

AMARILLO COLLEGE
Amarillo, Texas

ANNUAL FINANCIAL REPORT
August 31, 2022 and 2021

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**AMARILLO COLLEGE
ORGANIZATIONAL DATA
August 31, 2022**

Board of Regents

	<u>Officers</u>	Term Expires <u>May</u>
Anette Carlisle	Chair	2027
Jay Barrett	Vice Chair	2023
Sally Jennings	Secretary	2023

	<u>Members</u>	
Dr. David C. Woodburn	Amarillo, Texas	2025
Michele Fortunato	Amarillo, Texas	2023
Johnny Mize	Amarillo, Texas	2025
Dr. Paul Proffer	Amarillo, Texas	2025
John Betancourt	Amarillo, Texas	2027
Peggy Thomas	Amarillo, Texas	2027

	<u>Non-Voting Representative</u>	
Kathie Fuston	Moore County, Texas	2025
Sara Pesina	Hereford, Texas	2022

Cabinet Members

Dr. Russell Lowery-Hart	President
Mark White	Executive Vice President and General Counsel/ Director of Athletics
Robert Austin	Vice President of Enrollment Management
Chris Sharp	Vice President of Business Affairs
Dr. Tamara Clunis	Vice President of Academic Affairs
Cheryl Jones	Vice President of Human Resources
Kevin Ball	Vice President of Communications and Marketing
Denese Skinner	Vice President of Student Affairs
Cara Crowley	Vice President of Strategic Initiatives
Joe Bill Sherrod	Vice President of Institutional Advancement/ Executive Director of the AC Foundation

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Independent Auditor's Report

Board of Regents
Amarillo College
Amarillo, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component unit of Amarillo College (the College) as of and for the years ended August 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component unit of the College as of August 31, 2022 and 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, in 2022, the College adopted new accounting guidance, GASB No. 87, Leases. Our opinions are not modified with respect to this matter.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for twelve months beyond that financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit finding, and certain internal control-related matter that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of the College's Proportionate Share of the Net Pension Liability, and the Schedule of the College's Contributions to the Pension Plan, Schedule of the College's Proportionate Share of the Net OPEB Liability, Schedule of College's Contributions to the OPEB Plan and Notes to Required Supplemental Information on pages 10-16 and pages 95-99 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the College and its discretely presented component unit. The accompanying supplemental information listed in the table of contents, Schedules A, B, C and D, is likewise presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, Schedule E, and Schedule of Expenditures of State of Texas Awards, Schedule F, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State of Texas Uniform Grants Management Standards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards, the Schedule of Expenditures of State of Texas Awards, and the Other Supplemental Information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, the Schedule of Expenditures of State of Texas Awards, and the Other Supplemental Information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28 2023, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over the financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

CMMS CPAs & Advisors PLLC

Amarillo, Texas
February 28, 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS

**AMARILLO COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended August 31, 2022, 2021 and 2020**

Amarillo College was established in 1929. Efforts led by George Ordway and James O. Guleke to introduce a bill that established junior college districts, made Amarillo College the first established under this act. The College started in September of 1929 with B. E. Masters as president. In 1951 Amarillo College became the first publicly supported college in Texas to admit black students. Courses in radio began in 1949 and in television in 1956. In 1962 AC became the first junior college in the state to offer courses in data processing. It was among the first to have Bible chairs established adjacent to the campus. In 1984, after twelve years of work by Richard Howard and the biology department, AC opened the largest natural history museum of any two-year college in the country, with a public collection valued at over \$1 million and a research division that includes over 26,000 identified insects, plus hundreds of spiders, plants, mammals, birds, fish, reptiles, and other specimens.

On campus is the Amarillo Art Center, a three-building complex (art museum, museum building, and concert hall) opened in 1972 and provides a major focus for the arts. The library has a large southwestern collection and is a member of the Harrington Library Consortium. The Amarillo College Foundation, established in 1962, has grown to over \$72 million.

From seven faculty members and eighty-six students the first year, AC has grown to over 1,200 staff members and over 10,000 students. In 1966 the college established the West Campus next to the Harrington Regional Medical Center in response to growing demand for allied health and occupational technology programs. A third campus on Polk Street now houses the Innovation Outpost, VFX programs and a film school. In 1995 the state legislature transferred Texas State Technical College to AC. Technical education remains the focus on that campus. The college opened a new campus in Moore County in 2001. In 2005 a new campus was opened in Hereford Texas.

Fall enrollment for AC in 2022 is 9,100 students. In 2022, AC will welcome back sports which will include women's volleyball, men's baseball and men and women's cross country. Several new academic offerings started in 21 including a film school, VFX program, coding academy and cloud computing.

Fiscal Notes

The following discussion and analysis provide an overview of the financial position and activities of Amarillo College for the fiscal year ending August 31, 2022. Management has prepared this discussion, which should be read in conjunction with the financial statements and footnotes.

Amarillo College (the College) follows the requirements set forth by Governmental Accounting Standards Board (GASB). Note that the audit reports under the GASB required format, Exhibits 1, 2, and 3 present the financial data from all funds consolidated into a single column.

Exhibit 1, the Statements of Net Position corresponds to the Balance Sheet on prior year statements. This exhibit presents the assets, liabilities, and net position of the College in a single columnar format as of the end of the fiscal year.

**AMARILLO COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended August 31, 2022, 2021 and 2020**

Exhibit 2, the Statements of Revenues, Expenses, and Changes in Net Position presents the activity that occurred in the assets, liabilities, and net position for the fiscal year that resulted in the presentation of those items on Exhibit 1. Local ad valorem taxes assessed by the College, investment income, Title IV financial aid program, and state appropriations are reported as non-operating revenues.

Exhibit 3, the Statements of Cash Flows presents the inflow and outflow of cash collected and disbursed by the College for the fiscal year.

Schedule A, the Schedule of Operating Revenues presents a detailed list of the operating revenues, classified as Educational Activities (Unrestricted, Restricted) and Auxiliary Enterprises.

Schedule B, the Schedule of Operating Expenses by Object, details the expenditures for the fiscal year classified by function (element of cost) and by natural (object code) classification.

Schedule C, the Schedule of Nonoperating Revenues and Expenses provides detail for the fiscal year classified as Unrestricted, Restricted and Auxiliary Enterprises.

Schedule D, the Schedule of Net Position by Source and Availability provides a reconciliation of fund balances to net position as well as funds available for current operations.

Schedule E, the Schedule of Expenditures of Federal Awards provides detail for the fiscal year for expenditures of federal financial assistance.

Schedule F, the Schedule of Expenditures of State of Texas Awards provides detail for the fiscal year for expenditures of state financial assistance.

CONDENSED COMPARATIVE FINANCIAL INFORMATION

The College prepares these financial statements in the GASB 34/35 format. Following are the comparative financial statements for fiscal years 2022, 2021, and 2020:

	<u>2022</u>	<u>2021</u> (restated)	<u>2020</u>
Total Assets - Capital Net	\$ 160,470,307	\$ 123,829,679	\$ 120,017,634
Total Assets - Noncapital	106,951,518	101,861,634	92,994,612
Total Assets	<u>267,421,825</u>	<u>225,691,313</u>	<u>213,012,246</u>
Deferred Outflows	16,261,285	17,827,916	16,507,389
Total Liabilities - Long Term	196,733,157	150,599,837	155,034,384
Total Liabilities - Other	30,591,791	38,117,164	31,441,145
Total Liabilities	<u>227,324,948</u>	<u>188,717,001</u>	<u>186,475,529</u>
Deferred Inflows	24,515,955	27,254,904	30,604,684
Net Position - Capital	62,646,835	50,453,187	40,963,821
Net Position - Restricted	28,298,381	37,579,174	43,264,589
Net Position - Unrestricted (Deficit)	<u>(59,103,009)</u>	<u>(60,485,037)</u>	<u>(71,789,988)</u>
Total Net Position	<u>\$ 31,842,207</u>	<u>\$ 27,547,324</u>	<u>\$ 12,438,422</u>

**AMARILLO COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended August 31, 2022, 2021 and 2020**

CONDENSED COMPARATIVE FINANCIAL INFORMATION (CONTINUED)

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Operating Revenues		(restated)	
Tuition and Fees (Net of Discounts)	\$ 12,248,050	\$ 13,212,822	\$ 13,054,088
Grants and Contracts	24,897,460	27,876,609	8,789,074
Other Operating Revenues	1,153,465	1,194,602	1,198,204
Auxiliary Enterprises (Net of Discounts)	5,751,886	5,168,359	5,035,532
Total Operating Revenues	<u>44,050,861</u>	<u>47,452,392</u>	<u>28,076,898</u>
Operating Expenses			
Instruction	34,448,243	33,355,056	35,184,076
Public Service	3,574,016	3,548,946	3,364,396
Academic Support	6,509,171	5,695,342	4,392,563
Student Services	5,652,318	4,994,837	4,990,686
Institutional Support	13,026,328	14,977,547	15,148,492
Operation and Maintenance of Plant	8,875,922	7,744,018	7,689,248
Scholarships and Fellowships	17,673,022	17,955,273	8,378,680
Auxiliary Enterprises	6,764,005	6,098,830	5,475,073
Depreciation	5,314,779	5,273,325	5,422,327
Total Operating Expenses	<u>101,837,804</u>	<u>99,643,174</u>	<u>90,045,541</u>
Operating Loss	<u>(57,786,943)</u>	<u>(52,190,782)</u>	<u>(61,968,643)</u>
Nonoperating Revenues (Expenses)			
State Allocations	17,233,086	19,480,441	20,653,338
Ad Valorem Taxes	29,775,692	30,730,541	29,736,745
Federal Revenue, Nonoperating	17,556,619	17,607,646	16,614,191
Investment Income (Net)	(330,029)	1,435,560	1,407,425
Interest on Capital-Related Debt	(2,371,783)	(2,438,193)	(3,051,719)
Other Nonoperating Revenue (Expenses)	218,241	483,689	92,248
Net Nonoperating Revenues	<u>62,081,826</u>	<u>67,299,684</u>	<u>65,452,228</u>
Extraordinary Item			
Insurance proceeds	-	-	355,199
Increase in Net Position	4,294,883	15,108,902	3,838,784
Beginning Net Position	27,547,324	12,438,422	8,599,638
Ending Net Position	<u>\$ 31,842,207</u>	<u>\$ 27,547,324</u>	<u>\$ 12,438,422</u>

**AMARILLO COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended August 31, 2022, 2021 and 2020**

ANALYSIS OF COLLEGE'S OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

REVENUES

State Appropriations – State appropriations for educational and general state is on a slight increase over the past five year. State appropriations for educational and general state support for 2021-22 is \$13,782,665 which is in the first year of the current biennium is 7.17% less than the previous year.

<u>Year</u>	<u>State Appropriations</u>	<u>Change from Prior Year</u>	<u>% Change</u>
2018	13,483,127	(332,482)	-2.41%
2019	13,518,127	35,000	0.26%
2020	14,847,412	1,329,285	9.83%
2021	14,847,412	-0-	0.00%
2022	13,782,665	(1,064,747)	-7.17%

Auxiliary Enterprises – Profits from the College's auxiliary enterprises are down \$(251,587) directly due to the return of Athletics to AC. The operation of family housing remains steady while the Hagy Child Care Center is down.

Investment Income – Although interest rates have continued to decrease over the last couple of years, for 2021 there was an increase in investment income due to improvement in the national economy that has continued since 2019. Conservative estimates for investment income are used when budgeting that revenue.

Ad Valorem Tax Base – The Amarillo Junior College District (the District) property appraisal increased \$646 million or 4.01% to the 2020 tax year from the 2019 tax year, \$368 million or 2.85% from the 2018 tax year to the 2019 tax year, \$731 million or 6% from 2017 tax year to 2018 tax year, \$839 million or 5.9% from the 2016 tax year to the 2017 tax year. The increase is made up of new properties, improvements to existing properties, and increased valuations.

For the 2021-2022 budget, property appraisals increased \$551 million or 3.29% over the prior year valuation. We anticipate property values to continue to increase in the foreseeable future.

On April 7, 2022, the College issued \$52,185,000 (of \$89,000,000) General Obligation Bonds, Series 2022 Limited Tax Refunding Bonds to be used to construct and equip new buildings and renovate existing facilities.

With the passage of the bond initiative in 2019 and the subsequent sale of \$89 million of construction bonds, the total tax rate for the 2021 tax year decreased to \$.21129 per \$100 valuation. The maintenance and operations portion of the tax rate remains at \$.016499 from the previous year and the interest and sinking portion was increased to \$.04630.

**AMARILLO COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended August 31, 2022, 2021 and 2020**

ANALYSIS OF COLLEGE'S OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS (CONTINUED)

REVENUES (CONTINUED)

In November of 2006, the voters of the District passed the local option to freeze ad valorem taxes for seniors and disabled.

The Amarillo City Council adopted Ordinance No. 7012 on December 19, 2006, providing for the creation of a contiguous geographic area within the City to be a zone known as the Tax Increment Zone Number One, City of Amarillo, Texas (TIRZ #1) and the establishment of a tax increment fund for the Zone. The District's boundaries encompass the TIRZ #1. At a special meeting in November of 2007, the Board of Regents approved participation in the TIRZ #1. The contribution by the College to the TIRZ #1 district for 2021-22, 2020-21, 2019-20, and 2018-19, was \$238,425, \$252,049, \$229,750, and \$158,822, respectively.

The Amarillo City Council adopted Ordinance No. 7627 on November 08, 2016, providing for the creation of a second contiguous geographic area within the City to be a zone known as the East Gateway Tax Increment Zone Number 2, City of Amarillo, Texas (TIRZ #2) and the establishment of a tax increment fund for the Zone. The District's boundaries encompass the TIRZ #2. At a regular meeting on November 28, 2017, the Board of Regents approved participation in the TIRZ #2. The contribution by the College to the TIRZ #2 district for 2021-22, 2020-21, 2019-20, 2018-19 was \$39,790, \$38,155, \$27,034, and \$16,756, respectively.

Economic Outlook – The Amarillo and regional economy continues to grow at a steady pace in spite of COVID issues. Amarillo has seen a steady increase in sales tax returns. In fact, sales tax collection for the state of Texas are up 9.77% from this time last year. The August 2022 unemployment rate is down to 3%, which is considered very low for Amarillo. With people returning to work, many employers in the area are faced with staffing shortages. August 2022, local unemployment rate of 3% is below the state and national averages of 4.2% and 3.8%, respectively.

With COVID subsiding from a second peak, it appears that the local economy is on track to being stronger than ever for this region. However, we'll need to keep track of inflation and how that might affect the economy. Overall, AC predicts an upswing in enrollment over the next five years.

EXPENSES

Employee Health Insurance – The College offers health insurance to its employees through the Employees Retirement System of Texas (ERS). The amount funded by the state was \$3.5 million, \$3.7 million, \$3.7 million, and \$4 million for fiscal years 2022, 2021, 2020, and 2019, respectively. Fortunately, AC has not seen an increase in healthcare coverage for the last four years. We are anticipating that trend to continue.

**AMARILLO COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended August 31, 2022, 2021 and 2020**

ANALYSIS OF COLLEGE'S OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS (CONTINUED)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets are defined as those items costing over \$5,000 and which have a normal useful life of more than two years. Below is a summary of the capital assets, as of August 31:

	<u>2022</u>	<u>2021</u> (restated)	<u>2020</u>	<u>Percent Change</u>
Land	\$ 5,530,798	\$ 5,336,103	\$ 5,335,103	3.65%
Construction in progress	34,971,805	5,770,874	-	506.01%
Buildings and building improvements	174,310,223	164,365,442	163,578,070	6.05%
Other real estate improvements	10,226,084	9,303,982	9,288,982	9.91%
Library books	351,591	348,116	455,401	1.00%
Furniture, machinery, vehicles, and other equipment	30,193,052	28,800,140	34,932,239	3.09%
Intangible right-of-use leased asset	1,369,502	1,285,944	-	6.49%
Total capital assets	<u>\$ 256,953,055</u>	<u>\$ 215,210,601</u>	<u>\$ 213,589,795</u>	

The College has six construction contracts going during this fiscal year. These are all bond-related construction projects.

At August 31, 2022, the College had seven bond issues outstanding, consisting of a revenue bond and six general obligation bond issues. The outstanding balance as of August 31, 2022, on each of the issues is \$8,520,000, \$9,410,000, \$23,400,000, \$10,640,000, \$10,550,000, \$52,185,000 and \$2,520,000 for Series 2015, 2016, 2019, 2020, 2021 and 2022 and 2021 MCC, respectively.

The 2021 revenue bond has an outstanding balance of \$2,520,000.

Total long-term debt, excluding current portion, at August 31, 2022, is \$108,360,000.

Series	<u>2015</u>	<u>2016</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Outstanding	\$ 8,520,000	\$ 9,410,000	\$23,400,000	\$ 10,640,000	\$ 10,550,000	\$52,185,000
Current portion	<u>530,000</u>	<u>1,915,000</u>	<u>925,000</u>	<u>1,205,000</u>	<u>870,000</u>	<u>900,000</u>
Long-term debt less current portion	<u>\$ 7,990,000</u>	<u>\$ 7,495,000</u>	<u>\$22,475,000</u>	<u>\$ 9,435,000</u>	<u>\$ 9,680,000</u>	<u>\$51,285,000</u>

Additional information on the College's capital assets and noncurrent liabilities can be found in Notes 6, 7, 8, 9 and 10 respectively, to the basic financial statements.

**AMARILLO COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended August 31, 2022, 2021 and 2020**

SUBSEQUENT EVENTS

Since August 31, 2021, the College has entered into architectural and construction agreements for the design and construction of the following projects:

Innovation Outpost – Architect: Parkhill, Construction Contractor: Western Builders Project is 95% complete.

HVAC – Washington Campus – Architect: Sims, Construction Contractor: Hicks Project is 75% complete.

First Responders Academy – Architect: Dekker, Perich, Sabatini, Construction: Plains Builders. Project is 20% complete.

Various ADA Projects for West, East and Washington Campuses – Architect: Shivert-Meggert, Construction Contractor Southwest General Contractors Projects are 100% complete.

Carter Fitness Center Remodel – Architect: Sims, Construction Contractor: Western Builders Project is 85% complete.

Student Service Center and Russell Hall Remodel – Architect: Dekker, Perich, Sabatini, construction contractor: Western Builders Project is 55% complete.

CUB Remodel – Architect: Sims, Construction Contractor: Plains Builders Project is 100% complete.

Phase II Projects:

Ware 3rd and 4th Floor Renovations – Architect: Sims, no Construction Contract has been awarded
Student Life Renovations – Architect: Sims, no Construction Contract has been awarded.

FINANCIAL STATEMENTS

AMARILLO COLLEGE
STATEMENTS OF NET POSITION
AUGUST 31, 2022 and 2021
Exhibit 1A

	2022	2021 (Restated)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 10,932,761	\$ 27,898,122
Short-term investments	21,876,530	14,325,904
Accounts receivable, net	8,671,062	13,456,296
Inventories	1,552,758	1,436,714
Other assets	610,382	442,883
Total current assets	43,643,493	57,559,919
NONCURRENT ASSETS		
Restricted cash and cash equivalents	27,911,759	28,087,988
Restricted investments	32,896,266	13,713,727
Endowment cash and cash equivalents	1,000,000	1,000,000
Endowment investments	1,500,000	1,500,000
Capital assets, net	160,470,307	123,829,679
Total noncurrent assets	223,778,332	168,131,394
TOTAL ASSETS	\$ 267,421,825	\$ 225,691,313
DEFERRED OUTFLOW OF RESOURCES		
Deferred outflows on net pension liability	\$ 4,465,182	\$ 6,258,568
Deferred outflows related to OPEB	10,480,551	10,016,092
Deferred charge on refunding	1,315,552	1,553,256
TOTAL DEFERRED OUTFLOWS	\$ 16,261,285	\$ 17,827,916
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 3,097,729	\$ 2,026,555
Accrued compensable absences - current portion	488,274	474,032
Retainage payable	1,361,383	127,164
Funds held for others	5,600,969	17,673,307
Unearned revenues	13,126,089	11,987,554
Bonds payable - current portion	6,610,000	5,515,000
Right-of-use - lease payable - current portion	307,347	313,552
Total current liabilities	30,591,791	38,117,164
NONCURRENT LIABILITIES		
Accrued compensable absences	956,344	977,855
Deposits payable	188,983	175,126
Bonds payable	110,615,000	65,040,000
Right-of-use - lease payable	526,164	689,294
Unamortized debt premium	12,239,401	6,653,157
Net pension liability	7,779,639	17,427,925
Net OPEB liability	64,427,626	59,636,480
Total noncurrent liabilities	196,733,157	150,599,837
TOTAL LIABILITIES	\$ 227,324,948	\$ 188,717,001

**AMARILLO COLLEGE
STATEMENTS OF NET POSITION, CONTINUED
AUGUST 31, 2022 and 2021
Exhibit 1A, Continued**

	2022	2021
		(Restated)
LIABILITIES AND NET POSITION, CONTINUED		
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows on net pension liability	\$ 10,014,572	\$ 3,804,412
Deferred inflows related to OPEB	14,501,383	23,450,492
TOTAL DEFERRED INFLOWS	\$ 24,515,955	\$ 27,254,904
NET POSITION		
Net investment in capital assets	\$ 62,646,835	\$ 50,453,187
Restricted for:		
Nonexpendable:		
Endowment - True	2,500,000	2,500,000
Expendable:		
Capital projects	15,927,712	23,442,452
Debt service	2,614,406	3,614,772
Other, primarily donor restrictions	7,256,263	8,021,950
Unrestricted (Deficit)	(59,103,009)	(60,485,037)
TOTAL NET POSITION (Schedule D)	\$ 31,842,207	\$ 27,547,324

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

AMARILLO COLLEGE
STATEMENTS OF FINANCIAL POSITION OF AMARILLO COLLEGE FOUNDATION, INC.
(A Component Unit of Amarillo College)
AUGUST 31, 2022 and 2021
Exhibit 1B

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash	\$ 185,394	\$ 84,235
Investments, at fair value	63,240,191	74,479,623
Unconditional promises to give	1,682,969	-
Accounts receivable	25,159	12,504
Computer software, net	1,559	3,260
Oil and gas properties	585,386	585,386
	<u>585,386</u>	<u>585,386</u>
TOTAL ASSETS	<u>\$ 65,720,658</u>	<u>\$ 75,165,008</u>
LIABILITIES AND NET POSITION		
LIABILITIES		
Related party payable	\$ 34,151	\$ 93,959
Accounts payable	3,587	63
Accrued compensation payable	20,142	16,614
	<u>20,142</u>	<u>16,614</u>
Total liabilities	<u>57,880</u>	<u>110,636</u>
NET POSITION		
Without donor restrictions		
Undesignated	4,328,124	3,193,916
With donor restrictions		
Purpose restrictions	25,935,547	37,157,468
Time-restricted for future purpose	35,399,107	34,702,988
	<u>35,399,107</u>	<u>34,702,988</u>
Total net position	<u>65,662,778</u>	<u>75,054,372</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 65,720,658</u>	<u>\$ 75,165,008</u>

Note: The term "net assets" was replaced with "net position" in the schedule above in order to conform with GASB presentation requirements.

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

AMARILLO COLLEGE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED AUGUST 31, 2022 and 2021
Exhibit 2A

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		(Restated)
Tuition and fees (net of discounts of \$11,003,815 and \$9,877,277) in 2022 and 2021, respectively	\$ 12,248,050	\$ 13,212,822
Federal grants and contracts	18,505,482	22,707,953
State grants and contracts	1,322,636	1,407,767
Local grants and contracts	2,085,194	1,961,228
Nongovernmental grants and contracts	2,984,148	1,799,661
Sales and services of educational activities	142,660	173,036
Auxiliary enterprises (net of discounts)	5,751,886	5,168,359
Other operating revenues	1,010,805	1,021,566
Total operating revenues (Schedule A)	<u>44,050,861</u>	<u>47,452,392</u>
OPERATING EXPENSES		
Instruction	34,448,243	33,355,056
Public service	3,574,016	3,548,946
Academic support	6,509,171	5,695,342
Student services	5,652,318	4,994,837
Institutional support	13,026,328	14,977,547
Operation and maintenance of plant	8,875,922	7,744,018
Scholarships and fellowships	17,673,022	17,955,273
Auxiliary enterprises	6,764,005	6,098,830
Depreciation	5,314,779	5,273,325
Total operating expenses (Schedule B)	<u>101,837,804</u>	<u>99,643,174</u>
Operating loss	<u>(57,786,943)</u>	<u>(52,190,782)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	17,233,086	19,480,441
Maintenance ad valorem taxes		
Taxes for maintenance and operations	23,202,111	22,185,623
Taxes for general obligation bonds	6,573,581	8,544,918
Federal revenue, non-operating	17,556,618	17,607,646
Gifts	210,098	513,586
Investment income, net of investment expenses	(330,029)	1,435,560
Interest on capital-related debt	(2,371,783)	(2,438,193)
Gain (loss) on disposal of fixed assets	8,144	(29,897)
Net nonoperating revenues (Schedule C)	<u>62,081,826</u>	<u>67,299,684</u>
Increase in net position	<u>4,294,883</u>	<u>15,108,902</u>
NET POSITION - BEGINNING OF YEAR	<u>27,547,324</u>	<u>12,438,422</u>
NET POSITION - END OF YEAR	<u>\$ 31,842,207</u>	<u>\$ 27,547,324</u>

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

AMARILLO COLLEGE
STATEMENTS OF ACTIVITIES OF AMARILLO COLLEGE FOUNDATION, INC.
(A Component Unit of Amarillo College)
Year Ended August 31, 2022
Exhibit 2B

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions	\$ 1,980,319	\$ 3,346,913	\$ 5,327,232
Investment income, net	(496,818)	(11,229,468)	(11,726,286)
Oil and gas income	-	123,985	123,985
Miscellaneous revenue	-	7,042	7,042
Total revenue	<u>1,483,501</u>	<u>(7,751,528)</u>	<u>(6,268,027)</u>
Net position released from restrictions - satisfaction of time or purpose restrictions	<u>2,774,274</u>	<u>(2,774,274)</u>	<u>-</u>
Total revenue	<u>4,257,775</u>	<u>(10,525,802)</u>	<u>(6,268,027)</u>
EXPENSES			
Program services:			
Grants and program services	1,614,645	-	1,614,645
Institutional activities	787,537	-	787,537
Total program services	<u>2,402,182</u>	<u>-</u>	<u>2,402,182</u>
Supporting services:			
Management and general	692,022	-	692,022
Fundraising	29,363	-	29,363
Total supporting services	<u>721,385</u>	<u>-</u>	<u>721,385</u>
Total operating expenses	<u>3,123,567</u>	<u>-</u>	<u>3,123,567</u>
Operating gains (losses)	<u>1,134,208</u>	<u>(10,525,802)</u>	<u>(9,391,594)</u>
CHANGE IN NET POSITION	<u>1,134,208</u>	<u>(10,525,802)</u>	<u>(9,391,594)</u>
NET POSITION, BEGINNING OF YEAR	<u>3,193,916</u>	<u>71,860,456</u>	<u>75,054,372</u>
NET POSITION, END OF YEAR	<u>\$ 4,328,124</u>	<u>\$61,334,654</u>	<u>\$ 65,662,778</u>

Note: The term "net assets" was replaced with "net position" in the schedule above in order to conform with GASB presentation requirements.

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

AMARILLO COLLEGE
STATEMENTS OF ACTIVITIES OF AMARILLO COLLEGE FOUNDATION, INC.
(A Component Unit of Amarillo College)
Year Ended August 31, 2021
Exhibit 2B

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions	\$ 320,491	\$ 16,565,191	\$ 16,885,682
Investment income, net	631,832	11,254,695	11,886,527
Oil and gas income	-	59,064	59,064
Miscellaneous revenue	-	2,013	2,013
Total revenue	<u>952,323</u>	<u>27,880,963</u>	<u>28,833,286</u>
Net position released from restrictions - satisfaction of time or purpose restrictions	<u>1,975,034</u>	<u>(1,975,034)</u>	<u>-</u>
Total revenue	<u>2,927,357</u>	<u>25,905,929</u>	<u>28,833,286</u>
EXPENSES			
Program services:			
Grants and program services	1,433,227	-	1,433,227
Institutional activities	<u>402,747</u>	<u>-</u>	<u>402,747</u>
Total program services	<u>1,835,974</u>	<u>-</u>	<u>1,835,974</u>
Supporting services:			
Management and general	567,756	-	567,756
Fundraising	<u>22,935</u>	<u>-</u>	<u>22,935</u>
Total supporting services	<u>590,691</u>	<u>-</u>	<u>590,691</u>
Total operating expenses	<u>2,426,665</u>	<u>-</u>	<u>2,426,665</u>
Operating gains	<u>500,692</u>	<u>25,905,929</u>	<u>26,406,621</u>
CHANGE IN NET POSITION	500,692	25,905,929	26,406,621
NET POSITION, BEGINNING OF YEAR	<u>2,693,224</u>	<u>45,954,527</u>	<u>48,647,751</u>
NET POSITION, END OF YEAR	<u>\$ 3,193,916</u>	<u>\$ 71,860,456</u>	<u>\$ 75,054,372</u>

Note: The term "net assets" was replaced with "net position" in the schedule above in order to conform with GASB presentation requirements.

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

AMARILLO COLLEGE
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2022 and 2021
Exhibit 3A

	2022	2021 (restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from students and other customers	\$ 19,829,875	\$ 17,626,107
Receipts from grants and contracts	25,571,358	32,875,496
Payments to suppliers for goods or services	(26,026,481)	(20,775,997)
Payments to or on behalf of employees	(69,448,036)	(52,773,347)
Payments of scholarships	(17,938,258)	(18,175,003)
Other cash receipts (payments)	4,126,215	(720,917)
Net cash used by operating activities	(63,885,327)	(41,943,661)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipts from state appropriations	17,232,769	19,485,612
Receipts from ad valorem taxes	29,819,306	30,792,087
Receipts from nonoperating federal revenue	17,556,618	17,607,646
Receipts from gift or grants	210,098	513,586
Student organization and other agency transactions	(4,524)	(5,443)
Net cash provided by noncapital financing activities	64,814,267	68,393,488
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of capital assets	10,572	49,497
Payments on lease payable	(120,685)	12,330
Payments on notes payable	-	(402,129)
Purchases of capital assets	(40,772,332)	(8,491,238)
Proceeds on bonds issuance	52,185,000	40,285,000
Bonds issuance costs	(448,417)	418,195
Payments on capital debt principal	(5,515,000)	(46,045,000)
Payments on capital debt interest	(1,694,643)	(2,932,545)
Refunding premium received	5,595,225	(183,137)
Net cash provided (used) by capital and related financing activities	9,239,720	(17,289,027)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturity of investments	32,941,856	15,917,200
Purchases of investments	(58,390,122)	(19,874,700)
Investment earnings	(1,861,984)	2,396,315
Net cash (used) by investing activities	(27,310,250)	(1,561,185)
INCREASE IN CASH AND CASH EQUIVALENTS	(17,141,590)	7,599,615
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR (RESTRICTED AND UNRESTRICTED)	56,986,110	49,386,495
CASH AND CASH EQUIVALENTS, END OF YEAR (RESTRICTED AND UNRESTRICTED)	\$ 39,844,520	\$ 56,986,110

AMARILLO COLLEGE
STATEMENTS OF CASH FLOWS, CONTINUED
YEARS ENDED AUGUST 31, 2022 and 2021
Exhibit 3A, Continued

	<u>2022</u>	<u>2021</u> (restated)
Reconciliation of net operating loss to net cash used by operating activities:		
Operating loss	\$ (57,786,943)	\$ (52,190,782)
Adjustments to reconcile net operating loss to net cash used by operating activities:		
Depreciation expense	5,314,779	5,273,325
Bad debt	606,000	675,000
Changes of deferred inflows of financial resources	(2,738,949)	(3,349,780)
Changes of deferred outflows of financial resources	1,328,927	(1,253,350)
Changes in assets and liabilities:		
Accounts receivable, net	4,135,937	1,171,676
Inventories	(116,044)	(181,859)
Other assets	79,623	50,644
Accounts payable	1,071,174	(191,921)
Accrued compensable absences	(7,269)	10,298
Funds held for others	(12,031,753)	5,921,348
Unearned revenue	1,102,474	1,350,433
Net pension liability	(9,648,286)	204,191
Net OPEB liability	4,791,146	550,617
Deposits payable	13,857	16,499
Net cash used by operating activities	<u>\$ (63,885,327)</u>	<u>\$ (41,943,661)</u>
Non-Cash Transactions		
Donation of capital assets	\$ -	\$ (117,599)
State on-behalf payments	5,489,905	5,489,905
Increase (decrease) in fair value of investments	(1,018,138)	1,227,935
Amortization of bond premiums	(5,586,244)	192,117

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

AMARILLO COLLEGE
STATEMENTS OF CASH FLOWS OF AMARILLO COLLEGE FOUNDATION, INC.
(A Component Unit of Amarillo College)
Years Ended August 31, 2022 and 2021
Exhibit 3B

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from donors	\$ 3,955,018	\$ 2,976,118
Receipts from oil & gas properties	123,985	59,064
Receipts from miscellaneous revenue	(5,610)	(5,531)
Payments of scholarships	(1,549,352)	(1,226,203)
Payments of grants	(65,293)	(207,024)
Payments for salaries, benefits and payroll taxes	(389,337)	(287,920)
Payments to suppliers for goods or services	<u>(1,270,452)</u>	<u>(545,642)</u>
Net cash provided by operating activities	<u>798,959</u>	<u>762,862</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(26,700,140)	(18,295,763)
Proceeds from maturities and sales of investments	25,375,509	3,103,586
Distributions from Private Equity Funds	680,696	328,238
Distributions from Private Credit Funds	112,389	156,051
Distributions from Private Markets Funds	386,417	375,334
Restricted investment income	<u>7,524</u>	<u>4,611</u>
Net cash used by investing activities	<u>(137,605)</u>	<u>(14,327,943)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions and transfers to endowment	<u>(560,195)</u>	<u>13,673,256</u>
Net cash provided (used) by financing activities	<u>(560,195)</u>	<u>13,673,256</u>
INCREASE IN CASH AND CASH EQUIVALENTS	101,159	108,175
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>84,235</u>	<u>(23,940)</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 185,394</u>	<u>\$ 84,235</u>

AMARILLO COLLEGE
STATEMENTS OF CASH FLOWS OF AMARILLO COLLEGE, FOUNDATION, INC.
(A Component Unit of Amarillo College)
Years Ended August 31, 2022 and 2021
Exhibit 3B, Continued

	<u>2022</u>	<u>2021</u>
Reconciliation of net operating income (loss) to net cash used by operating activities:		
Operating income (loss)	\$ (9,391,594)	\$ 26,406,621
Adjustments to reconcile net operating loss to net cash used by operating activities:		
Net realized (gain) loss on investments	2,773,526	(1,423,360)
Net unrealized (gain) loss on investments	9,900,920	(10,044,624)
Contributions and transfers to endowment	560,195	(13,673,256)
Investments income - restricted	(7,524)	(4,611)
Noncash dividends	(1,289,885)	(540,487)
Depreciation	1,701	1,700
Changes in:		
Promises to give	(1,682,969)	-
Accounts receivable	(12,655)	(7,544)
Payables to related parties	(59,808)	60,380
Accounts payable	3,524	(14,232)
Accrued compensation payable	3,528	2,275
Net cash used by operating activities	<u>\$ 798,959</u>	<u>\$ 762,862</u>
Non-Cash Transactions		
Net change in fair value investments	\$ (9,900,920)	\$ 10,044,624
Contributed services and in-kind facilities use	249,440	236,308

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

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 1 - REPORTING ENTITY

Amarillo College (the College) was established in 1929, in accordance with the laws of the state of Texas, to serve the educational needs of Amarillo and the surrounding communities. The College is considered to be a special-purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement No. 14. While the College receives funding from local, state, and federal sources and must comply with the spending, reporting, and recordkeeping requirements of these entities, it is not a component unit of any other governmental entity.

The financial reporting entity includes both the primary institution and all of its component units. The Amarillo Foundation for Education and Business is considered to be a blended component unit. The blended component unit, although legally separate, is in substance part of the College's operations and, therefore, is reported as if it were part of the College. See Note 26 for additional information.

The Amarillo College Foundation, Inc. (the Foundation) is a separate nonprofit organization with the main purpose of supporting the educational and other activities of the College. The Foundation is a legally separate entity. The College does not appoint a voting majority nor does it fund or is it obligated to pay debt related to the Foundation. Although the College does not control the timing or amounts of receipts from the Foundation, the majority of resources, or income thereon that the Foundation holds and invests, is restricted to the activities of the College by the donors. Under Governmental Accounting Standards Board Statement No. 39, *Determining Whether Certain Organizations are Component Units* an organization should report as a discretely presented component unit those organizations that raise and hold economic resources for the direct benefit of a governmental unit. During fiscal year 2020, the management structure and focus of the Foundation changed which caused the College to re-evaluate the status of the Foundation as a discrete component unit. Accordingly, management of the College determined that the Foundation should be presented as a discrete component unit starting in fiscal year 2020. Therefore, the Foundation's financial statements are included in the College's annual report as a discrete component unit (see table of contents). Comparative financial statements for the Foundation were not presented in the current year because this is the first year of the Foundation being reported as a component unit. Stand alone financial statements of the Foundation can be obtained from the finance department of Amarillo College.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Guidelines

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

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Other Tuition Discounts

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

If the amount is disbursed directly to the student, the amount is recorded as a scholarship expense.

Basis of Accounting

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

Budgetary Data

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

Deferred Inflows

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Governments are only permitted to report deferred inflows in circumstances specifically authorized by the GASB. The

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows (Continued)

College has deferred inflows related to the recording of the net pension liability, the OPEB liability and the right to used leased assets.

Deferred Outflows

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

Cash and Cash Equivalents

The College's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash held in endowments is not considered to be cash and cash equivalents for cash flow purposes as it is permanently restricted.

Restricted Cash

Restricted cash consists of restricted funds from donors and grantors, unspent bond proceeds, sinking funds, and cash belonging to the Amarillo Foundation for Education and Business (AFEB).

Investments

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

Inventories

Inventories consist of consumable office supplies, physical plant supplies (including fuel), computers, and bookstore stock. Inventories are valued at the lower of cost (under the first-in, first-out method) or market and are charged to expense as consumed.

Capital Assets

Capital assets are recorded at cost at the date of acquisition or fair value at the date of donation. The capitalization policy includes items valued at \$5,000 or more and a useful life of greater than two years. Renovations of \$100,000 or more to buildings, infrastructures, and land improvements

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

that significantly increase the value or extend the useful life of the structure are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are charged to operating expense in the year in which the expense is incurred.

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

Buildings	50 years
Facilities and Other Improvements	20 years
Library Books	15 years
Furniture, Machinery, Vehicles and Other Equipment	10 years
Telecommunications and Peripheral Equipment	5 years

The GASB issued Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, in November 2003. This Statement was effective for the College's fiscal year ending August 31, 2006. This Statement establishes accounting and financial reporting standards for impairment of capital assets and also clarifies and establishes accounting requirements for insurance recoveries. The College analyzed its capital assets for impairment in accordance with GASB Statement No. 42. As a result, there were no impairment losses recognized during 2022.

Leases

Effective September 1, 2021, the College implemented GASB No. 87, *Leases*. As the lessee, the College determines whether a contract is, or contains a lease at inception. Lease agreements with a maximum lease term of twelve months or less, including options to extend, are accounted for as a short-term lease. Lease agreements that transfer ownership of the underlying asset to the College at the end of the contract are recorded as a finance purchase with a related lease liability. Lease agreements not classified as a short-term lease, or a finance purchase are accounted for as an intangible right-of-use lease asset. An intangible right-of-use lease asset represents the College's right-of-use of an underlying asset during the lease term and the lease liability represents the College's obligation to make lease payments arising from the lease. Intangible right-of-use lease assets and lease liabilities are recognized at lease commencement based upon the estimate present value of unpaid lease payments over the lease term. The College uses its incremental borrowing rate based on information available at lease commencement in determining the present value of unpaid lease payments. As the lessor, the College applies the same criteria but recognizes a lease receivable and a deferred inflow of resources equal to the present value of the lease payments.

Unearned Revenues

Tuition, fees, and other revenues received and related to the periods after August 31, 2022 and 2021, have been deferred. Tuition and fees of \$9,343,082 and \$9,150,768 have been reported as unearned revenue at August 31, 2022 and 2021, respectively.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

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

Other Postemployment Benefits

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

Estimates

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

Operating and Nonoperating Revenue and Expense Policy

The College distinguishes operating revenues and expenses from nonoperating items. The College reports as a business-type activity and as a single, proprietary fund. Operating revenues and expenses generally result from providing services in connection with the College's principal ongoing operations. The principal operating revenues are tuition and related fees. The major nonoperating revenues are state allocations, Title IV financial aid programs, and property tax collections. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets.

When both restricted and unrestricted resources are available for use, it is the College's practice to use restricted resources first, and then unrestricted resources as they are needed.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented.

**AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021**

NOTE 3 - AUTHORIZED INVESTMENTS

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

NOTE 4 - DEPOSITS AND INVESTMENTS

Cash and cash equivalents included on Exhibit 1A, Statements of Net Position, are reported below:

	<u>2022</u>	<u>2021</u>
Demand deposits	\$ 1,929,111	\$ 6,222,004
Local Government Investments Pool (Tex Pool) deposits	37,876,609	50,745,306
Petty cash	<u>38,800</u>	<u>18,800</u>
Total	<u>\$ 39,844,520</u>	<u>\$ 56,986,110</u>

Investments as reported on Exhibit 1A, Statement of Net Position consisted of the following types of securities at fair value and are reported below:

<u>Type of Security</u>	<u>Market Value</u>	
	<u>2022</u>	<u>2021</u>
Mutual funds	\$ 11,340,578	\$ 13,216,484
Certificates of deposit/CDARs	<u>44,932,218</u>	<u>16,323,147</u>
Total investments	<u>\$ 56,272,796</u>	<u>\$ 29,539,631</u>

Reconciliation of deposits and investments between Note 4 and Exhibit 1, Statements of Net Position on August 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Total cash and cash equivalents	\$ 39,844,520	\$ 56,986,110
Total investments	<u>56,272,796</u>	<u>29,539,631</u>
Total	<u>\$ 96,117,316</u>	<u>\$ 86,525,741</u>

Per Exhibit 1A:

Cash and cash equivalents	\$ 10,932,761	\$ 27,898,122
Short term investments	21,876,530	14,325,904
Restricted cash and cash equivalents-noncurrent	27,911,759	28,087,988
Restricted Investments	32,896,266	13,713,727
Endowment cash and cash equivalents-noncurrent	1,000,000	1,000,000
Endowment investments	<u>1,500,000</u>	<u>1,500,000</u>
Total	<u>\$ 96,117,316</u>	<u>\$ 86,525,741</u>

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)

As of August 31, 2022, the College had the following investments and maturities:

<u>Investment Type</u>	<u>Market Value</u>	<u>Percent</u>	<u>Investment Maturities (Years)</u>	<u>Security Rating</u>
Money markets/mutual funds	\$ 11,340,578	20%	Less than 1 year	Unrated - BBB
Certificates of deposit/CDARS	<u>44,932,218</u>	<u>80%</u>	Less than 1 year	Unrated
Total investments	<u>\$ 56,272,796</u>	<u>100%</u>		

Interest Rate Risk - Interest rate risk occurs when potential purchasers of debt securities do not agree to pay face value for those securities if interest rates rise. In accordance with state law and Board policy, the College does not purchase any investments with maturities greater than one year except for endowed funds which can be invested to a maximum of five years. The College uses the specific identification method to disclose interest rate risk.

Concentration of Credit Risk - Concentration risk is defined as positions of 5% or more in the securities of a single issuer. The College's investment policy states that the balance in external investment pools shall not exceed 35% of the total College investment portfolio unless approved by the Investment Committee of the Board of Regents. The College had no concentration of more than 5% as of August 31, 2022. Also the College has approximately \$37,880,000 in TexPool this amount is 39% of deposits and investments.

Credit Risk - In accordance with state law and the College's investment policy, with the exception of endowed investments, investments in mutual funds and investment pools must be rated at least AAA, commercial paper must be rated at least A-1 or P-1, and investments in obligations from other states, municipalities, counties, etc. must be rated at least A.

Custodial Credit Risk - For deposits and investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of August 31, 2022, \$-0- of the College's bank balances of \$7,020,986 were exposed to custodial risk.

Participation in External Investment Pools

As of August 31, 2022, the carrying amount of amounts invested in investment pools was \$37,876,609. Investment pools are recorded at cost, which approximated market value at August 31, 2022. All investment pools are uninsured and are not registered with the Securities and Exchange Commission. Investment pools are not subject to custodial credit risk as they are not evidenced by securities that exist in physical or book entry form.

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

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 5 - FAIR VALUE MEASUREMENTS

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

The three levels are defined as follows:

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

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

Assets Measured at Fair Value on a Recurring Basis

	<u>Fair Value</u>	<u>Fair Value Measurements Using:</u>		
		<u>Quoted Prices In Active Markets for Identical Assets (Level1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>August 31, 2022:</u>				
Money market mutual funds	\$ 316,152	\$ 316,152	\$ -	\$ -
CDARS and certificates of deposit	44,932,218	-	44,932,218	-
Mutual funds	<u>11,024,426</u>	<u>11,024,426</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 56,272,796</u>	<u>\$ 11,340,578</u>	<u>\$ 44,932,218</u>	<u>\$ -</u>
<u>August 31, 2021:</u>				
Money market mutual funds	\$ 228,214	\$ 228,214	\$ -	\$ -
CDARS and certificates of deposit	16,323,147	-	16,323,147	-
Mutual funds	<u>12,988,270</u>	<u>12,988,270</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 29,539,631</u>	<u>\$ 13,216,484</u>	<u>\$ 16,323,147</u>	<u>\$ -</u>

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 5 - FAIR VALUE MEASUREMENTS (CONTINUED)

For the valuation of money market funds and mutual funds, at August 31, 2022 and 2021, the College used quoted prices in principal active markets for identical assets as of the valuation date (Level 1).

For the valuation of CDARS and certificates of deposit at August 31, 2022 and 2021, the College used significant other observable inputs as of the valuation date, particularly dealer market price for comparable investments as of the valuation date (Level 2).

A summary of investments classified according to any restrictions at August 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Unrestricted investments	\$21,876,530	\$14,325,904
Restricted investments:		
Temporarily restricted	32,896,266	13,713,727
Permanently restricted	<u>1,500,000</u>	<u>1,500,000</u>
Total restricted investments	<u>34,396,266</u>	<u>15,213,727</u>
Total investments	<u>\$56,272,796</u>	<u>\$29,539,631</u>

There were no fair values of assets and liabilities measured on a nonrecurring basis at August 31, 2022 and 2021.

NOTE 6 - CAPITAL ASSETS

Capital assets activity for the year ended August 31, 2022, was as follows:

	<u>Balance</u> <u>September 1, 2021</u> (Restated)	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>August 31, 2022</u>
Not depreciated:				
Land	\$ 5,336,103	\$ 194,695	\$ -	\$ 5,530,798
Construction in progress	5,770,874	36,117,050	6,916,119	34,971,805
Total not depreciated	<u>11,106,977</u>	<u>36,311,745</u>	<u>6,916,119</u>	<u>40,502,603</u>
Other capital assets:				
Buildings and building improvements	164,365,442	9,944,781	-	174,310,223
Other real estate improvements	9,303,982	922,102	-	10,226,084
Total buildings and other real estate improvements	<u>173,669,424</u>	<u>10,866,883</u>	<u>-</u>	<u>184,536,307</u>
Library books	348,116	15,711	12,236	351,591
Furniture, machinery, vehicles and other equipment	28,800,140	1,854,410	461,498	30,193,052
Intangible right-of-use leased assets	1,285,944	140,420	56,862	1,369,502
Total other capital assets	<u>204,103,624</u>	<u>12,877,424</u>	<u>530,596</u>	<u>216,450,452</u>

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 6 - CAPITAL ASSETS (CONTINUED)

	Balance September 1, 2021 (Restated)	Increases	Decreases	Balance August 31, 2022
Accumulated depreciation:				
Buildings and building improvements	61,639,735	3,369,604	-	65,009,339
Other real estate improvements	5,198,955	397,079	-	5,596,034
Total buildings and other real estate improvements	66,838,690	3,766,683	-	70,605,373
Library books	204,869	16,019	12,236	208,652
Furniture, machinery, vehicles and other equipment	24,043,983	1,532,077	459,065	25,116,995
Intangible right-of-use leased assets	293,378	315,210	56,862	551,726
Total accumulated depreciation	91,380,920	5,629,989	528,163	96,482,746
Net other capital assets	112,722,702			119,967,704
Net capital assets	\$123,829,679			\$160,470,307

The College entered into construction contracts during the year. The total current commitments are approximately, \$9,000,000, respectively at August 31, 2022.

Capital assets activity for the year ended August 31, 2021, was as follows:

	Balance September 1, 2020 (Restated)	Increases	Decreases	Balance August 31, 2021 (Restated)
Not depreciated:				
Land	\$ 5,335,103	\$ 1,000	\$ -	\$ 5,336,103
Construction in progress	-	5,770,874	-	5,770,874
Total not depreciated	5,335,103	5,771,874	-	11,106,977
Other capital assets:				
Buildings and building improvements	163,578,070	787,372	-	164,365,442
Other real estate improvements	9,288,982	15,000	-	9,303,982
Total buildings and other real estate improvements	172,867,052	802,372	-	173,669,424
Library books	455,401	28,057	135,342	348,116
Furniture, machinery, vehicles and other equipment	34,443,811	2,013,725	7,657,396	28,800,140
Intangible right-of-use leased assets	1,071,359	214,585	-	1,285,944
Total other capital assets	208,837,623	3,058,739	7,792,738	204,103,624
Accumulated depreciation:				
Buildings and building improvements	58,305,166	3,334,569	-	61,639,735
Other real estate improvements	4,806,431	392,524	-	5,198,955
Total buildings and other real estate improvements	63,111,597	3,727,093	-	66,838,690
Library books	323,307	16,904	135,342	204,869
Furniture, machinery, vehicles and other equipment	30,092,665	1,529,323	7,578,005	24,043,983
Intangible right-of-use leased assets	-	293,378	-	293,378
Total accumulated depreciation	93,527,569	5,566,698	7,713,347	91,380,920
Net other capital assets	115,310,054			112,722,702
Net capital assets	\$120,645,157			\$123,829,679

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 7 - NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended August 31, 2022, was as follows:

	<u>Balance</u> <u>September 1, 2021</u> (Restated)	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>August 31, 2022</u> (Restated)	<u>Due Within</u> <u>One Year</u>
Bonds					
General obligation bonds	\$ 67,770,000	\$ 52,185,000	\$ 5,250,000	\$ 114,705,000	\$6,345,000
Revenue bonds	2,785,000	-	265,000	2,520,000	265,000
Subtotal	<u>70,555,000</u>	<u>52,185,000</u>	<u>5,515,000</u>	<u>117,225,000</u>	<u>6,610,000</u>
Accrued compensable absences	1,451,887	35,564	42,833	1,444,618	488,274
Deposits	175,126	56,592	42,735	188,983	-
Right-of-use lease payable	1,002,846	140,420	309,755	833,511	307,347
Unamortized debt premium	6,653,157	6,519,205	932,961	12,239,401	-
Net pension liability	17,427,925	-	9,648,286	7,779,639	-
Net OPEB liability	59,636,480	16,427,971	11,636,825	64,427,626	-
	<u>\$156,902,421</u>	<u>\$ 75,364,752</u>	<u>\$ 28,128,395</u>	<u>204,138,778</u>	<u>\$7,405,621</u>
Current portion				(7,405,621)	
Noncurrent liabilities				<u>\$196,733,157</u>	

Noncurrent liability activity for the year ended August 31, 2021, was as follows:

	<u>Balance</u> <u>September 1, 2020</u> (Restated)	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>August 31, 2021</u> (Restated)	<u>Due Within</u> <u>One Year</u>
Bonds					
General obligation bonds	\$ 73,365,000	\$ 37,500,000	\$ 43,095,000	\$ 67,770,000	\$5,250,000
Revenue bonds	2,950,000	2,785,000	2,950,000	2,785,000	265,000
Subtotal	<u>76,315,000</u>	<u>40,285,000</u>	<u>46,045,000</u>	<u>70,555,000</u>	<u>5,515,000</u>
Accrued compensable absences	1,441,589	18,503	8,205	1,451,887	474,032
Deposits	158,627	63,247	46,748	175,126	-
Right-of-use lease payable	1,071,359	214,585	283,098	1,002,846	313,552
Loans payable	402,129	-	402,129	-	-
Unamortized debt premium	6,845,274	467,125	659,242	6,653,157	-
Net pension liability	17,223,734	204,191	-	17,427,925	-
Net OPEB liability	59,085,863	9,177,283	8,626,666	59,636,480	-
	<u>\$162,543,575</u>	<u>\$ 50,429,934</u>	<u>\$ 56,071,088</u>	<u>156,902,421</u>	<u>\$6,302,584</u>
Current portion				(6,302,584)	
Noncurrent liabilities				<u>\$150,599,837</u>	

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 8 - DEBT OBLIGATIONS

Debt service requirements at August 31, 2022, were as follows:

For the Year Ended	Revenue Bonds		General Obligation Bonds		Total Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
August 31,						
2023	\$ 265,000	\$ 31,500	\$ 6,345,000	\$ 5,078,917	\$ 6,610,000	\$ 5,110,417
2024	270,000	28,188	7,530,000	4,004,440	7,800,000	4,032,628
2025	270,000	24,813	7,845,000	3,687,215	8,115,000	3,712,028
2026	275,000	21,437	8,155,000	3,379,041	8,430,000	3,400,478
2027	280,000	18,000	8,455,000	3,075,741	8,735,000	3,093,741
2028-2032	1,160,000	36,437	32,570,000	11,206,120	33,730,000	11,242,557
2033-2037	-	-	22,525,000	6,319,850	22,525,000	6,319,850
2038-2042	-	-	21,280,000	1,930,375	21,280,000	1,930,375
Total	\$ 2,520,000	\$ 160,375	\$ 114,705,000	\$ 38,681,699	\$ 117,225,000	\$ 38,842,074

NOTE 9 - LEASES

Pursuant to GASB No. 87, *Leases*, the College has recorded an intangible right-of-use lease asset which represents the College's right-of-use of an underlying asset during the lease term. The College has obtained equipment through right-of-use leased assets.

Annual installments range from \$334 to \$69,774. Imputed interest is the rate listed on the Electronic Municipal Market Access Website for the respective lease start date and term, and range from 0.41% to 5.21%. The due dates range from November 2022 to January 2028.

At August 31, 2022, right-of-use leased assets consisted of the following:

Right-of-Use Leased Assets

	<u>Ending Balance</u>
Right-of-Use - Equipment	\$ 1,369,502
Total Right-of-Use Assets	1,369,502
Less accumulated amortization for:	
Right-of-Use - Equipment	551,726
Total accumulated amortization	551,726
Right-of-Use Assets, net	<u>\$ 817,776</u>

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 9 - LEASES (CONTINUED)

Pursuant to GASB No. 87, *Leases*, the College recorded a right-of-use lease liability in conjunction with the intangible right-of-use lease asset. The lease liability represents the College's obligation to make lease payments arising from the lease.

Following is a summary of the College's right-of-use lease liability principal maturities and interest requirements:

<u>Year Ended August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 307,347	\$ 9,372	\$ 316,719
2024	205,104	4,626	209,730
2025	135,996	2,763	138,759
2026	92,334	1,289	93,623
2027	69,284	490	69,774
2028-2032	23,446	39	23,485
	<u>\$ 833,511</u>	<u>\$ 18,579</u>	<u>\$ 852,090</u>

NOTE 10 - NOTES AND BONDS PAYABLE

General Obligation Bonds, Series 2012

- General Obligation Improvement and Refunding Bonds, Series 2012, will be used to construct and equip new buildings and renovate existing facilities.
- Issued May 15, 2012 – 4th issue
- \$14,305,000 fourth and final issue of the \$68,305,000 authorized in fiscal year 2008.
- Source of revenue for debt service – Ad valorem tax levied by the College on taxable property. Outstanding balance at August 31, 2022 and 2021: \$0- and \$845,000, respectively.
- \$10,550,000 of the bonds were advance refunded with 2021 Limited Tax Refunding Bonds in 2021. The advance refunding met the requirements of an in-substance debt defeasance, and the term bonds were removed from the College's financial statements.

Limited Tax Refunding Bonds, Series 2015

- Limited Tax Refunding Bonds, Series 2015, used to refund part of General Obligations Bonds Series 2008.
- Issued July 2, 2015
- Average Interest rate of bonds: 4.022%
- Proceeds from Series 2015: \$9,946,064 received, less cost of issuance of \$171,193, of which the remainder, \$9,774,871, was used in refunding part the General Obligations Bonds Series 2008.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 10 - NOTES AND BONDS PAYABLE (CONTINUED)

- Source of revenue for the debt service – Ad valorem tax levied by the College on taxable property. Outstanding balance at August 31, 2022 and 2021: \$8,521,000, respectively.
- The bonds are due in annual installments varying from \$343,450 to \$1,779,800, including interest with the interest rates from 4.00% to 4.50%, with the final installment due in 2028.

On July 2, 2015, Amarillo Junior College District (the College) issued Limited Tax Refunding Bonds in the amount of \$8,665,000 with an interest rate from 2.00% to 4.50% to advance refund term bonds with an interest rate from 4.00% to 5.00% and a par value of \$8,665,000. The term bonds mature on February 15, 2028, and are callable on February 15, 2025. The limited tax refunding bonds were issued at par and, after paying issuance costs of \$171,193 and including the reoffering premium of \$1,281,064, the net proceeds were \$9,774,871. The net proceeds from the issuance of the limited tax refunding bonds were used to purchase U.S. government securities, and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the term bonds are called on February 15, 2018. The advance refunding met the requirements of an in-substance debt defeasance, and the term bonds were removed from the College's financial statements. The defeased bonds were paid off during 2018.

As a result of the advance refunding, the College reduced its total debt service requirements by \$1,190,831, which resulted in an economic gain of \$1,008,316 and an accounting gain of \$1,011,941.

Limited Tax Refunding Bonds, Series 2016

- Limited Tax Refunding Bonds, Series 2016, used to refund a portion of the General Obligations Bond Series 2008 and the General Obligation Bonds Series 2009.
- Issued September 1, 2016
- Average Interest rate of bonds: 3.1211%
- Proceeds from Series: \$19,321,621 received, less cost of issuance of \$148,080, of which the remainder, \$19,173,541, was used in refunding part of the General Obligations Bonds Series 2008 and 2009.
- Source of revenue for the debt service – Ad Valorem tax levied by the College. Outstanding balance at August 31, 2022 and 2021 was \$9,410,000 and \$11,770,000, respectively.
- The bonds are due in annual installments varying from \$1,343,363 to \$2,701,938 including interest with the interest rates from 2.00% to 4.00%, with the final installment due in 2029.

On September 1, 2016, the College issued limited tax refunding bonds in the amount of \$17,720,000 with an interest rate from 2.00% to 4.00% to advance refund term bonds with an interest rate from 4.05% to 5.00% and a par value of \$17,720,000. The term bonds mature on February 15, 2029 and are callable on February 15, 2026. The limited tax refunding bonds were issued at par and, after paying issuance costs of \$148,080 and including the reoffering premium

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 10 - NOTES AND BONDS PAYABLE (CONTINUED)

of \$1,601,621, the net proceeds were \$19,173,541. The net proceeds from the issuance of the limited tax refunding bonds were used to purchase U.S. government securities, and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the term bonds are called on February 15, 2018 for 2008 series and February 15, 2019 for 2009 series. The advance refunding met the requirements of an in-substance debt defeasance, and the term bonds were removed from the College's financial statements. The defeased bonds were paid off during 2019.

As a result of the advance refunding, the College reduced its total debt service requirements by \$1,997,289, which resulted in an economic gain of \$1,936,084 and an accounting gain of \$1,777,734.

General Obligation Bonds, Series 2019

- General Obligation Bonds, Series 2019, used for the construction, acquisition, renovation, and equipment of school buildings for the College and the purchase of necessary sites therefor and to pay the cost of issuance of the Bonds.
- Issued on: September 12, 2019
- Average Interest Rate of Bonds: 4.2765%
- Net proceeds from series: \$31,310,897 received, less cost of issuance of \$159,959 and underwriter's discount of \$150,938, of which the remainder \$31,000,000 will be used to fund the projects.
- Source of revenue for debt service – Ad valorem tax levied by the College. Outstanding balance at August 31, 2022 and August 31, 2021 was \$23,400,000 and \$24,280,000, respectively.
- The bonds are due in semi-annual installments. The total annual payments vary from \$1,872,200 to \$2,562,850 including interest with interest rates from 3% to 5%.
- Maturity date: Bonds mature on February 15, 2029 and are callable on February 15, 2028.

Limited Tax Refunding Bonds, Series 2020

- Limited Tax Refunding Bonds, Series 2020, used to refund the General Obligations Bond Series 2010.
- Issued on March 12, 2020
- Average interest rate of bonds: 2.8942%
- Proceeds from series: \$13,850,076 received, less cost of issuance of \$211,901, of which the remainder, \$13,638,174 was used in refunding the General Obligation Bonds Series 2010.
- Source of revenue for the debt service – Ad valorem tax levied by the District. Outstanding balance at August 31, 2022 and August 31, 2021, was \$10,640,000 and \$11,805,000, respectively.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 10 - NOTES AND BONDS PAYABLE (CONTINUED)

- The bonds are due in semi-annual installments with the total annual installments varying from \$1,335,800 to \$1,493,075 including interest with interest rates from 2.00% to 3.00%, with the final installment due in 2030.

On March 12, 2020, the College issued Limited Tax Refunding Bonds in the face amount of \$12,785,000. The 2020 issue refunded the above mentioned 2010 series bond issue. The interest rate on the 2020 series range from 2.00% to 3.00%.

At the time of refunding there was \$13,790,000 of outstanding General Obligation Improvement and Refunding Bonds Series 2010. The refunding was undertaken to reduce total debt service payments over the next ten years, by approximately \$2,016,500 and resulted in an economic benefit of approximately \$1,972,000 and an accounting gain of approximately \$1,855,000. For financial purposes the debt has been considered defeased and therefore is removed as a liability from the College's financial statements.

Limited Tax Refunding Bonds, Series 2021

- Limited Tax Refunding Bonds, Series 2021, used to refund the General Obligations Bond Series 2012.
- Issued March 2021.
- Average interest rate of bonds: 2.3726%.
- Proceeds from series: \$11,005,740 received, less cost of issuance of \$455,740, of which the remainder, \$10,550,000 was used in refunding the General Obligation Bond Series 2012.
- Source of revenue for the debt service – Ad valorem tax levied by the District. Outstanding balance at August 31, 2022 and August 31, 2021, was \$10,550,000, respectively.
- The bonds are due in annual installments with the total annual installments varying from \$111,320 to \$1,212,556 including interest with interest rates from 1.59% to 4.00%, with the final installment due in 2032.

On February 15, 2021, the College issued Limited Tax Refunding Bonds, Taxable Series 2021 in the face amount of \$10,550,000 with an interest rate from 1.59% to 4.00%. The 2021 issue refunded the above mentioned 2012 series bond issue.

At the time of the refunding there was \$11,395,000 of outstanding General Obligation Series 2012. The refunding was undertaken to reduce total debt service payments over the next ten years, by approximately \$589,275 and resulted in an economic benefit of approximately \$577,790 and an accounting gain of approximately \$526,509. The advanced refunding met the requirements of an in-substance debt defeasance, and the term bonds were removed from the College's financial statements.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 10 - NOTES AND BONDS PAYABLE (CONTINUED)

Combined Fee Revenue Refunding Bonds, Series 2021 MCC

- Combined Fee Revenue Refunding Bonds, Series 2021 MCC, used to refund the Combined Fee Revenue Bonds Series 2011.
- Issued March 2021.
- Average interest rate of bonds: 1.25%.
- Proceeds from series: \$2,785,000 received, less cost of issuance of \$55,000, of which the remainder, \$2,730,000 was used in refunding the Combined Fee Revenue Bonds Series 2011.
- Source of revenue for the debt service - Certain pledged revenues consisting primarily of a portion of tuition charges and other fees. Outstanding balance at August 31, 2022 and August 31, 2021 was \$2,520,000 and \$2,785,000, respectively.
- The bonds are due in annual installments with the total annual installments varying from \$294,913 to \$300,938 including interest with interest rates from 1.00% to 1.25%, with the final installment due in 2031.

On March 23, 2021, the College issued Combined Fee Revenue Refunding Bonds, Series 2021 in the face amount of \$2,785,000 with an interest rate from 1.00% to 1.25%. The 2021 issue refunded the above mentioned 2011 series bond issue.

At the time of the refunding there was \$2,730,000 of outstanding Combined Fee Revenue Bonds Series 2011. The refunding was undertaken to reduce total debt service payments over the next ten years, by approximately \$387,000 and resulted in an economic benefit of approximately \$357,000 and an accounting gain of approximately \$362,000. For financial purposes the debt has been considered defeased and therefore is removed as a liability from the College's financial statements.

General Obligation Bonds, Series 2022

- General Obligation Bonds, Series, 2022, used for construction, acquisition, renovation and equipment of school buildings for the College and purchase of necessary sites and to pay the cost of issuance of the Bonds.
- Issued April 2022.
- Average Interest Rate of Bonds: 4.13%
- Proceeds from series: \$8,704,205 received, less cost of issuance of \$214,287 and underwriter's discount of \$283,918, of which the remainder \$58,260,000 will be used to fund the projects.
- Source of revenue for debt service – Ad valorem tax levied by the college. Outstanding balance at August 31, 2022 was \$52,185,000.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 10 - NOTES AND BONDS PAYABLE (CONTINUED)

- The bonds are due in semi-annual installments. The total annual payments vary from \$3,892,527 to \$19,470,200 including interest with interest rates from 3% to 5%.
- Maturity date: Bonds mature on February 15, 2042.

Total Interest Expense

For the years ending August 31, 2022 and 2021, total interest expense was \$2,329,661 and \$2,608,596, respectively.

NOTE 11 - EMPLOYEES' RETIREMENT PLANS

Plan Description

The College participates in a cost-sharing, multiple-employer defined benefit pension plan (the Plan) that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67, and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code (IRC). 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 benefits.

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

Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report is available at www.trs.texas.gov/TRS%20Documents/acfr-2021.pdf; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension benefits are established or amended under the authority of the Texas Constitution, Article XVI, Section 67 and by the Legislature in the Texas Government Code, Title 8, Subtitle C.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 11 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Benefits Provided (Continued)

State law requires the plan to be actuarially sound in order for the Legislature to consider a benefit enhancement, such as supplemental payment to the retirees. The pension became actuarial sound in May 2019 when the 86th Texas Legislature approved the TRS Pension Reform Bill (SB12) that provided gradual contribution increases from the state, participating employers, and active employees for the fiscal years 2019 through 2024.

The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, whose formulas use the three highest annual salaries. The normal service retirement is at age 65 with 5 years of service credit 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 postemployment benefit changes, including automatic cost of living adjustments (COLAs). Ad hoc postemployment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

Contributions

Contribution requirements are established or amended pursuant to Article XVI, 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. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2019 thru 2025.

**AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021**

NOTE 11 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Contributions (Continued)

Contribution amounts are as follows:

	Contributions Required and Made	
	<u>2022</u>	<u>2021</u>
Member (Employee) Contributions	\$ 2,354,455	\$ 2,186,067
College (Employer) Contributions	1,415,636	1,303,652
Non-employer contributing agency (State)	834,903	864,196

Contribution rates for Plan fiscal years (September to August) 2021 and 2020 follow:

	Contribution Rates Plan Fiscal Year	
	<u>2022</u>	<u>2021</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity	7.5%	7.5%
Employer	7.5%	7.5%

Contributors to the plan include members, employers, and the State of Texas as the only non-employer contributing entity. The State contributes to the Plan in accordance with state statutes and the General Appropriations Act (GAA).

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

**AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021**

NOTE 11 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Contributions (Continued)

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

Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2020. Update procedures were used to roll forward the total pension liability to August 31, 2021.

The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the System's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the Plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the three-year period ending August 31, 2017 and were adopted in July 2018.

The active mortality rates were based on 90 percent of the RP 2014 Employee Mortality Tables for males and females. The post-retirement mortality rates were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables.

The following table discloses the assumptions that were applied to this measurement period.

Valuation date	August 31, 2020 rolled forward to August 31, 2021
Actuarial cost method	Individual Entry Age Normal
Asset valuation method	Market Value
Actuarial assumptions:	
Single discount rate	7.25%
Long-term expected investment rate of return	7.25%
Municipal bond rate*	1.95%*
Last year ending August 31 projection period (100 years)	2120
Inflation	2.30%
Salary increases including inflation	3.05% to 9.05%, including inflation
Ad hoc postemployment benefit changes	None

** Source: The municipal bond rate used is 1.95% as of August 31, 2021 (i.e. the rate closest to but not later than measurement date) Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."*

The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2020.

**AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021**

NOTE 11 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Changes Since the Prior Actuarial Valuation

There were no changes of assumptions, methods, and plan changes that affected measurement of the total pension liability during the measurement period.

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

Discount Rate

The single discount rate used to measure the total pension liability was 7.25%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the statutorily required rates set by legislature during the 2019 legislative session. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and State contributions for active and rehired retirees. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments is 7.25%. The long-term expected rate of return on 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 percentages and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target allocation as of August 31, 2021 are summarized below:

<u>Asset Class</u>	<u>Target Allocation¹</u>	<u>Long-Term Expected Geometric Real Rate of Return²</u>	<u>Expected Contribution to Long-Term Portfolio Returns</u>
Global Equity			
USA	18.00%	3.60%	0.94%
Non-U.S. developed	13.00%	4.40%	0.83%
Emerging Markets	9.00%	4.60%	0.74%
Private Equity	14.00%	6.30%	1.36%

**AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021**

NOTE 11 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Discount Rate (Continued)

<u>Asset Class</u>	<u>Target Allocation¹</u>	<u>Long-Term Expected Geometric Real Rate of Return²</u>	<u>Expected Contribution to Long-Term Portfolio Returns</u>
Stable Value			
Government Bonds	16.00%	(0.20)%	0.01%
Stable Value Hedge Funds	5.00%	1.10%	0.12%
Absolute Return (Including Credit Sensitive Investments)	0.00%	2.20%	0.00%
Real Return			
Real Estate	15.00%	4.50%	1.00%
Energy, Natural Resources and Infrastructure	6.00%	4.70%	0.35%
Commodities	0.00%	1.70%	0.00%
Risk Parity			
Risk Parity	8.00%	2.80%	0.28%
Asset Allocation Leverage			
Cash	2.00%	(0.70)%	(0.01)%
Asset Allocation Leverage	(6.00)%	(0.50)%	0.03%
Inflation Expectation			2.20%
Volatility Drag ³			(0.95)%
Expected Return	100.00%		6.90%

¹ Target allocations are based on the FY2021 policy model.

² Capital Market Assumptions come from Aon Hewitt (as of 8/31/2021).

³ The volatility drag results from the conversion between arithmetic and geometric mean returns.

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

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.25%) in measuring the 2021 Net Pension Liability:

	<u>1% Decrease in Discount Rate 6.25%</u>	<u>Current Discount Rate 7.25%</u>	<u>1% Increase in Discount Rate 8.25%</u>
College's proportionate share of the net pension liability	\$ 16,999,745	\$ 7,779,639	\$ 299,334

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 11 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

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

At August 31, 2022, the College reported a liability of \$7,779,639 for its proportionate share of the net pension liability that reflects a reduction for State pension support provided to the College. The amount recognized by the College as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the College were as follows:

	<u>2022</u>	<u>2021</u>
College's proportionate share of the net pension liability	\$ 7,779,639	\$ 17,427,925
State's proportionate share of the net pension liability associated with the College	<u>4,982,340</u>	<u>11,217,733</u>
Total	<u>\$12,761,979</u>	<u>\$28,645,658</u>

The net pension liability was measured as of August 31, 2020 and rolled forward to August 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2020 rolled forward to August 31, 2021. The College's proportion of the net pension liability was based on the College's contributions to the pension plan relative to the contributions of all participating entities to the Plan for the period September 1, 2020, through August 31, 2021.

At August 31, 2021, the College's proportion of the collective net pension liability was 0.0305485660%, which is a decrease of (0.0019917421%) from its proportion measured as of August 31, 2020 of 0.0325403081%.

For the year ended August 31, 2022 and 2021, the College recognized pension expense of \$1,624,821 and \$2,027,072 and revenue of \$19,919 and \$1,349,244 for support provided by the State in the Statements of Net Position – Primary Institution.

At August 31, 2022, the College reported its proportionate share of the TRS's deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 13,019	\$ 547,693
Changes of assumptions	2,749,950	1,198,742
Net difference between projected and actual earnings on pension plan investments	-	6,523,126
Changes in proportion and differences between College contributions and proportionate share of contributions	286,577	1,745,011
College contributions subsequent to the measurement date	<u>1,415,636</u>	<u>-</u>
Total	<u>\$ 4,465,182</u>	<u>\$10,014,572</u>

**AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021**

NOTE 11 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

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

At August 31, 2021, the College reported its proportionate share of the TRS's deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 31,822	\$ 486,367
Changes of assumptions	4,043,899	1,719,438
Net difference between projected and actual earnings on pension plan investments	352,814	-
Changes in proportion and differences between College contributions and proportionate share of contributions	526,381	1,598,607
College contributions subsequent to the measurement date	<u>1,303,652</u>	<u>-</u>
Total	<u>\$ 6,258,568</u>	<u>\$ 3,804,412</u>

The \$1,415,636 and \$1,303,652 reported as deferred outflows of resources related to pensions resulting from the College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending August 31, 2023 and August 31, 2022, respectively.

Other amounts reported as deferred outflows or resources and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended August 31,

2023	\$ (1,550,104)
2024	(1,263,792)
2025	(1,710,660)
2026	(2,168,082)
2027	(211,969)
Thereafter	<u>(60,419)</u>
Total	<u>\$ (6,965,026)</u>

Optional Retirement Plan – Defined Contribution Plan

Plan Description

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

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 11 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Funding Policy

Contribution requirements are not actuarially determined, but are established and amended by the Texas State Legislature. The percentage of participant salaries currently contributed by the state and each participant is 6.6% for fiscal years 2022 and 2021. The College contributes 1.31% for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program. S.B. 1812, effective September 1, 2013, limits the amounts of the state's contribution to 50% of eligible employees in the reporting district.

The retirement expense to the state for the College was approximately \$250,000, \$246,000, and \$261,000, for the fiscal years ended August 31, 2022, 2021, and 2020, respectively. This amount represents the portion of expended appropriations made by the state legislature on behalf of the College for TRS and the Optional Retirement Program.

The total payroll of employees covered by the Optional Retirement Program was approximately \$7,587,000, \$7,450,000, and \$7,768,000 for fiscal years 2022, 2021, and 2020, respectively.

College-Sponsored Benefit Plans

The College has a voluntary employee defined contribution 403(b) plan administered by the Plan's trustee. The Plan is funded by matching employee and employer contributions of 6.65% of employee compensation. Plan funds are held in trust and are administered by the College's Vice-President of Business Affairs with oversight by the Board of Regents. The Plan was amended during the year ended August 31, 2016 to allow for loans against the participants' investments and to allow for participant directed investing. Full-time employees and certain part-time employees are eligible to participate and are fully vested at all times. At August 31, 2022, 2021, and 2020, there were 1,389, 1,221, and 1,096, respectively, plan participants. The related expense was approximately \$1,796,000, \$1,813,000, and \$1,812,000 for the years ended August 31, 2022, 2021, and 2020, respectively.

The College sponsors the Amarillo College Benefit Plan (the Plan) which provides disability and survivorship benefits. The Plan is a non-trusted benefit program and currently has \$5,568,753 in assets with a liability of \$5,568,753 recorded in Funds Held for Others. The Colleges contributions to the Plan for August 31, 2022, 2021, and 2020 were approximately \$220,000, \$231,000, and \$223,000.

Part-time employees that are not covered by the defined contribution employee benefit plan are covered by a plan established pursuant to IRC Section 457. As a result of the passage of the Small Business Job Protection Act of 1996, beginning January 1, 1999, part-time plan funds are held by a third party custodian in individual trust accounts for the exclusive benefit of the

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 11 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

College-Sponsored Benefit Plans (Continued)

participants. Investments are directed by the investment manager of the plan. The College is responsible for selecting the investment manager. The related expense was approximately \$139,000, \$135,000, and \$127,000, for the years ended August 31, 2022, 2021, and 2020, respectively.

NOTE 12 - DEFERRED COMPENSATION PROGRAM

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

NOTE 13 - COMPENSABLE ABSENCES

Full-time employees earn annual leave from eight to twelve hours per month depending on the number of years employed with the College. The College's policy is that an employee may carry his accrued leave forward from one fiscal year to another fiscal year with a maximum number of hours up to 160 for those employees with five or less years of service, up to 200 hours for those employees with more than five years but under ten years of service, and up to 240 hours for those employees with more than ten 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 the maximum allowed. The College recognized the accrued liability for the unpaid annual leave in the amount of \$1,444,618 and \$1,451,887 as of August 31, 2022 and 2021, respectively. Sick leave, which can be accumulated up to 120 days, is earned at the rate of eight hours per month; however, sick leave is not paid at termination. The College's policy is to recognize the cost of sick leave when utilized by employees.

NOTE 14 - ENDOWMENTS

KACV-TV (the Station) is part of and is operated by the College. In 1999, the Station received \$1,000,000 from the Sybil B. Harrington Living Trust (Harrington Trust) which was specified as an endowment. In 2005, the Station received an additional \$500,000 gift from an anonymous donor that was to be held as an endowment. The College also received a \$1,000,000 endowment from the Harrington Trust for the Harrington Library Consortium (HLC). Appreciation on the Station's fund is approximately \$550,000 and can be spent on operating expenses of the Station. The appreciation on the HLC funds is spent annually for expenses related to HLC. The appreciation is approximately \$71,000. The Station's appreciated value is shown in net position as Expendable: Other primary donor restrictions. HLC's appreciated is shown as Funds Held for Others.

**AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021**

NOTE 15 - COMMITMENTS, CONTINGENCIES AND LAWSUITS

The College participates in various state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. In the opinion of the College's management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Additionally, the College's students participate in the Federal Direct Loan Program for which the proceeds are used for tuition and education-related costs. Regulations require that default rates pertaining to loans to persons attending the College not exceed certain levels at the College. In the event that specific levels were exceeded, the program could be discontinued at the College; however, the College does not anticipate this occurring. The total amount of Direct Loans made during 2022 and 2021 was \$10,508,195 and \$10,066,807, respectively.

In August 2017, the College committed to participate in the expansion of the ACE mission by establishing and participating in the ACE Amarillo Scholarship Fund to be maintained at the Amarillo Area Foundation for the benefit of Amarillo Independent School District high school graduates. The College will participate in the funding of this project with three other partners. Contributions from the College should not exceed \$3,500,000 and will be made over a six-year period. During 2022 and 2021 the College spent approximately \$44,000 and \$57,000, respectively.

On August 31, 2022, various claims involving the College were pending. While the ultimate liability with respect to litigation and other claims asserted against the College cannot be reasonably estimated at this time, this liability, if any, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the College.

NOTE 16 - DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Accounts Receivable

Accounts receivable at August 31, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Student receivables	\$ 2,735,540	\$ 7,508,146
Taxes receivable	819,135	859,105
Government grants and contracts	4,775,577	4,570,086
Other receivables	<u>707,754</u>	<u>689,386</u>
Total accounts receivable	9,038,006	13,820,697
Allowance for doubtful accounts	<u>(366,944)</u>	<u>(364,401)</u>
Total accounts receivable, net	<u>\$ 8,671,062</u>	<u>\$ 13,456,296</u>

**AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021**

**NOTE 16 - DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES
(CONTINUED)**

Accounts Payable

Accounts payable at August 31, 2022 and 2021, were as follows:

	<u>2022</u>	<u>2021</u>
Vendors payable	\$ 855,128	\$ 474,999
Salaries and benefits payable	1,984,025	1,538,925
Interest payable	<u>258,576</u>	<u>12,631</u>
Total accounts payable	<u>\$ 3,097,729</u>	<u>\$ 2,026,555</u>

NOTE 17 - CONTRACT AND GRANT AWARDS

Contract and grant awards are accounted for in accordance with the requirements of the American Institute of Certified Public Accountants (AICPA) Industry Audit Guide, *Audits of Colleges and Universities*. Revenues are recognized on Exhibit 2A, Schedule A, and Schedule C.

For federal and nonfederal contract and grant awards, funds expended, but not collected, are reported as accounts receivable on Exhibit 1A. For federal and nonfederal contract and grant awards, funds received, but not yet expended, are reported as deferred revenue on Exhibit 1A. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements. Contract and grant awards funds already committed, e.g., multi-year awards, or funds awarded during fiscal years 2022 and 2021 for which monies have not been received nor funds expended, totaled \$25,855,486 and \$25,046,524, respectively. Of these amounts, \$18,370,401 and \$20,871,049 were from federal contracts and grant awards, \$3,351,896 and \$2,381,664 were from state contract and grant awards, and \$4,133,190 and \$1,793,811 were from private contract and grant awards for the fiscal years ended 2022 and 2021, respectively.

NOTE 18 - SELF-INSURED PLANS

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

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 19 - HEALTH CARE AND LIFE INSURANCE BENEFITS

Certain healthcare and life insurance benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The state recognizes the cost of providing these benefits by expending the annual insurance premiums. The state's contribution per full-time employee was approximately \$625 per month for the years ended August 31, 2022 and 2021 and totaled \$3,536,988 and \$3,753,981, respectively. The cost of providing those benefits for retirees in the years ended 2022 and 2021 was \$1,784,256 and \$1,735,924, respectively. For active employees, the cost of providing benefits was \$1,752,732 and \$2,018,057 for the years ended 2022 and 2021, respectively.

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

NOTE 20 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN

Plan Description

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

OPEB Plan Fiduciary Net Position

Detailed information about the GBP's fiduciary net position is available in the separately issued ERS Comprehensive Annual Financial Report (CAFR) that includes financial statements, notes to the financial statements, notes to the financial statements, and required supplementary information. That report may be obtained at <https://ers.texas.gov/About-ERS/Reports-and-Studies/Reports-on-Overall-ERS-Operations-and-Financial-Management/2021-CAFR.pdf>; or by writing to ERS at: 200 East 18th Street, Austin, TX 78701; or by calling (877)275-4377. The fiduciary net position of the plan has been determined using the same basis used by the OPEB plan.

**AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021**

NOTE 20 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

Benefits Provided

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

Contributions

Section 1551.055 of Chapter 1551, Texas Insurance Code, provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS Board of Trustees. The employer and member contribution rates are determined annually by the ERS Board of Trustees based on the recommendations of ERS staff and its consulting actuary. The contribution rates are determined based on (i) the benefit and administrative costs expected to be incurred, (ii) the funds appropriated and (iii) the funding policy established by the Texas Legislature in connection with benefits provided through the GBP. The Trustees revise benefits when necessary to match expected benefit and administrative costs with the revenue expected to be generated by the appropriated funds. There are no long-term contracts for contributions to the plan.

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

**Maximum Monthly Employer Contribution
Retiree Health and Basic Life Premium
Fiscal Year 2022**

<u>Employer Contribution Rates</u>	<u>2022</u>	<u>2021</u>
Retiree only	\$ 624.82	\$ 624.82
Retiree and spouse	\$ 1,339.90	\$ 1,339.90
Retiree and children	\$ 1,103.58	\$ 1,103.58
Retiree and family	\$ 1,818.66	\$ 1,818.66

**AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021**

NOTE 20 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

Contributions (Continued)

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

Premium Contributions by Source Group Benefits Program Plan For the Years Ended August 31,	<u>2022</u>	<u>2021</u>
Current fiscal year employer contributions	\$2,082,473	\$ 2,028,106
Current fiscal year member contributions	-	-
Measurement year NECE on-behalf contributions	4,051,924	3,753,981

Actuarial Assumptions

The total OPEB liability in the August 31, 2021 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Additional Actuarial Methods and Assumptions:

Valuation date	August 31, 2021
Actuarial cost method	Entry Age
Amortization	Level percent of pay, open
Discount rate	2.14%
Remaining Amortization	30 Years
Asset Valuation Method	Not Applicable
Projected salary increases (includes inflation)	2.30% to 9.05%, including inflation
Healthcare trend rates	5.25% for FY 2023, 5.15% for FY 2024, 5.00% for FY 2025, 4.75% for FY 2026, 4.60% for FY 2027, decreasing 10 basis points per year to an ultimate rate of 4.30% FY 2030 and later years
Inflation assumption rate	2.30%
Ad hoc postemployment benefit changes	None
Mortality assumptions:	
Service retirees, survivors and other inactive members	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018

**AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021**

NOTE 20 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

Actuarial Assumptions (Continued)

Disability retirees	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members
Active members	Sex Distinct RP-2014 Employee Mortality multiplied by 90% with Ultimate MP Projection Scale from the year 2014

Many actuarial assumptions used in this valuation were based on the results of actuarial experience studies performed by the ERS as of August 31, 2019 and TRS retirement plan actuaries as of August 31, 2017.

Changes Since the Prior Actuarial Valuation

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

- Assumed Per Capita Health Benefit Costs and assumed Health Benefit Cost and Retiree Contribution trends have been updated to reflect recent experience and its effects on short-term expectations.
- The Patient – Centered Outcome Research Institute (PCORI) fees payable under the Affordable Care Act have been updated to reflect recent health plan experience and its effects on short-term expectations.
- The percentage of current retirees and their spouses not eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- The proportion of the future retirees assumed to be married and electing coverage for their spouse.
- The discount rate assumption was changed from 2.20% to 2.14%, as a result of requirements by GASB No.75 to utilize the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.
- Proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive Opt-Out Credit at retirement.
- Percentage of Higher Education vested terminated members assumed to have terminated less than one year before the valuation date.
- Assumed expenses directly related to the payment of GAP HealthSelect medical benefits have been updated to reflect recent contract revisions.

**AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021**

NOTE 20 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

Changes Since the Prior Actuarial Valuation

These minor benefit change is provided for in FY2022 Assumed Per Capita Health Benefit Costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is primary.

Investment Policy

The State Retiree Health Plan is a pay-as-you-go plan and does not accumulate funds in advance of retirement. The System’s Board of Trustees adopted the amendment to the investment policy in August 2020 to require that all funds in the plan be invested in short-term fixed income securities and specify that the expected rate of return on these investments is 2.4%.

Discount Rate

Because the State Retiree Health Plan does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bonds rate. The discount rate in the prior fiscal year was 2.30%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 2.14%, which amounted to a decrease of 0.06% from the beginning of the year. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds average credit quality is roughly equivalent to Moody’s Investors Service’s Aa2 rating and Standard & Poor’s Corp’s AA rating. Projected cash flows into the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you-go (PAYGO) basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets and therefore the years of projected benefit payments to which the long-term expected rate of return is applicable to zero years.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the College’s proportionate share of the collective Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.14%) in measuring the Net OPEB Liability.

	<u>1% Decrease in Discount Rate 1.14%</u>	<u>Current Single Discount Rate 2.14%</u>	<u>1% Increase in Discount Rate 3.14%</u>
Proportionate share of the Net OPEB Liability	\$ 76,735,747	\$ 64,427,626	\$ 54,798,359

Healthcare Cost Trend Rates Sensitivity Analysis

The initial healthcare trend rate is 5.25% and the ultimate rate is 4.3%. The following presents the College’s proportionate share of the collective net OPEB Liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB Liability would be if it were

**AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021**

NOTE 20 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

Healthcare Cost Trend Rates Sensitivity Analysis (Continued)

calculated using a healthcare cost trend rate that is one-percentage point lower or one-percentage point higher than healthcare cost trend rate that was used (5.25% decreasing to 4.3%) in measuring the Net OPEB Liability.

	1% Decrease in Healthcare Trend Cost (4.25% decreasing to 3.3%)	Current Healthcare Cost Trend Rate (5.25% decreasing to 4.3%)	1% Increase in Healthcare Cost Trend (6.25% decreasing to 5.3%)
Proportionate share of the Net OPEB Liability	\$ 53,950,552	\$ 64,427,626	\$ 78,154,456

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

At August 31, 2022, the College reported a liability of \$64,427,626 for its proportionate share of the ERS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the College. The amount recognized by the College as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the College were as follows:

College's proportionate share of the collective Net OPEB Liability	\$ 64,427,626
State's proportionate share that is associated with the College	<u>48,366,336</u>
Total	<u>\$112,793,962</u>

The net OPEB liability was measured as of August 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The College's portion of the net OPEB liability was based on the College's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2020 through August 31, 2021.

At the measurement date, August 31, 2021, the College's proportion of the collective net OPEB liability was 0.17958666%, which was a decrease of 0.0088586% from its proportion measured as of August 31, 2020.

For the year ended August 31, 2022, the College recognized total OPEB expense of \$(5,212,533) and revenue for support provided by state and federal sources of \$(590,111).

**AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021**

NOTE 20 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (Continued)

At August 31, 2022, the College reported its proportionate share of the ERS's collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ -	\$ 1,580,337
Changes in actuarial assumptions	4,410,968	7,175,795
Differences between projected and actual investment earnings	11,410	-
Changes in proportion and differences between the employer's contributions and proportionate share of contributions	<u>3,975,700</u>	<u>5,745,251</u>
Total as of August 31, 2021 measurement date	\$ 8,398,078	\$ 14,501,383
Contributions paid to ERS subsequent to the measurement date	<u>2,082,473</u>	<u>-</u>
Total as of fiscal year end	<u>\$ 10,480,551</u>	<u>\$ 14,501,383</u>

At August 31, 2021, the College reported its proportionate share of the ERS's collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ -	\$ 2,332,412
Changes in actuarial assumptions	3,452,538	12,849,204
Differences between projected and actual investment earnings	17,798	-
Changes in proportion and differences between the employer's contributions and proportionate share of contributions	<u>4,517,650</u>	<u>8,268,876</u>
Total as of August 31, 2020 measurement date	\$ 7,987,986	\$ 23,450,492
Contributions paid to ERS subsequent to the measurement date	<u>2,028,106</u>	<u>-</u>
Total as of fiscal year end	<u>\$ 10,016,092</u>	<u>\$ 23,450,492</u>

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

Year ended August 31,

2023	\$ (5,015,480)
2024	(1,890,720)
2025	311,422

**AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021**

NOTE 20 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (Continued)

Year ended August 31,

2026	206,811
2027	<u>284,631</u>
Total	<u>\$ 6,103,306</u>

NOTE 21 - AD VALOREM TAX

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

At August 31, 2022:

Assessed valuation of the District	\$ 17,310,075,627
Less: exemptions	<u>(2,569,107,034)</u>
Net assessed valuation of the District	<u>\$ 14,740,968,593</u>

	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Tax rate per \$100 valuation for authorized (maximum per enabling legislation)	\$.20000	\$.50000	\$.70000
Tax rate per \$100 valuation for assessed	.16499	.04630	.21129

Taxes levied for the year ended August 31, 2022, were \$29,867,636 (which includes penalty and interest assessed and adjustments, if applicable). Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

<u>Taxes Collected</u>	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Current taxes collected	\$ 23,240,525	\$ 6,474,136	\$ 29,714,661
Delinquent taxes collected	190,232	67,284	257,516
Penalties and interest collected	<u>227,854</u>	<u>48,405</u>	<u>276,259</u>
Total collections	<u>\$ 23,658,611</u>	<u>\$ 6,589,825</u>	<u>\$ 30,248,436</u>

At August 31, 2021:

Assessed valuation of the District	\$ 16,664,155,056
Less: exemptions	<u>(2,418,729,610)</u>
Net assessed valuation of the District	<u>\$ 14,245,425,446</u>

**AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021**

NOTE 21 - AD VALOREM TAX (CONTINUED)

	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Tax rate per \$100 valuation for authorized (maximum per enabling legislation)	\$.20000	\$.50000	\$.70000
Tax rate per \$100 valuation for assessed	.16499	.06291	.22790

Taxes levied for the year ended August 31, 2021, were \$31,952,745 (which includes penalty and interest assessed and adjustments, if applicable). Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

<u>Taxes Collected</u>	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Current taxes collected	\$ 22,114,021	\$ 8,431,983	\$ 30,546,004
Delinquent taxes collected	199,464	66,924	266,388
Penalties and interest collected	<u>212,462</u>	<u>56,463</u>	<u>268,925</u>
Total collections	<u>\$ 22,525,947</u>	<u>\$ 8,555,370</u>	<u>\$ 31,081,317</u>

Tax collections for the year ended August 31, 2022 and 2021, were 99.49% and 95.60%, respectively, of the current tax levy. Allowance for uncollectible taxes is based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to either maintenance and operations or interest and sinking fund expenditures.

NOTE 22 - TAX ABATEMENTS

The College receives reduced property tax revenues as a result of exemptions granted by the City of Amarillo. The exemptions are intended to promote economic development in the Amarillo area. For the fiscal year ended August 31, 2022, the College's property tax revenues were reduced by \$326,482 in incentive payments and \$97,497 in property tax rebates under these exemptions. There are no significant abatements made by the College.

NOTE 23 - BRANCH CAMPUS MAINTENANCE TAX

A branch campus maintenance tax that is established by election is levied by Moore County and Hereford Independent School District. It is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District. Collections are transferred to the College to be used for operation of a branch campus in Dumas, Texas, and Hereford, Texas. This revenue is reported under local grant contracts. Collections in fiscal years 2022 and 2021 (including penalties and interest) from Moore County totaled approximately \$1,123,000 and \$1,083,000, respectively, and from Hereford Independent School District totaled approximately \$928,000 and \$849,000, respectively.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 24 - INCOME TAXES

The College is exempt from income taxes under IRC Section 115, *Income of States, Municipalities, Etc.*, although unrelated business income may be subject to income taxes under IRC Section 511(a)(2)(B), *Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations*. The College had no significant unrelated business income for the years ended August 31, 2022 and 2021.

NOTE 25 - RELATED PARTIES

The Amarillo College Foundation, Incorporated (the Foundation) is a nonprofit organization with the primary purpose of supporting the educational and other activities of various entities, including the College. The Foundation solicits donations and awards scholarships, including substantial scholarships to students not attending the College. The College does not appoint a voting majority to the board of directors nor does it fund or is it obligated to pay debt related to the Foundation. Accordingly, the Foundation has not been presented as a discrete component unit of the College.

The Foundation remitted restricted gifts of approximately \$50,000 and \$193,000 to the College during the years ended August 31, 2022 and 2021, respectively. During the fiscal year, the College furnished certain services, such as office space, utilities, and some staff assistance, to the Foundation. The amount of such services provided by the College has not been determined.

NOTE 26 - BLENDED COMPONENT UNIT

Amarillo Foundation for Education and Business

On November 14, 2012, the Board of Regents entered into an agreement with an independent foundation entitled Amarillo Foundation for Education and Business (AFEB) for the sole purpose of selling land on East Campus. The land is held by the College which, in turn, sells the land to AFEB when AFEB has found a buyer. The board of directors consists of five members, two of whom are appointed by PRANA Development Group, LLC, and three members who are appointed by the College. AFEB is considered a blended component unit of the College. There were no sales during the fiscal years ended August 31, 2022 and 2021.

Condensed Statements of Net Position
August 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current assets	\$ 7,705	\$ 7,855
Total assets	<u>7,705</u>	<u>7,855</u>
Liabilities	<u>-</u>	<u>-</u>
Net position		
Restricted	<u>7,705</u>	<u>7,855</u>
Total net position	<u>\$ 7,705</u>	<u>\$ 7,855</u>

**AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021**

NOTE 26 - BLENDED COMPONENT UNIT (CONTINUED)

Amarillo Foundation for Education and Business (Continued)

**Condensed Statements of Revenues, Expenses and Changes in Net Position
August 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Operating revenues	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>
Operating expenses	<u>150</u>	<u>250</u>
Total expenses	<u>150</u>	<u>250</u>
Decrease in net position	<u>150</u>	<u>250</u>
Net position		
Net position, beginning of year	<u>7,855</u>	<u>8,105</u>
Net position, end of year	<u>\$ 7,705</u>	<u>\$ 7,855</u>

**Condensed Statements of Cash Flows
August 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Net cash used by operating activities	\$ 150	\$ 250
Net decrease in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of year	<u>7,855</u>	<u>8,105</u>
Cash and cash equivalents, end of year	<u>\$ 7,705</u>	<u>\$ 7,855</u>

NOTE 27 - DISCRETE COMPONENT UNIT

Amarillo College Foundation, Inc.

The following footnotes (27A-27Q) are from the audited financial statements of the Amarillo College Foundation, Inc. (Foundation) for the years ended August 31, 2022 and 2021. GASB prohibits the use of the term "net assets" and as such, all instances of the term "net assets" were changed to "net position" in order to conform with GASB presentation requirements.

A. ORGANIZATION

The Amarillo College Foundation, Incorporated (the Foundation) is a nonprofit organization founded in 1962 to function as a legal conduit for the acceptance, investment and distribution of private gifts and grants given for the funding of activities and programs primarily related to the mission, role and scope of Amarillo College (the College). The Board of Directors of the Foundation is composed of no more than 33 directors including three members of the Amarillo

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 27 - DISCRETE COMPONENT UNIT (CONTINUED)

A. ORGANIZATION

College Board of Regents, the President and the Vice President of Business Affairs of Amarillo College and other selected members of the Foundation who are not directly affiliated with Amarillo College.

During 2020, the management structure and focus of Amarillo College Foundation changed and the College management determined that in accordance with Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations Are Component Units – an Amendment of GASB Statement No. 14*, the Foundation is considered to be a component unit of the College because of the nature and significance of its relationship with the College. The economic resources received or held by the Foundation are almost entirely for the direct benefit of the College; the College is entitled to, or can otherwise access, a majority of these resources; and the resources received or held by the Foundation are significant to the College.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Foundation follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Subtopic 958-205, *Not-for-Profit Entities: Presentation of Financial Statements* (or ASC 958-205), and is required to report information regarding its financial position and activities according to two classes of net position: Net position without donor restrictions and net position with donor restrictions. In addition, the Foundation is required to present a statement of cash flows.

Net position, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net position of the Foundation and changes therein are classified and reported as follows:

Net position without donor restrictions

- Net position that is not subject to any donor-imposed stipulations.

Net position with donor restrictions

- *Purpose restrictions* – Net position subject to donor-imposed restrictions on their use that may be met either by actions of the Foundation or the passage of time.
- *Time-restricted for a specific purpose* – Net position subject to donor-imposed or other legal restrictions requiring that the principal be maintained permanently by the Foundation. Generally, the donors permit the Foundation to use all or part of the income earned for either general or donor-specified purposes.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 27 - DISCRETE COMPONENT UNIT (CONTINUED)

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make assumptions and estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of fair value of financial instruments, actual results could differ from those estimates.

Cash and Cash Equivalents

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

Investments

In accordance with FASB ASC Subtopic 958-320, *Not-for-Profit Entities: Investments* (or ASC 958-320) and Subtopic 958-225, *Not-for-Profit Entities: Income Statement* (or ASC 958-225), marketable equity and all debt securities are recorded at fair value and the realized and unrealized gains and losses on investments are recorded as increases or decreases in net position based upon donor-imposed restrictions or applicable law.

The fair values of marketable equity and marketable debt securities are based on quoted market prices. The historical cost of money market funds and certificates of deposit approximates fair value because of the short maturity of those instruments. Other investments' fair values are generally estimated to approximate amortized cost.

For investments with limited marketability, including investments in certain partnerships, the Foundation has adopted the concept of "practical expedient," under which investments are stated at estimated fair value using net asset values as provided by the general partners and fund managers and as reviewed by management. These net asset values are based on underlying securities and holdings, which may be valued at quoted market prices comparable investments, appraised values, or discounted cash flows. As a practical expedient to determine fair value, investments in fund of funds, private global equity funds and private market funds (alternative investments) are reported using net asset values of the underlying funds as provided by the individual fund managers. The managers of the alternative investments reserve the right to adjust the reported net asset value if it is deemed not to be reflective of fair value. Because of the inherent uncertainty of valuations of investments in the underlying funds, their estimated values may differ significantly from the values that would have been used had a ready market for the underlying funds existed, and the difference could be material. Management relies upon the

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 27 - DISCRETE COMPONENT UNIT (CONTINUED)

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

audited financial statements of the alternative investments performed by third-party auditors. Interest and dividend income is presented net of investment advisory/management fees and is reflected in "Investment income, net" in the Statement of Activities.

Investment income is reported as Without donor restrictions unless otherwise restricted by the donor or required by accounting convention. All appreciation/depreciation earned on investments is reported as a change in net position without donor restrictions unless otherwise restricted by the donor, applicable law, or accounting convention.

Capital Assets

Capital assets are recorded at cost at the date of acquisition or fair value at the date of donation. The capitalization policy includes items valued at \$5,000 or more and a useful life of greater than two years. The costs of normal maintenance and repairs that do not add to the asset or materially extend the assets' lives are charged to operating expense in the year in which the expense is incurred.

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

Computer software	5 years
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Oil and Gas Properties

Oil and gas properties are recorded at estimated fair value at date of gift.

Contributions and Revenue Recognition

The Foundation has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 605) as management believes the standard improves the usefulness and understandability of the Foundation's financial reporting.

The Foundation reports contributions in the With donor restrictions – purpose restriction or With donor restriction – time-restricted for a specific purpose net position class if they are received With donor stipulations as to their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, With donor restriction - purpose restriction net position are released and reclassified to Without donor restriction net position in the Statement of Activities. Donor-restricted contributions are initially reported in the With donor restriction - purpose restriction net position class, even if it is anticipated such restrictions will be met in the current reporting period.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 27 - DISCRETE COMPONENT UNIT (CONTINUED)

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unconditional promises to give are required to be recorded when received and such contributions are required to be reported as With donor restrictions – purpose restriction or With donor restriction – time restricted for a specific purpose and are the reclassified to Without donor restriction net assets upon satisfaction of donor restrictions. All unconditional promises to give are primarily due in five years or less and are expected to be fully collectible.

Conditional promises to give, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

Gains and losses on investments and other assets and liabilities are reported as increases or decreases in Without donor restriction net assets unless their use is restricted by explicit donor stipulation or by law.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. The Statements of Functional Expenses present the natural classification detail of expenses by function. Costs are allocated between grants and program services, institutional activities, management and general, or fundraising based on evaluations of the related activities. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Foundation.

Income Tax Status

The Foundation, a nonprofit corporation described in Section 501(c)(3) of the Internal Revenue Code, is exempt from paying income taxes pursuant to Section 501(a) of the Code, except to the extent it has unrelated business taxable income. The Foundation is not classified by the Internal Revenue Service (IRS) as a private foundation. The Foundation believes that it has taken no significant uncertain tax positions.

The Foundation's Federal tax returns for 2019, 2020 and 2021 are subject to examination by the Internal Revenue Service generally for three years after they were filed.

Services Received from a Related Party

The Foundation receives accounting services from employees of the College, and the value of these services is measured by the Foundation at the cost recognized by the College for the personnel providing such services. The Foundation recognized in-kind contribution revenue and an offsetting in-kind expense, located in management and general operating expense, of approximately \$204,000 and \$174,000 for the years ended August 31, 2022 and 2021, respectively.

Advertising and Costs

Advertising and Marketing Costs are expensed when incurred. Marketing Costs were \$57,253 for both 2022 and 2021.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 27 - DISCRETE COMPONENT UNIT (CONTINUED)

C. LIQUIDITY AND AVAILABILITY

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while striving to maximize the investment of its available funds. The Foundation has various sources of liquidity at its disposal that are not subject to donor or other contractual restrictions, including cash, marketable debt, equity securities and selected alternative investments.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all potential expenditures related to its ongoing activities of grant making and strategic communications as well as the conduct of functions performed in support of these activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation has access to dividend and interest proceeds and any capital gains generated from long-term investments transactions, both of which could contribute to the funding of general expenditures.

The following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures as of August 31:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 185,394	\$ 84,235
Money market mutual funds	23,192	12,498
Fixed income bonds	992,733	-
Mutual funds	<u>6,479,939</u>	<u>16,672,791</u>
Total Assets available	<u>\$ 7,681,258</u>	<u>\$ 16,769,524</u>

D. INVESTMENTS

A summary of investments at August 31, 2022 and 2021 are as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
<u>August 31, 2022</u>			
Money market mutual funds	\$ 23,192	\$ 23,192	\$ -
Fixed income bonds	990,567	992,733	2,166
Mutual funds/exchanged traded funds	6,380,251	6,479,939	99,688
Private global equity fund	29,518,545	34,440,551	4,922,006
Private equity fund of funds	1,059,363	1,888,453	829,090
Fund of hedge funds - absolute return	1,766,399	3,186,293	1,419,894
Private markets fund	2,609,931	4,374,894	1,764,963
Private credit fund of funds	3,564,736	3,919,976	355,240
Private equity fund	249,071	264,662	15,591
Real assets fund	370,297	366,180	(4,117)
Diversified income fund	7,530,013	7,303,318	(226,695)
Total	<u>\$ 54,062,365</u>	<u>\$ 63,240,191</u>	<u>\$ 9,177,826</u>

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 27 - DISCRETE COMPONENT UNIT (CONTINUED)

D. INVESTMENTS (CONTINUED)

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
<u>August 31, 2021</u>			
Money market mutual funds	\$ 12,498	\$ 12,498	\$ -
Mutual funds/exchanged traded funds	14,847,492	16,672,791	1,825,299
Private global equity fund	30,177,214	42,424,100	12,246,886
Private equity fund of funds	948,217	1,910,278	962,061
Fund of hedge funds - absolute return	5,306,704	7,745,280	2,438,576
Private markets fund	2,249,775	3,535,861	1,286,086
Private credit fund of funds	1,609,041	1,906,530	297,489
Private equity fund	249,277	272,285	23,008
Total	<u>\$ 55,400,218</u>	<u>\$ 74,479,623</u>	<u>\$ 19,079,405</u>

The Foundation invests in various investment instruments which are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, changes in the value of investment securities may have occurred subsequent to year end that could materially affect the amounts reported in the statements of financial position.

E. FAIR VALUE MEASUREMENTS

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

The three levels are defined as follows:

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

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 27 - DISCRETE COMPONENT UNIT (CONTINUED)

E. FAIR VALUE MEASUREMENTS (CONTINUED)

The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are used only when Level 1 or Level 2 inputs were not available. In accordance with ASU-2015-17, investments for which fair value is measured using net asset value have not been categorized within the fair value hierarchy.

For the valuation of certain mutual funds and exchange-traded funds at August 31, 2022 and 2021, the Foundation used quoted prices in principal active markets for identical assets as of the valuation date (Level 1).

Assets Measured at Fair Value on a Recurring Basis

	Fair Value	Fair Value Measurements Using:			Measured at NAV (1)
		Quoted Prices in Active Identical Assets (Level 1)	Significant Other Inputs (Level 2)	Significant Inputs (Level 3)	
August 31, 2022:					
Money market mutual funds	\$ 23,192	\$ 23,192	\$ -	\$ -	\$ -
Fixed income bonds	992,733	992,733	-	-	-
Mutual funds/exchange traded funds	6,479,939	6,479,939	-	-	-
Private global equity fund	34,440,551	-	-	-	34,440,551
Private equity fund of funds	1,888,453	-	-	-	1,888,453
Fund of hedge funds - absolute return	3,186,293	-	-	-	3,186,293
Private markets fund	4,374,894	-	-	-	4,374,894
Private credit fund of funds	3,919,976	-	-	-	3,919,976
Private equity fund	264,662	-	-	-	264,662
Real assets fund	366,180	-	-	-	366,180
Diversified income fund	7,303,318	-	-	-	7,303,318
	<u>\$ 63,240,191</u>	<u>\$ 7,495,864</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,744,327</u>

(1) Investments measured at NAV as the practical expedient are excluded from the fair value hierarchy. These amounts are presented here to facilitate reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

	Fair Value	Fair Value Measurements Using:			Measured at NAV (1)
		Quoted Prices in Active Identical Assets (Level 1)	Significant Other Inputs (Level 2)	Significant Inputs (Level 3)	
August 31, 2021:					
Money market mutual funds	\$ 12,498	\$ 12,498	\$ -	\$ -	\$ -
Mutual funds/exchange traded funds	16,672,791	16,672,791	-	-	-
Private global equity fund	42,424,100	-	-	-	42,424,100
Private equity fund of funds	1,910,278	-	-	-	1,910,278
Fund of hedge funds - absolute return	7,745,280	-	-	-	7,745,280
Private markets fund	3,535,861	-	-	-	3,535,861
Private credit fund of funds	1,906,530	-	-	-	1,906,530
Private equity fund	272,285	-	-	-	272,285
	<u>\$ 74,479,623</u>	<u>\$ 16,685,289</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,794,334</u>

(1) Investments measured at NAV as the practical expedient are excluded from the fair value hierarchy. These amounts are presented here to facilitate reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

**AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021**

NOTE 27 - DISCRETE COMPONENT UNIT (CONTINUED)

E. FAIR VALUE MEASUREMENTS (CONTINUED)

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

The Foundation's policy is to recognize transfers between Levels 1, 2 and 3 and transfers due to strategy reclassifications, if any, as if the transfer occurred at the beginning of the year. For the years ended August 31, 2022 and 2021, the Foundation had no transfers.

Fair Value Measurements Using Significant Unobservable Inputs

The following summarizes the nature and risk of those investments that are reported at estimated fair value utilizing net asset value as of August 31, 2022 and 2021:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
<u>August 31, 2022:</u>				
Fund of hedge funds –				
absolute return (a)	\$ 3,186,293	\$ -	Quarterly	90 Days
Private equity fund of funds (b) (g) (k)	1,888,453	482,701	N/A	N/A
Private global equity fund (e)	34,440,551	-	N/A	Monthly w/ 16 Business days
Private markets fund (c) (d) (g) (i)	4,374,894	6,156,327	N/A	N/A
Private credit fund of funds (f) (g)	3,919,976	5,388,287	N/A	N/A
Private credit fund (h) (l)	264,662	-	Monthly	6 Business days
Real assets fund (i)	366,180	1,872,593	N/A	N/A
Diversified income fund (j)	<u>7,303,318</u>	<u>-</u>	N/A	N/A
Totals	<u>\$55,744,327</u>	<u>\$13,899,898</u>		
	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
<u>August 31, 2021:</u>				
Fund of hedge funds –				
absolute return (a)	\$ 7,745,280	\$ -	Quarterly	90 Days
Private equity fund of funds (b) (g)	1,910,278	184,500	N/A	N/A
Private global equity fund (e)	42,424,100	-	N/A	Monthly w/ 16 Business days
Private markets fund (c) (d) (g)	3,535,861	3,224,971	N/A	N/A
Private credit fund of funds (f) (g)	1,906,530	7,365,110	N/A	N/A
Private credit fund (h)	<u>272,285</u>	<u>-</u>	Monthly	6 Business days
Totals	<u>\$57,794,334</u>	<u>\$10,774,581</u>		

(a) The strategies of the underlying hedge funds in this category include long/short equity, multi-strategy, credit, and global macro. The portfolio managers may utilize leverage, engage in short-selling, access the option and future markets, and engage in a wide variety of over-the-counter derivative transactions. Some funds may invest in illiquid investments, which are typically segregated into "side pockets" (sub funds within the investment fund) and are not available for redemption until the investment is liquidated by the manager.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 27 - DISCRETE COMPONENT UNIT (CONTINUED)

E. FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Measurements Using Significant Unobservable Inputs (Continued)

Certain investments in this category have gate provisions, which allow a manager to limit redemptions despite the normal liquidity provisions if they receive redemptions in excess of the gate (a level stated in their governing documents). Several of the underlying hedge funds contain lock-up periods of up to one year. The fair values of the investments in this category have been estimated using the net asset value per share of the investments.

- (b) The strategies of the private equity fund of funds are to offer the mix of primary, secondary, and direct co-investments which is expected to accelerate capital deployment while seeking to generate both early and long-term performance. This diversified global fund of funds invests in a combination of primary partnerships, secondary investments, and direct co-investments. Private equity investments are defined in the partnership agreement as investments in buyout, growth equity, venture capital, distressed debt, special situation recapitalization, and other private equity transactions. No limited partner may assign or otherwise transfer all or any part in the Partnership to another entity unless the General Partner has consented to the transfer in writing in accordance with the partnership agreement. The Partnership is scheduled to terminate on June 30, 2024. The General Partner may extend the Partnership for up to three one-year periods. The fair values of the investment in this category have been estimated using the net asset value per share of the investment.
- (c) The strategies of the Private markets fund is to achieve attractive risk-adjusted returns that are not highly correlated with traditional asset classes by investing in investment funds advised by investment managers primarily pursuing private equity, real estate, private debt and/or real assets strategies and co-investments into direct investments in equity or debt alongside portfolio funds or other direct investments in equity or debt. The fund maintains clawback provisions for all partners.
- (d) This nonmarketable fund does not permit redemptions. The timing of the return of capital is at the manager's discretion, subject to provisions documented in limited partnership agreements. In general, capital and realized gains are distributed to investors when an investment is liquidated. It is estimated that the term of the fund will be ten years following final closing of the fund. However, the general partner in its sole discretion may extend the term of the Fund for up to four one-year extensions and may further extend the term of the Fund in the event the Portfolio has not been liquidated.
- (e) The strategy of the Fund is to achieve attractive risk-adjusted returns versus its benchmark index by investing assets with a group of independent investments managers primarily pursuing long-only public equity strategies.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 27 - DISCRETE COMPONENT UNIT (CONTINUED)

E. FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Measurements Using Significant Unobservable Inputs (Continued)

- (f) The strategy of the private credit fund of funds is to achieve attractive risk-adjusted returns by primarily pursuing credit-oriented investment strategies. The Fund is permitted to make such investments in independent investment funds or account advised by investment managers and/or by investing in co-investments into direct investments in equity or debt alongside portfolio funds or other direct investments in equity or debt.
- (g) These funds do not permit redemptions until the close of the fund.
- (h) The strategy of the private equity fund is to seek to create a balanced product with diversified exposure to alternative investments, commodities, stocks, and bonds. The fund will seek to generate attractive returns while protecting capital by balancing diversified exposures to various asset classes and minimizing over-exposure to any one asset class.
- (i) The strategy of the real assets fund of funds is to achieve attractive risk-adjusted returns by primarily investing in real estate and real assets strategies, including, but not limited to, real estate assets, infrastructure and natural resources projects. The Fund will pursue these strategies by investing in independent investment funds or accounts advised by investment managers.
- (j) The strategy of the diversified income fund of funds is to achieve attractive risk-adjusted returns versus its benchmark index by investing assets with a group of independent investment managers primarily pursuing fixed income and credit strategies. There can be no assurance that the Fund will achieve these investment objectives.
- (k) The strategy of the direct equity fund is to achieve attractive returns by pursuing co-investments or direct investments in equity, debt, real estate or real assets sourced directly by the Investment Manager (as defined below) or through managers where the Investment Manager has an existing relationship. The Fund expects the Investments will include, but will not be limited to distressed, turnaround and special situations, buyouts, growth equity and venture capital. The Fund expects to invest in companies which the Investment Manager believes has long term growth trends primarily in growth equity and buyout opportunities, but may opportunistically invest in venture-stage or any other private company.
- (l) The strategy of the fund is to achieve attractive risk-adjusted returns by primarily investing in private equity strategies including, but not limited to, distressed, turnaround and special situations, buyouts, growth equity and venture capital. The Fund will pursue these strategies by investing in independent investment funds or accounts advised by investment managers.

Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of uncertainty related to changes in interest rates, market volatility and credit risks, it

**AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021**

NOTE 27 - DISCRETE COMPONENT UNIT (CONTINUED)

E. FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Measurements Using Significant Unobservable Inputs (Continued)

is at least reasonably possible that changes in these risks could materially affect the estimated fair value of investments reported in the statements of financial position as of August 31, 2022 and 2021.

A summary of investments classified according to any restrictions at August 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Without donor-restrictions investments	\$ <u>2,490,923</u>	\$ <u>3,204,553</u>
With donor-restrictions investments:		
Purpose restriction	25,935,547	37,157,468
Time-restricted for a specific purpose	<u>34,813,721</u>	<u>34,117,602</u>
Total with donor-restrictions investments	<u>60,749,268</u>	<u>71,275,070</u>
Total investments	<u>\$ 63,240,191</u>	<u>\$ 74,479,623</u>

Assets Measured at Fair Value on a Nonrecurring Basis

There were no fair values of assets and liabilities measured on a nonrecurring basis at August 31, 2022 and 2021.

F. COMPUTER SOFTWARE

A summary of computer software as of August 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Computer software	\$ 143,679	\$ 143,679
Less accumulated depreciation	<u>(142,120)</u>	<u>(140,419)</u>
Temporarily restricted	<u>\$ 1,559</u>	<u>\$ 3,261</u>

Depreciation expense for the years ended August 31, 2022 and 2021 was \$1,701 and \$1,700, respectively.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 27 - DISCRETE COMPONENT UNIT (CONTINUED)

G. PLEDGES RECEIVABLE

The Foundation solicits and receives contributions from donors to further its mission. Unconditional promises to give are recorded when the Foundation anticipates contributions to begin within one year. Pledges receivable are recorded at the amount that the Foundation expects to collect within one year at estimated fair value and the present value of future cash flows if expected to be collected in more than one year. No allowance for uncollectible pledges receivable has been recorded, as historically, the Foundation has not experienced material uncollectible amounts. Pledges receivable as of August 31, 2022 and August 31, 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Pledges receivable in less than one year	\$ 434,500	\$ -
Pledges receivable in one to five years	1,322,234	-
Pledges receivable in six to eight years	<u>170,000</u>	<u>-</u>
Total pledges receivable	1,926,734	-
Less discounts to net present value	<u>(243,765)</u>	<u>-</u>
Net pledges receivable	<u>\$ 1,682,969</u>	<u>\$ -</u>

Pledges receivable in more than one year have been discounted to net present value using a discount rate of 3.5%.

During the year ended August 31, 2022, there were pledges made to the Foundation in the amount of \$2,472,500. Contributions were received towards those pledges in cash in the amount of \$495,250 and common stock valued at \$50,516 on the date of the gift.

H. COMPENSABLE ABSENCES

Foundation employees receive the same benefits as the College employees including compensable absences. Full-time employees earn annual leave from eight to twelve hours per month depending on the number of years employed with the Foundation. The Foundation's policy is that an employee may carry his accrued leave forward from one fiscal year to another fiscal year with a maximum number of hours up to 160 for those employees with five or less years of service, up to 200 hours for those employees with more than five years but under ten years of service, and up to 240 hours for those employees with more than ten 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 the maximum allowed. The Foundation recognized the accrued liability for the unpaid annual leave in the amount of \$20,142 and \$16,614 as of August 31, 2022 and 2021, respectively. Sick leave, which can be accumulated up to 120 days, is earned at the rate of eight hours per month; however, sick leave is not paid at termination. The Foundation's policy is to recognize the cost of sick leave when utilized by employees.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 27 - DISCRETE COMPONENT UNIT (CONTINUED)

I. OIL AND GAS PROPERTIES

During fiscal year 2001, a living trust (the Trust) elected to contribute certain oil and gas properties to the Foundation. In 2020, they wrote off approximately \$89,000 in costs associated with returned working interest that were not producing. The remaining cost of properties owned is \$585,386. The Foundation received approximately \$124,000 and \$59,000 during the years ended August 31, 2022 and 2021, respectively, for oil and gas income related to the properties. During the years ended August 31, 2022 and 2021, the Foundation distributed approximately \$15,000 and \$14,000, respectively, of the oil and gas income received to another nonprofit entity.

J. NET POSITION WITH DONOR RESTRICTIONS

Net position with donor restriction are presented on the statements of financial position in restricted cash and cash equivalents with donor restrictions, property and equipment, and endowment funds. The changes in net position with donor restrictions as well as the amounts available at August 31, 2022 and 2021 for the following purposes are as follows:

	August 31,			August 31,
	<u>2021</u>	<u>Additions</u>	<u>Releases</u>	<u>2022</u>
Net position restricted for specified purpose:				
Scholarships	\$24,514,017	\$ (5,490,778)	\$ (1,581,776)	\$ 17,441,463
Programs/Other specific purposes	<u>12,643,451</u>	<u>(2,962,057)</u>	<u>(1,187,310)</u>	<u>8,494,084</u>
Total subject to specified purpose	<u>37,157,468</u>	<u>(8,452,835)</u>	<u>(2,769,086)</u>	<u>25,935,547</u>
Net position restricted for perpetual in nature:				
Scholarships	19,588,485	701,307	(5,188)	20,284,604
Programs/Other specific purposes	<u>15,114,503</u>	<u>-</u>	<u>-</u>	<u>15,114,503</u>
Total perpetual in nature	<u>34,702,988</u>	<u>701,307</u>	<u>(5,188)</u>	<u>35,399,107</u>
Net position with donor restrictions	<u>\$71,860,456</u>	<u>\$ (7,751,528)</u>	<u>\$ (2,774,274)</u>	<u>\$61,334,654</u>

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 27 - DISCRETE COMPONENT UNIT (CONTINUED)

J. NET POSITION WITH DONOR RESTRICTIONS (CONTINUED)

	<u>August 31,</u> <u>2020</u>	<u>Additions</u>	<u>Releases</u>	<u>August 31,</u> <u>2021</u>
Net position restricted for specified purpose:				
Scholarships	\$ 17,048,893	\$ 8,624,833	\$ (1,159,709)	\$ 24,514,017
Programs/Other specific purposes	<u>7,875,902</u>	<u>5,582,323</u>	<u>(814,774)</u>	<u>12,643,451</u>
Total subject to specified purpose	<u>24,924,795</u>	<u>14,207,156</u>	<u>(1,974,483)</u>	<u>37,157,468</u>
Net position restricted for perpetual in nature:				
Scholarships	19,021,029	567,456	-	19,588,485
Programs/Other specific purposes	<u>2,008,703</u>	<u>13,105,800</u>	<u>-</u>	<u>15,114,503</u>
Total perpetual in nature	<u>21,029,732</u>	<u>13,673,256</u>	<u>-</u>	<u>34,702,988</u>
Net position with donor restrictions	<u>\$ 45,954,527</u>	<u>\$ 27,880,412</u>	<u>\$ (1,974,483)</u>	<u>\$ 71,860,456</u>

K. FUNCTIONAL EXPENSES

	<u>Total Program</u> <u>Services</u>	<u>Management</u> <u>& General</u>	<u>Fundraising</u> <u>Activities</u>	<u>Total</u>
<u>August 31, 2022</u>				
Salaries & benefits	\$ 19,057	\$ 392,865	\$ -	\$ 411,922
Scholarships & Grants	1,614,645	-	-	1,614,645
Occupancy	-	21,536	-	21,536
Professional services	113,908	-	-	113,908
Legal & Accounting	-	9,300	-	9,300
Marketing	57,253	-	-	57,253
Office expenses	35,170	8,120	2,893	46,183
Information technology	28,137	23,482	-	51,619
Travel & Meals	36,424	47	-	36,471
Meetings	-	-	6,933	6,933
Insurance	-	8,166	-	8,166
Depreciation	-	1,701	-	1,701
Institutional support	13,888	-	10,013	23,901
In-Kind Expense - Services	-	204,422	-	204,422
Other Expenses	<u>483,700</u>	<u>22,383</u>	<u>9,524</u>	<u>515,607</u>
TOTAL EXPENSES	<u>\$ 2,402,182</u>	<u>\$ 692,022</u>	<u>\$ 29,363</u>	<u>\$ 3,123,567</u>

**AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021**

NOTE 27 - DISCRETE COMPONENT UNIT (CONTINUED)

K. FUNCTIONAL EXPENSES (CONTINUED)

	<u>Total Program Services</u>	<u>Management & General</u>	<u>Fundraising Activities</u>	<u>Total</u>
August 31, 2021				
Salaries & benefits	\$ 140,561	\$ 290,195	\$ -	\$ 430,756
Scholarships & Grants	1,433,227	-	-	1,433,227
Occupancy	-	19,200	-	19,200
Professional services	22,066	-	-	22,066
Legal & Accounting	-	17,070	-	17,070
Marketing	-	-	1,737	1,737
Office expenses	42,621	18,408	3,946	64,975
Information technology	27,662	43,481	-	71,143
Travel & Meals	2,324	939	-	3,263
Meetings	-	-	290	290
Insurance	-	-	-	-
Depreciation	-	1,700	-	1,700
Institutional support	26,691	-	7,532	34,223
In-Kind Expense - Services	-	173,627	-	173,627
Other Expenses	140,822	3,136	9,430	153,388
TOTAL EXPENSES	<u>\$ 1,835,974</u>	<u>\$ 567,756</u>	<u>\$ 22,935</u>	<u>\$ 2,426,665</u>

L. THE SYBIL B. HARRINGTON SCHOLARSHIP FUND

On December 27, 1989, Sybil B. Harrington established the Sybil B. Harrington Scholarship Fund at the Foundation. It is an endowment fund to provide scholarships to academically deserving high school graduates from the northern 26 counties of Texas and Amarillo College graduates.

Annually, 5% of the income will be retained and contributed to the corpus of the fund, until such time as the corpus reaches \$5,000,000. Income from the funds in excess of the 5% is to be allocated 80% for scholarships to eligible high school graduates to attend accredited Texas colleges and universities other than Amarillo College, 10% for scholarships to eligible Amarillo College applicants, and 10% for scholarships to eligible Amarillo College graduates.

During the years ended August 31, 2022 and 2021, the Foundation awarded approximately \$308,000 and \$224,000 respectively, in scholarships from this fund. As of August 31, 2022 and 2021, the total net assets are approximately \$7,281,000 and \$8,885,000, respectively.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 27 - DISCRETE COMPONENT UNIT (CONTINUED)

M. ENDOWMENTS

Effective September 1, 2007, the State of Texas enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the provisions of which apply to endowment funds existing on or established after that date.

FASB ASC Subtopic 958-205, *Not-for-Profit: Financial Statement*, (ASC 958-205) provides guidance on the net asset classification of donor-restricted funds for a not-for-profit organization that is subject to an enacted version of UPMIFA and also requires disclosures about endowment funds, both donor-restricted endowment funds and board-designated endowment funds.

The Foundation's endowment consists of donor-restricted endowment funds and does not include any funds designated by the Board of Directors to function as endowments. Net position associated with endowments are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

Based on the interpretation of UPMIFA by the Board of Directors of the Foundation, the guidance in ASC 958-205, and absent explicit donor stipulations to the contrary, the Foundation classifies as permanently restricted net position: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not subject to permanent donor restrictions is classified as net position with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) the duration and preservation of the fund
- 2) the purposes of the Foundation and the donor-restricted endowment fund
- 3) general economic conditions
- 4) the possible effect of inflation and deflation
- 5) the expected total return from income and the appreciation of investments
- 6) other resources of the Foundation
- 7) the investment policies of the Foundation

**AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021**

NOTE 27 - DISCRETE COMPONENT UNIT (CONTINUED)

M. ENDOWMENTS

Net position classification by type of endowment as of August 31, 2022, is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>August 31, 2022</u>			
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 35,399,107	\$ 35,399,107
Accumulated investment gain	-	12,320,183	12,320,183
	<u>\$ -</u>	<u>\$ 47,719,290</u>	<u>\$ 47,719,290</u>

Changes in endowment net position for the year ended August 31, 2022, is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>August 31, 2022</u>			
Endowment net position, August 31, 2021	<u>\$ -</u>	<u>\$ 56,626,858</u>	<u>\$ 56,626,858</u>
Investment (loss)		(1,380,555)	(1,380,555)
Net (depreciation)	-	(7,408,614)	(7,408,614)
Total investment return	-	(8,789,169)	(8,789,169)
Contributions	-	693,783	693,783
Reclassification	-	641,760	641,760
Appropriation of endowment assets for expenditure	-	(1,453,942)	(1,453,942)
Endowment net position, August 31, 2022	<u>\$ -</u>	<u>\$ 47,719,290</u>	<u>\$ 47,719,290</u>

**AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021**

NOTE 27 - DISCRETE COMPONENT UNIT (CONTINUED)

M. ENDOWMENTS (CONTINUED)

Net position classification by type of endowment as of August 31, 2021, is as follows:

	<u>Restrictions</u>	<u>Restrictions</u>	<u>Total</u>
<u>August 31, 2021</u>			
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 34,702,988	\$ 34,702,988
Accumulated investment gain	-	21,923,870	21,923,870
	<u>\$ -</u>	<u>\$ 56,626,858</u>	<u>\$ 56,626,858</u>

Changes in endowment net position for the year ended August 31, 2021, is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>August 31, 2021</u>			
Endowment net position, August 31, 2020	<u>\$ -</u>	<u>\$ 35,457,881</u>	<u>\$ 35,457,881</u>
Investment return	-	1,365,451	1,365,451
Net appreciation	-	7,237,865	7,237,865
Total investment return	-	8,603,316	8,603,316
Contributions	-	13,668,645	13,668,645
Reclassification	-	1	1
Appropriation of endowment assets for expenditure	-	(1,102,985)	(1,102,985)
Endowment net position, August 31, 2021	<u>\$ -</u>	<u>\$ 56,626,858</u>	<u>\$ 56,626,858</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original value of the fund. There were no deficiencies of this nature as of August 31, 2022 and 2021.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 27 - DISCRETE COMPONENT UNIT (CONTINUED)

M. ENDOWMENTS (CONTINUED)

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the historical dollar value of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a mix of relevant benchmarks, while assuming a moderate level of investment risk. The Foundation currently expects its endowment funds, over time, to provide total investment rate of return over the long term which exceeds the rate of inflation as measured by the Consumer Price Index (CPI) by at least 3%. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term, rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy which allows for appropriating expenditures each year up to 4.25% of its endowment fund's average fair value over the prior five years through the calendar year-end preceding the fiscal year in which the expenditure is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment.

N. TRANSACTIONS WITH AFFILIATES

The primary purpose of the Foundation is to support the educational and other activities of various entities, including the College. The Foundation awards scholarships to eligible students. During the years ended August 31, 2022 and 2021, the Foundation awarded approximately \$1,549,000 and \$1,424,000 respectively, to students of the College.

In addition, the College provides the Foundation with facilities in which to conduct the Foundation's business. The Foundation recognized \$21,536 and \$19,200 as facility costs in 2022 and 2021, respectively.

Amarillo College provides payroll services for four Foundation employees. These employees are afforded the same benefits as College employees. During the years ended August 31, 2022 and 2021, the Foundation reimbursed the College approximately \$412,000 and \$431,000, respectively, for salaries and benefits.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 27 - DISCRETE COMPONENT UNIT (CONTINUED)

N. TRANSACTIONS WITH AFFILIATES (CONTINUED)

The Foundation will accept contributions of non-financial assets. Additionally, they accept contributions that are restricted to the purchasing of equipment. However, these contributions are transferred upon receipt to the College. In all cases the donor has specified the College as the beneficiary of these contributions. The Foundation reports these contributions in "Contributions" and the transfer to the College as a "Grant" expense on the Statements of Activities.

During 2020/2021, the Foundation awarded grants of approximately \$193,000 to the College for the purpose of institutional activities. During 2021/2022, the Foundation awarded grants of approximately \$50,200 to the College for the purpose of institutional activities.

O. RISKS AND UNCERTAINTIES

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Financial Position.

P. CONTINGENCIES

The federal matching grant programs are governed by various rules and regulations of the grantor agency. Costs charged to these programs are subject to audit and adjustment by the grantor agency. In the opinion of the Foundation's management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Q. RECENT ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The guidance supersedes existing guidance on accounting for leases with the main difference being that operating leases are to be recorded in the statement of financial position as right-of-use assets and lease liabilities, initially measured at the present value of the lease payments. For operating leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election not to recognize lease assets and liabilities. For non-public business entities, the guidance is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Early application of the guidance is permitted. In transition, entities are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. Management is evaluating the new guidance but does not expect the adoption of this guidance to have a material impact on the Foundation's financial position or results of operations.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 27 - DISCRETE COMPONENT UNIT (CONTINUED)

Q. RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In January 2020, the FASB issued ASU 2020-01, *Investments-Equity Securities (Topic 321), Investments- Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815)*, which clarify certain interactions between the guidance to account for certain equity securities under Topic 321, the guidance to account for investments under the equity method of accounting in Topic 323, and the guidance in Topic 815, which could change how an entity accounts for an equity security under the measurement alternative or a forward contract or purchased option to purchase securities that, upon settlement of the forward contract or exercise of the purchased option, would be accounted for under the equity method of accounting or the fair value option in accordance with Topic 825, *Financial Instruments*. These amendments improve current GAAP by reducing diversity in practice and increasing comparability of the accounting for these interactions. The amendments are effective for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years. Early adoption is permitted. The Foundation is currently evaluating the impact that ASU 2020-01 will have on its financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which increases transparency of contributed nonfinancial assets for not-for-profit entities through enhancements in presentation and disclosure requirements. Not-for-profit entities will now be required to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial contributions. Not-for-profits will be required to disclose various information related to contributed nonfinancial assets. The amendments in the Update should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021. Early adoption is permitted. The Foundation implemented this pronouncement in the current year but it did not have a significant impact on its financial statements.

In October 2020, the FASB issued ASU No. 2020-10, *Codification Improvements*, which is part of the FASB's ongoing Codification improvement project aimed at clarifying specific areas of accounting guidance to help avoid unintended application. The items addressed in that project generally are not expected to have a significant effect on current accounting practice or create a significant administrative cost for most entities. The amendments are effective for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years beginning after December 15, 2022. Early application is permitted. Management is evaluating the new guidance but does not expect the adoption of this guidance to have a material impact on the Foundation's financial position or results of operations.

In July 2021, the FASB issued ASU 2021-05, 'Leases (Topic 842): Lessors—Certain Leases with Variable Lease Payments, which requires that a lessor determine whether a lease should be classified as a sales-type lease or a direct financing lease at lease commencement on the basis of specified classification criteria (see paragraphs 842-10-25-2 through 25-3). Under Topic 842, a lessor is not permitted to estimate most variable payments and must exclude variable payments

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 27 - DISCRETE COMPONENT UNIT (CONTINUED)

Q. RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

that are not estimated and do not depend on a reference index or a rate from the lease receivable. Entities that have not adopted Topic 842 on or before the issuance date of this Update should follow the transition requirements of Topic 842 in paragraph 842- 10-65-1 for the amendments in this Update. This transition is either (1) retrospective to each prior period presented in the financial statements with the cumulative effect of transition recognized at the beginning of the earliest period presented or (2) retrospective to the beginning of the period of adoption with a cumulative effect of transition recognized at the beginning of the period of adoption. Management is evaluating the new guidance but does not expect the adoption of this guidance to have a material impact on the Foundation's financial position or results of operations.

In November 2021, the FASB issued ASU 2021-09, Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities, which allows them to elect, as an accounting policy, to use a risk-free rate as the discount rate for all leases. The amendments in this Update allow those lessees to make the risk-free rate election by class of underlying asset, rather than at the entity-wide level. An entity that makes the risk-free rate election is required to disclose which asset classes it has elected to apply a risk-free rate. The amendments require that when the rate implicit in the lease is readily determinable for any individual lease, the lessee use that rate (rather than a risk-free rate or an incremental borrowing rate), regardless of whether it has made the risk-free rate election. The effective date for this Update is different for entities that have not yet adopted Topic 842 as of November 11, 2021, and those that have. Topic 842 becomes effective for private companies and not-for-profit organizations that are not conduit bond obligors for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Management is evaluating the new guidance but does not expect the adoption of this guidance to have a material impact on the Foundation's financial position or results of operations.

R. SUBSEQUENT EVENT (CONTINUED)

The Foundation has evaluated for inclusion as a subsequent event disclosure only those events that occurred prior to February 28, 2023, the date that the financial statements were available to be issued. There were no events that require disclosure except as noted below.

In March 2020, the World Health Organization declared the novel strain of coronavirus a "Public Health Emergency of International Concern". As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen. The extent of the impact on the Foundation's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak. The extent to which COVID-19 may impact the Foundation's subsequent financial condition or results of operations is uncertain.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 28 - PRIOR PERIOD ADJUSTMENT

The College restated prior year amounts for a change in accounting principles for leased assets in fiscal year 2022. The restatements below affect the capital assets, capital leases, fund balance, and the statement of revenues, expenses, and changes in net position.

Capital assets, net	\$ 123,228,103
Adjust to record right-of-use lease	<u>601,576</u>
Capital assets, net at August 31, 2021, restated	<u>\$ 123,829,679</u>
Capital lease payable-current portion	\$ 133,110
Adjust to record right-of-use lease liability	<u>180,442</u>
Capital lease payable current portion, at August 31, 2021, restated	<u>\$ 313,552</u>
Capital lease payable	\$ 137,118
Adjust to record right-of-use lease liability	<u>552,176</u>
Capital assets, net at August 31, 2021, restated	<u>\$ 689,294</u>
Net investment in capital assets	\$ 50,584,229
Adjust to record lease amortization	<u>(131,042)</u>
Net investment in capital assets, at August 31, 2021, restated	<u>\$ 50,453,187</u>
Institutional Portion	\$ 14,790,583
Adjust to record lease amortization	<u>186,964</u>
Institutional Portion, net at August 31, 2021, restated	<u>\$ 14,977,547</u>
Other operating revenues	\$ 1,018,486
Adjust to record rent expense	<u>3,080</u>
Other operating revenues, at August 31, 2021, restated	<u>\$ 1,021,566</u>
Depreciation	\$ 5,326,167
Adjust to record depreciation expense	<u>(52,842)</u>
Depreciation, net at August 31, 2021, restated	<u>\$ 5,273,325</u>

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 29 - NEW GASB PRONOUNCEMENTS

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

GASB Statement No. 87, *Leases*, the objective of this statement is to better meet the information needs of the financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB 87 is effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged. The College implemented this statement during the current year.

GASB Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required not disclosures. This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged. The College is currently evaluating the effect of this statement on their financial statements.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by (1) Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment; (2) Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; (3) Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable; (4) Removing LIBOR as an appropriate benchmark interest rate

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 29 - NEW GASB PRONOUNCEMENTS (CONTINUED)

for the qualitative evaluation of the effectiveness of an interest rate swap; (5) Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap; (6) Clarifying the definition of reference rate, as it is used in Statement 53, as amended; and (7) Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Earlier application is encouraged. The College implemented this statement during the year.

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This statement achieves that objective by (1) establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions (2) requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The College is currently evaluating the effect of this statement on their financial statements.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. This Statement provides an exception for short-term SBITAs. Short-term SBITAs have a maximum possible term under the SBITA contract of 12 months, including any options to extend, regardless of their probability of being exercised. Subscription payments for short-term SBITAs should be recognized as outflows of resources. This Statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The College is currently evaluating the effect of this statement on their financial statements.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 29 - NEW GASB PRONOUNCEMENTS (CONTINUED)

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are financially administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The College has implemented these two requirements in FY 20. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted. The College implemented this statement during the current year.

GASB Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. The requirements of this Statement are effective for fiscal years ending after December 15, 2021. The College implemented this statement during the current year.

GASB Statement No. 99, *OMNIBUS 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows: (1) Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument (2) Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 29 - NEW GASB PRONOUNCEMENTS (CONTINUED)

lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives (3) Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset (4) Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability. (5) Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt. (6) Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP) (7) Disclosures related to nonmonetary transactions. (8) Pledges of future revenues when resources are not received by the pledging government. (9) Clarification of provisions in Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis – for State and Local Governments*, as amended, related to the focus of the government-wide financial statements (10) Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (11) Terminology used in Statement No. 53 to refer to resource flows statements. The requirements of this Statement that are effective as follows: (1) The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. (2) The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. (3) The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 100, *Accounting Changes and Error Corrections-An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of the Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 30 - SUBSEQUENT EVENTS

The College evaluated for inclusion as a subsequent event disclosure those events that occurred prior to February 28, 2023, the date the financial statements were issued. There were no events that require disclosure except as noted below.

In March 2020, the World Health Organization declared the novel strain of coronavirus a “Public Health Emergency of International Concern.” As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen. The extent of the impact on the College’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the College’s residents, employees and vendors all of which are uncertain and cannot be predicted. The extent to which COVID-19 may impact the College’s subsequent financial condition or results of operations is uncertain.

Subsequent to August 31, 2022, the College has multiple construction projects in process that will be paid with bond funding.

On January 26, 2023, the College received approval from the Department of Education concerning the CARES HEERF III ALN 84.425F grant to reclassify expenditures that were in compliance with the grant’s period of performance requirement. See Single Audit Finding 2022-003.

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

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REQUIRED SUPPLEMENTARY INFORMATION

**AMARILLO COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT SYSTEM OF TEXAS
For the Years Ended August 31**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
College's proportionate share (percentage) of the net pension liability	.03054856%	.0325403%	.0331333%	.0340915%	.0320179%	.0355407%	.0432006%	.0394211%
College's proportionate share (amount) of the net pension liability	\$ 7,779,639	\$ 17,427,925	\$ 17,223,734	\$ 18,764,815	\$ 10,237,600	\$ 13,430,302	\$ 15,270,837	\$ 10,529,921
State's proportionate share (amount) of the net pension liability associated with the College	<u>4,982,340</u>	<u>11,217,733</u>	<u>10,900,636</u>	<u>11,693,410</u>	<u>6,276,976</u>	<u>6,960,228</u>	<u>5,604,542</u>	<u>6,837,829</u>
Total	<u>\$ 12,761,979</u>	<u>\$ 28,645,658</u>	<u>\$ 28,124,370</u>	<u>\$ 30,458,225</u>	<u>\$ 16,514,576</u>	<u>\$ 20,390,530</u>	<u>\$ 20,875,379</u>	<u>\$ 17,367,750</u>
College's covered-employee payroll (for measurement year)	\$ 28,380,596	\$ 29,334,006	\$ 28,056,500	\$ 27,413,051	\$ 24,718,018	\$ 24,505,834	\$ 25,103,781	\$ 24,102,504
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	27.41%	59.41%	61.39%	68.45%	41.42%	54.80%	60.83%	43.69%
Plan's fiduciary net position as a percentage of the total pension liability	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

Note 1: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of College's respective fiscal years as opposed to the time periods covered by the measurement date.

Note 2: In accordance with GASB 68, Paragraph 138, only eight years of data are presented this reporting period. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

**AMARILLO COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS FOR PENSIONS
TEACHERS RETIREMENT SYSTEM OF TEXAS
For the Years Ended August 31**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 1,415,636	\$ 1,303,652	\$ 1,341,842	\$ 1,160,042	\$ 1,154,173	\$ 1,051,068	\$ 1,137,359	\$ 1,240,322
Contributions in relation to the contractually required contributions	<u>(1,415,636)</u>	<u>(1,303,652)</u>	<u>(1,341,842)</u>	<u>(1,160,042)</u>	<u>(1,154,173)</u>	<u>(1,051,068)</u>	<u>(1,137,359)</u>	<u>(1,240,322)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered-employee payroll	<u>\$ 29,422,954</u>	<u>\$ 28,380,596</u>	<u>\$ 29,334,006</u>	<u>\$ 28,056,500</u>	<u>\$ 27,413,051</u>	<u>\$ 24,718,018</u>	<u>\$ 24,505,834</u>	<u>\$ 25,103,781</u>
Contributions as a percentage of covered-employee payroll	4.81%	4.59%	4.57%	4.13%	4.21%	4.25%	4.64%	4.94%

Note 1: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of College's respective fiscal years as opposed to the time periods covered by the measurement date.

Note 2: In accordance with GASB 68, Paragraph 138, only eight years of data are presented this reporting period. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

**AMARILLO COLLEGE
SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY (ERS)
Year Ended August 31,****

	<u>Measurement Year Ended August, 31</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
College's Proportion of collective Net OPEB Liability	0.179587%	0.180473%	0.170953%	0.179377%	0.209902%
College's Proportionate Share of collective Net OPEB Liability	\$ 64,427,626	\$ 59,636,480	\$ 59,085,863	\$ 53,163,257	\$ 71,519,923
State's Proportionate Share of the Net OPEB Liability associated with the College	<u>48,366,336</u>	<u>41,264,811</u>	<u>47,637,483</u>	<u>39,326,419</u>	<u>60,737,347</u>
Total	<u>\$ 112,793,962</u>	<u>\$ 100,901,291</u>	<u>\$ 106,723,346</u>	<u>\$ 92,489,676</u>	<u>\$ 132,257,270</u>
College's Covered-Employee Payroll	\$ 24,542,339	\$ 23,391,139	\$ 24,386,916	\$ 24,922,800	\$ 22,247,788
College's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	262.52%	254.95%	242.29%	213.31%	321.47%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.38%	0.32%	0.17%	1.27%	2.04%

Note: GASB Condition, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore the amounts reported for FY 2022 are based on the August 31, 2021 measurement date.

** This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

AMARILLO COLLEGE
SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY (ERS)
Year Ended August 31,**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 2,082,473	\$ 2,028,106	\$ 2,055,705	\$ 1,939,577	\$ 1,993,992
Contribution in relation to the contractually required contribution	<u>(2,082,473)</u>	<u>(2,028,106)</u>	<u>(2,055,705)</u>	<u>(1,939,577)</u>	<u>(1,993,992)</u>
Contribution deficiency (excess)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
College's covered-employee payroll	\$ 21,599,560	\$ 24,542,339	\$ 23,391,139	\$ 24,386,916	\$ 24,922,800
Contributions as a percentage of covered payroll	9.64%	8.26%	8.79%	7.95%	8.00%

Note: GASB Condition, Vol. 2, P50.238 requires that the data in this schedule be presented as of the College's respective fiscal year as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

** This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

AMARILLO COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended August 31, 2022

NOTE 1 - CHANGES OF BENEFIT TERMS FOR PENSION LIABILITY

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

NOTE 2 - CHANGES OF ASSUMPTIONS FOR PENSION LIABILITY

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

NOTE 3 - CHANGES OF BENEFIT TERMS FOR OPEB

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

NOTE 4 - CHANGES IN ASSUMPTIONS FOR OPEB

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

- Assumed Per Capita Health Benefit Costs and Assumed Health Benefit Cost and Retiree Contribution trends have been updated to reflect recent experience and its effects on our short-term expectations.
- The Patient – Centered Outcome Research Institute (PCORI) fees payable under the Affordable Care Act have been updated to reflect recent health plan experience and its effect on short-term expectations.
- The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- The proportion of future retirees assumed to be married and electing coverage for their spouse.
- The discount rate assumption was changed from 2.20% to 2.14%, as a result of requirements by GASB No. 75 to utilize the yield or index rate for 20-year, tax exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.
- Proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive Opt-Out Credit at retirement.
- Percentage of Higher Education vested terminated members assumed to have terminated less than one year before the valuation date.
- Assumed expenses directly related to the payment of GAP HealthSelect medical benefits have been updated to reflect recent contract revisions.

OTHER SUPPLEMENTAL INFORMATION

**AMARILLO COLLEGE
SCHEDULE A
SCHEDULE OF OPERATING REVENUES
YEAR ENDED AUGUST 31, 2022
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2021)**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total Educational Activities</u>	<u>Auxiliary Enterprises</u>	<u>2022</u>	<u>2021</u> (restated)
TUITION						
State-funded courses						
In-district resident tuition	\$ 7,792,114	\$ -	\$ 7,792,114	\$ -	\$ 7,792,114	\$ 8,829,879
Out-of-district resident tuition	2,504,581	-	2,504,581	-	2,504,581	2,087,246
Non-resident tuition	1,238,275	-	1,238,275	-	1,238,275	814,561
TPEG - Credit (set aside)*	439,679	-	439,679	-	439,679	448,355
State-funded continuing education	1,158,316	111,839	1,270,155	-	1,270,155	1,066,036
TPEG - Non-credit (set aside)*	69,499	5,857	75,356	-	75,356	63,995
Non-state funded continuing education	443,920	-	443,920	-	443,920	415,273
Total tuition	<u>13,646,384</u>	<u>117,696</u>	<u>13,764,080</u>	<u>-</u>	<u>13,764,080</u>	<u>13,725,345</u>
FEES						
Distance learning fee	1,469,430	-	1,469,430	-	1,469,430	1,476,175
General fee	3,988,545	-	3,988,545	-	3,988,545	4,100,125
Technology fee	1,543,963	-	1,543,963	-	1,543,963	1,583,461
Student service fee	271,751	-	271,751	-	271,751	279,010
Laboratory fee	156,636	-	156,636	-	156,636	705,644
Other fees	2,046,778	10,682	2,057,460	-	2,057,460	1,220,339
Total fees	<u>9,477,103</u>	<u>10,682</u>	<u>9,487,785</u>	<u>-</u>	<u>9,487,785</u>	<u>9,364,754</u>
SCHOLARSHIP ALLOWANCES AND DISCOUNTS						
Scholarship allowances	(1,019,316)	-	(1,019,316)	-	(1,019,316)	(1,065,232)
Remissions and exemptions - State	(2,135,184)	-	(2,135,184)	-	(2,135,184)	(2,226,855)
TPEG allowances	(499,506)	-	(499,506)	-	(499,506)	(556,475)
State grants to students	(469,531)	-	(469,531)	-	(469,531)	(450,765)
Title IV federal grants	(6,564,886)	-	(6,564,886)	-	(6,564,886)	(5,289,405)
Other local grants	(315,392)	-	(315,392)	-	(315,392)	(288,545)
Total scholarship allowances and discounts	<u>(11,003,815)</u>	<u>-</u>	<u>(11,003,815)</u>	<u>-</u>	<u>(11,003,815)</u>	<u>(9,877,277)</u>
Total net tuition and fees	<u>12,119,672</u>	<u>128,378</u>	<u>12,248,050</u>	<u>-</u>	<u>12,248,050</u>	<u>13,212,822</u>

**AMARILLO COLLEGE
SCHEDULE A, CONTINUED
SCHEDULE OF OPERATING REVENUES
YEAR ENDED AUGUST 31, 2022
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2021)**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total Educational Activities</u>	<u>Auxiliary Enterprises</u>	<u>2022</u>	<u>2021</u>
ADDITIONAL OPERATING REVENUES						(restated)
Federal grants and contracts	132,384	18,373,098	18,505,482	-	18,505,482	22,707,953
State grants and contracts	7,376	1,315,260	1,322,636	-	1,322,636	1,407,767
Local grants and contracts	2,085,194	-	2,085,194	-	2,085,194	1,961,228
Nongovernmental grants and contracts	359,915	2,624,233	2,984,148	-	2,984,148	1,799,661
Sales and services of educational activities	142,660	-	142,660	-	142,660	173,036
General operating revenues	<u>320,540</u>	<u>690,265</u>	<u>1,010,805</u>	<u>-</u>	<u>1,010,805</u>	<u>1,021,566</u>
Total additional operating revenues	<u>3,048,069</u>	<u>23,002,856</u>	<u>26,050,925</u>	<u>-</u>	<u>26,050,925</u>	<u>29,071,211</u>
AUXILIARY ENTERPRISES						
Bookstore	-	-	-	3,320,535	3,320,535	2,916,797
Less: discounts	-	-	-	(1,261,089)	(1,261,089)	(1,229,705)
Food service	-	-	-	152,882	152,882	-
Residential	-	-	-	2,980,574	2,980,574	2,865,419
Student programs	-	-	-	5,955	5,955	1,664
Child care	-	-	-	467,669	467,669	485,205
Other auxiliary enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,360</u>	<u>85,360</u>	<u>128,979</u>
Total net auxiliary enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,751,886</u>	<u>5,751,886</u>	<u>5,168,359</u>
TOTAL OPERATING REVENUES	<u>\$ 15,167,741</u>	<u>\$23,131,234</u>	<u>\$ 38,298,975</u>	<u>\$5,751,886</u>	<u>\$ 44,050,861</u>	<u>\$ 47,452,392</u>

(Exhibit 2A)

*In accordance with Education Code 56.033, \$509,178 and \$512,350 for years August 31, 2022 and 2021, respectively, of tuition was set aside for Texas Public Education grants (TPEG).

**AMARILLO COLLEGE
SCHEDULE B
SCHEDULE OF OPERATING EXPENSES BY OBJECT
YEAR ENDED AUGUST 31, 2022
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2021)**

	Operating Expenses				2022	2021 (restated)
	Salaries and Wages	Benefits		Other Expenses		
		State	Local			
UNRESTRICTED EDUCATIONAL ACTIVITIES						
Instruction	\$ 21,892,838	\$ -	\$ 4,461,425	\$ 2,211,609	\$ 28,565,872	\$ 26,812,807
Public service	1,733,278	-	335,709	221,767	2,290,754	2,361,970
Academic support	3,632,318	-	717,947	1,818,789	6,169,054	5,339,281
Student services	3,662,963	-	907,543	606,931	5,177,437	4,523,896
Institutional support	6,481,694	-	(4,874,716)	2,741,903	4,348,881	14,300,105
Operation and maintenance of plant	2,711,886	-	1,219,904	4,944,132	8,875,922	7,744,018
Total unrestricted educational activities	<u>40,114,977</u>	<u>-</u>	<u>2,767,812</u>	<u>12,545,131</u>	<u>55,427,920</u>	<u>61,082,077</u>
RESTRICTED EDUCATIONAL ACTIVITIES						
Instruction	1,733,649	2,169,420	301,046	1,678,256	5,882,371	6,542,249
Public service	212,892	171,810	71,361	827,199	1,283,262	1,186,976
Academic support	-	340,117	-	-	340,117	356,061
Student services	-	474,881	-	-	474,881	470,941
Institutional support	308,426	848,111	97,352	7,423,558	8,677,447	677,442
Scholarships and fellowships	-	-	-	17,673,022	17,673,022	17,955,273
Total restricted educational activities	<u>2,254,967</u>	<u>4,004,339</u>	<u>469,759</u>	<u>27,602,035</u>	<u>34,331,100</u>	<u>27,188,942</u>
Total educational activities	<u>42,369,944</u>	<u>4,004,339</u>	<u>3,237,571</u>	<u>40,147,166</u>	<u>89,759,020</u>	<u>88,271,019</u>
AUXILIARY ENTERPRISES	1,732,801	-	595,175	4,436,029	6,764,005	6,098,830
DEPRECIATION EXPENSE - buildings and other real estate improvements	-	-	-	3,766,683	3,766,683	3,727,093
DEPRECIATION EXPENSE - equipment and furniture	-	-	-	1,548,096	1,548,096	1,546,232
TOTAL OPERATING EXPENSES	<u>\$ 44,102,745</u>	<u>\$ 4,004,339</u>	<u>\$ 3,832,746</u>	<u>\$ 49,897,974</u>	<u>\$101,837,804</u>	<u>\$ 99,643,174</u>

(Exhibit 2A)

**AMARILLO COLLEGE
SCHEDULE C
SCHEDULE OF NONOPERATING REVENUES AND EXPENSES
YEAR ENDED AUGUST 31, 2022
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2021)**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>2022</u>	<u>2021</u> (restated)
NONOPERATING REVENUES					
State appropriations:					
Education and general state support	\$ 13,798,938	\$ -	\$ -	\$ 13,798,938	\$ 14,864,088
State group insurance	(590,111)	3,753,981	-	3,163,870	3,267,109
State retirement matching	19,919	250,359	-	270,278	1,349,244
Total state appropriations	13,228,746	4,004,340	-	17,233,086	19,480,441
Maintenance ad valorem taxes	23,202,111	-	-	23,202,111	22,185,623
General obligation bonds taxes	-	6,573,581	-	6,573,581	8,544,918
Federal revenue, nonoperating	53,225	17,503,393	-	17,556,618	17,607,646
Gifts	54,203	155,895	-	210,098	513,586
Investment income	176,771	(506,800)	-	(330,029)	1,435,560
Gain (loss) on disposal of fixed assets	-	8,144	-	8,144	(29,897)
Total nonoperating revenues	<u>36,715,056</u>	<u>27,738,553</u>	<u>-</u>	<u>64,453,609</u>	<u>69,737,877</u>
NONOPERATING EXPENSES					
Interest on capital related debt	<u>-</u>	<u>(2,371,783)</u>	<u>-</u>	<u>(2,371,783)</u>	<u>(2,438,193)</u>
Total nonoperating expenses	<u>-</u>	<u>(2,371,783)</u>	<u>-</u>	<u>(2,371,783)</u>	<u>(2,438,193)</u>
NET NONOPERATING REVENUES	<u>\$ 36,715,056</u>	<u>\$ 25,366,770</u>	<u>\$ -</u>	<u>\$ 62,081,826</u>	<u>\$ 67,299,684</u>

(Exhibit 2A)

**AMARILLO COLLEGE
SCHEDULE D
SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY
YEAR ENDED AUGUST 31, 2022
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2021)**

	Detail by Source				Available for Current Operations		
	Unrestricted	Restricted Expendable	Restricted Nonexpendable	Capital Assets Net of Depreciation & Related Debt	Total	Yes	No
CURRENT							
Unrestricted	\$(62,956,007)	\$ -	\$ -	\$ -	\$(62,956,007)	\$(62,956,007)	\$ -
Board designated	-	-	-	-	-	-	-
Restricted	-	5,006,473	-	-	5,006,473	5,006,473	-
Auxiliary enterprises	3,852,998	-	-	-	3,852,998	3,852,998	-
LOAN	-	-	-	-	-	-	-
ENDOWMENT							
Quasi:							
Unrestricted	-	2,249,790	-	-	2,249,790	-	2,249,790
Restricted	-	-	2,500,000	-	2,500,000	-	2,500,000
Endowment							
True	-	-	-	-	-	-	-
Term (per instructions at maturity)	-	-	-	-	-	-	-
Life income contracts	-	-	-	-	-	-	-
Annuities	-	-	-	-	-	-	-
PLANT							
Unexpended	-	15,927,712	-	-	15,927,712	-	15,927,712
Renewals	-	-	-	-	-	-	-
Debt service	-	2,614,406	-	-	2,614,406	-	2,614,406
Investment in plant	-	-	-	62,646,835	62,646,835	-	62,646,835
Total net position, August 31, 2022	(59,103,009)	25,798,381	2,500,000	62,646,835	31,842,207 (Exhibit 1A)	(54,096,536)	85,938,743
Total net position, August 31, 2021, restated	(60,485,037)	35,079,174	2,500,000	50,453,187	27,547,324 (Exhibit 2A)	(67,045,859)	73,697,948
NET INCREASE (DECREASE) IN NET POSITION	\$ 1,382,028	\$ (9,280,793)	\$ -	\$ 12,193,648	\$ 4,294,883 (Exhibit 2A)	\$ 12,949,323	\$ 12,240,795

**AMARILLO COLLEGE
SCHEDULE E
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2022**

Federal Grantor/Cluster/Program Title/Pass Through Grantor/ Pass-Through Grantor's Award Number	Assistance Listing Number	Expenditures			Subrecipients Expenditures
		Direct Awards	Pass-Through Awards	Total	
U.S. Department of Education					
Direct Programs:					
Student Financial Aid Cluster					
Federal Supplemental Educational Opportunity Grants	84.007	\$ -	\$ 317,611	\$ 317,611	\$ -
Federal College Work Study Program	84.033	-	305,300	305,300	-
Federal Pell Grant Program	84.063	-	17,012,145	17,012,145	-
Federal Direct Student Loans	84.268	-	10,504,502	10,504,502	-
IASG Award for Veterans	84.408	-	5,359	5,359	-
Total Student Financial Aid		-	28,144,917	28,144,917	-
Title III Hispanic Serving Institutions Science, Technology, Engineering, and Math	84.031C	-	112,106	112,106	-
Title V Grant Developing Hispanic Serving Institutions	84.031S	-	494,082	494,082	-
Total ALN No. 84.031		-	606,188	606,188	-
Trio - Student Support Services	84.042A	-	437,697	437,697	-
Higher Education Emergency Relief Fund					
COVID-19 Higher Education Emergency Relief Fund - Student Aid	84.425E	-	8,259,276	8,259,276	-
COVID-19 Higher Education Emergency Relief Fund - Institutional	84.425F	-	6,558,161	6,558,161	-
COVID-19 Higher Education Emergency Relief Fund - Hispanic Serving Institutions	84.425L	-	265,118	265,118	-
Total ALN No. 84.425		-	15,082,555	15,082,555	-
Pass-Through From:					
Texas Higher Education Coordinating Board					
Carl Perkins Vocational Education Basic / 2242020271	84.048	-	664,205	664,205	-
Perkins State Leadership / 2042020271	84.048A	-	11,783	11,783	11,783
Total ALN No. 84.048A		-	675,988	675,988	11,783
Texas Workforce Commission					
Adult Education and Literacy / 0118ALA000	84.002A	-	167,897	167,897	-
Adult Education and Literacy / 0118ALAB00	84.002A	-	725,165	725,165	-
Adult Education and Literacy College Integration Pathways II / 2917AEL001	84.002A	-	138,031	138,031	-
Accelerate Texas / 0119AEL000	84.002A	-	104,376	104,376	-
Total ALN No. 84.002A		-	1,135,469	1,135,469	-
Other Federal					
Childcare Access	84.335A	-	52,802	52,802	-
TX A&M NIFA	10.31	-	23,002	23,002	-
Total U.S. Department of Education		-	46,158,618	46,158,618	11,783
National Science Foundation					
Pass-Through From:					
Texas Engineering Experiment Station					
National Science Foundation - Science Technology Engineering Mathematics / 1644179	47.076	-	90,043	90,043	-
Total National Science Foundation		-	90,043	90,043	-
U.S. Department of Health and Human Services					
Pass-Through From:					
Partnership for Environmental Technology Education (PETE)					
National Institute for Environmental Health Sciences / 5U44E5019338-09	93.142	-	317,941	317,941	-
Total ALN No. 93.142		-	317,941	317,941	-
Total U.S. Department of Health and Human Services		-	317,941	317,941	-
TOTAL EXPENDITURES OF FEDERAL AWARDS		\$ -	\$ 46,566,602	\$ 46,566,602	\$ 11,783

See accompanying notes to the Schedule of Expenditures of Federal Awards.

AMARILLO COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
August 31, 2022

NOTE 1 - FEDERAL ASSISTANCE RECONCILIATION

A reconciliation of federal financial assistance per the schedule of operating revenues and nonoperating revenues to the Schedule of Expenditures of Federal Awards is as follows:

Federal Grants and Contracts Revenue per Schedule A	\$ 18,505,482
Federal Grants and Contracts Revenue per Schedule C	17,556,618
Federal Direct Student Loans	<u>10,504,502</u>
Total federal revenues per Schedule of Expenditures of Federal Awards	<u>\$ 46,566,602</u>

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING THE SCHEDULE

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

NOTE 3 - FEDERAL DIRECT STUDENT LOAN PROGRAM

The College participates in Federal Direct Student Loans program (CFDA 84.268). Loans under the Federal Direct Student Loans program are made directly by the federal government to students. Loans disbursed during the fiscal year ended August 31, 2022 totaled \$10,504,502 and are presented as current year federal expenditures.

NOTE 4 - AMOUNTS PASSED-THROUGH BY AMARILLO COLLEGE

U.S. Department of Education	
Passed through Texas Higher Education Coordinating Board	
(CFDA 84.048)	
Frank Phillips College	\$ <u>11,783</u>
Total	<u>\$ 11,783</u>

AMARILLO COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
August 31, 2022

NOTE 5 - NONCASH AWARDS

There were no federal noncash awards in fiscal year 2022 other than Federal Direct Student Loans discussed in Note 3 above.

**AMARILLO COLLEGE
SCHEDULE F
SCHEDULE OF EXPENDITURES OF STATE OF TEXAS AWARDS
FOR THE YEAR ENDED AUGUST 31, 2022**

<u>Grantor Agency/Program Title</u>	<u>Grant Contract Number</u>	<u>Expenditures</u>
Texas Workforce Commission		
Workforce Integration	0118ALAD00	\$ 167,852
Total Texas Workforce Commission		<u>167,852</u>
Other State		
Child Care Relief	61022	2,795
Texas Department of Criminal Justice		
Pass-Through From:		
Panhandle Regional Planning Commission		
Law Enforcement Training	1426918	50,679
Total Texas Department of Criminal Justice		<u>50,679</u>
Texas Higher Education Coordinating Board		
Texas Educational Opportunity Grant	TEOG	649,710
Nursing Shortage Reduction	-	53,892
Work-Study State Mentorship Program	18864	20,231
Comprehensive College Readiness and Success Models	20283	61,228
TX Reskill TRUE	25643	314,940
High School to Higher Education	22063 / 21992	1,309
Total Texas Higher Education Coordinating Board		<u>1,101,310</u>
TOTAL EXPENDITURES OF STATE OF TEXAS AWARDS		<u>\$ 1,322,636</u>

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

AMARILLO COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF STATE OF TEXAS AWARDS
August 31, 2022

NOTE 1 - STATE ASSISTANCE RECONCILIATION

A reconciliation of state financial assistance per the schedule of operating revenues to the Schedule of Expenditures of State of Texas Awards is as follows:

State Grants and Contracts Revenue per Schedule A	<u>\$ 1,322,636</u>
Total Grants and Contracts Revenue per Schedule F	<u>\$ 1,322,636</u>

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING THE SCHEDULE

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

NOTE 3 - SUBRECIPIENTS

None

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SINGLE AUDIT SECTION

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It's about time.

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

Board of Regents
Amarillo College
Amarillo, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component unit of Amarillo College (the College) as of and for the year ended August 31, 2022 and the related notes to the financial statements which collectively comprise the College's basic financial statements and have issued our report thereon dated February 28, 2023.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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



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Purpose of this Report

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

CMMS CPAs & Advisors PLLC

Amarillo, Texas
February 28, 2023

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**Independent Auditor's Report on Compliance for Each Major Program
And Report on Internal Control Over Compliance Required by the Uniform Guidance
and the State of Texas Uniform Grants Management Standards**

The Board of Regents
Amarillo College
Amarillo, Texas

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the College's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the State of Texas Uniform Grants Management Standards that could have a direct and material effect on each of the College's major federal and state programs for the year ended August 31, 2022. The College's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State of Texas Uniform Grants Management Standards (State UGMS). Our responsibilities under those standards and the Uniform Guidance and the State UGMS are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the College's federal and state programs.



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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance and the State UGMS will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the College's compliance with the requirements of each major federal and state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance and the State UGMS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State UGMS, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-002, 2022-003, 2022-004. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weakness. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 a 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 on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-002, 2022-003, and 2022-004, to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

CMMS CPAs & Advisors PLLC

Amarillo, Texas
February 28, 2023

**AMARILLO COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended August 31, 2022**

SECTION I – Summary of Auditor's Results

Financial Statements

Type of Auditor's report issued:

The Auditor's report expresses an unmodified opinion on the financial statements of Amarillo College.

Internal control over financial reporting:

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

Federal and State Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? X yes none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?

 X yes no

Identification of major programs:

<u>ALN Number(s)</u>	<u>Name of Federal/State Program or Cluster</u>
<i>Federal programs</i>	U.S. Department of Education
84.425E	COVID-19 Higher Education Emergency Relief Fund - Student Aid
84.425F	COVID-19 Higher Education Emergency Relief Fund - Institutional
84.425L	COVID-19 Higher Education Emergency Relief Fund - Minority Serving Institutions
N/A	Texas Higher Education Coordination Board Texas Education Opportunity Grant
N/A	Texas Reskill TRUE

Dollar threshold used to distinguish between Type A and Type B programs was: \$ 750,000 - Federal
\$ 300,000 - State

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

**AMARILLO COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
Year Ended August 31, 2022**

SECTION II – Financial Statement Findings

None noted.

SECTION III – Federal and State Award Findings and Questioned Costs

Finding 2022-001

Program: COVID-19 Education Stabilization Fund ALN 84.425E, F and L Higher Education Emergency Relief Fund-Student Aid, Institutional Portion and Minority Serving Institutions

Compliance Requirement: Reporting

Condition: Quarterly reports are reflecting life to date totals versus quarterly details as well as combining the student aid and minority serving institutions amounts. The Institutional Portion reports reflect debt forgiveness and need to be amended to reflect the approved plan to replace expenditures. See Finding 2022-003.

Criteria: Pursuant to 2022 Compliance Supplement ESF Section 2 III E, F, L, an institution must submit a report covering quarterly expenditures for each program for each calendar quarter by purpose.

Cause: The College did not properly review the reporting requirements for the grant.

Effect: The College could be required to return funding if information is not publicly available or correct to the extent funds were spent.

Context: The four quarterly reports did not tie to general ledger accounts used to support the grant for quarterly expenditures. The errors were not detected or amended by year end.

Questioned Cost: None

Repeat Finding: No

Recommendation: We recommend that the College implement procedures to obtain guidance on the high-risk grants and ensure all compliance requirements are followed.

AMARILLO COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
Year Ended August 31, 2022

SECTION III – Federal and State Award Findings and Questioned Costs (Continued)

Finding 2022-001 (Continued)

Views of Responsible

Officials: The reporting standards changed during the year and the reports issued prior to the standard change were not amended. The reports prepared after the change in standards were done quarterly as required. In the future, staff will verify standards prior to preparing the report and contact the Department of Education should anything be in question. The College will amend the effected reports to have only quarterly expenditures and to properly reflect the change in expenditures approved by the Department.

Finding 2022-002

Program: COVID-19 Education Stabilization Fund ALN 84.425F Higher Education Emergency Relief Fund - Institutional Portion

Compliance Requirement: Reporting

Condition: The quarterly reports for the Institutional Portion were not posted to the college's website.

Criteria: Pursuant to 2022 Compliance Supplement ESF Section 2 III F, requires the College to publish on the institution's website, quarterly reports for the grants above no later than 10 days after the end of each calendar quarter.

Cause: The College is working on a webpage for the Institutional Portion reports but has not completed the page.

Effect: The College could lose funding if information is not publicly available or correct to the extent funds were spent.

Context: The four quarterly reports for the Institutional portion were only available per request. The College website did not contain reports for the Institutional Portion.

Questioned Cost: None

Repeat Finding: No

Recommendation: The College needs to ensure the reports are posted timely to a webpage dedicated to this grant.

AMARILLO COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
Year Ended August 31, 2022

SECTION III – Federal and State Award Findings and Questioned Costs (Continued)

Finding 2022-002 (Continued)

Views of Responsible

Officials: The one instance cited was for the last quarterly report. All other quarterly reports were on the College website. The staff were working on moving the reports to a more accessible place on the College's site, but they were on the website. This has since been corrected and all quarterly reports are on an easily accessible page on the College webpage.

Finding 2022-003

Program: COVID-19 Education Stabilization Fund ALN 84.425F Higher Education Emergency Relief Fund – Institutional Portion

Compliance Requirement: Period of Performance

Condition: The quarterly reports reflect \$4.6 million in expenditures for debt forgiveness that was for institutional debt before March 13, 2020. These expenditures were not in compliance with the period of performance.

Criteria: Pursuant to 2022 Compliance Supplement ESF Section 2 III Reporting, the College is to file quarterly reports to reflect expenditures of that quarter by purpose for expenditure within the period of performance.

Cause: The College was not aware of the grant's period of performance. On September 23, 2022, the College was asked to contact the Department of Education for guidance and clarification on debt forgiveness being outside the period of performance for \$4.6 million of \$6.5 million in debt forgiveness expenditures or obtain a waiver allowing expenditures prior to March 13, 2020. The College's request for a waiver was denied on November 29, 2022. However, the Department of Education gave written approval to the College to apply invoices for expenditures that are within the grant guidelines and period of performance to replace the disallowed portion of the debt forgiveness that was before March 13, 2020. As the approval was obtained prior to presentation to the Board of Regents for approval, the reclassified expenditures were considered in the compliance testwork and were within the grant guidelines. Amended reports reflecting expenditures by the updated purpose need to be filed with the Department of Education.

Effect: The College could be asked to return funding if expenditures are viewed as out of compliance with the period of performance.

**AMARILLO COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
Year Ended August 31, 2022**

SECTION III – Federal and State Award Findings and Questioned Costs (Continued)

Finding 2022-003 (Continued)

Context: The College originally applied funds to debt forgiveness in which \$1.9 million was within the period of performance and \$4.6 million that was outside the period of performance. The debt forgiveness waiver was not approved by the Department of Education for items before March 13, 2020, due to the Department of Education viewing these as recruiting expenditures. The Department of Education gave written approval to the College to amend reports with expenditures that were applicable under the grant guidelines. The quarterly reports reflected only debt forgiveness and have not been amended to reflect accurate expenditures for the period of performance.

Questioned Cost: None due to the Department of Education's approval to file amended reports and exchange disallowed costs with allowable expenditures.

Repeat Finding: No

Recommendation: The College needs to ensure they understand high-risk grant requirements by reviewing the compliance supplement, the Department of Education's website and making contact with the Department on questions of concern in a timely fashion.

Views of Responsible Officials: The College requested an exchange of expenditures in order to ensure only allowable costs were utilized. The Department of Education granted this exchange and approved filing amended reports. The College will amend the quarterly reports to properly reflect the approved allowed expenditures as per the email from the Department of Education. Staff will contact the Department on any questions they have going forward on questioned expenditures or allowed costs.

**AMARILLO COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
Year Ended August 31, 2022**

SECTION III – Federal and State Award Findings and Questioned Costs (Continued)

Finding 2022-004

Program: COVID-19 Education Stabilization Fund ALN 84.425F Higher Education
Emergency Relief Fund – Institutional Portion

Compliance Requirement: Cash Management

Criteria: Pursuant to 2022 Compliance Supplement ESF Section 2 III Cash Management, the College is required to disburse funds within three days of draw from G5.

Condition: The College had approval from the Department of Education to transfer allowable activities to other expenditures that were applicable under the grant guidelines and replace debt forgiveness outside the period of performance. This caused cash management to become out of compliance with the three days to apply expenditures from the date of drawdown.

Context: The College originally applied funds to debt forgiveness in which the parameters of the three days to apply funds did apply. The debt forgiveness was not approved by the Department of Education for items before March 13, 2020. The Department of Education gave written approval to the College to reclass invoices that were applicable under the grant guidelines. This produced the draws being over three days from drawdown for majority of the items.

Cause: On September 23, 2022, the College was asked to contact the Department of Education for guidance on debt forgiveness or obtain a waiver. The College's request for a waiver was denied on November 29, 2022. The Department of Education gave written approval to the College to apply invoices that are within the guidelines of the grant as grant expenditures instead of the original debt forgiveness. Transferring allowable activities resulted in noncompliance with the criteria of expending funds within three days of draw.

Effect: The College could be asked to return funding if draws are viewed as out of compliance after the reclassification.

AMARILLO COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
Year Ended August 31, 2022

SECTION III – Federal and State Award Findings and Questioned Costs (Continued)

Finding 2022-004 (Continued)

Questioned Cost: None

Repeat Finding: No

Recommendation: The College needs to ensure they understand high-risk grant requirements by reviewing the compliance supplement, the Department of Education’s website and making contact with the Department on questions of concern.

Views of Responsible

Officials: The College requested a reclassification of expenditures for the grant year. The request was approved by the Department of Education. The College will request any clarification on items from the Department when in question to ensure they understand the requirements of the grant. No further action is required.

**AMARILLO COLLEGE
SCHEDULE OF CORRECTIVE ACTION
FOR AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended August 31, 2022**

Financial Statement Findings:

Finding 2022-001

Condition: Quarterly reports are reflecting life to date totals versus quarterly details as well as combing student aid and minority serving institutions.

Corrective Action Plan: See the College's responses starting on page 133.

Finding 2022-002

Condition: The quarterly reports for the Institutional Portion were not posted to the college's website.

Corrective Action Plan: See the College's responses starting on page 135.

Finding 2022-003

Condition: The quarterly reports reflect expenditures for debt forgiveness that was institutional debt before March 13, 2020. These expenditures were not in compliance with the period of performance.

Corrective Action Plan: See the College's responses starting on page 135.

Finding 2022-004

Condition: Cash drawdowns were not applied to expenditures within three days of draw from G5.

Corrective Action Plan: See the College's responses starting on page 136.



February 28, 2023

Katrina Owens
Partner, Audit
CMMS CPAs & Advisors PLLC
801 S Fillmore, Suite 600
Amarillo, TX 79101

Dear Mrs. Owens,

We have prepared the accompanying corrective action plan as required by the standards applicable to financial audits contain in *Government Auditing Standards* and by 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*. Specifically, for each finding we are providing you with the names of the contact people responsible for corrective action, the corrective action planned, and the anticipated completion date.

Sincerely,

A handwritten signature in blue ink that reads 'Chris Sharp'.

Chris Sharp
Amarillo College
Vice President of Business Affairs
P.O. Box 447
Amarillo, TX 79178
806-371-5008
chris.sharp@actx.edu

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Financial Statement Findings:

None

Findings and Questioned Costs – Major Federal Awards Programs:

Finding 2022-001

Program: COVID-19 Education Stabilization Fund ALN 84.425E, F and L Higher Education Emergency Relief Fund-Student Aid, Institutional Portion and Minority Serving Institutions

Condition: Quarterly reports are reflecting life to date totals versus quarterly details as well as combining the student aid and minority serving institutions amounts. The Institutional Portion reports reflect debt forgiveness and need to be amended to reflect the approved plan to replace expenditures. See Finding 2022-003.

Contact Person: Chris Sharp, VP of Business Affairs

Anticipated Completion Date: 03/31/2023

Corrective Action Plan: The reporting standards changed during the year and the reports issued prior to the standard change were not amended. The reports prepared after the change in standards were done quarterly as required. In the future, staff will verify standards prior to preparing the report and contact the Department of Education should anything be in question. The College will amend the effected reports and post them accordingly.

The Institution believes this is an isolated incident.

Finding 2022-002

Program: COVID-19 Education Stabilization Fund ALN 84.425F Higher Education Emergency Relief Fund - Institutional Portion

Condition: The quarterly reports for the Institutional Portion were not posted to the college's website.

Contact Person: Chris Sharp, VP of Business Affairs

Findings and Questioned Costs – Major Federal Awards Programs: (Continued)

Finding 2022-002 (Continued)

Anticipated Completion

Date: 02/28/2023

Corrective Action

Plan: The one instance cited was for the last quarterly report. All other quarterly reports were on the College website. The staff members were working on moving the reports to a more accessible place on the College's site, but they were on the website. This has since been corrected and all quarterly reports are on an easily accessible page on the College webpage.

The Institution believes this is an isolated incident.

Finding 2022-003

Program: COVID-19 Education Stabilization Fund ALN 84.425F Higher Education Emergency Relief Fund – Institutional Portion

Condition: The quarterly reports reflect \$4.7 million in expenditures for debt forgiveness that was for institutional debt before March 13, 2020. These expenditures were not in compliance with the period of performance.

Contact Person: Chris Sharp, VP of Business Affairs

Anticipated Completion

Date: 03/31/2023

Corrective Action

Plan: The College requested an exchange of expenditures in order to ensure only allowable costs were utilized. The Department of Education granted this exchange and approved filing amended reports. The College will amend the quarterly reports to properly reflect the approved allowed expenditures as per the email from the Department of Education. Staff will contact the Department on any questions they have going forward on questioned expenditures or allowed costs.

The Institution believes this is an isolated incident.

Findings and Questioned Costs – Major Federal Awards Programs: (Continued)

Finding 2022-004

Program: COVID-19 Education Stabilization Fund ALN 84.425F Higher Education Emergency Relief Fund – Institutional Portion

Condition: The College had approval from the Department of Education to transfer allowable activities to other expenditures that were applicable under the grant guidelines and replace debt forgiveness outside the period of period. This caused cash management to become out of compliance with the three days to apply expenditures from the date of drawdown.

Contact Person: Chris Sharp, VP of Business Affairs

Anticipated Completion Date: 02/28/2023

Corrective Action Plan: The College requested a reclassification of expenditures for the grant year. The request was approved by the Department of Education. The College will request any clarification on items from the Department when in question to ensure they understand the requirements of the grant. No further action is required.

**AMARILLO COLLEGE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended August 31, 2021**

There were no prior year findings.

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STATISTICAL SUPPLEMENT
(Unaudited)

Amarillo College
Statistical Supplement 1
Net Position by Component
Fiscal Years 2013 to 2022
(unaudited)

For the Fiscal Year Ended August 31,
(amounts expressed in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Net investment in capital assets	\$ 62,646	\$ 50,453	\$ 40,964	\$ 66,154	\$ 66,290	\$ 64,825	\$ 62,423	\$ 61,401	\$ 58,952	\$ 60,530
Restricted - expendable	25,799	35,079	40,764	12,162	9,597	8,157	10,334	8,766	9,024	9,233
Restricted - nonexpendable	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Unrestricted	(59,103)	(60,485)	(71,790)	(72,217)	(71,735)	(72,187)	10,626	14,522	27,441	26,064
Total primary government net position	\$ 31,842	\$ 27,547	\$ 12,438	\$ 8,599	\$ 6,652	\$ 3,295	\$ 85,883	\$ 87,189	\$ 97,917	\$ 98,327

Amarillo College
Statistical Supplement 2
Revenues by Source
Fiscal Years 2013 to 2022
(unaudited)

For the Year Ended August 31,
(amounts expressed in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Tuition and fees (net of discounts)	\$ 12,248	\$ 13,213	\$ 13,054	\$ 14,507	\$ 14,417	\$ 14,318	\$ 15,372	\$ 14,349	\$ 14,944	\$ 15,382
Governmental grants and contracts										
Federal grants and contracts	18,505	22,708	3,996	3,919	6,468	2,848	4,399	5,130	5,228	4,944
State grants and contracts	1,323	1,408	1,098	1,475	1,548	1,300	1,642	2,093	2,364	1,885
Local grants and contracts	2,085	1,961	1,989	1,927	1,981	1,944	2,187	2,003	2,004	1,946
Nongovernmental grants and contracts	2,984	1,800	1,706	1,586	1,503	1,727	1,412	2,337	1,535	1,377
Sales and services of educational activities	143	173	149	525	506	455	457	455	506	529
Auxiliary enterprises	5,752	5,168	5,036	5,526	5,561	5,582	5,605	6,181	6,204	6,461
Other operating revenues	1,011	1,018	1,049	771	509	244	49	84	76	116
Total operating revenues	44,051	47,449	28,077	30,236	32,493	28,418	31,123	32,632	32,861	32,640
State appropriations	17,233	19,480	20,653	18,800	21,455	18,255	18,092	19,409	19,045	18,261
Ad valorem taxes	29,776	30,731	29,737	26,530	25,846	24,509	23,466	22,557	21,087	20,481
Federal revenue, nonoperating	17,557	17,608	16,614	17,947	16,805	16,288	15,205	15,416	15,921	16,356
Gifts	210	514	13	321	235	1,286	2,141	1,566	310	800
Investment income	(330)	1,435	1,407	912	947	642	396	(10)	586	466
Other nonoperating revenues	8	(30)	79	103	120	8	3	-	-	44
Total nonoperating revenues	64,454	69,738	68,503	64,613	65,408	60,988	59,303	58,938	56,949	56,408
TOTAL REVENUES	\$ 108,505	\$ 117,187	\$ 96,580	\$ 94,849	\$ 97,901	\$ 89,406	\$ 90,426	\$ 91,570	\$ 89,810	\$ 89,048

For the Year Ended August 31,

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Tuition and fees (net of discounts)	11.29%	11.28%	13.52%	15.29%	14.73%	16.01%	17.00%	15.66%	16.64%	17.27%
Governmental grants and contracts										
Federal grants and contracts	17.05%	19.38%	4.14%	4.13%	6.61%	3.19%	4.86%	5.60%	5.82%	5.55%
State grants and contracts	1.22%	1.20%	1.14%	1.56%	1.58%	1.45%	1.82%	2.29%	2.63%	2.12%
Local grants and contracts	1.92%	1.67%	2.06%	2.03%	2.02%	2.17%	2.42%	2.19%	2.23%	2.19%
Nongovernmental grants and contracts	2.75%	1.54%	1.77%	1.67%	1.54%	1.93%	1.56%	2.55%	1.71%	1.55%
Sales and services of educational activities	0.13%	0.15%	0.15%	0.55%	0.52%	0.51%	0.51%	0.50%	0.56%	0.59%
Auxiliary enterprises	5.30%	4.41%	5.21%	5.83%	5.68%	6.25%	6.20%	6.75%	6.91%	7.26%
Other operating revenues	0.94%	0.87%	1.11%	0.81%	0.52%	0.27%	0.05%	0.09%	0.08%	0.13%
Total operating revenues	40.80%	40.49%	29.09%	31.87%	33.20%	31.78%	34.42%	35.63%	36.58%	36.66%
State appropriations	15.88%	16.62%	21.38%	19.82%	21.91%	20.42%	20.01%	21.20%	21.21%	20.51%
Ad valorem taxes	27.44%	26.22%	30.79%	27.97%	26.40%	27.41%	25.95%	24.63%	23.48%	23.00%
Federal revenue, nonoperating	16.18%	15.03%	17.20%	18.92%	17.17%	18.21%	16.80%	16.84%	17.73%	18.37%
Gifts	0.19%	0.44%	0.01%	0.34%	0.24%	1.44%	2.37%	1.71%	0.35%	0.90%
Investment income	-0.30%	1.22%	1.46%	0.96%	0.97%	0.72%	0.44%	-0.01%	0.65%	0.52%
Other nonoperating revenues	0.01%	-0.02%	0.07%	0.12%	0.11%	0.02%	0.01%	0.00%	0.00%	0.04%
Total nonoperating revenues	59.40%	59.51%	70.91%	68.13%	66.80%	68.22%	65.58%	64.37%	63.42%	63.34%
TOTAL REVENUES	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**Amarillo College
Statistical Supplement 3
Program Expenses by Function
Fiscal Years 2013 to 2022
(unaudited)**

For the Year Ended August 31,
(amounts expressed in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Instruction	\$ 34,448	\$ 33,355	\$ 35,184	\$ 35,718	\$ 38,152	\$ 31,740	\$ 33,752	\$ 32,858	\$ 32,878	\$ 31,882
Public service	3,574	3,549	3,364	3,668	3,892	3,596	3,671	3,715	3,696	3,694
Academic support	6,509	5,695	4,393	3,698	3,607	2,617	2,826	3,108	2,833	3,109
Student services	5,652	4,995	4,991	4,975	5,060	4,359	4,656	4,522	4,458	4,154
Institutional support	13,026	14,978	15,148	14,126	15,376	16,143	17,227	16,186	13,665	13,591
Operation and maintenance of plant	8,876	7,744	7,689	6,939	7,156	6,705	6,803	7,454	7,406	7,669
Scholarships and fellowships	17,673	17,955	8,379	9,907	8,476	9,219	8,322	9,380	9,902	10,316
Auxiliary enterprises	6,764	6,099	5,475	6,126	6,281	6,015	5,980	6,411	6,239	6,564
Depreciation	5,316	5,326	5,422	5,693	5,827	5,785	5,833	6,036	5,747	5,274
Total operating expenses	101,838	99,696	90,045	90,850	93,827	86,179	89,070	89,670	86,824	86,253
Interest on capital related debt	2,371	2,438	3,052	2,051	2,191	2,432	2,661	2,844	2,856	2,866
Loss on disposal of fixed assets	-	-	-	-	-	-	-	52	3,703	3,115
Total nonoperating expenses	2,371	2,438	3,052	2,051	2,191	2,432	2,661	2,896	6,559	5,981
TOTAL EXPENSES	\$ 104,209	\$ 102,134	\$ 93,097	\$ 92,901	\$ 96,018	\$ 88,611	\$ 91,731	\$ 92,566	\$ 93,383	\$ 92,234

For the Year Ended August 31,

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Instruction	33.05%	32.66%	37.79%	38.44%	39.73%	35.99%	35.99%	35.50%	35.21%	34.57%
Public service	3.43%	3.47%	3.61%	3.95%	4.05%	3.91%	3.91%	4.01%	3.96%	4.01%
Academic support	6.25%	5.58%	4.72%	3.98%	3.76%	3.02%	3.02%	3.36%	3.04%	3.36%
Student services	5.42%	4.89%	5.36%	5.36%	5.27%	4.96%	4.96%	4.89%	4.77%	4.50%
Institutional support	12.50%	14.67%	16.27%	15.21%	16.02%	18.33%	18.33%	17.48%	14.63%	14.74%
Operation and maintenance of plant	8.52%	7.58%	8.26%	7.47%	7.45%	7.25%	7.25%	8.05%	7.93%	8.31%
Scholarships and fellowships	16.96%	17.58%	9.00%	10.66%	8.82%	11.10%	11.10%	10.13%	10.60%	11.18%
Auxiliary enterprises	6.49%	5.97%	5.88%	6.59%	6.54%	6.38%	6.38%	6.93%	6.68%	7.12%
Depreciation	5.10%	5.21%	5.82%	6.13%	6.08%	6.22%	6.22%	6.52%	6.15%	5.72%
Total operating expenses	97.72%	97.61%	96.71%	97.79%	97.72%	97.16%	97.16%	96.87%	92.97%	93.51%
Interest on capital related debt	2.28%	2.39%	3.29%	2.21%	2.28%	2.84%	2.84%	3.07%	3.08%	3.11%
Loss on disposal of fixed assets	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.06%	3.97%	3.38%
Total nonoperating expenses	2.28%	2.39%	3.29%	2.21%	2.28%	2.84%	2.84%	3.13%	7.03%	6.49%
TOTAL EXPENSES	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Amarillo College
Statistical Supplement 4
Tuition and Fees
Last Ten Academic Years
(unaudited)

**Resident
Fees per Semester Credit Hour (SCH)**

Academic Year (Fall)	Learning Resource Fee (per student)	In-District Tuition	Out-of-District Tuition	Matriculation & General Fee	Technology Fees	Student Activity Fees	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Year In-District	Increase from Prior Year Out-of-District
2022	\$ -	\$ 47.00	\$ 43.00	\$ 29.00	\$ 11.00	\$ 2.00	\$ 1,068.00	\$ 1,584.00	0.00%	0.00%
2021	-	47.00	43.00	29.00	11.00	2.00	1,068.00	1,584.00	0.00%	0.00%
2020	-	47.00	43.00	29.00	11.00	2.00	1,068.00	1,584.00	0.00%	0.00%
2019	-	47.00	43.00	29.00	11.00	2.00	1,068.00	1,584.00	0.00%	0.00%
2018	-	47.00	43.00	29.00	11.00	2.00	1,068.00	1,584.00	6.27%	4.14%
2017	-	44.00	43.00	28.00	10.00	1.75	1,005.00	1,521.00	0.00%	0.00%
2016	-	44.00	43.00	28.00	10.00	1.75	1,005.00	1,521.00	0.00%	0.00%
2015	-	44.00	43.00	28.00	10.00	1.75	1,005.00	1,521.00	5.02%	4.97%
2014	-	42.00	41.00	26.00	10.00	1.75	957.00	1,449.00	0.00%	0.00%
2013	-	42.00	41.00	26.00	10.00	1.75	957.00	1,449.00	27.09%	42.48%

**Non-Resident
Fees per Semester Credit Hour (SCH)**

Academic Year (Fall)	Learning Resource Fee (per student)	Non-Resident Tuition Out of State	Non-Resident Tuition International	Matriculation & General Fee	Technology Fees	Student Activity Fees	Cost for 12 SCH Out of State	Cost for 12 SCH International	Increase from Prior Year Out of State	Increase from Prior Year International
2022	\$ -	\$ 154.00	-	\$ 29.00	\$ 11.00	\$ 2.00	\$ 2,352.00	\$ -	0.00%	-
2021	-	154.00	-	29.00	11.00	2.00	2,352.00	-	0.00%	-
2020	-	154.00	-	29.00	11.00	2.00	2,352.00	-	0.00%	-
2019	-	154.00	-	29.00	11.00	2.00	2,352.00	-	1.55%	-
2018	-	151.00	-	29.00	11.00	2.00	2,316.00	-	1.18%	-
2017	-	151.00	-	28.00	10.00	1.75	2,289.00	-	0.00%	-
2016	-	151.00	-	28.00	10.00	1.75	2,289.00	-	0.00%	-
2015	-	151.00	-	28.00	10.00	1.75	2,289.00	-	4.95%	-
2014	-	144.00	-	26.00	10.00	1.75	2,181.00	-	0.00%	-
2013	-	144.00	-	26.00	10.00	1.75	2,181.00	-	45.69%	-

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

**Amarillo College ,
Statistical Supplement 5
Assessed Value and Taxable Assessed Value of Property
Last Ten Fiscal Years
(unaudited)**

Fiscal Year	(Amounts expressed in thousands)			Ratio of Taxable Assessed Value to Assessed Value	Direct Rate		
	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value (TAV)		Maintenance & Operations (a)	Debt Service (a)	Total (a)
2021-22	\$ 17,310,076	\$ 2,569,107	\$ 14,740,969	85.16%	0.16499	0.04630	0.21129
2020-21	16,664,155	2,418,730	14,245,425	85.49%	0.16499	0.06291	0.22790
2019-20	16,071,654	2,326,500	13,745,154	85.52%	0.16499	0.06291	0.22790
2018-19	15,513,295	2,230,483	13,282,812	85.62%	0.16499	0.04251	0.20750
2017-18	15,082,945	2,168,266	12,914,679	85.62%	0.15619	0.05131	0.20750
2016-17	14,257,793	2,074,263	12,183,530	85.45%	0.16669	0.04081	0.20750
2015-16	13,660,035	2,007,616	11,652,419	85.30%	0.16669	0.04081	0.20750
2014-15	13,178,836	1,970,945	11,207,891	85.04%	0.16221	0.04529	0.20750
2013-14	12,666,735	1,818,863	10,847,872	85.64%	0.15521	0.04429	0.19950
2012-13	12,442,882	1,905,974	10,536,908	84.68%	0.15089	0.04861	0.19950

Source: Local Appraisal District

Notes: Property is assessed at full market value.

(a) per \$100 Taxable Assessed Valuation

Amarillo College
Statistical Supplement 6
State Appropriation per FTSE and Contact Hour
Last Ten Fiscal Years
(unaudited)
(dollar amounts expressed in thousands)

Fiscal Year	State Appropriation	Appropriation per FTSE		Appropriation per Contact Hour			
		FTSE (a)	State Appropriation per FTSE	Academic Contact Hours (a)	Voc/Tech Contact Hours (b)	Total Contact Hours	State Appropriation per Contact Hour
2021-22	\$ 13,783	6,229	\$ 2,213	2,341	1,336	3,677	3.75
2020-21	14,851	6,183	2,402	2,478	1,282	3,760	3.95
2019-20	14,852	6,629	2,240	2,536	1,369	3,905	3.80
2018-19	13,522	6,599	2,049	2,574	1,489	4,063	3.33
2017-18	13,523	6,810	1,986	1,720	1,270	2,990	4.52
2016-17	13,815	6,746	2,048	2,049	1,273	3,322	4.16
2015-16	13,824	6,678	2,070	2,361	1,426	3,787	3.65
2014-15	15,289	6,951	2,200	2,554	2,053	4,607	3.32
2013-14	15,278	7,340	2,081	2,690	1,825	4,515	3.38
2012-13	15,098	7,637	1,977	2,856	1,920	4,776	3.16

Notes:

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

- (a) Source CBM001
- (b) Source CBM00A

Amarillo College
 Statistical Supplement 7
 Principal Taxpayers
 Last Ten Tax Years
 (unaudited)

		Taxable Assessed Value (TAV) by Tax Year (\$000 omitted)									
Taxpayer	Type of Business	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Southwestern Public Service	Electric Utility	\$ 232,673	\$ 231,902	\$ 197,562	\$ 168,216	\$ 163,882	\$ 127,188	\$ 132,952	\$ 113,495	\$ 99,601	\$ 93,024
Bell Helicopter Textron Inc	Osprey Production	146,523	173,465	134,095	139,623	105,618	62,349	-	-	-	-
BSA Hospital LLC	Hospital	129,421	137,568	138,817	140,723	136,693	127,643	105,867	103,240	102,539	-
BNSF Railway Co	Railroad	101,703	103,485	95,123	92,836	83,968	80,238	75,728	74,309	73,579	67,388
Atmos Corp/Energas Co	Utility	98,710	97,083	88,465	83,332	72,962	62,578	55,503	53,249	48,110	41,336
UHS of Amarillo, Inc.	Hospital	59,228	-	-	-	-	-	-	-	-	-
Bell Textron	Aerospace Manufacturer	48,622	-	-	-	-	-	-	-	-	-
Amarillo National Bank	Bank	46,733	44,834	44,148	42,321	42,755	40,193	39,349	39,715	39,528	37,584
Wal Mart Real Estate	Retail Store	43,553	93,373	95,786	100,647	100,848	101,808	88,569	81,821	84,187	85,933
Jamal Enterprises, Inc.	Management Service	35,059	-	-	-	-	-	-	-	-	-
Northwest Texas Healthcare Systems Inc	Hospital	30,746	89,699	87,071	88,405	85,745	89,048	93,917	91,014	88,859	84,729
Amarillo Economic Development Corp.	Com/Econ Dev	28,259	-	53,217	52,040	51,559	48,957	43,635	-	-	41,926
Case Properties	Apartment Complexes	-	77,511	81,404	80,130	80,620	80,147	-	38,113	-	36,883
Toot N Totum INC	Retail Store	-	50,298	49,760	51,146	50,666	44,299	41,550	42,774	38,419	-
Ben E. Keith Company	Grocery Wholesale	-	32,735	32,009	30,947	30,281	31,381	-	-	39,709	48,877
Amarillo Mall LCC	Shopping Mall/Westgate	-	28,486	61,879	63,402	63,968	63,856	63,835	63,961	63,896	63,926
Totals		\$ 1,001,230	\$ 1,160,439	\$ 1,159,336	\$ 1,133,768	\$ 1,069,565	\$ 959,685	\$ 740,905	\$ 701,691	\$ 678,427	\$ 601,556
Total Taxable Assessed Value		\$ 14,740,968	\$ 14,245,425	\$ 13,820,004	\$ 12,914,679	\$ 12,183,530	\$ 11,652,419	\$ 11,207,891	\$ 10,847,872	\$ 10,536,908	\$ 10,342,085

		% of Taxable Assessed Value (TAV) by Tax Year									
Taxpayer	Type of Business	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Southwestern Public Service	Electric Utility	1.58%	1.63%	1.43%	1.27%	1.27%	1.04%	1.14%	1.01%	0.92%	0.88%
Bell Helicopter Textron Inc	Osprey Production	0.99%	1.22%	0.97%	1.05%	0.82%	0.51%	-	-	-	-
BSA Hospital LLC	Hospital	0.88%	0.97%	1.00%	1.06%	1.06%	1.05%	0.91%	0.92%	0.95%	-
BNSF Railway Co	Railroad	0.69%	0.73%	0.69%	0.70%	0.65%	0.66%	0.65%	0.66%	0.68%	0.64%
Atmos Corp/Energas Co	Utility	0.67%	0.68%	0.64%	0.63%	0.56%	0.51%	0.48%	0.48%	0.44%	0.39%
UHS of Amarillo, Inc.	Hospital	0.40%	-	-	-	-	-	-	-	-	-
Bell Textron	Aerospace Manufacturer	0.33%	-	-	-	-	-	-	-	-	-
Amarillo National Bank	Bank	0.32%	0.31%	0.32%	0.32%	0.33%	0.33%	0.34%	0.35%	0.36%	0.36%
Wal Mart Real Estate	Retail Store	0.30%	0.66%	0.69%	0.76%	0.78%	0.84%	0.76%	0.73%	0.78%	0.82%
Jamal Enterprises, Inc.	Management Service	0.24%	-	-	-	-	-	-	-	-	-
Northwest Texas Healthcare Systems Inc	Hospital	0.21%	0.63%	0.63%	0.67%	0.66%	0.73%	0.81%	0.81%	0.82%	0.80%
Amarillo Economic Development Corp.	Com/Econ Dev	0.19%	-	0.39%	0.39%	0.40%	0.40%	0.37%	-	-	0.40%
Case Properties	Apartment Complexes	-	0.54%	0.59%	0.60%	0.62%	0.66%	-	0.34%	-	0.35%
Toot N Totum INC	Retail Store	-	0.35%	0.36%	0.39%	0.39%	0.36%	0.36%	0.38%	0.35%	-
Ben E. Keith Company	Grocery Wholesale	-	0.23%	0.23%	0.23%	0.23%	0.26%	-	-	0.37%	0.46%
Amarillo Mall LCC	Shopping Mall/Westgate	-	0.20%	0.45%	0.48%	0.50%	0.52%	0.55%	0.57%	0.59%	0.61%
Totals		6.80%	8.15%	8.39%	8.55%	8.27%	7.87%	6.37%	6.25%	6.26%	5.71%

Source: Local County Appraisal District

Amarillo College
Statistical Supplement 8
Property Tax Levies and Collections
Last Ten Tax Years
(unaudited)
(dollar amounts expressed in thousands)

Fiscal Year Ended August 31	Levy (a)	Cumulative Levy Adjustments	Adjusted Tax Levy (b)	Collections - Year of Levy (c)	Percentage	Prior Collections of Prior Levies (d)	Current Collections of Prior Levies (e)	Total Collections (C+D+E)	Cumulative Collections of Adjusted Levy
2022	\$ 31,146	\$ (1,279)	\$ 29,867	\$ 29,545	98.92%	\$ -	\$ 258	\$ 29,803	99.79%
2021	32,465	(513)	31,952	30,546	95.60%	-	266	30,812	96.43%
2020	29,834	(128)	29,706	29,468	99.20%	-	225	29,693	99.96%
2019	26,544	(39)	26,505	26,242	99.01%	-	176	26,418	99.67%
2018	25,813	(62)	25,751	25,531	99.15%	-	179	25,710	99.84%
2017	24,440	(31)	24,409	24,166	99.00%	-	203	24,369	99.84%
2016	23,391	(5)	23,386	23,151	98.99%	-	215	23,366	99.91%
2015	22,530	(39)	22,491	22,202	98.72%	-	270	22,472	99.92%
2014	21,056	(38)	21,018	20,736	98.66%	-	-	20,736	98.66%
2013	20,415	(64)	20,351	20,038	98.46%	55	158	20,251	99.51%

Source: Local Tax Assessor/Collector and District records.

(a) As reported in notes to the financial statements for the year of the levy.

(b) As of August 31st of the current reporting year.

(c) Property tax only - does not include penalties and interest

(d) Represents cumulative collections of prior years not collected in the current year or the year of the tax levy.

(e) Represents current year collections of prior years levies.

**Amarillo College
Statistical Supplement 9
Ratios of Outstanding Debt
Last Ten Fiscal Years
(unaudited)**

For the Year Ended August 31
(dollar amounts expressed in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Bonded Debt										
General obligation bonds	\$ 114,705	\$ 67,770	\$ 73,365	\$ 52,355	\$ 55,735	\$ 58,905	\$ 61,905	\$ 64,470	\$ 66,965	\$ 69,040
Notes	-	-	-	-	-	-	-	-	-	-
Less: Funds restricted for debt service	-	-	-	-	-	-	-	-	-	-
Net general bonded debt	114,705	67,770	73,365	52,355	55,735	58,905	61,905	64,470	66,965	69,040
Other Debt										
Revenue bonds	2,520	2,785	2,950	3,160	3,365	3,560	3,750	3,935	4,115	4,295
Notes	-	-	402	1,000	1,500	-	-	-	112	409
Lease obligations	834	1,002	389	109	24	-	69	-	-	-
Total Outstanding Debt	\$ 118,059	\$ 71,557	\$ 77,106	\$ 56,624	\$ 60,624	\$ 62,465	\$ 65,724	\$ 68,405	\$ 71,192	\$ 73,744

General Bonded Debt Ratios

Per Capita	\$ 0.57	\$ 0.34	\$ 0.37	\$ 0.26	*	*	*	*	\$ 0.34	\$ 0.35
Per FTSE	18.55	10.96	11.12	7.69	9.09	8.73	9.27	9.27	9.12	9.04
As a percentage of Taxable Assessed Value	0.78%	0.49%	0.55%	0.39%	0.43%	0.48%	0.53%	0.58%	0.62%	0.66%

Total Outstanding Debt Ratios

Per Capita	\$ 0.59	\$ 0.36	\$ 0.39	\$ 0.28	*	*	*	*	\$ 0.36	\$ 0.38
Per FTSE	19.09	11.39	11.68	8.31	8.68	9.26	9.84	9.84	9.70	9.66
As a percentage of Taxable Assessed Value	0.80%	0.51%	0.58%	0.43%	0.46%	0.51%	0.56%	0.61%	0.66%	0.70%

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

* Per the Bureau of Economic Analysis: Estimates of per capital personal income for 2014 will be released with the rest of the Local Area Estimates on November 26th.

Amarillo College
Statistical Supplement 10
Legal Debt Margin Information
Last Ten Fiscal Years
(unaudited)

For the Year Ended August 31
(dollar amounts expressed in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Taxable Assessed Value	\$ 14,740,969	\$ 14,245,425	\$ 13,745,154	\$ 13,282,812	\$ 12,914,679	\$ 12,183,530	\$ 11,652,419	\$ 11,207,891	\$ 10,847,872	\$ 10,536,908
General Obligation Bonds										
Statutory Tax Levy Limit for Debt Service	\$ 73,705	\$ 71,227	\$ 68,726	\$ 66,414	\$ 64,573	\$ 60,918	\$ 58,262	\$ 56,039	\$ 54,239	\$ 52,685
Less: Funds Restricted for Repayment of General Obligation Bonds	-	-	-	-	-	-	-	-	-	-
Total Net General Obligation Debt	73,705	71,227	68,726	66,414	64,573	60,918	58,262	56,039	54,239	52,685
Current Year Debt Service Requirements	7,547	7,546	8,328	6,180	5,340	5,264	5,247	5,029	4,902	4,885
Excess of Statutory Limit for Debt Service over Current Requirements	\$ 66,158	\$ 63,681	\$ 60,398	\$ 60,234	\$ 59,233	\$ 55,654	\$ 53,015	\$ 51,010	\$ 49,337	\$ 47,800
Net Current Requirements as a % of Statutory Limit	10.24%	10.59%	12.05%	9.31%	8.27%	8.64%	9.01%	8.97%	9.04%	9.27%

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

Amarillo College
Statistical Supplement 11
Pledged Revenue Coverage
Last Ten Fiscal Years
(unaudited)

Revenue Bonds

Fiscal Year Ended August 31	Pledged Revenues (\$000 omitted)											Debt Service Requirements (\$000 omitted)			
	Tuition	General Fee	Matriculation Fees	Distance Learning Fee	Out of District Fees	Misc Income Fees	Interest Income	Indirect Cost Recovery	Unrestricted Private Grants	Sales of Educational Activities	Total	Principal	Interest	Total	Coverage Ratio
2022	\$ 2,884	\$ 3,989	\$ -	\$ 1,469	\$ -	\$ 1,919	\$ 43	\$ 132	\$ 337	\$ 155	\$ 10,928	265	34	299	36.54
2021	2,933	4,100	-	1,476	-	2,094	(76)	287	396	172	11,382	220	118	338	33.67
2020	2,943	4,346	-	1,563	-	2,093	266	84	352	187	11,834	210	126	336	35.22
2019	3,023	4,255	-	1,546	-	2,299	661	162	477	279	12,702	205	135	340	37.36
2018	3,082	4,428	-	1,567	-	2,138	411	174	402	262	12,464	195	140	335	37.21
2017	2,387	4,324	-	1,548	-	1,878	175	128	249	169	10,858	195	140	335	32.41
2016	2,354	4,297	-	1,553	-	1,839	84	151	142	175	10,595	185	152	337	31.44
2015	2,268	4,093	-	1,024	-	1,611	54	288	377	381	10,096	180	155	335	30.14
2014	2,401	4,315	-	480	-	1,341	49	214	2,219	512	11,531	180	159	339	34.01
2013	2,531	3,904	-	493	-	1,381	58	242	2,152	529	11,290	175	162	337	33.50

Amarillo College
 Statistical Supplement 12
 Demographic and Economic Statistics - Taxing District
 Last Ten Fiscal Years
 (unaudited)

Calendar Year	District Population	District Personal Income (a) (thousands of dollars)	District Personal Income Per Capita	District Unemployment Rate
2021	200,393	*	*	3.8%
2020	199,747	10,210,268	51,116	5.0%
2019	199,371	9,582,767	48,065	2.5%
2018	199,924	9,222,694	46,131	2.7%
2017	199,826	8,756,375	43,820	3.0%
2016	199,582	8,714,548	43,664	3.1%
2015	198,645	8,670,457	43,648	3.1%
2014	197,254	8,188,014	41,510	3.6%
2013	196,429	7,856,767	39,998	4.6%
2012	195,250	7,485,885	38,340	4.8%

Sources:

Population from U.S. Bureau of the Census.

Personal income from U.S. Bureau of Economic Analysis

Unemployment rate from Texas Workforce Commission

Notes:

* Per the Bureau of Economic Analysis: Estimates of per capita personal income for 2021 will be released with the rest of the local area estimates on November 16, 2022.

**Amarillo College
 Statistical Supplement 13
 Principal Employers
 Current Fiscal Year
 (unaudited)**

<u>Employer</u>	<u>Number of Employees</u>	<u>Percentage of Total Employment</u>
Amarillo Independent School District	4,500	3.50%
Tyson Foods, Inc.	4,300	3.35%
CNS Pantex	3,844	2.99%
BSA Health System/Don & Sybil Harrington Cancer Center	3,100	2.41%
Northwest Texas Healthcare System	2,150	1.67%
City of Amarillo	1,953	1.52%
Xcel Energy	1,431	1.11%
Affiliated Foods/TriState Baking/Plains Dairy	1,250	0.97%
Canyon ISD	1,168	0.91%
Amarillo VA Healthcare System	984	0.77%
Total	24,680	19.20%

Source:

Amarillo Chamber of Commerce
 U.S. Department of Labor - Bureau of Labor Statistics

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

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Faculty										
Full-Time	173	178	185	193	194	171	225	219	225	225
Part-Time	397	381	435	329	326	400	646	537	601	586
Total	570	559	620	522	520	571	871	756	826	811
Percent										
Full-Time	30.4%	31.8%	29.8%	37.0%	37.3%	29.9%	25.8%	29.0%	27.2%	27.7%
Part-Time	69.6%	68.2%	70.2%	63.0%	62.7%	70.1%	74.2%	71.0%	72.8%	72.3%
Staff and Administrators										
Full-Time	464	430	438	420	425	422	397	433	472	466
Part-Time	243	218	214	229	172	253	212	206	270	287
Total	707	648	652	649	597	675	609	639	742	753
Percent										
Full-Time	65.6%	66.4%	67.2%	64.7%	71.2%	62.5%	65.2%	67.8%	63.6%	61.9%
Part-Time	34.4%	33.6%	32.8%	35.3%	28.8%	37.5%	34.8%	32.2%	36.4%	38.1%
FTSE per Full-Time Faculty	36.01	34.74	35.83	34.19	35.10	39.45	29.68	31.74	32.62	33.94
FTSE per Full-Time Staff Member	13.42	14.38	15.13	15.71	16.02	15.99	16.82	16.05	15.55	16.39
Average Annual Faculty Salary	\$70,042	\$69,103	\$68,352	\$65,419	\$56,495	\$59,330	\$60,206	\$61,928	\$66,795	\$65,862

Amarillo College
 Statistical Supplement 16
 Student Profile
 Last Five Fiscal Years
 (unaudited)

	Fall 2021		Fall 2020		Fall 2019		Fall 2018		Fall 2017	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Gender										
Female	5,931	64.89%	6,013	66.06%	6,314	64.65%	3,616	36.73%	4,870	64.72%
Male	3,209	35.11%	3,089	33.94%	3,452	35.35%	6,228	63.27%	2,655	35.28%
Total	9,140	100.00%	9,102	100.00%	9,766	100.00%	9,844	100.00%	7,525	100.00%

	Fall 2021		Fall 2020		Fall 2019		Fall 2018		Fall 2017	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Ethnic Origin										
White	3,774	41.29%	3,899	42.84%	4,259	43.61%	4,516	45.88%	3,423	48.49%
Hispanic	4,097	44.82%	3,998	43.92%	4,179	42.79%	4,034	40.98%	3,149	39.69%
African American	536	5.86%	480	5.27%	505	5.17%	502	5.10%	431	4.65%
Asian	283	3.10%	294	3.23%	315	3.23%	299	3.04%	224	2.87%
Foreign	22	0.24%	26	0.29%	51	0.52%	43	0.44%	48	0.77%
Native American	65	0.71%	63	0.69%	71	0.73%	72	0.73%	30	0.54%
Other	363	3.97%	342	3.76%	386	3.95%	378	3.84%	220	2.99%
Total	9,140	100.00%	9,102	100.00%	9,766	100.00%	9,844	100.00%	7,525	100.00%

	Fall 2021		Fall 2020		Fall 2019		Fall 2018		Fall 2017	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Age										
Under 18	1,952	21.36%	1,926	21.16%	2,072	21.22%	2,266	23.02%	322	4.28%
18 - 21	3,432	37.55%	3,432	37.71%	3,834	39.26%	3,620	36.77%	3,318	44.09%
22 - 24	1,041	11.39%	996	10.94%	1,054	10.79%	1,128	11.46%	1,097	14.58%
25 - 35	1,835	20.08%	1,909	20.97%	1,877	19.22%	1,888	19.18%	1,860	24.72%
36 - 50	736	8.05%	709	7.79%	770	7.88%	788	8.00%	769	10.22%
51 & over	144	1.58%	130	1.43%	159	1.63%	154	1.56%	159	2.11%
Total	9,140	100.00%	9,102	100.00%	9,766	100.00%	9,844	100.00%	7,525	100.00%
Average Age	23		23		23		23		25	

Amarillo College
Statistical Supplement 17
Transfers to Senior Institutions
2021-2022 Graduates, Completers, and Non-Returners as of Fall 2022
(Includes only public senior colleges in Texas)
(unaudited)

	Transfer Student Count Academic	Transfer Student Count Technical	Transfer Student Count Tech-Prep	Transfer Student Count CEU Grads	Total of all Sample Transfer Students	% of all Sample Transfer Students
ACCD - San Antonio College	-	1	-	-	1	0.05%
ACCD - St. Phillip's College	-	1	-	-	1	0.05%
Amarillo College	283	218	37	2	540	26.92%
Angelo State University	9	-	1	-	10	0.50%
Austin Community College	3	-	-	-	3	0.15%
Blinn College District	9	-	1	-	10	0.50%
Clarendon College	12	4	7	-	23	1.15%
Collin County Community College District	2	-	-	-	2	0.10%
Dallas College	3	2	-	-	5	0.25%
Del Mar College	-	-	2	-	2	0.10%
El Paso Community College District	-	1	-	-	1	0.05%
Frank Phillips College	20	4	9	-	33	1.65%
HCJCD - Howard College	5	-	-	-	5	0.25%
Houston Community College	-	1	1	-	2	0.10%
Lamar University	2	-	-	-	2	0.10%
Lee College	1	-	-	-	1	0.05%
Lone Star College - Kingwood	1	-	-	-	1	0.05%
McLellan Community College	1	-	-	-	1	0.05%
Midland College	-	2	-	-	2	0.10%
Midwestern State University	6	-	1	-	7	0.35%
North Central Texas College	1	-	-	-	1	0.05%
Northeast Texas Community College	1	3	-	-	4	0.20%
Odessa College	3	-	1	-	4	0.20%
Prairie View A&M University	2	-	-	-	2	0.10%
Ranger College	1	-	-	-	1	0.05%
Sam Houston State University	4	-	-	-	4	0.20%
San Jacinto Community College	-	-	1	-	1	0.05%
South Plains College	10	8	4	-	22	1.10%
Stephen F. Austin State University	3	-	-	-	3	0.15%
Sul Ross State University	2	-	-	-	2	0.10%
Sul Ross State University - Rio Grande College	1	-	-	-	1	0.05%
Tarleton State University	14	-	1	-	15	0.75%
Tarrant County College District	-	3	-	-	3	0.15%
Texas A&M International University	-	1	-	-	1	0.05%
Texas A&M University	39	-	-	-	39	1.94%
Texas A&M University - Commerce	1	-	-	-	1	0.05%
Texas A&M University - Corpus Christi	2	-	-	-	2	0.10%
Texas A&M University - San Antonio	1	-	-	-	1	0.05%
Texas A&M University at Galveston	2	-	-	-	2	0.10%
Texas Southern University	1	-	-	-	1	0.05%
Texas State University	20	-	-	-	20	1.00%

Amarillo College
Statistical Supplement 17, Continued
Transfers to Senior Institutions
2021-2022 Graduates, Completers, and Non-Returners as of Fall 2022
(Includes only public senior colleges in Texas)
(unaudited)

	Transfer Student Count Academic	Transfer Student Count Technical	Transfer Student Count Tech-Prep	Transfer Student Count CEU Grads	Total of all Sample Transfer Students	% of all Sample Transfer Students
Texas Tech University	198	4	2	-	204	10.17%
Texas Tech University Health Sciences Center	13	-	6	-	19	0.95%
Texas Women's University	15	-	1	-	16	0.80%
The University of Texas - Rio Grande Valley	1	-	-	-	1	0.05%
The University of Texas at Arlington	26	-	5	-	31	1.55%
The University of Texas at Austin	36	-	1	-	37	1.84%
The University of Texas at Dallas	12	1	1	-	14	0.70%
The University of Texas at El Paso	4	-	-	-	4	0.20%
The University of Texas at San Antonio	3	-	-	-	3	0.15%
The University of Texas of the Permian Basin	2	-	-	-	2	0.10%
University of Houston	3	-	1	-	4	0.20%
University of Houston - Clear Lake	2	-	-	-	2	0.10%
University of North Texas	17	1	-	-	18	0.90%
University of North Texas at Dallas	3	-	-	-	3	0.15%
University of North Texas Health Science Center	1	-	-	-	1	0.05%
Vernon College	2	-	1	-	3	0.15%
Weatherford College	4	-	1	-	5	0.25%
West Texas A&M University	791	22	42	-	855	42.62%
Western Texas College	2	-	-	-	2	0.10%
Totals	1,600	277	127	2	2,006	100.00%

NOTE: Totals may not equal those from the Automated Student and Adult Learner Follow-up System Results since non-disclosure students are not included in this report.

Information taken from Automated Student & Adult Learner Follow-up Report from the Coordinating Board.
Located at: www.txhighereddata.org - ASALFS Students Pursuing Additional Education

Amarillo College
Statistical Supplement 18
Capital Asset Information
Fiscal Years 2018 to 2022
(unaudited)

	Fiscal Year				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Academic buildings	33	33	32	32	32
Square footage (in thousands)	1,073	1,084	995	998	998
Libraries*	1	1	1	1	1
Square footage (in thousands)	16	16	16	16	16
Number of Volumes (in thousands)	41	40	42	50	50
Administrative and support buildings	8	8	8	8	8
Square footage (in thousands)	173	188	188	188	188
Rentals					
Apartment Bldgs (formerly Dorms)	-	-	-	-	-
Square footage (in thousands)	-	-	-	-	-
Number of Beds	-	-	-	-	-
Rental Housing Units	335	335	335	335	335
Square footage (in thousands)	493	493	493	493	493
Commercial Rentals	3	3	3	3	3
Square footage (in thousands)	16	16	16	16	16
Dining Facilities*	-	-	-	-	-
Square footage (in thousands)	-	-	-	-	-
Athletic Facilities (sum of below)	4	5	5	5	5
Square footage(in thousands)	74	79	79	79	79
Stadiums	-	-	-	-	-
Gymnasiums*	4	5	5	5	5
Fitness Centers*	2	2	2	2	2
Tennis Court	-	-	-	-	-
Plant facilities	5	5	4	4	4
Square footage (in thousands)	52	82	81	81	81
Transportation (Total)	148	147	153	147	148
Cars	19	22	27	30	30
Semi Trucks / Heavy Trucks (Instructional)	34	30	29	26	28
Light Trucks/Vans (includes Instructional)	78	78	76	66	68
Buses (Instructional)	3	3	7	12	8
Motorcycles (Instructional)	14	14	14	13	14

* May be within other buildings