,579,816
Total Restricted	<u>2,827,950</u>	<u>4,373,864</u>	<u>179,542</u>	<u>4,123,806</u>	<u>11,505,162</u>	<u>11,113,562</u>
Total Educational and General	37,786,298	4,373,864	8,166,842	21,626,257	71,953,261	70,807,068
Auxiliary Enterprises	935,219	-	363,463	7,717,371	9,016,053	8,083,988
Depreciation Expense - Buildings and Improvements	-	-	-	7,150,258	7,150,258	6,255,391
Depreciation Expense - Equipment	-	-	-	1,115,455	1,115,455	1,224,835
Depreciation Expense - Library Books	-	-	-	57,814	57,814	62,503
Total Operating Expenses	<u>\$ 38,721,517</u>	<u>\$ 4,373,864</u>	<u>\$ 8,530,305</u>	<u>\$ 37,667,155</u>	<u>\$ 89,292,841</u>	<u>\$ 86,433,785</u>

SCHEDULE C

TYLER JUNIOR COLLEGE DISTRICT
 SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
 FOR THE YEAR ENDED AUGUST 31, 2016
 (WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2015)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>Total 8/31/16</u>	<u>Total 8/31/15</u>
NON-OPERATING REVENUES:					
State Appropriations:					
Education and General State Support	\$ 16,627,654	\$ -	\$ -	\$ 16,627,654	\$ 16,788,037
State Group Insurance	-	3,284,768	-	3,284,768	3,119,810
State Retirement Matching	-	1,089,096	-	1,089,096	928,697
Professional Nursing Shortage Reduction	-	195,915	-	195,915	214,730
Total State Appropriations	<u>16,627,654</u>	<u>4,569,779</u>	<u>-</u>	<u>21,197,433</u>	<u>21,051,274</u>
Property Taxes	22,952,007	-	-	22,952,007	22,233,785
Federal Revenue, Non Operating	-	18,713,030	-	18,713,030	19,605,018
Investment Income	<u>75,197</u>	<u>-</u>	<u>-</u>	<u>75,197</u>	<u>103,591</u>
Total Non-Operating Revenues	39,654,858	23,282,809	-	62,937,667	62,993,668
NON-OPERATING EXPENSES:					
Interest on Capital Related Debt	<u>4,513,025</u>	<u>-</u>	<u>-</u>	<u>4,513,025</u>	<u>4,457,322</u>
Total Non-Operating Expenses	<u>4,513,025</u>	<u>-</u>	<u>-</u>	<u>4,513,025</u>	<u>4,457,322</u>
Net Non-Operating Revenues	<u>\$ 35,141,833</u>	<u>\$ 23,282,809</u>	<u>\$ -</u>	<u>\$ 58,424,642</u>	<u>\$ 58,536,346</u>

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

	Detail by Source					Available for Current Operations	
	Unrestricted	Restricted Expendable	Non-Expendable	Capital Assets Net of Depreciation & Related Debt	Total	Yes	No
Current:							
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board Designated	6,807,662	-	-	-	6,807,662	6,807,662	-
Restricted	-	748,134	-	-	748,134	748,134	-
Auxiliary Enterprises	-	-	-	-	-	-	-
Loan	(1,287,732)	-	-	-	(1,287,732)	-	(1,287,732)
Endowment:							
Quasi:							
Unrestricted	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Endowment							
True	-	-	-	-	-	-	-
Term (per instructions at maturity)	-	-	-	-	-	-	-
Life Income Contracts	-	-	-	-	-	-	-
Annuities	-	-	-	-	-	-	-
Plant:							
Unrestricted	-	-	-	-	-	-	-
Board Designated	(5,793,905)	-	-	-	(5,793,905)	-	(5,793,905)
Debt Service	-	-	-	-	-	-	-
Investment in Plant	-	-	-	88,796,058	88,796,058	-	88,796,058
Total Net Position, August 31, 2016	(273,975)	748,134	-	88,796,058	89,270,217	7,555,796	81,714,421
Total Net Position, August 31, 2015	1,738,951	720,685	-	85,846,676	88,306,312	7,128,347	81,177,965
Net Increase (Decrease) in Net Position	<u>\$ (2,012,926)</u>	<u>\$ 27,449</u>	<u>\$ -</u>	<u>\$ 2,949,382</u>	<u>\$ 963,905</u>	<u>\$ 427,449</u>	<u>\$ 536,456</u>



TJCTM

DISTRICT



TYLER, TEXAS



STATISTICAL SECTION (UNAUDITED)

Celebrating
1926
2016
Years



**TYLER JUNIOR COLLEGE DISTRICT
TYLER, TEXAS**

**STATISTICAL SECTION
(UNAUDITED)**

This part of Tyler Junior College District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

The information contained within this section is being presented to provide the reader with a better understanding of five objectives:

- Financial Trends – Showing the District's financial position has changed over time.
- Revenue Capacity – Assessing the District's ability to generate revenue by examining its major revenue sources.
- Debt Capacity – Assessing the affordability of the District's current level of outstanding debt and the District's ability to issue additional debt in the future.
- Demographic and Economic Information – Providing demographic and economic indicators to help in understanding the environment within which the District's financial activities take place.
- Operating Information – Providing information about how the District's financial report relates to the services it provides and the activities it performs.

Sources: Unless, otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year.

Table 1

TYLER JUNIOR COLLEGE DISTRICT
NET POSITION BY COMPONENT
AND CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(UNAUDITED)

	For the Fiscal Year Ended August 31,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Net Position By Component:										
Net investment in capital assets	\$ 88,796,058	\$ 85,846,676	\$ 81,012,927	\$ 79,832,528	\$ 72,350,636	\$ 68,009,970	\$ 64,757,406	\$ 53,315,039	\$ 50,438,514	\$ 44,698,637
Restricted - expendable	748,134	720,685	597,996	511,271	439,077	375,381	322,993	390,206	279,879	254,967
Restricted - nonexpendable	-	-	-	-	-	-	-	-	-	-
Unrestricted	(273,975)	1,738,951	4,181,739	12,727,957	16,100,326	14,472,690	7,736,349	12,462,921	11,472,105	12,035,888
Total primary government net position	\$ 89,270,217	\$ 88,306,312	\$ 85,792,662	\$ 93,071,756	\$ 88,890,039	\$ 82,858,041	\$ 72,816,748	\$ 66,168,166	\$ 62,190,498	\$ 56,989,492
	For the Fiscal Year Ended August 31,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Change in Net Position:										
Total Operating and Non-Operating Revenues	\$ 94,769,771	\$ 93,404,757	\$ 85,995,508	\$ 84,729,114	\$ 82,300,927	\$ 85,025,538	\$ 78,942,754	\$ 69,844,418	\$ 63,823,903	\$ 64,848,306
Total Operating and Non-Operating Expenses	93,805,866	90,891,107	83,715,804	80,547,397	76,013,521	74,984,245	72,294,172	65,866,750	58,874,027	56,161,361
	963,905	2,513,650	2,279,704	4,181,717	6,287,406	10,041,293	6,648,582	3,977,668	4,949,876	8,686,945
Prior Period Adjustment	-	-	(9,558,798)	-	(255,408)	-	-	251,130	-	-
Change in Net Position	963,905	2,513,650	(7,279,094)	4,181,717	6,031,998	10,041,293	6,648,582	4,228,798	4,949,876	8,686,945
Beginning Net Position	88,306,312	85,792,662	93,071,756	88,890,039	82,858,041	72,816,748	66,168,166	61,939,368	56,989,492	48,302,547
Ending Net Position	\$ 89,270,217	\$ 88,306,312	\$ 85,792,662	\$ 93,071,756	\$ 88,890,039	\$ 82,858,041	\$ 72,816,748	\$ 66,168,166	\$ 61,939,368	\$ 56,989,492

Note: Total operating and non-operating revenues are presented in detail in Table 2 while total operating and non-operating expenses are presented in detail in Table 3.

Table 2

TYLER JUNIOR COLLEGE DISTRICT
REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(UNAUDITED)

For the Fiscal Year Ended August 31,										
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Tuition and fees (net of discounts)	\$ 16,754,371	\$ 14,977,980	\$ 12,241,079	\$ 13,880,102	\$ 12,266,066	\$ 10,301,101	\$ 13,604,236	\$ 14,089,899	\$ 12,617,864	\$ 11,730,292
Governmental grants and contracts										
Federal grants and contracts	4,270,172	3,842,958	2,382,222	2,178,556	1,355,015	1,396,514	1,454,506	1,212,034	1,212,570	10,160,145
State grants and contracts	1,654,043	1,767,315	1,702,178	1,083,295	999,893	1,396,955	1,808,213	1,163,946	879,500	761,238
Local grants and contracts	459,730	432,759	585,280	1,022,395	532,168	711,217	220,893	1,084,404	639,049	3,859,709
Sales and services of educational activities	106,163	113,873	111,083	83,075	103,019	116,134	117,104	117,582	117,432	120,413
Auxiliary enterprises	5,103,155	3,665,385	3,077,997	3,049,065	2,643,800	2,354,905	2,945,922	3,669,051	2,155,663	1,913,423
Other operating revenues	3,484,470	5,810,819	2,528,234	2,117,809	2,511,539	4,810,549	2,121,555	2,083,271	1,638,187	1,527,841
Total Operating Revenues	31,832,104	30,411,089	22,628,073	23,414,297	20,411,500	21,087,375	22,272,429	23,420,187	19,260,265	30,073,061
State appropriations	21,197,433	21,051,274	21,462,893	20,337,298	21,105,328	21,608,189	22,673,865	21,455,637	21,245,661	20,508,466
Property taxes	22,952,007	22,233,785	21,554,921	21,022,138	18,937,231	18,638,057	14,638,019	13,062,824	12,646,609	11,540,450
Federal Revenue, Non Operating	18,713,030	19,605,018	20,210,574	19,766,591	21,761,914	23,541,831	19,019,795	11,596,985	9,426,159	-
Investment income	75,197	103,591	139,047	188,790	84,954	150,086	338,646	308,785	1,245,209	2,726,329
Total Non-Operating Revenue	62,937,667	62,993,668	63,367,435	61,314,817	61,889,427	63,938,163	56,670,325	46,424,231	44,563,638	34,775,245
Total Revenues	\$ 94,769,771	\$ 93,404,757	\$ 85,995,508	\$ 84,729,114	\$ 82,300,927	\$ 85,025,538	\$ 78,942,754	\$ 69,844,418	\$ 63,823,903	\$ 64,848,306

For the Fiscal Year Ended August 31,										
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Tuition and fees (net of discounts)	17.68%	16.04%	14.23%	16.38%	14.90%	12.12%	17.23%	20.17%	19.77%	18.09%
Governmental grants and contracts										
Federal grants and contracts	4.51%	4.11%	2.77%	2.57%	1.65%	1.64%	1.84%	1.74%	1.90%	15.67%
State grants and contracts	1.75%	1.89%	1.98%	1.28%	1.21%	1.64%	2.29%	1.67%	1.38%	1.17%
Local grants and contracts	0.49%	0.46%	0.68%	1.21%	0.65%	0.84%	0.28%	1.55%	1.00%	5.95%
Sales and services of educational activities	0.11%	0.12%	0.13%	0.10%	0.13%	0.14%	0.15%	0.17%	0.18%	0.19%
Sales and services of auxiliary enterprises	5.38%	3.92%	3.58%	3.60%	3.21%	2.77%	3.73%	5.25%	3.38%	2.95%
Other operating revenues	3.68%	6.01%	2.94%	2.50%	3.05%	5.66%	2.69%	2.98%	2.57%	2.36%
Total Operating Revenues	33.59%	32.56%	26.31%	27.63%	24.80%	24.80%	28.21%	33.53%	30.18%	46.37%
State appropriations	22.37%	22.54%	24.96%	24.00%	25.64%	25.41%	28.72%	30.72%	33.29%	31.63%
Property taxes	24.22%	23.80%	25.07%	24.81%	23.01%	21.92%	18.54%	18.70%	19.81%	17.80%
Federal Revenue, Non Operating	19.75%	20.99%	23.50%	23.33%	26.44%	27.69%	24.09%	16.60%	14.77%	0.00%
Investment income	0.08%	0.11%	0.16%	0.22%	0.10%	0.18%	0.43%	0.44%	1.95%	4.20%
Total Non-Operating Revenue	66.41%	67.44%	73.69%	72.37%	75.20%	75.20%	71.79%	66.47%	69.82%	53.63%
Total Revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Note: During the 2009 year, a change in reporting requirements by the Texas Higher Education Co-Board reclassified the reporting of Title IV funds as non-operating. Only the 2008 through 2016 amounts have been changed in the above table to correspond with the amounts reported on Schedule C

Table 3

TYLER JUNIOR COLLEGE DISTRICT
PROGRAM EXPENSES BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)

	For the Fiscal Year Ended August 31,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Instruction	\$ 31,740,018	\$ 31,823,349	\$ 30,301,247	\$ 29,123,820	\$ 28,681,895	\$ 29,633,824	\$ 28,626,927	\$ 23,422,228	\$ 22,710,169	\$ 21,567,887
Public service	2,850,500	2,564,089	1,154,083	1,242,178	1,388,391	1,398,852	1,151,093	937,675	766,819	853,108
Academic support	3,454,246	3,240,998	3,065,891	2,681,755	2,486,289	2,821,105	2,893,825	2,288,336	2,792,468	2,743,044
Student services	7,878,226	8,368,551	9,132,262	8,295,712	8,114,349	8,274,507	8,404,501	7,623,631	6,652,637	5,903,966
Institutional support	14,363,329	13,395,614	13,361,329	12,957,310	11,432,943	10,777,224	9,790,843	9,429,124	8,005,762	7,660,364
Operation and maintenance of plant	7,941,044	7,695,539	7,989,169	7,139,979	6,189,870	5,054,499	5,080,838	6,695,457	4,568,476	4,292,141
Scholarships and fellowships	3,725,898	3,718,928	1,922,592	2,964,736	2,824,070	3,122,074	2,818,571	2,680,538	3,375,802	3,608,328
Auxiliary enterprises	9,016,053	8,083,988	7,732,876	6,802,087	6,722,866	6,310,926	6,165,791	6,132,424	4,731,450	4,544,006
Depreciation	8,323,527	7,542,729	6,602,578	6,443,662	5,819,654	4,966,820	4,348,266	4,125,569	3,128,316	2,812,021
Total Operating Expenses	89,292,841	86,433,785	81,262,027	77,651,239	73,660,327	72,359,831	69,280,655	63,334,982	56,731,899	53,984,865
Interest on capital related debt	4,513,025	4,457,322	2,453,777	2,896,158	2,353,194	2,624,414	3,013,517	2,531,768	2,142,128	2,176,496
Total Non-Operating Expenses	4,513,025	4,457,322	2,453,777	2,896,158	2,353,194	2,624,414	3,013,517	2,531,768	2,142,128	2,176,496
Total Expenses	\$ 93,805,866	\$ 90,891,107	\$ 83,715,804	\$ 80,547,397	\$ 76,013,521	\$ 74,984,245	\$ 72,294,172	\$ 65,866,750	\$ 58,874,027	\$ 56,161,361

	For the Fiscal Year Ended August 31,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Instruction	33.84%	35.01%	36.20%	36.16%	37.73%	39.52%	39.60%	35.56%	38.57%	38.40%
Public service	3.04%	2.82%	1.38%	1.54%	1.83%	1.87%	1.59%	1.42%	1.30%	1.52%
Academic support	3.68%	3.57%	3.66%	3.33%	3.27%	3.76%	4.00%	3.47%	4.74%	4.88%
Student services	8.40%	9.21%	10.91%	10.30%	10.67%	11.03%	11.63%	11.57%	11.30%	10.51%
Institutional support	15.31%	14.74%	15.96%	16.09%	15.04%	14.37%	13.54%	14.32%	13.60%	13.64%
Operation and maintenance of plant	8.47%	8.47%	9.54%	8.86%	8.14%	6.74%	7.03%	10.17%	7.76%	7.64%
Scholarships and fellowships	3.97%	4.09%	2.30%	3.68%	3.72%	4.16%	3.90%	4.07%	5.73%	6.42%
Auxiliary enterprises	9.61%	8.89%	9.24%	8.44%	8.84%	8.42%	8.53%	9.31%	8.04%	8.09%
Depreciation	8.87%	8.30%	7.89%	8.00%	7.66%	6.62%	6.01%	6.26%	5.31%	5.01%
Total Operating Expenses	95.19%	95.10%	97.07%	96.40%	96.90%	96.50%	95.83%	96.16%	96.36%	96.12%
Interest on capital related debt	4.81%	4.90%	2.93%	3.60%	3.10%	3.50%	4.17%	3.84%	3.64%	3.88%
Total Non-Operating Expenses	4.81%	4.90%	2.93%	3.60%	3.10%	3.50%	4.17%	3.84%	3.64%	3.88%
Total Expenses	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Table 4

TYLER JUNIOR COLLEGE DISTRICT
TUITION AND FEES
LAST TEN ACADEMIC YEARS
(UNAUDITED)

RESIDENT
Fees per Semester Credit Hour (SCH)

Academic Year (Fall)	Registration Fee (per Student)	In-District Tuition	Out-of District Tuition	General Education Fees	Health Service Fee	Campus Security Fee	Student Life Fee	Technology Fee	Cost for 12 SCH In-District	Cost for 12 SCH Out-of District	Increase from Prior Year In-District	Increase from Prior Year Out-of-District
2015	\$ 35	\$ 30	\$ 77	\$ 40	\$ 35	\$ 30	\$ 2	\$ 5	\$ 1,024	\$ 1,588	6.22%	3.93%
2014	35	30	77	40	35	30	2	-	964	1,528	0.00%	0.00%
2013	35	30	77	40	35	30	2	-	964	1,528	3.88%	3.24%
2012	35	30	76	37	35	30	2	-	928	1,480	0.00%	0.00%
2011	35	30	76	37	35	30	2	-	928	1,480	12.62%	12.46%
2010	25	28	69	34	30	25	2	-	824	1,316	0.00%	0.92%
2009	25	28	68	34	30	25	-	-	824	1,304	17.05%	16.01%
2008	25	23	58	29	30	25	-	-	704	1,124	11.39%	10.63%
2007	25	20	52	26	30	25	-	-	632	1,016	0.00%	0.00%
2006	25	20	52	26	30	25	-	-	632	1,016	1.61%	0.99%

Table 4
(Continued)

TYLER JUNIOR COLLEGE DISTRICT
TUITION AND FEES
LAST TEN ACADEMIC YEARS
(UNAUDITED)

NON-RESIDENT
Fees per Semester Credit Hour (SCH)

Academic (Fall)	Registration Student)	Non-Resident Out-of-State	Non-Resident International	General Fees	Health Fee	Campus Security Fee	Student Life Fee	Technology Fee	Cost for 12 SCH Out-of-State	Cost for 12 SCH International	Increase from Prior Year Out-of-State	Increase from Prior Year International
2015	\$ 35	\$ 97	\$ 97	\$ 40	\$ 35	\$ 30	\$ 2	\$ 5	\$ 1,828	\$ 1,828	3.39%	3.39%
2014	35	97	97	40	35	30	2	-	1,768	1,768	0.00%	0.00%
2013	35	97	97	40	35	30	2	-	1,768	1,768	2.79%	2.79%
2012	35	96	96	37	35	30	2	-	1,720	1,720	0.00%	0.00%
2011	35	96	96	37	35	30	2	-	1,720	1,720	10.54%	10.54%
2010	25	89	89	34	30	25	2	-	1,556	1,556	0.78%	0.78%
2009	25	88	88	34	30	25	-	-	1,544	1,544	8.43%	8.43%
2008	25	83	83	29	30	25	-	-	1,424	1,424	5.33%	5.33%
2007	25	80	80	26	30	25	-	-	1,352	1,352	0.00%	0.00%
2006	25	80	80	26	30	25	-	-	1,352	1,352	20.07%	20.07%

Note: Includes basic enrollment tuition and fees but excludes course based fees such as laboratory fees, testing fees and certification fees.

Table 5

TYLER JUNIOR COLLEGE DISTRICT
 ASSESSED VALUE AND TAXABLE ASSESSED VALUE OF PROPERTY
 LAST TEN FISCAL YEARS
 (UNAUDITED)

Fiscal Year	Assessed Valuation of Property			Taxable Assessed Value (TAV)	Ratio of Taxable Assessed Value to Assessed Value	Direct Rate	
	Real Property	Personal Property	Less: Exemptions			Maintenance & Operations	
2015-16	11,815,445,048	2,953,861,262	2,825,618,729	11,943,687,581	80.87%	\$	0.147119
2014-15	11,478,394,557	2,869,598,639	2,797,095,957	11,550,897,239	80.51%	\$	0.152999
2013-14	11,384,487,770	2,846,121,942	2,977,426,083	11,253,183,629	79.08%	\$	0.151417
2012-13	11,557,529,195	2,889,382,299	3,443,579,922	11,003,331,572	76.16%	\$	0.150647
2011-12	11,414,843,649	2,853,710,913	3,487,383,051	10,781,171,511	75.56%	\$	0.149870
2010-11	10,857,836,630	2,714,459,158	2,892,627,861	10,679,667,927	78.69%	\$	0.149870
2009-10	10,327,623,767	2,581,905,942	2,232,799,703	10,676,730,006	82.70%	\$	0.136950
2008-09	10,178,050,422	2,544,512,605	2,200,462,417	10,522,100,610	82.70%	\$	0.127169
2007-08	9,547,089,846	2,386,772,462	2,064,050,730	9,869,811,578	82.70%	\$	0.127169
2006-07	8,634,022,801	2,158,505,700	1,866,648,513	8,925,879,988	82.70%	\$	0.127169

Sources: Local Appraisal Districts

Notes: Property is assessed at full market value.

(a) per \$100 Taxable Assessed Valuation

Table 6

TYLER JUNIOR COLLEGE DISTRICT
STATE APPROPRIATION PER FTSE AND CONTACT HOUR
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Appropriation per FTSE			Appropriation per Contact Hour			
	State Appropriations	FTSE	State Appropriations Per FTSE	Academic Contact Hours	Voc/Tech Contact Hours	Total Contact Hours	State Appropriation per Contact Hour
2015-16	16,627,654	9,746	1,706.10	3,566,264	1,318,800	4,885,064	3.40
2014-15	16,788,037	9,853	1,703.85	3,540,592	1,381,008	4,921,600	3.41
2013-14	16,788,037	9,907	1,694.56	3,686,616	1,352,312	5,038,928	3.33
2012-13	16,477,885	9,291	1,773.53	3,619,672	1,430,192	5,049,864	3.26
2011-12	17,475,155	9,135	1,912.99	3,842,120	1,518,752	5,360,872	3.26
2010-11	16,239,896	8,622	1,883.54	4,033,512	1,508,800	5,542,312	2.93
2009-10	17,573,735	8,504	2,066.53	4,009,464	1,423,012	5,432,476	3.23
2008-09	16,487,452	8,603	1,916.48	3,520,200	1,223,616	4,743,816	3.48
2007-08	16,487,450	8,357	1,972.89	3,254,392	1,070,864	4,325,256	3.81
2006-07	15,995,148	8,697	1,839.16	3,311,376	1,044,496	4,355,872	3.67

Notes:

FTSE is defined as the number of full time students plus total hours taken by part-time students divided by 30.

Table 7

TYLER JUNIOR COLLEGE DISTRICT
PRINCIPAL TAXPAYERS
LAST TEN TAX YEARS
YEARS 2011-2015
(UNAUDITED)

Taxpayer (1)	Type of Business	Taxable Assessed Value (TAV) by Tax Year				
		2015	2014	2013	2012	2011
Brookshire Grocery Company	Supermarkets; distribution facilities	76,087,378	70,542,484	60,855,905	\$ 62,387,213	\$ 129,231,040
Oncor Electric / TXU	Electric utility	133,216,887	112,195,234	85,243,137	80,476,227	83,859,047
WalMart/Sam's	Retail	-	-	-	-	81,793,017
Kelly Springfield Tire Company	Tire Manufacturer	-	-	-	-	-
McWane Inc./ Ranson Industries	Pipe manufacturer	47,914,499	42,265,341	48,259,908	56,096,738	51,853,668
Southwestern Bell Telephone	Telephone utility	-	-	-	-	-
Dayton Hudson Corp.	Retail; distribution facilities	96,041,307	96,708,766	96,708,766	70,140,546	107,880,844
Delek Refining LTD / Crown / LaGloria	Refinery	231,928,942	269,547,365	260,276,054	253,727,697	175,112,792
Cebridge Acquisition LP	Commercial property	-	-	-	-	52,761,861
Carrier / Tytex	Air conditioning manufacturer	-	-	-	-	44,952,878
Union Oil Company	Oil & Gas	22,252,184	37,360,851	40,346,436	51,930,937	50,981,554
Genecov Investment Group	Commercial property	-	-	-	-	81,754,531
East Texas Medical Center	Hospital	94,352,150	94,355,755	94,362,965	94,366,570	-
Mother Frances Hospital	Hospital	166,671,499	166,671,499	159,840,819	93,272,964	-
University of Texas Health Center	Hospital	68,717,190	68,717,190	68,717,190	68,364,930	-
Simon Property Group	Commercial property	43,575,000	42,815,000	42,815,000	42,850,000	-
Totals		\$ 980,757,036	\$ 1,001,179,485	\$ 957,426,180	\$ 873,613,822	\$ 860,181,232
Total Taxable Assessed Value		\$ 11,544,791,614	\$ 11,550,897,239	\$ 11,253,183,629	\$ 11,003,331,572	\$ 10,781,171,511

Table 7
(Continued)

TYLER JUNIOR COLLEGE DISTRICT
PRINCIPAL TAXPAYERS
LAST TEN TAX YEARS
YEARS 2011-2015
(UNAUDITED)

Taxpayer (1)	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year				
		2015	2014	2013	2012	2011
Brookshire Grocery Company	Supermarkets; distribution facilities	0.68%	0.63%	0.54%	0.57%	1.20%
Oncor Electric / TXU	Electric utility	1.18%	1.00%	0.76%	0.73%	0.78%
WalMart/Sam's	Retail	0.00%	0.00%	0.00%	0.00%	0.76%
Kelly Springfield Tire Company	Tire Manufacturer	0.00%	0.00%	0.00%	0.00%	0.00%
McWane Inc./ Ranson Industries	Pipe manufacturer	0.43%	0.38%	0.43%	0.51%	0.48%
Southwestern Bell Telephone	Telephone utility	0.00%	0.00%	0.00%	0.00%	0.00%
Dayton Hudson Corp.	Retail; distribution facilities	0.85%	0.86%	0.86%	0.64%	1.00%
Delek Refining LTD / Crown / LaGloria	Refinery	2.06%	2.40%	2.31%	2.31%	1.62%
Cebridge Acquisition LP	Commercial property	0.00%	0.00%	0.00%	0.00%	0.49%
Carrier / Tytex	Air conditioning manufacturer	0.00%	0.00%	0.00%	0.00%	0.42%
Union Oil Company	Oil & Gas	0.20%	0.33%	0.36%	0.47%	0.47%
Genecov Investment Group	Commercial property	0.00%	0.00%	0.00%	0.00%	0.76%
East Texas Medical Center	Hospital	0.84%	0.84%	0.84%	0.86%	0.00%
Mother Frances Hospital	Hospital	1.48%	1.48%	1.42%	0.85%	0.00%
University of Texas Health Center	Hospital	0.61%	0.61%	0.61%	0.62%	0.00%
Simon Property Group	Commercial Property	0.39%	0.38%	0.38%	0.39%	0.00%
Totals		8.72%	8.90%	8.51%	7.94%	7.98%

Source: Smith and Van Zandt County Appraisal Districts

Table 7
(Continued)

TYLER JUNIOR COLLEGE DISTRICT
PRINCIPAL TAXPAYERS
LAST TEN TAX YEARS
YEARS 2006-2010
(UNAUDITED)

Taxpayer (1)	Type of Business	Taxable Assessed Value (TAV) by Tax Year				
		2010	2009	2008	2007	2006
Brookshire Grocery Company	Supermarkets; distribution facilities	\$ 129,333,680	\$ 127,334,915	\$ 126,996,710	\$ 128,587,944	\$ 128,115,834
Oncor Electric / TXU	Electric utility	84,193,564	80,760,107	83,481,339	78,305,667	85,452,857
WalMart/Sam's	Retail	81,793,018	87,589,929	91,792,684	88,589,408	88,589,408
Kelly Springfield Tire Company	Tire Manufacturer	-	-	-	46,333,329	46,333,329
McWane Inc./ Ranson Industries	Pipe manufacturer	51,853,668	-	61,156,799	87,476,491	87,476,491
Southwestern Bell Telephone	Telephone utility	-	47,638,032	51,854,412	58,519,119	58,519,119
Dayton Hudson Corp.	Retail; distribution facilities	107,880,844	86,634,554	62,265,652	53,942,611	53,942,611
Delek Refining LTD / Crown / LaGloria	Refinery	175,112,792	118,688,302	245,122,365	154,833,482	154,833,482
Simon Property Group	Commercial property	52,761,861	56,707,130	47,620,545	46,559,890	46,559,890
Carrier / Tytex	Air conditioning manufacturer	44,952,878	47,468,281	-	-	-
Union Oil Company	Oil & Gas	50,865,245	56,741,270	85,339,960	85,339,960	65,685,590
Genecov Investment Group	Commercial property	81,754,531	56,766,576	57,475,537	-	-
East Texas Medical Center	Hospital	-	-	-	-	-
Mother Frances Hospital	Hospital	-	-	-	-	-
University of Texas Health Center	Hospital	-	-	-	-	-
Simon Property Group	Commercial Property	-	-	-	-	-
Totals		\$ 860,502,081	\$ 766,329,096	\$ 913,106,003	\$ 828,487,901	\$ 815,508,611
Total Taxable Assessed Value		\$ 10,679,667,927	\$ 10,676,730,006	\$ 10,522,100,610	\$ 9,869,811,578	\$ 8,925,879,988

Table 7
(Continued)

TYLER JUNIOR COLLEGE DISTRICT
PRINCIPAL TAXPAYERS
LAST TEN TAX YEARS
YEARS 2006-2010
(UNAUDITED)

Taxpayer (1)	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year				
		2010	2009	2008	2007	2006
Brookshire Grocery Company	Supermarkets; distribution facilities	1.21%	1.19%	1.21%	1.30%	1.44%
Oncor Electric / TXU	Electric utility	0.79%	0.76%	0.79%	0.79%	0.96%
WalMart/Sam's	Retail	0.77%	0.82%	0.87%	0.90%	0.99%
Kelly Springfield Tire Company	Tire Manufacturer	0.00%	0.00%	0.00%	0.47%	0.52%
McWane Inc./ Ranson Industries	Pipe manufacturer	0.49%	0.00%	0.58%	0.89%	0.98%
Southwestern Bell Telephone	Telephone utility	0.00%	0.45%	0.49%	0.59%	0.66%
Dayton Hudson Corp.	Retail; distribution facilities	0.00%	0.81%	0.59%	0.55%	0.60%
Delek Refining LTD / Crown / LaGloria	Refinery	1.64%	1.11%	2.33%	1.57%	1.73%
Simon Property Group	Commercial property	0.49%	0.53%	0.45%	0.47%	0.52%
Carrier / Tytex	Air conditioning manufacturer	0.42%	0.44%	0.00%	0.00%	0.00%
Union Oil Company	Oil & Gas	0.48%	0.53%	0.81%	0.86%	0.74%
Genecov Investment Group	Commercial property	0.77%	0.53%	0.55%	0.00%	0.00%
East Texas Medical Center	Hospital	0.00%	0.00%	0.00%	0.00%	0.00%
Mother Frances Hospital	Hospital	0.00%	0.00%	0.00%	0.00%	0.00%
University of Texas Health Center	Hospital	0.00%	0.00%	0.00%	0.00%	0.00%
Simon Property Group	Commercial Property	0.00%	0.00%	0.00%	0.00%	0.00%
Totals		7.05%	7.18%	8.68%	8.39%	9.14%

Source: Smith and Van Zandt County Appraisal Districts

Table 8

TYLER JUNIOR COLLEGE DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year Ended August</u>	<u>Total Tax Levy</u> (1)	<u>Current Tax Collections</u>	<u>Percent of Current Tax Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections To Tax Levy</u>
2016	\$ 22,705,595	\$ 22,349,789	98.43%	\$ 52,100	\$ 22,401,889	98.66%
2015	\$ 21,803,240	\$ 21,523,382	98.72%	\$ 11,292	\$ 21,534,674	98.77%
2014	\$ 21,269,434	\$ 20,921,516	98.36%	\$ -	\$ 20,921,516	98.36%
2013	\$ 20,721,317	\$ 20,414,731	98.52%	\$ 135,585	\$ 20,550,316	99.17%
2012	\$ 18,589,719	\$ 18,304,251	98.46%	\$ 49,486	\$ 18,353,737	98.73%
2011	\$ 18,409,311	\$ 18,093,950	98.29%	\$ 28,245	\$ 18,122,195	98.44%
2010	\$ 14,208,183	\$ 14,095,963	99.21%	\$ 17,868	\$ 14,113,831	99.34%
2009	\$ 13,125,823	\$ 12,593,167	95.94%	\$ 9,140	\$ 12,602,307	96.01%
2008	\$ 12,352,363	\$ 12,188,832	98.68%	\$ 5,124	\$ 12,193,956	98.72%
2007	\$ 11,235,178	\$ 11,074,241	98.57%	\$ 2,849	\$ 11,077,090	98.59%

(1) Taxes levied October 1 on assessed value as of prior January 1, delinquent after January 31.

Table 9

TYLER JUNIOR COLLEGE DISTRICT
RATIOS OF OUTSTANDING DEBT
LAST TEN FISCAL YEARS
(UNAUDITED)

	For the Fiscal Year Ended August 31									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Other Debt										
Bonded debt	\$ 116,297,000	\$ 124,770,000	\$ 120,050,000	\$ 75,695,000	\$ 57,295,000	\$ 62,680,000	\$ 68,470,000	\$ 47,395,000	\$ 50,700,000	\$ 52,965,000
Notes	0	122,155	830,602	1,469,185	2,226,212	3,618,545	7,267,915	9,018,497	8,511,126	9,226,409
Total Outstanding Debt	\$ 116,297,000	\$ 124,892,155	\$ 120,880,602	\$ 77,164,185	\$ 59,521,212	\$ 66,298,545	\$ 75,737,915	\$ 56,413,497	\$ 59,211,126	\$ 62,191,409
Total Outstanding Debt Ratios										
Per Capita	\$ 531.42	\$ 570.70	\$ 559.43	\$ 287.12	\$ 223.78	\$ 258.45	\$ 319.34	\$ 237.86	\$ 259.65	\$ 283.62
Per FTSE	11,933	12,676	12,202	8,305	6,516	7,689	8,804	6,557	7,085	6,808
As a percentage of Taxable Assessed Value	1.01%	1.08%	1.07%	0.70%	0.55%	0.62%	0.54%	0.54%	0.60%	0.66%

Notes: Ratios calculated using population, TAV and full-time student equivalent from other tables.

TYLER JUNIOR COLLEGE DISTRICT
 PLEDGED REVENUE COVERAGE
 LAST TEN FISCAL YEARS
 (UNAUDITED)

Table 10

Fiscal Year Ended August 31	Pledged Revenues			Debt Service Requirements			Coverage Ratio
	Tuition and Fees	Auxiliary Enterprise	Total	Principal	Interest	Total	
2016	\$ 31,899,817	\$ 8,612,739	\$ 40,512,556	\$ 7,668,000	\$ 4,568,147	\$ 12,236,147	3.31
2015	30,674,433	6,590,091	37,264,524	5,280,000	5,269,180	10,549,180	3.53
2014	30,414,955	6,276,034	36,690,989	5,700,000	3,168,722	8,868,722	4.14
2013	30,569,314	5,785,185	36,354,499	5,540,000	3,058,107	8,598,107	4.23
2012	30,716,199	5,499,548	36,215,747	5,385,000	2,618,703	8,003,703	4.52
2011	29,640,946	5,767,075	35,408,021	5,790,000	3,170,314	8,960,314	3.95
2010	28,346,513	5,702,778	34,049,291	3,305,000	3,038,286	6,343,286	5.37
2009	22,587,429	5,569,035	28,156,464	3,305,000	3,038,286	6,343,286	4.44
2008	19,137,027	3,848,897	22,985,924	2,265,000	2,648,646	4,913,646	4.68
2007	17,902,805	3,269,541	21,172,346	2,210,000	2,667,491	4,877,491	4.34

TYLER JUNIOR COLLEGE DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS - TAXING DISTRICT
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u>	<u>District Population</u>	<u>District Personal Income (thousands of dollars)</u>	<u>District Personal Income Per Capita</u>	<u>District Unemployment Rate</u>
2015-16	222,936	\$ 9,464,715	\$ 42.455	4.5%
2014-15	218,842	9,199,272	42.036	5.2%
2013-14	216,080	8,889,117	41.138	6.5%
2012-13	214,617	8,218,435	38.293	7.0%
2011-12	212,891	7,671,125	36.033	7.8%
2010-11	209,714	6,956,342	33.171	7.8%
2009-10	207,111	7,227,898	34.899	7.6%
2008-09	203,263	7,323,724	36.031	5.0%
2007-08	199,953	6,982,403	34.920	4.2%
2006-07	196,124	6,539,102	33.342	4.7%

Sources:

Population from U. S. Bureau of the Census and is estimated for the District

Personal income from U.S. Bureau of Economic Analysis

Unemployment rate from Texas Workforce Commission

Table 12

TYLER JUNIOR COLLEGE DISTRICT
PRINCIPAL EMPLOYERS
PAST EIGHT FISCAL YEARS
(UNAUDITED)

Employer	2016		2015		2014		2013		2012		2011		2010		2009	
	Number of Employees	Percentage of Total Employment	Number of Employees	Percentage of Total Employment	Number of Employees	Percentage of Total Employment	Number of Employees	Percentage of Total Employment	Number of Employees	Percentage of Total Employment	Number of Employees	Percentage of Total Employment	Number of Employees	Percentage of Total Employment	Number of Employees	Percentage of Total Employment
Trinity Mother Frances	4,300	7.96%	4,300	7.96%	4,030	7.46%	3,775	7.02%	4,000	5.82%	3,884	5.65%	3,652	5.32%	3,567	5.19%
East Texas Medical Center	3,194	5.91%	3,194	5.91%	3,082	5.72%	3,153	5.86%	3,238	4.71%	3,725	5.42%	3,620	5.27%	3,650	5.31%
Brookshire Grocery Company	2,565	4.75%	2,565	4.75%	1,762	3.26%	2,599	4.83%	2,522	3.67%	2,524	3.67%	2,213	3.22%	2,190	3.19%
Tyler Independent School District	2,115	3.91%	2,115	3.91%	2,359	4.37%	2,468	4.59%	2,449	3.56%	2,464	3.58%	2,501	3.64%	2,572	3.74%
Wal-Mart	1,600	2.96%	1,600	2.96%	1,296	2.40%	1,311	2.44%	1,711	2.49%	1,711	2.49%	1,697	2.47%	1,670	2.43%
Trane Co.	1,538	2.85%	1,538	2.85%	1,500	2.78%	1,500	2.79%	1,500	2.18%	1,575	2.29%	1,520	2.21%	1,949	2.84%
Suddenlink	1,500	2.78%	1,500	2.78%	1,600	2.96%	1,500	2.79%	1,500	2.18%	1,197	1.74%	1,138	1.66%	1,057	1.54%
UT Health Northeast	1,130	2.09%	1,130	2.09%	1,050	1.94%	925	1.72%	865	1.26%	849	1.24%	-	0.00%	-	0.00%
City of Tyler	853	1.58%	853	1.58%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Carrier Corporation	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	795	1.16%	659	0.96%	1,201	1.75%
Tyler Junior College District	841	1.56%	841	1.56%	935	1.73%	862	1.60%	811	1.18%	786	1.14%	586	0.85%	572	0.83%
UT Tyler	1,765	3.27%	1,765	3.27%	1,557	2.88%	1,121	2.08%	1,094	1.59%	-	0.00%	568	0.83%	556	0.81%
	<u>21,401</u>	<u>39.61%</u>	<u>21,401</u>	<u>39.61%</u>	<u>19,181</u>	<u>35.50%</u>	<u>19,214</u>	<u>28.71%</u>	<u>19,690</u>	<u>22.84%</u>	<u>19,510</u>	<u>22.75%</u>	<u>18,154</u>	<u>21.11%</u>	<u>18,984</u>	<u>22.44%</u>

Source:
Tyler Economic Development Council - Community Profile

Note: Per GASB 44, this table should show the current year and the period nine years prior. The information seven years prior is unavailable and thus, this information is being implemented prospectively from 2009.

Table 13

TYLER JUNIOR COLLEGE DISTRICT
FACULTY, STAFF AND ADMINISTRATORS STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Faculty										
Full-Time	310	309	296	295	282	280	278	272	255	251
Part-Time	307	355	306	305	323	298	270	258	258	235
Total	617	664	602	600	605	578	548	530	513	486
Percent										
Full-Time	50.24%	46.54%	49.17%	49.17%	46.61%	48.44%	50.73%	51.32%	49.71%	51.65%
Part-Time	49.76%	53.46%	50.83%	50.83%	53.39%	51.56%	49.27%	48.68%	50.29%	48.35%
Staff and Administrators										
Full-Time	365	352	348	339	329	319	322	310	269	259
Part-Time	294	226	264	255	210	194	200	170	151	141
Total	659	578	612	594	539	513	522	480	420	400
Percent										
Full-Time	55.39%	60.90%	56.86%	57.07%	61.04%	62.18%	61.69%	64.58%	64.05%	64.75%
Part-Time	44.61%	39.10%	43.14%	42.93%	38.96%	37.82%	38.31%	35.42%	35.95%	35.25%
FTSE per Full-Time Faculty	31.44	31.89	33.47	31.49	32.39	30.79	30.95	31.63	32.77	34.65
FTSE per Full-Time Staff Member	26.70	27.99	28.47	27.41	28.64	27.03	31.86	33.34	32.39	37.01
Average Annual Faculty Salary	\$ 53,939	\$ 51,309	\$ 50,217	\$ 51,120	\$ 50,065	\$ 50,848	\$ 51,047	\$ 49,100	\$ 46,764	\$ 45,303

Table 14

TYLER JUNIOR COLLEGE DISTRICT
ENROLLMENT DETAILS
LAST FIVE FISCAL YEARS
(UNAUDITED)

Student Classification	Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00-30 hours	5,382	57.91%	5,670	58.88%	6,810	70.83%	6,031	61.45%	7,531	65.26%
31-60 hours	2,654	28.56%	2,666	27.68%	1,831	19.05%	3,411	34.76%	2,207	19.12%
>60 hours	1,258	13.54%	1,294	13.44%	973	10.12%	372	3.79%	1,802	15.62%
Total	9,294	100%	9,630	100%	9,614	100%	9,814	100%	11,540	100%

Semester Hour Load	Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Part-Time	4,183	45.01%	4,376	45.44%	4,367	45.42%	4,571	46.58%	5,143	44.57%
Full-Time	5,111	54.99%	5,254	54.56%	5,247	54.58%	5,243	53.42%	6,397	55.43%
Total	9,294	100%	9,630	100%	9,614	100%	9,814	100%	11,540	100%

Tuition Status	Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (in-District)	3,967	42.68%	4,167	43.27%	3,989	41.49%	4,041	41.18%	5,117	44.34%
Texas Resident (out-of-District)	4,957	53.34%	5,096	52.92%	5,208	54.17%	5,347	54.48%	5,989	51.90%
Non-Resident Tuition	370	3.98%	367	3.81%	417	4.34%	426	4.34%	434	3.76%
Tuition Exemption/Waiver	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Total	9,294	100%	9,630	100%	9,614	100%	9,814	100%	11,540	100%

Table 15

TYLER JUNIOR COLLEGE DISTRICT
STUDENT PROFILE
LAST FIVE FISCAL YEARS
(UNAUDITED)

Gender	Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	5,537	59.58%	5,678	58.96%	5,599	58.24%	5,701	58.09%	6,809	59.00%
Male	3,757	40.42%	3,952	41.04%	4,015	41.76%	4,113	41.91%	4,731	41.00%
Total	9,294	100%	9,630	100%	9,614	100%	9,814	100%	11,540	100%

Ethnic Origin	Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	5,314	57.18%	5,415	56.23%	5,419	56.37%	5,514	56.19%	6,939	60.13%
Hispanic	1,108	11.92%	1,271	13.20%	1,303	13.55%	1,339	13.64%	1,297	11.24%
African American	2,180	23.46%	2,387	24.79%	2,323	24.16%	2,440	24.86%	2,666	23.10%
Asian	122	1.31%	126	1.31%	142	1.48%	136	1.39%	176	1.53%
Native American	125	1.34%	97	1.01%	93	0.97%	72	0.73%	78	0.68%
Other	445	4.79%	334	3.47%	334	3.47%	313	3.19%	384	3.33%
Total	9,294	100%	9,630	100%	9,614	100%	9,814	100%	11,540	100%

Age	Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
16 or younger	52	0.56%	124	1.29%	19	0.20%	37	0.38%	590	5.11%
17	135	1.45%	186	1.93%	160	1.66%	179	1.82%	765	6.63%
18	1,928	20.74%	1,936	20.10%	1,852	19.26%	1,885	19.21%	1,917	16.61%
19-21	3,492	37.57%	3,477	36.11%	3,415	35.52%	3,455	35.20%	3,608	31.27%
22-24	1,109	11.93%	1,120	11.63%	1,206	12.54%	1,221	12.44%	1,320	11.44%
25-30	1,125	12.10%	1,133	11.77%	1,169	12.16%	1,214	12.37%	1,322	11.46%
31-35	486	5.23%	538	5.59%	578	6.01%	612	6.24%	721	6.25%
36-50	750	8.07%	883	9.17%	940	9.78%	979	9.98%	1,075	9.32%
51-64	210	2.26%	225	2.34%	250	2.60%	222	2.26%	216	1.87%
65 & over	7	0.08%	8	0.08%	25	0.26%	10	0.10%	6	0.05%
Total	9,294	100%	9,630	100%	9,614	100%	9,814	100%	11,540	100%

Average Age	24	24	25	24	23
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Table 16

**TYLER JUNIOR COLLEGE DISTRICT
TRANSFERS TO SENIOR INSTITUTIONS
2014 FALL STUDENTS AS OF FALL 2015
(Includes only public senior colleges in Texas)
(UNAUDITED)**

	Transfer Student Count	Transfer Student Count	Transfer Student Count	Transfer Student Count	Total of all Sample Transfer Students	% of all Sample Transfer Students
	Academic	Technical	Tech-Prep	EU Graduate		
1 Angelo State University	1,277	117	112	0	1,506	0.96%
2 Lamar University	1,128	173	78	0	1,379	0.88%
3 Midwestern State University	856	193	17	0	1,066	0.68%
4 Prairie View A&M University	1,156	127	8	0	1,291	0.82%
5 Sam Houston State University	5,746	342	69	4	6,161	3.94%
6 Stephen F. Austin State University	2,813	261	53	1	3,128	2.00%
7 Sul Ross State University	173	24	8	1	206	0.13%
8 Sul Ross State University - Rio Grande College	288	3	6	0	297	0.19%
9 Tarleton State University	3,299	477	98	0	3,874	2.47%
10 Texas A&M University International University	1,054	143	70	0	1,267	0.81%
11 Texas A&M University	18,204	958	193	1	19,356	12.36%
12 Texas A&M University - Central Texas	785	68	57	0	910	0.58%
13 Texas A&M University - Commerce	2,204	292	59	1	2,556	1.63%
14 Texas A&M University - Corpus Christi	1,833	202	71	0	2,106	1.35%
15 Texas A&M University - Kingsville	979	144	37	0	1,160	0.74%
16 Texas A&M University - San Antonio	2,689	252	25	3	2,969	1.90%
17 Texas A&M University - Texarkana	408	32	2	0	442	0.28%
18 Texas A&M University at Galveston	679	38	3	0	720	0.46%
19 Texas Southern University	1,166	108	7	0	1,281	0.82%
20 Texas State University	8,436	864	352	3	9,655	6.17%
21 Texas Tech University	8,545	819	128	1	9,493	6.06%
22 Texas Women's University	3,528	602	70	0	4,200	2.68%
23 University of Texas - Rio Grande Valley	3,112	632	108	0	3,852	2.46%
24 University of Texas - Arlington	9,954	2,005	136	0	12,095	7.73%
25 University of Texas - Austin	11,412	1,030	235	0	12,677	8.10%
26 University of Texas - Dallas	5,109	1,043	53	0	6,205	3.96%
27 University of Texas - El Paso	3,565	119	118	0	3,802	2.43%
28 University of Texas - San Antonio	6,599	536	83	2	7,220	4.61%
29 University of Texas - Tyler	1,841	201	34	2	2,078	1.33%
30 University of Texas of the Permian Basin	930	100	43	0	1,073	0.69%
31 University of Houston	10,929	636	54	0	11,619	7.42%
32 University of Houston - Clear Lake	2,553	218	19	0	2,790	1.78%
33 University of Houston - Downtown	3,711	290	18	0	4,019	2.57%
34 University of Houston - Victoria	1,015	105	22	0	1,142	0.73%
35 University of North Texas	8,680	1,234	135	4	10,053	6.42%
36 University of North Texas at Dallas	872	299	4	0	1,175	0.75%
37 West Texas A&M University	1,569	93	74	0	1,736	1.11%
Totals	139,097	14,780	2,659	23	156,559	100%

Source: The Automated Student & Adult Learner Follow-up Report from the Coordinating Board.

Table 17

TYLER JUNIOR COLLEGE DISTRICT
CAPITAL ASSET INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Academic buildings	15	15	13	13	13	13	13	13	13	13
Square footage (in thousands)	657	657	430	430	430	430	430	430	430	430
Libraries	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	41	41	41	41	41	41	41	41	41	41
Number of Volumes (in thousands)	84	85	86	87	88	100	104	104	104	98
Administrative and support buildings	10	8	8	8	8	8	8	8	8	8
Square footage (in thousands)	178	170	170	170	170	168	161	161	161	161
Dormitories	10	10	9	9	9	9	9	9	9	8
Square footage (in thousands)	333	333	267	267	267	267	267	267	267	115
Number of Beds	1248	1248	1062	1062	1062	1062	1062	1062	1062	600
Dining Facilities	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	4	4	4	4	4	4	4	4	4	4
Average daily customers	1962	1915	1745	3678	3872	3543	2758	2500	2500	2,000
Athletic Facilities	7	7	7	7	7	7	7	7	7	6
Square footage (in thousands)	445	445	445	445	445	445	436	436	436	425
Stadiums	1	1	1	1	1	1	1	1	1	1
Gymnasiums	2	2	2	2	2	2	2	2	2	2
Fitness Centers	2	2	2	2	2	2	2	2	2	2
Tennis Court	2	2	2	2	2	2	2	2	2	1
Plant facilities	2	2	2	2	2	2	2	2	2	1
Square footage (in thousands)	27	27	27	27	27	27	27	27	27	17
Transportation										
Cars	17	13	17	17	15	10	6	15	6	6
Light Trucks/Vans	30	27	29	27	27	22	21	21	42	39
Heavy Trucks	1	1	1	1	1	1	1	2	1	1
Buses	1	1	1	1	0	0	0	0	0	0

Table 18

TYLER JUNIOR COLLEGE DISTRICT
MATURITY SCHEDULE FOR BONDED DEBT
AUGUST 31, 2016

FYE	2009 Series (mat 2/15/20)			2012 Series (mat 2/15/26)			2013 Series (mat 8/15/28)		
	Interest			Interest			Interest		
	Prin	2/15	8/15	Prin	2/15	8/15	Prin	2/15	8/15
2017	\$ 2,515,000	\$ 211,300	\$ 161,000	\$ 1,070,000	\$ 300,761	\$ 284,711	\$ 625,000	\$ 108,998	\$ 108,998
2018	2,590,000	161,000	109,200	1,085,000	284,711	273,861	635,000	104,310	104,310
2019	2,680,000	109,200	55,600	1,100,000	273,861	262,861	645,000	98,595	98,595
2020	2,780,000	55,600	-	1,125,000	262,861	245,986	660,000	91,823	91,823
2021	-	-	-	1,150,000	245,986	228,736	675,000	84,398	84,398
2022-2026	-	-	-	6,245,000	971,178	880,528	3,635,000	286,504	286,504
2027-2031	-	-	-	7,385,000	476,678	364,913	1,605,000	38,523	38,523
2032-2036	-	-	-	1,645,000	26,320	-	-	-	-
Total	\$ 10,565,000	\$ 537,100	\$ 325,800	\$ 20,805,000	\$ 2,842,354	\$ 2,541,594	\$ 8,480,000	\$ 813,149	\$ 813,149

FYE	2014 Series (mat 8/15/34)			2015 Series (mat 8/15/30)			2015 Tax Notes (mat 2/15/30)		
	Interest			Interest			Interest		
	Prin	2/15	8/15	Prin	2/15	8/15	Prin	2/15	8/15
2017	\$ 1,610,000	\$ 737,670	\$ 737,670	\$ 155,000	\$ 68,251	\$ 68,251	\$ 715,000	\$ 47,032	\$ 38,773
2018	1,675,000	705,470	705,470	331,000	66,221	66,221	224,000	38,773	36,186
2019	1,740,000	671,970	671,970	340,000	61,884	61,884	229,000	36,186	33,541
2020	1,810,000	637,170	637,170	349,000	57,430	57,430	235,000	33,541	30,827
2021	1,885,000	600,970	600,970	358,000	52,859	52,859	240,000	30,827	28,055
2022-2026	10,350,000	2,535,031	2,535,031	1,937,000	191,404	191,404	1,286,000	111,238	96,385
2027-2031	12,230,000	1,598,550	1,598,550	1,740,000	57,732	57,732	1,143,000	33,391	20,189
2032-2036	8,540,000	355,206	355,206	-	-	-	-	-	-
Total	\$ 39,840,000	\$ 7,842,038	\$ 7,842,038	\$ 5,210,000	\$ 555,781	\$ 555,781	\$ 4,072,000	\$ 330,988	\$ 283,957

FYE	2016 Series (mat 8/15/36)			Total Bonded Debt		
	Interest			Interest		
	Prin	2/15	8/15	Prin	2/15	8/15
2017	\$ 1,490,000	\$ 388,108	\$ 408,534	\$ 8,180,000	\$ 1,862,118	\$ 1,807,937
2018	1,500,000	393,634	393,634	8,040,000	1,754,119	1,688,882
2019	1,530,000	378,634	378,634	8,264,000	1,630,331	1,563,086
2020	1,560,000	363,334	363,334	8,519,000	1,501,759	1,426,570
2021	1,595,000	347,734	347,734	5,903,000	1,362,773	1,342,751
2022-2026	5,570,000	1,284,697	1,284,697	29,023,000	5,380,052	5,274,549
2027-2031	6,610,000	765,397	765,397	30,713,000	2,970,270	2,845,303
2032-2036	7,470,000	330,103	330,103	17,655,000	711,629	685,309
Total	\$ 27,325,000	\$ 4,251,642	\$ 4,272,069	\$ 116,297,000	\$ 17,173,051	\$ 16,634,386

Note: This table is submitted in order to comply with the provisions of HB No. 1378. All other information required is contained in Note 9 to the financial statements.



TYLER, TEXAS



SINGLE AUDIT SECTION



TYLER JUNIOR COLLEGE DISTRICT
SCHEDULE E
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2016

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Pass Through Disbursements and Expenditures
U.S. Department of Education			
Direct Programs:			
Student Financial Assistance Cluster			
SEOG	84.007	--	\$ 200,692
Federal College Workstudy Program	84.033	--	73,500
Federal Pell Grant Program	84.063	--	18,161,056
Direct Student Loans	84.268	--	21,044,467
Postsecondary Education Scholarships for Veteran's Dependents	84.408	--	5,353
Total Student Financial Assistance Cluster			<u>39,485,068</u>
TRIO Cluster			
Student Support Services Grant	84.042A	--	208,517
Total TRIO Cluster			<u>208,517</u>
Pass Through From:			
Texas Workforce Commission			
Adult Education - Basic Grants to States	84.002	0814AELA00	9,145
Adult Education - Basic Grants to States	84.002	0816AEL002	6,000
Total Adult Education - Basic Grants to States			<u>15,145</u>
Texas Higher Education Coordinating Board			
Career and Technical Education - Basic Grants to States	84.048	14921	820,184
Institute of Education Sciences			
Research and Development Cluster			
Pass Through From:			
Texas Higher Education Coordinating Board			
Education Research, Development and Dissemination	84.305	R305H150069	<u>17,718</u>
Total U. S. Department of Education			<u>40,546,632</u>
U.S. Department of Labor			
Direct Program:			
Trade Adjustment Assistance Community College and Career Training Grants	17.282	TC-23812-12-60-A-48	<u>1,316,397</u>
Total U. S. Department of Labor			<u>1,316,397</u>
National Science Foundation			
Research and Development Cluster			
Pass Through From:			
University of Texas at El Paso			
Education and Human Resources	47.076	26-1008-4126	<u>18,528</u>
Total National Science Foundation			<u>18,528</u>
U.S. Small Business Administration (SBA)			
Pass Through From:			
Dallas County Community College District			
Small Business Development Center	59.037	--	<u>53,743</u>
Total U.S. Small Business Administration (SBA)			<u>53,743</u>
U.S. Department of Health and Human Services			
Pass Through From:			
Texas Workforce Commission			
Temporary Aid for Needy Families	93.558	0814AELA00	14,000
Workforce Solutions East Texas Board and East Texas Council of Governments			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	04161C61	<u>11,423</u>
Total U.S. Department of Health and Human Services			<u>25,423</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 41,960,723</u>

See Notes to Schedule on following page.

TYLER JUNIOR COLLEGE DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING THE SCHEDULE

The expenditures included in the schedule are reported for the District'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 District 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 District has followed all applicable guidelines issued by various entities in the preparation of the schedule. The District has elected not to use the 10% de minimis cost rate as permitted in the UG, section 200.414.

NOTE 2 – FEDERAL FINANCIAL ASSISTANCE RECONCILIATION

Federal Grants and Contracts per Schedule A	\$ 4,184,457
Non Operating Revenue From Schedule C	18,713,030
Direct Student Loans	21,044,467
Revenues reported on Schedule A not included on Schedule E (revenues reflected for agent)	(1,996,079)
Matching Contributions Included in Schedule E	<u>14,848</u>
Total Federal Financial Assistance – Schedule E	<u>\$41,960,723</u>

TYLER JUNIOR COLLEGE DISTRICT
SCHEDULE F
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED AUGUST 31, 2016

Grantor Agency/Program Title	Grant Contract Number	Expenditures
Texas Higher Education Coordinating Board		
Texas College Work Study	--	\$ 61,680
Developmental Education Scaling and Sustaining Success Program	10892	82,147
Professional Nursing Shortage Reduction Program	--	195,914
Texas Educational Opportunity Grant Program	--	668,504
Top Ten Percent	--	30,325
T-STEM Challenge Scholarship Program	11267	263,149
Dallas County Community College District		
Small Business Development Center	--	134,250
Texas Workforce Commission		
Adult Basic Education	0814AELA00	6,855
Skills Development	0814SDF001	54,080
Skills Development	0816SDF000	62,508
Total Skills Development		<u>116,588</u>
Total Expenditures of State Awards		<u>\$ 1,559,412</u>

TYLER JUNIOR COLLEGE DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS

NOTE 1 – 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 District's significant accounting policies. These expenditures are reported on the District's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis.

NOTE 2 – STATE FINANCIAL ASSISTANCE RECONCILIATION

State Grants and Contracts per Schedule A	\$1,654,043
Professional Nursing Shortage Reduction reported on Schedule C	195,915
Revenues reported on Schedule A not included on Schedule E (revenues reflected for agent)	(299,106)
Matching Contributions Included in Schedule F	<u>8,560</u>
Total State Financial Assistance – Schedule F	<u>\$1,559,412</u>

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

Board of Trustees
Tyler Junior College District
Tyler, Texas

Board of Trustees:

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 Tyler Junior College District as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise Tyler Junior College District's basic financial statements, and have issued our report thereon dated November 30, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Tyler Junior College District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Tyler Junior College District's internal control. Accordingly, we do not express an opinion on the effectiveness of Tyler Junior College District'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses: 2016-001, 2016-002, 2016-003, 2016-004 and 2016-005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tyler Junior College District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have

a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs as items 2016-001, 2016-002 and 2016-005.

Tyler Junior College District's Response to Findings

Tyler Junior College District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Tyler Junior College District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants

Tyler, Texas
November 30, 2016

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Trustees
Tyler Junior College District
Tyler, Texas

Board of Trustees:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on Student Financial Assistance Cluster

As described in Findings 2016-001, 2016-002 and 2016-005 in the accompanying schedule of findings and questioned costs, Tyler Junior College District did not comply with requirements regarding the following:

Finding #	CFDA #	Program (or Cluster) Name	Compliance Requirement
2016-001	84.268	Federal Direct Students Loans (Student Financial Assistance Cluster)	Special Tests and Provisions - Disbursement To or On Behalf of Students
2016-002	84.063, 84.007, 84.268, 84.408	Student Financial Assistance Cluster	Special Tests and Provisions - Return of Title IV Funds
2016-005	84.268	Federal Direct Students Loans (Student Financial Assistance Cluster)	Special Tests and Provisions - Borrower Data Transmission and Reconciliation

Compliance with such requirements is necessary, in our opinion, for Tyler Junior College District to comply with the requirements applicable to that program.

Qualified Opinion on Student Financial Assistance Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Tyler Junior College District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Student Financial Assistance Cluster for the year ended August 31, 2016.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Tyler Junior College District 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 other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended August 31, 2016.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2016-001, 2016-002, 2016-003, 2016-004 and 2016-005, that we consider to be material weaknesses.

Tyler Junior College District's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs and Corrective Action Plan. Tyler Junior College District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



Certified Public Accountants

Tyler, Texas
November 30, 2016

TYLER JUNIOR COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2016

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

Noncompliance material to financial Statements noted? X yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? X yes no
- Significant deficiencies identified that are not considered to be material weakness(es)? yes X none reported

Type of auditors' report issued on compliance for major programs: *Qualified*

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? X yes no

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
	Student Financial Assistance Programs:
	Part of Federally Mandated Cluster
84.063	Federal Pell Grant Program
84.007	Federal Supplemental Educational Opportunity Grant Program
84.033	Federal College Workstudy Program
84.268	Federal Direct Student Loans
84.408	Postsecondary Scholarships for Veteran's Dependents
17.282	Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants

Dollar threshold used to distinguish Between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee: X yes no

Section II – Financial Statement Findings

Finding 2016-001:

Information on the Federal Program: CFDA 84.268 – Federal Direct Student Loan, United States of Department of Education. *Compliance Requirements:* Special Tests and Provisions – Disbursement To or On Behalf of Students. *Type of Finding:* Material Noncompliance.

Criteria: Program requirements state that the institution must notify the student, or parent, in writing of (1) the date and amount of the disbursement; (2) the student's right, or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan and (3) the procedure and time by which the student or parent must notify the institution that he or she wishes to cancel the loan. Institutions that implement an affirmative confirmation process must make this notification to the student or parent no earlier than 30 days before, and no later than 30 days after, crediting the student's account at the institution with Direct Loan funds.

Condition: For each student in the sample selection receiving loans, we reviewed the school's Banner screen RUAMAIL to determine if the student was sent the required disbursement notification via e-mail and the date the notification was sent to determine if sent within the required timeframe.

Questioned Costs: -0-

Context: Fifteen students received the required disbursement notification, but received it more than thirty days after their accounts were credited with loan funding. Nine students were not sent the required disbursement notifications.

Effect or Potential Effect: Students were not notified or were not notified timely of their rights to cancel loan funding.

Cause: A quota limit was changed in the Banner system and the system would not allow the large number of e-mail disbursement notifications to be sent and the IT department did not get the issue resolved in time to meet the requirement deadline. For those students not receiving the required notification, the same issue caused the e-mail lists of students to stop at the letter K and a new e-mail notification was not regenerated.

Repeat Finding: No prior audit findings; thus, not a repeat finding.

Recommendation: The Financial Aid Office should consider developing and implementing an alternative or back up method of notifying students with the required information when the computer system fails. An internal control process should also be developed and implemented to ensure required notifications are actually made.

Views of Responsible Official: The Financial Aid Office has a process in place to send the Financial Aid Officer/Loans the output of the Banner process that generates the email notifications. Effective immediately, the staff member will monitor this output regularly. In addition, as a backup notification, a new automated process has been developed to generate paper letter notifications to all students who do not get the email notification.

Finding 2016-002:

Information on the Federal Program: Student Financial Assistance Programs – Part of Federally Mandated Cluster – CFDA 84.063 – Federal Pell Grant Program; CFDA 84.007 – Federal Supplemental Educational Opportunity Grant Program; CFDA 84.268 – Federal Direct Student Loans; and CFDA 84.408 – Postsecondary Scholarships for Veteran's Dependents. *Compliance Requirements:* Special Tests and Provisions – Return of Title IV Funds. *Type of Finding:* Material Noncompliance.

Criteria: Program requirements state that Returns of Title IV funds are required to be deposited or transferred into the SFA account or electronic fund transfers initiated to the Department of Education or the appropriate FFEL lender as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew. Returns by check are late if the check is issued more than 45 days after the institution determined the student withdrew or the date on the canceled check shows the check was endorsed more than 60 days after the date the institution determined that the student withdrew.

Condition: For each student in the sample selection of Title IV students who withdrew, dropped out or never began attendance during the audit period and for whom a refund calculation was required to be made, we reviewed disbursement and accounting records to verify that returned Title IV funds were applied to programs within 45 days of the institution becoming aware that the student had withdrawn.

Questioned Costs: -0-

Context: Three students' Return of Title IV refunds were not returned to the Department of Education within 45 days of withdrawal determination. In one instance, the return for a withdrawal in the Spring 2016 semester was not completed until Fall 2016 due to an issue with Banner.

Effect or Potential Effect: Return of Title IV refunds were not returned within the required timeframe and are thus considered late for compliance purposes.

Cause: Internal control process failure and an issue with the Banner system.

Repeat Finding: No prior audit findings; thus, not a repeat finding.

Recommendation: The Financial Aid Office should revisit procedures in place to capture data for Return of Title IV refund calculations to ensure they are effective as well as develop a process to identify due dates for return of the funds for those students identified as requiring a refund calculation. The Financial Aid Office should consider implementing an alternative method of returning the funds, such as a manual check, for instances in which Banner does not work appropriately.

Views of Responsible Official: Two of the three late returns were related to summer withdrawals. Currently, Banner does not effectively identify financial aid withdrawn students when the period functionality is used. The Financial Aid Office does combine the summer terms into one financial aid period. To improve identification processes, a customer report has been requested to identify all students who withdraw during any summer term. The Financial Aid Manager will review all summer withdrawals to determine if a calculation is needed. The report will be run every two weeks during the summer terms (May mini-mester, Summer I, Mid-Summer and Summer II) to ensure timely returns are performed. These new procedures will be effective in Summer 2017. One late return was related to an issue in Banner. Financial Aid staff worked with Ellucian support team members to identify the cause of the problem and potential solutions. An issue was identified and procedures have been modified to reduce the probability of late returns in the future related to the issue.

Finding 2016-003:

Information on the Federal Program: Student Financial Assistance Programs – Part of Federally Mandated Cluster – CFDA 84.063 – Federal Pell Grant Program; CFDA 84.007 – Federal Supplemental Educational Opportunity Grant Program; CFDA 84.268 – Federal Direct Student Loans; and CFDA 84.408 – Postsecondary Scholarships for Veteran's Dependents. *Compliance*

Requirements: Special Tests and Provisions – Return of Title IV Funds. *Type of Finding:* Internal control deficiency – Material weakness.

Criteria: The Return of Title IV refunds to the Department of Education should only be for the refund amount actually calculated. The Banner system is used to perform this calculation. A process run in the Banner system also initiates and completes the returns.

Condition and Context: During the test work on Return of Title IV funds and the review of activity in the student's accounts, we noted amounts, in addition to the refund amount calculated, that were returned to the Department of Education. A total of 179 instances of this for a total of \$11,451 were noted. This issue was identified as a result of the independent audit process. Financial Aid Office personnel were unaware Banner had created this additional return amount.

Questioned Costs: -0-

Effect or Potential Effect: Funds were returned to the Department of Education, unbeknownst to institution personnel, thus causing the institution to lose the benefit of funds that actually belong to the institution. Also, since the refund amounts are reflected on student's accounts as balances owed, students may pay a balance to clear holds that is not actually owed.

Cause: Although not confirmed by Banner technical support, Financial Aid Office personnel believe an update to the Banner system and the process followed by personnel to complete the refund process caused a conflict in Banner. Also, there was no internal control process in place to review student's account activity after the refund process was performed to ensure amounts were in agreement with the actual calculation.

Repeat Finding: No prior audit findings; thus, not a repeat finding.

Recommendation: The Financial Aid Office should develop an internal control process to review actual student's accounts after refund calculations are completed to ensure refund amounts are proper.

Views of Responsible Official: All 179 instances were reviewed and corrected as necessary to ensure student account balances were accurate. The internal review process of refund calculations has been modified to include a review of the student's account. In addition, return of Title IV procedures have been modified to only require the loan return in the loan tables and allow the new Banner syncing process to match the awards as the process is designed to do. During subsequent review of returns, the new procedures appear to be working as intended and return amounts are correct.

Finding 2016-004:

Information on the Federal Program: CFDA 17.282 – Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants. *Compliance Requirements:* Cash Management. *Type of Finding:* Internal control deficiency.

Criteria: Requests for reimbursement (drawdown requests) for this grant are to be prepared on the cash basis of accounting. Grant activity is recorded on the institution's books using accrual basis of accounting. Thus, when preparing the drawdown request, grant personnel must convert expenditures from accrual basis to cash basis before completing the drawdown request.

Condition: We reviewed the drawdown requests and compared them to a history report of draws for the fiscal year, generated from the Federal Agency payment management system. The total amount of drawdowns was compared to revenue recorded on the institution's books for this grant.

Questioned Costs: -0-

Context: The total amount of grant revenue earned for fiscal year 2016, which included cash received plus grant funds earned as of end year, but not requested until subsequent fiscal year, did not match the drawdown history report for draws made during fiscal year 2016 and those made during fiscal year 2017, but related to fiscal year 2016. The amount of revenue reflected on the books was higher. Also, the amount of the accounts receivable recorded for the grant fund was higher than the amount of drawdowns done in fiscal year 2017 for 2016.

Effect or Potential Effect: Approximately \$279,000 in grant funds the institution earned during the year were not included on the drawdown requests. At the time of audit, these funds were still receivable, as drawdown request had not been prepared as the issue was noted as a result of the audit.

Cause: When performing the accrual to cash conversion of expenditures for the drawdown request, grant personnel failed to properly add back a previous month's accrual, which was reversed in the subsequent month, thus causing the drawdown requests to be understated by the reversals each month. Management personnel's review of the drawdown requests did not identify this error.

Repeat Finding: No prior audit findings; thus, not a repeat finding.

Recommendation: An internal control process should be developed and implemented for the detailed review of drawdown requests by supervisors to ensure the accrual to cash conversion of expenditures is accurate and thus resulting in the institution receiving all grant funds for which they have earned in a timely manner.

Views of Responsible Official: The Senior Accountant has developed and implemented a process for reviewing drawdown requests to ensure accrual to cash conversions of expenditures is accurate and receivable balances are correct. The Director, Accounting Services/Controller will also review the reconciliations verifying the drawdown amounts. The accumulated earned funds not drawn to date for the grant noted in the finding were drawn down in November 2016.

Finding 2016-005:

Information on the Federal Program: CFDA 84.268 – Federal Direct Student Loan, United States of Department of Education. *Compliance Requirements:* Special Tests and Provisions – Borrower Data Transmission and Reconciliation (Direct Loan).. *Type of Finding:* Material Noncompliance and Internal Control Deficiency – Material weakness.

Criteria: Institutions must report all loan disbursements and submit required records to the Direct Loan Servicing System (DLSS) via the COD within 15 days of disbursement. Each month, the COD provides institutions with a School Account Statement (SAS) data file, which consists of a Cash Summary, Cash Detail and, at the request of the school, Loan details records. The school is required to reconcile these files to the institution's financial records monthly.

Condition: For each student in the sample selection of Title IV students who received loan disbursements, we accessed the Direct Loan Servicing System via the COD to verify disbursement dates and amounts in the DLSS agreed to the institution's records.

Questioned Costs: -0-

Context: For numerous students, the loan was shown as pending, with no disbursement dates or loan amounts paid.

Effect or Potential Effect: Since the loans for these students were not accepted by DLSS, the institution's authorized amount of loan funding was not increased for these loans; thus, Business Services could not request a drawdown of these funds. The institution disbursed the loans to the students, covering any applicable refunds with the institution's own funds. Since reimbursement could not be requested, the institution reflected a receivable on the books for these loans for an extended period of time. The institution thus lost the benefit of approximately \$1 million during this time.

Cause: Due to an issue with the way Banner processed a change in loan fees, the DLSS via the COD rejected numerous student loans. This issue was first identified in October 2015, with Banner not providing a solution to the problem until late July 2016. Financial Aid Office personnel began the task of correcting the loan files in August 2016 and did not complete the corrections until the end of October 2016. Since School Account Statements are not reconciled monthly, the issue with the loans wasn't identified timely. Also, once the solution to the problem was provided, the manual corrections to the loan files were not a priority to complete.

Repeat Finding: No prior audit findings; thus, not a repeat finding.

Recommendation: School Account Statements should be reconciled monthly so issues with loan files are identified and addressed in a timely manner, and in turn, minimizing the negative impact on the institution's cash flow.

Views of Responsible Official: School Account Statements are reviewed on a monthly basis and Banner processes are in place to identify rejected origination and disbursement records which may cause reconciliation issues with ending balances. Banner has provided a baseline solution to more effectively handle loan fee changes which cause a significant number of rejected records and reconciliation issues. The enhancement has been implemented as of September 2016 for 16-17 loan processing and the process has been successful in preventing a majority of rejected disbursements for loan fee changes. The Financial Aid Officer/Loans and the Senior Accountant responsible for loan drawdowns will communicate regularly regarding the status of loan balances and escalate issues related to Banner processes in a timely manner. Financial Aid will work with Business Services and Information Technology to create additional reporting to assist in development of a well-defined reconciliation of loan disbursements monthly in addition to the annual reconciliation.

Section III – Federal Award Findings and Questioned Costs

Finding 2016-001: CFDA 84.268 – Federal Direct Student Loans

See Section II for detailed description.

Finding 2016-002: Student Financial Assistance Programs – Part of Federally Mandated Cluster:

See Section II for detailed description.

Finding 2016-003: Student Financial Assistance Programs – Part of Federally Mandated Cluster:

See Section II for detailed description.

Finding 2016-004: CFDA 17.282 – Trade Adjustment Assistance Community College and Career Training (TAACCT) Grants:

See Section II for detailed description.

Finding 2016-005: CFDA 84.268 – Federal Direct Student Loans

See Section II for detailed description.

TYLER JUNIOR COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED AUGUST 31, 2016

There were no findings reported in the prior audit as of August 31, 2015.