

AMARILLO COLLEGE
Amarillo, Texas

ANNUAL FINANCIAL REPORT
August 31, 2014 and 2013

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**AMARILLO COLLEGE
ORGANIZATIONAL DATA
August 31, 2014**

Board of Regents

	<u>Officers</u>	Term Expires <u>May</u>
Don L. Nicholson	Chairperson	2015
Dr. Paul Proffer	Vice Chairperson	2019
Mary Jane Nelson	Secretary	2015

	<u>Members</u>	
Carroll M. Forrester	Amarillo, Texas	2017
Michele Fortunato	Amarillo, Texas	2017
Johnny E. Mize	Amarillo, Texas	2019
Dr. Gene Norman	Amarillo, Texas	2015
Dr. David C. Woodburn	Amarillo, Texas	2019

Key Officers

Dr. Russell Lowery-Hart	President
Robert Austin	Vice President of Student Affairs
Terry Berg	Vice President of Business Affairs
Jerry Moller	Interim Vice President of Academic Affairs
Danita McAnally	Chief of Planning and Advancement
Ellen Green	Chief of Communication and Marketing
Lee Colaw	Chief Information Officer

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Independent Auditor's Report

Board of Regents
Amarillo College
Amarillo, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Amarillo College (the College) as of and for the years ended August 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College as of August 31, 2014 and 2013, and the 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.

Emphasis of Matter

As described in Note 2 to the financial statements, in 2014, the College adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 8-14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the basic financial statements of the College. 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, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State of Texas Single Audit Circular are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards, the Schedule of Expenditures of State of Texas Awards, and the Other Supplemental Information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing

standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, the Schedule of Expenditures of State of Texas Awards, and the Other Supplemental Information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 25, 2014, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the College's internal control over financial reporting and compliance.

Connor, McMillon, Mitchell & Shennum, PLLC

Amarillo, Texas
November 25, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

**AMARILLO COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended August 31, 2014, 2013 and 2012**

INTRODUCTION

The 2014 fiscal year was the thirteenth fiscal year that Amarillo College (the College) has presented financial statements in the format required by Governmental Accounting Standards Board (GASB) Statements No. 34 and 35. In the past, audit reports had the financial statements differentiating between the separate funds and fund groups of the College's general ledger. Under the new 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.

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

This is the thirteenth year that the College has prepared these financial statements in the GASB 34/35 format; following are the comparative financial statements for fiscal years 2014, 2013 and 2012:

**AMARILLO COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended August 31, 2014, 2013 and 2012**

CONDENSED COMPARATIVE FINANCIAL INFORMATION (CONTINUED)

	<u>2014</u>	<u>2013</u> (restated)	<u>2012</u>
Total Assets - Capital Net	\$129,599,064	\$127,615,682	\$ 119,652,063
Total Assets - Noncapital	58,487,163	64,894,155	71,584,047
Total Assets	<u>188,086,227</u>	<u>192,509,837</u>	<u>191,236,110</u>
Total Liabilities - Long Term	70,148,697	72,798,407	74,967,383
Total Liabilities - Other	20,020,825	21,384,163	14,187,423
Total Liabilities	<u>90,169,522</u>	<u>94,182,570</u>	<u>89,154,806</u>
Net Position - Capital	58,951,950	60,530,418	61,057,292
Net Position - Restricted	11,523,779	11,732,573	14,120,638
Net Position - Unrestricted	27,440,976	26,064,276	26,903,374
Total Net Position	<u>\$ 97,916,705</u>	<u>\$ 98,327,267</u>	<u>\$ 102,081,304</u>
Operating Revenues			
Tuition and Fees (Net of Discounts)	\$ 14,943,828	\$ 15,381,607	\$ 15,428,570
Grants and Contracts	11,130,843	10,151,837	9,234,200
Other Operating Revenues	581,994	644,534	613,463
Auxiliary Enterprises (Net of Discounts)	6,204,581	6,461,322	6,630,581
Total Operating Revenues	<u>32,861,246</u>	<u>32,639,300</u>	<u>31,906,814</u>
Operating Expenses			
Instruction	32,877,634	31,881,780	30,255,763
Public Service	3,696,267	3,694,321	3,401,869
Academic Support	2,832,888	3,108,820	2,675,556
Student Services	4,457,921	4,153,768	3,984,782
Institutional Support	13,664,757	13,591,661	12,586,315
Operation and Maintenance of Plant	7,405,632	7,668,873	7,411,238
Scholarships and Fellowships	9,902,645	10,316,241	11,832,994
Auxiliary Enterprises	6,238,998	6,563,844	6,576,563
Depreciation	5,747,004	5,274,380	4,993,630
Total Operating Expenses	<u>86,823,746</u>	<u>86,253,688</u>	<u>83,718,710</u>
Operating Loss	<u>(53,962,500)</u>	<u>(53,614,388)</u>	<u>(51,811,896)</u>
Nonoperating Revenues (Expenses)			
State Allocations	19,044,738	18,260,756	18,321,957
Ad Valorem Taxes	21,087,526	20,481,567	19,208,804
Federal Revenue, Nonoperating	15,921,186	16,355,816	17,424,307
Investment Income (Net)	586,412	466,308	444,440
Interest on Capital-Related Debt	(2,856,244)	(2,866,047)	(2,401,694)
Other Nonoperating Revenue (Expenses)	<u>(3,392,795)</u>	<u>(2,314,171)</u>	<u>3,111,021</u>
Net Nonoperating Revenues	<u>50,390,823</u>	<u>50,384,229</u>	<u>56,108,835</u>
Special Item			
Impairment loss on buildings	-	(406,554)	(2,953,872)
Extraordinary Item			
Insurance proceeds	<u>3,161,115</u>	<u>537,753</u>	<u>-</u>
Increase (Decrease) in Net Position	(410,562)	(3,098,960)	1,343,067
Beginning Net Position	98,327,267	102,081,304	100,738,237
Prior Period Adjustment	-	(655,077)	-
Ending Net Position	<u>\$ 97,916,705</u>	<u>\$ 98,327,267</u>	<u>\$ 102,081,304</u>

**AMARILLO COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended August 31, 2014, 2013 and 2012**

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

REVENUES

State Appropriations – State appropriations for educational and general state support have been declining, but did increase slightly for 2014.

<u>Year</u>	<u>State Appropriations</u>	<u>Change from Prior Year</u>	<u>% Change</u>
2011	\$ 15,893,223	\$ (156,628)	-0.9%
2012	15,320,559	(572,664)	-3.6%
2013	15,097,688	(222,871)	-1.5%
2014	15,278,460	180,772	+1.1%

Subsequently, the 2015 state appropriations will remain the same for the second year of the biennium.

Auxiliary Enterprises – Profits from the College's auxiliary enterprises remain steady, which includes the operation of family housing at the East Campus and the operation of the campus bookstores. For several years profit from auxiliary enterprises has been used to supplement the operation of the College's physical plant.

Investment Income – From 2003 to 2007 interest rates rose, increasing investment revenue; during 2008 interest rates started declining and continued to do so through 2014.

Ad Valorem Tax Base – The Amarillo Junior College District (the District) property appraisal increased \$360 million or 3.32% from the 2013 tax year to the 2014 tax year, \$311 million or 3.0% from the 2012 tax year to the 2013 tax year, \$195 million or 1.9% from the 2011 tax year to the 2012 tax year. The increase is made up of new properties, improvements to existing properties, and increased valuations.

With the passage of the bond initiative in November of 2007 and the subsequent sale of \$68.3 million of construction bonds, the total tax rate for the 2014 tax year was set at \$.20750 per \$100 valuation. The maintenance and operations portion of the tax rate increased \$.007 over the previous year. The last bond sale associated with the November 2007 bond initiative was on May 15, 2012, in the amount of \$14,305,000.

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 2013-14, 2012-13, and 2011-12 was \$104,814, \$102,499, and \$81,184, respectively.

**AMARILLO COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended August 31, 2014, 2013 and 2012**

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

Economic Outlook – While the recent recession has hit parts of the country very hard, the economic conditions in the College service area have not been that severe. The local unemployment rate of 4.1% is below the state and national averages of 5.1% and 6.2%, respectively. Local construction and home sales have slowed to some extent, but not the level experienced in other parts of the economy. As mentioned above, appropriations from the state of Texas have been increased by 1.1% for fiscal year 2014 from 2013. State appropriations for fiscal year 2015 will remain the same for the second year of the biennium.

EXPENSES

KACV Digital Conversion Effort – Over the past several years the College has expended \$5.7 million to convert KACV-TV from an analog transmission station to a digital transmission station. More than \$7.6 million has been raised from government agencies and private grants toward this effort. During the 2012, 2011, and 2010 fiscal years, \$1.1 million, \$0.8 million, and \$1 million, respectively, was expended to continue digital conversion. KACV turned off the analog signal and started transmitting the new digital signal on February 17, 2009. As of August 9, 2012, the digital conversion was complete.

Employee Health Insurance – The College, by mandate from the state of Texas, offers its employees health insurance through the Employees Retirement System of Texas (ERS). Over the past several years various administrative changes have been made to ERS which have increased the amount the College has to contribute on behalf of its employees for health insurance. The 82nd Session of the Texas Legislature struggled to adopt a balanced budget for the 2011-2013 biennium. There was a significant drop in funding from the FY 2011 to the FY 2012 year (from \$3.5 million to \$2.1 million); however, state funding has slightly increased in the years since. The amount received was \$2.1 million, \$2.2 million, and \$3.0 million for fiscal years 2012, 2013, and 2014, respectively. The 2015 allocated budget for state-funded health insurance is \$3.2 million and has been subsequently increased since 2012.

CAPITAL ASSET 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>2014</u>	<u>2013</u> (restated)	<u>2012</u>	<u>Percent Change</u>
Land	\$ 5,397,795	\$ 5,431,733	\$ 3,653,753	-0.6%
Construction in progress	97,169	122,317	3,885,460	-20.6%
Buildings and building improvements	146,733,832	143,565,418	132,077,748	2.2%
Other real estate improvements	6,018,809	5,728,908	5,516,030	5.1%
Library books	1,265,236	1,314,246	1,358,221	-3.7%
Furniture, machinery, vehicles, and other equipment	32,545,358	29,533,909	28,505,652	10.2%
Assets held pending sale	-	2,299,539	-	0.0%
Total capital assets	<u>\$192,058,199</u>	<u>\$187,996,070</u>	<u>\$174,996,864</u>	2.2%

**AMARILLO COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended August 31, 2014, 2013 and 2012**

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

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Certain buildings on the College's East Campus were determined to be obsolete. Impairment loss recognized for 2014, 2013, and 2012 is \$-0-, \$406,554, and \$2,953,872, respectively. The College has entered into various construction contracts. Total current commitments are \$5,356,411, of which \$4,205,787 was expended at August 31, 2014.

At August 31, 2014, the College had five bond issues outstanding, consisting of a revenue bond issue for \$4,470,000 and four general obligation bond issues for \$22,000,000, \$16,000,000, \$21,135,000, and \$14,305,000, respectively. Total bond long-term debt, excluding current portion, at August 31, 2014 is \$68,590,000.

Additional information on the College's capital assets and noncurrent liabilities can be found in Notes 5, 6, 7, and 8, respectively, to the basic financial statements.

OTHER MATTERS AT THE COLLEGE

Amarillo Technical Center – Beginning with the 1996 fiscal year, the College assumed the operation of the Texas State Technical College Amarillo campus by act of the Texas State Legislature. The land and buildings were leased to the College through fiscal year 2002. On September 1, 2002, the land and facilities were transferred to the College by act of the Texas State Legislature. The Amarillo Technical Center has been renamed the Amarillo College East Campus. HB 521, which was passed in the Texas State Legislature, now gives the College the ability to dispose of excess acreage encompassed within the East Campus.

Moore County Branch Campus – In 1999 the voters of Moore County passed a Branch Campus Maintenance Tax to fund a branch campus of Amarillo College in Dumas, Texas.

The College agreed to underwrite the cost above revenues of the branch campus until the revenues generated by the operation of the campus were sufficient to cover the expenditures. The long-term financial plan for the Moore County Branch Campus projected that the campus would begin paying back the reserves used by the College in fiscal year 2004 and would have all of the reserves reimbursed during fiscal year 2006. During fiscal year 2003, the Moore County Branch Campus had paid back all underwriting funds.

The Amarillo College Moore County Campus Tactical Plan development for 2011-2015 has resulted in the construction of an approximately 30,000 square foot Career and Technical Center in Dumas, Texas. The Career and Technical Center is located in the Dumas Economic Development Corporation (DEDC) Business Park, which is located at Hwy 287 and Success Boulevard. DEDC donated approximately 11 acres in the Business Park with the understanding that construction was to commence within two years of the property being annexed to the City of Dumas and the utilities being located on the property. The Amarillo College Board of Regents approved the sale of \$4.5 million in Revenue Bonds to be used to finance the new Career and

**AMARILLO COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended August 31, 2014, 2013 and 2012**

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

OTHER MATTERS AT THE COLLEGE (CONTINUED)

Technical Center. Construction on the Career and Technical Center was essentially completed by August 31, 2013.

Hereford Branch Campus – In 2003, citizens of Hereford, Texas, organized a steering committee to investigate the possibility of establishing a community college branch campus to be located in their city. The steering committee approached the College and discussions began concerning the establishment of a branch campus. In 2004, voters of the Hereford Independent School District passed a Branch Campus Maintenance Tax to fund a branch campus of Amarillo College in Hereford. The Hereford Branch Campus began operation for the 2005 Fall Semester.

During September of 2011, the College was approached by an individual wanting to make a monetary donation for construction of a new campus for Amarillo College in Hereford. In January of 2012, the Everett & Mabel McDougal Hinkson Foundation, Inc. was established with a gift of \$3,000,000 for construction of a new campus. Various covenants were specified, one of which was the requirement of the College to spend \$2,000,000 for the construction. The College contribution would be the first money used during construction, which began in Fall of 2012 and was completed for Spring 2014 classes. The total cost to the College was approximately \$2.5 million, to be funded by use of AC reserves and Hereford Branch Campus reserves. The Hereford Economic Development Corporation donated approximately 10 acres and the College purchased an additional 10 acres of land for the site of the new campus.

BOND ELECTION

At the regularly scheduled meeting in August 2007, the Board of Regents passed an election order calling for a \$68.3 million bond election in November of 2007. On November 6, 2007, the District bond election was passed by the voters of the District. Bonds in the amount of \$22,000,000, \$16,000,000, \$16,000,000, and \$14,305,000 were sold June 15, 2008, June 15, 2009, June 15, 2010, and May 15, 2012, respectively. The proceeds from bond sales have been used for new construction, renovation of existing buildings, equipping classrooms, and technology infrastructure. Standard & Poor's continues to provide the College's bond rating of AA+ based upon the College's strong and likely sustainable financial performance trend, evidenced by very strong reserves and substantial taxing flexibility. A parking lot expansion was completed in 2009. The Science Laboratory Building, expansion of the Chilled Water Loop on Washington Street Campus, Jones Hall on West Campus, and Warren Hall renovations were completed in 2010. The East Campus HVAC and Parcels project were completed in 2011. Byrd Business Building and Allied Health renovations, along with the Downtown Campus Parking Lot, were completed in 2012. The Music Building and the ground floor of the Byrd Business Building and Parcels Hall were completed in 2013 as well as renovations to Building V & S on the East Campus. The Math Center project and the 2nd floor of the Lynn Library were

**AMARILLO COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended August 31, 2014, 2013 and 2012**

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

funded partially by bond funds and partially by grant funds. In 2014, renovations to Dutton Hall and the Student Union building were completed. Several additional projects will also begin in 2014-2015.

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 Board of Directors consists of five members, two members who shall be appointed by PRANA Development Group, LLC, and three members who will be appointed by the College. AFEB is considered a blended component unit of the College. As of August 31, 2014, five land sales have taken place for a total of 77.46 acres being sold for \$863,752.

FINANCIAL STATEMENTS

**AMARILLO COLLEGE
STATEMENTS OF NET POSITION
AUGUST 31, 2014 and 2013
Exhibit 1**

	2014	2013 (restated)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 9,250,292	\$ 8,867,462
Short-term investments	27,857,345	26,847,101
Accounts receivable, net	15,289,294	15,132,807
Inventories	1,061,310	1,625,690
Other assets	548,782	600,192
Total current assets	54,007,023	53,073,252
NONCURRENT ASSETS		
Restricted cash and cash equivalents	1,971,108	7,583,916
Endowment investments	2,500,000	2,500,000
Capital assets, net	129,599,064	127,615,682
Capital assets held for sale, net	-	1,727,679
Unamortized debt issuance cost	-	-
Other noncurrent assets	9,032	9,308
Total noncurrent assets	134,079,204	139,436,585
TOTAL ASSETS	\$ 188,086,227	\$ 192,509,837
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 1,407,276	\$ 1,317,955
Accrued compensable absences - current portion	388,764	381,155
Funds held for others	6,062,703	6,169,598
Unearned revenues	9,267,992	9,967,170
Bonds payable - current portion	2,490,000	2,255,000
Retainage payable	291,713	996,794
Notes payable - current portion	112,377	296,491
Total current liabilities	20,020,825	21,384,163
NONCURRENT LIABILITIES		
Accrued compensable absences	725,725	730,372
Deposits payable	121,366	120,050
Bonds payable	68,590,000	71,080,000
Notes payable	-	112,377
Unamortized debt premium	711,606	755,608
Total noncurrent liabilities	70,148,697	72,798,407
TOTAL LIABILITIES	90,169,522	94,182,570

AMARILLO COLLEGE
STATEMENTS OF NET POSITION (CONTINUED)
AUGUST 31, 2014 and 2013
Exhibit 1

	2014	2013
		(restated)
LIABILITIES AND NET POSITION, CONTINUED		
NET POSITION		
Net investment in capital assets	58,951,950	60,530,418
Restricted for:		
Nonexpendable:		
Endowment - True	2,500,000	2,500,000
Expendable:		
Capital projects	471,748	434,725
Debt service	2,233,191	2,906,229
Other, primarily donor restrictions	6,318,840	5,891,619
Unrestricted	27,440,976	26,064,276
Total net position (Schedule D)	97,916,705	98,327,267
TOTAL LIABILITIES AND NET POSITION	\$ 188,086,227	\$ 192,509,837

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

AMARILLO COLLEGE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED AUGUST 31, 2014 AND 2013
Exhibit 2

	2014	2013
		(restated)
OPERATING REVENUES		
Tuition and fees (net of discounts of \$7,789,602 and \$7,745,507 in 2014 and 2013, respectively)	\$ 14,943,828	\$ 15,381,607
Federal grants and contracts	5,227,505	4,943,705
State grants and contracts	2,363,878	1,885,080
Local grants and contracts	2,004,388	1,945,710
Nongovernmental grants and contracts	1,535,072	1,377,342
Sales and services of educational activities	506,197	528,656
Auxiliary enterprises (net of discounts)	6,204,581	6,461,322
Other operating revenues	75,797	115,878
Total operating revenues (Schedule A)	32,861,246	32,639,300
OPERATING EXPENSES		
Instruction	32,877,634	31,881,780
Public service	3,696,267	3,694,321
Academic support	2,832,888	3,108,820
Student services	4,457,921	4,153,768
Institutional support	13,664,757	13,591,661
Operation and maintenance of plant	7,405,632	7,668,873
Scholarships and fellowships	9,902,645	10,316,241
Auxiliary enterprises	6,238,998	6,563,844
Depreciation	5,747,004	5,274,380
Total operating expenses (Schedule B)	86,823,746	86,253,688
Operating loss	(53,962,500)	(53,614,388)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	19,044,738	18,260,756
Maintenance ad valorem taxes		
Taxes for maintenance and operations	16,380,168	15,462,437
Taxes for general obligation bonds	4,707,358	5,019,130
Federal revenue, non-operating	15,921,186	16,355,816
Gifts	310,045	800,398
Investment income, net of investment expenses	586,412	466,308
Interest on capital-related debt	(2,856,244)	(2,866,047)
Loss on disposal of fixed assets	(3,702,840)	(3,114,569)
Net nonoperating revenues (Schedule C)	50,390,823	50,384,229
Income (loss) before special and extraordinary items	(3,571,677)	(3,230,159)
SPECIAL ITEM		
Impairment loss on buildings	-	(406,554)
EXTRAORDINARY ITEM		
Insurance proceeds	3,161,115	537,753
Decrease in net position	(410,562)	(3,098,960)
NET POSITION - BEGINNING OF YEAR	98,327,267	102,081,304
PRIOR YEAR ADJUSTMENT	-	(655,077)
NET POSITION - END OF YEAR	\$ 97,916,705	\$ 98,327,267

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

AMARILLO COLLEGE
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2014 AND 2013
Exhibit 3

	2014	2013
		(restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from students and other customers	\$ 21,200,092	\$ 21,984,888
Receipts from grants and contracts	10,661,888	10,500,223
Payments to suppliers for goods or services	(17,070,344)	(19,001,678)
Payments to or on behalf of employees	(51,788,538)	(50,937,537)
Payments of scholarships	(10,192,671)	(10,595,804)
Other cash receipts (payments)	(1,270,475)	(1,379,192)
Net cash used by operating activities	(48,460,048)	(49,429,100)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipts from state appropriations	19,071,899	18,254,449
Receipts from ad valorem taxes	21,133,991	20,547,004
Receipts from nonoperating federal revenue	15,921,186	9,126,480
Receipts from gift or grants	255,045	777,097
Student organization and other agency transactions	(94,275)	2,929,333
Receipts from notes payable	-	408,868
Payments on notes payable	(296,491)	-
Other cash receipts	3,161,115	537,753
Net cash provided by noncapital financing activities	59,152,470	52,580,984
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of capital assets	328,930	602,069
Purchases of capital assets	(10,684,556)	(18,447,471)
Payments on capital debt principal	(2,255,000)	(2,050,000)
Payments on capital debt interest	(2,900,246)	(2,946,645)
Net cash used by capital and related financing activities	(15,510,872)	(22,842,047)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturity of investments	27,974,985	27,159,078
Purchases of investments	(28,787,853)	(28,239,845)
Investment earnings	401,340	386,858
Net cash used by investing activities	(411,528)	(693,909)
DECREASE IN CASH AND CASH EQUIVALENTS	(5,229,978)	(20,384,072)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR (RESTRICTED AND UNRESTRICTED)	16,451,378	36,835,450
CASH AND CASH EQUIVALENTS, END OF YEAR (RESTRICTED AND UNRESTRICTED)	\$ 11,221,400	\$ 16,451,378

AMARILLO COLLEGE
STATEMENTS OF CASH FLOWS, CONTINUED
YEARS ENDED AUGUST 31, 2014 AND 2013
Exhibit 3, Continued

	2014	2013
		(restated)
Reconciliation of net operating loss to net cash used by operating activities:		
Operating loss	\$ (53,962,500)	\$ (53,614,388)
Adjustments to reconcile net operating loss to net cash used by operating activities:		
Depreciation expense	5,747,004	5,274,380
Bad debt expense	258,445	275,216
Changes in assets and liabilities:		
Accounts receivable, net	(501,179)	(622,080)
Inventories	564,380	(479,807)
Other assets	39,381	(427,307)
Accounts payable	89,321	8,698
Accrued compensable absences	2,962	35,274
Unearned revenue	(699,178)	124,214
Deposits payable	1,316	(3,300)
	<u>\$ (48,460,048)</u>	<u>\$ (49,429,100)</u>

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

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2014 and 2013

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 Everett & Mabel McDougal Hinkson Foundation and the Amarillo Foundation for Education and Business are both considered blended component units. The blended component units, although legally separate, are in substance part of the College's operations and, therefore, are reported as if they were part of the College. See Note 23 for additional information.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Guidelines

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

Tuition Discounting

Texas Public Education Grants

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

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2014 and 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tuition Discounting (Continued)

Other Tuition Discounts

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

Basis of Accounting

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

Budgetary Data

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

Cash and Cash Equivalents

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.

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.

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. A typical deferred outflow for community colleges is a deferred charge on refunding debt.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2014 and 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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, impairment losses of \$-0- and \$406,554 were recognized during 2014 and 2013, respectively.

The College capitalizes interest costs incurred on funds used to construct property, plant and equipment. The capitalized interest is recorded as part of the assets to which it relates and is

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2014 and 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

amortized over the asset's estimated useful life. Interest cost capitalized was \$85,804 and \$215,122 in 2014 and 2013, respectively.

Unearned Revenues

Tuition, fees, and other revenues received and related to the period after August 31, 2014 and 2013, respectively, have been deferred. Unearned revenues for August 31, 2014 and 2013 are \$9,267,992 and \$9,967,170, respectively.

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.

Change in Accounting Principles

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, is effective for financial statements for periods beginning after December 15, 2012. This Statement improves financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The College has implemented this Statement in the year ended August 31, 2014. As a result, prior year bond issuance cost of \$655,077 have been expensed in the prior period adjustment.

Prior Period Restatement

The College restated prior year amounts for changes that were made due to the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement requires that bond issuance costs be shown as current-period outflows of resources (expenses). The accounts affected by this restatement are as follows:

**AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2014 and 2013**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prior Period Restatement (Continued)

Unamortized debt issuance costs as of August 31, 2013, as previously reported	\$ 606,457
Adjustment for prior period restatement of bond issuance costs	<u>(606,457)</u>
Unamortized debt issuance costs as of August 31, 2013, restated	<u>\$ -</u>
Interest on capital-related debt as of August 31, 2013, as previously reported	\$ 2,914,667
Adjustment for bond issuance costs amortization, as previously reported	<u>(48,620)</u>
Interest on capital-related debt as of August 31, 2013, restated	<u>\$ 2,866,047</u>
Unrestricted net position as of August 31, 2013, as previously reported	\$ 26,670,733
Adjustment for bond issuance costs, net	<u>(606,457)</u>
Unrestricted net position as of August 31, 2013, restated	<u>\$ 26,064,276</u>

The College also restated prior year amounts for an in-kind contribution of equipment that was not recorded.

Capital assets, net as of August 31, 2013, as previously reported	\$ 127,606,195
Adjustment for in-kind contribution of equipment	<u>9,487</u>
Capital assets, net as of August 31, 2013, restated	<u>\$ 127,615,682</u>
Public service as of August 31, 2013, as previously reported	\$ 3,703,808
Adjustment for in-kind contribution of equipment	<u>(9,487)</u>
Public service as of August 31, 2013, restated	<u>\$ 3,694,321</u>
Net position as of August 31, 2013, as previously reported	\$ 98,924,237
Adjustment for bond issuance costs, net	(606,457)
Adjustment for in-kind contribution of equipment	<u>9,487</u>
Net position as of August 31, 2013, restated	<u>\$ 98,327,267</u>

Reclassification

Certain amounts in the 2013 financial statements have been reclassified to conform with the 2014 presentation.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2014 and 2013

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 1, Statements of Net Position, consist of the items reported below:

	<u>2014</u>	<u>2013</u>
Cash and cash equivalents		
Demand deposits	\$ 1,516,715	\$ 3,049,777
TexPool	7,683,789	5,767,896
Petty cash on hand	49,789	49,789
Restricted TexPool	921,378	2,204,079
Restricted cash and cash equivalents	<u>1,049,729</u>	<u>5,379,837</u>
Total cash and cash equivalents (restricted and unrestricted)	<u>\$ 11,221,400</u>	<u>\$ 16,451,378</u>

The following represents a reconciliation of deposits and investments to Exhibit 1:

	<u>Market Value</u>	
<u>Type of Security</u>	<u>2014</u>	<u>2013</u>
Savings/mutual funds	\$ 4,492,776	\$ 3,910,776
Certificates of deposit/CDARs	<u>25,864,569</u>	<u>2,436,325</u>
Total investments (Exhibit 1)	<u>\$ 30,357,345</u>	<u>\$ 29,347,101</u>
Cash and cash equivalents (Exhibit 1)	\$ 11,221,400	\$ 16,451,378
Investments (Exhibit 1)	<u>30,357,345</u>	<u>29,347,101</u>
Total deposits and investments	<u>\$ 41,578,745</u>	<u>\$ 45,798,479</u>

Investments are classified as follows:

	<u>2014</u>	<u>2013</u>
Short-term investments	\$ 27,857,345	\$ 26,847,101
Endowment investments	<u>2,500,000</u>	<u>2,500,000</u>
Total investments	<u>\$ 30,357,345</u>	<u>\$ 29,347,101</u>

**AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2014 and 2013**

NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)

As of August 31, 2014, 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>
Endowed savings/mutual funds	\$ 4,492,776	14.80%	Less than 1 year	Unrated - BBB
Certificate of deposits	<u>25,864,569</u>	<u>85.20%</u>	Less than 1 year	-
Total investments	<u>\$ 30,357,345</u>	<u>100.00%</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 held no single issue securities that were greater than 5% of the portfolio as of August 31, 2014.

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. The College is not exposed to custodial credit risk for its deposits and investments as all are insured, registered, and held by the College or by its agent in the College's name.

Participation in External Investment Pools

As of August 31, 2014, the carrying amount of amounts invested in investment pools was \$8,605,167. Investment pools are recorded at cost, which approximated market value at August 31, 2014. 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, 2014 and 2013

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the year ended August 31, 2014, was as follows:

	<u>Balance</u> <u>September 1, 2013</u> (restated)	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>August 31, 2014</u>
Not depreciated:				
Land	\$ 5,431,733	\$ -	\$ 33,938	\$ 5,397,795
Construction in progress	<u>122,317</u>	<u>3,824,235</u>	<u>3,849,383</u>	<u>97,169</u>
Total not depreciated	<u>5,554,050</u>	<u>3,824,235</u>	<u>3,883,321</u>	<u>5,494,964</u>
Other capital assets:				
Buildings and building improvements	143,565,418	6,110,933	2,942,519	146,733,832
Other real estate improvements	<u>5,728,908</u>	<u>320,030</u>	<u>30,129</u>	<u>6,018,809</u>
Total buildings and other real estate improvements	<u>149,294,326</u>	<u>6,430,963</u>	<u>2,972,648</u>	<u>152,752,641</u>
Library books	1,314,246	18,504	67,514	1,265,236
Furniture, machinery, vehicles and other equipment	29,533,909	3,610,159	598,710	32,545,358
Assets held pending sale	<u>2,299,539</u>	<u>-</u>	<u>2,299,539</u>	<u>-</u>
Total other capital assets	<u>182,442,020</u>	<u>10,059,626</u>	<u>5,938,411</u>	<u>186,563,235</u>
Accumulated depreciation:				
Buildings and building improvements	36,675,336	2,906,021	731,707	38,849,650
Other real estate improvements	<u>1,788,145</u>	<u>346,206</u>	<u>18,565</u>	<u>2,115,786</u>
Total buildings and other real estate improvements	<u>38,463,481</u>	<u>3,252,227</u>	<u>750,272</u>	<u>40,965,436</u>
Library books	1,104,108	54,316	67,514	1,090,910
Furniture, machinery, vehicles and other equipment	18,513,260	2,440,461	550,932	20,402,789
Assets held pending sale	<u>571,860</u>	<u>-</u>	<u>571,860</u>	<u>-</u>
Total accumulated depreciation	<u>58,652,709</u>	<u>5,747,004</u>	<u>1,940,578</u>	<u>62,459,135</u>
Net other capital assets	<u>123,789,311</u>			<u>124,104,100</u>
Net capital assets	<u>\$ 129,343,361</u>			<u>\$ 129,599,064</u>

The College has entered into various construction contracts. Total current commitments are \$5,356,411 of which \$4,205,787 was expended at August 31, 2014.

Capital assets activity for the year ended August 31, 2013, was as follows:

	<u>Balance</u> <u>September 1, 2012</u>	<u>Increases</u> (restated)	<u>Decreases</u>	<u>Balance</u> <u>August 31, 2013</u> (restated)
Not depreciated:				
Land	\$ 3,653,753	\$ 1,784,768	\$ 6,788	\$ 5,431,733
Construction in progress	<u>3,885,460</u>	<u>17,450,531</u>	<u>21,213,674</u>	<u>122,317</u>
Total not depreciated	<u>7,539,213</u>	<u>19,235,299</u>	<u>21,220,462</u>	<u>5,554,050</u>

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2014 and 2013

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	<u>Balance</u> <u>September 1, 2012</u>	<u>Increases</u> <u>(restated)</u>	<u>Decreases</u>	<u>Balance</u> <u>August 31, 2013</u> <u>(restated)</u>
Other capital assets:				
Buildings and building improvements	132,077,748	20,742,490	9,254,820	143,565,418
Other real estate improvements	<u>5,516,030</u>	<u>212,878</u>	<u>—</u>	<u>5,728,908</u>
Total buildings and other real estate improvements	<u>137,593,778</u>	<u>20,955,368</u>	<u>9,254,820</u>	<u>149,294,326</u>
Library books	1,358,221	3,420	47,395	1,314,246
Furniture, machinery, vehicles and other equipment	28,505,652	1,893,225	864,968	29,533,909
Assets held pending sale	<u>—</u>	<u>2,299,539</u>	<u>—</u>	<u>2,299,539</u>
Total other capital assets	<u>167,457,651</u>	<u>25,151,552</u>	<u>10,167,183</u>	<u>182,442,020</u>
Accumulated depreciation:				
Buildings and building improvements	35,744,624	2,067,073	1,136,361	36,675,336
Other real estate improvements	<u>1,457,001</u>	<u>331,144</u>	<u>—</u>	<u>1,788,145</u>
Total buildings and other real estate improvements	<u>37,201,625</u>	<u>2,398,217</u>	<u>1,136,361</u>	<u>38,463,481</u>
Library books	1,089,638	61,866	47,396	1,104,108
Furniture, machinery, vehicles and other equipment	17,053,538	2,242,437	782,715	18,513,260
Assets held pending sale	<u>—</u>	<u>571,860</u>	<u>—</u>	<u>571,860</u>
Total accumulated depreciation	<u>55,344,801</u>	<u>5,274,380</u>	<u>1,966,472</u>	<u>58,652,709</u>
Net other capital assets	<u>112,112,850</u>			<u>123,789,311</u>
Net capital assets	<u>\$ 119,652,063</u>			<u>\$ 129,343,361</u>

NOTE 6 - NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended August 31, 2014, was as follows:

	<u>Balance</u> <u>September 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>August 31, 2014</u>	<u>Due Within</u> <u>One Year</u>
Bonds					
General obligation bonds	\$ 69,040,000	\$ —	\$ 2,075,000	\$ 66,965,000	\$ 2,310,000
Revenue bonds	<u>4,295,000</u>	<u>—</u>	<u>180,000</u>	<u>4,115,000</u>	<u>180,000</u>
Subtotal	73,335,000	—	2,255,000	71,080,000	2,490,000
Accrued compensable absences	1,111,527	9,000	6,038	1,114,489	388,764
Deposits	120,050	34,766	33,450	121,366	—
Notes payable	408,868	—	296,491	112,377	112,377
Unamortized debt premium	<u>755,608</u>	<u>—</u>	<u>44,002</u>	<u>711,606</u>	<u>—</u>
Noncurrent liabilities	<u>\$ 75,731,053</u>	<u>\$ 43,766</u>	<u>\$ 2,634,981</u>	73,139,838	<u>\$ 2,991,141</u>
Current portion				<u>(2,991,141)</u>	
				<u>\$ 70,148,697</u>	

**AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2014 and 2013**

NOTE 6 - NONCURRENT LIABILITIES (CONTINUED)

Noncurrent liability activity for the year ended August 31, 2013, was as follows:

	<u>Balance September 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance August 31, 2013</u>	<u>Due Within One Year</u>
Bonds					
General obligation bonds	\$ 70,915,000	\$ -	\$ 1,875,000	\$ 69,040,000	\$ 2,075,000
Revenue bonds	<u>4,470,000</u>	<u>-</u>	<u>175,000</u>	<u>4,295,000</u>	<u>180,000</u>
Subtotal	75,385,000	-	2,050,000	73,335,000	2,255,000
Accrued compensable absences	1,076,253	35,274	-	1,111,527	381,155
Deposits	123,350	36,363	39,663	120,050	-
Notes payable	-	408,868	-	408,868	296,491
Unamortized debt premium	<u>799,609</u>	<u>-</u>	<u>44,001</u>	<u>755,608</u>	<u>-</u>
Noncurrent liabilities	<u>\$ 77,384,212</u>	<u>\$ 480,505</u>	<u>\$ 2,133,664</u>	75,731,053	<u>\$ 2,932,646</u>
Current portion				<u>(2,932,646)</u>	
				<u>\$ 72,798,407</u>	

NOTE 7 - DEBT OBLIGATIONS

Debt service requirements at August 31, 2014, were as follows (amounts in 000's):

<u>For the Year Ended August 31,</u>	<u>General Obligation Bonds</u>		<u>Revenue Bonds</u>		<u>Total Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 2,310	\$ 2,751	\$ 180	\$ 155	\$ 2,490	\$ 2,906
2016	2,565	2,656	185	152	2,750	2,808
2017	2,790	2,549	190	146	2,980	2,695
2018	3,070	2,428	195	140	3,265	2,568
2019	3,365	2,289	205	135	3,570	2,424
2020-2024	21,865	8,834	1,140	544	23,005	9,378
2025-2029	25,720	3,601	1,385	298	27,105	3,899
2030-2032	<u>5,280</u>	<u>219</u>	<u>635</u>	<u>39</u>	<u>5,915</u>	<u>258</u>
Total	<u>\$ 66,965</u>	<u>\$ 25,327</u>	<u>\$ 4,115</u>	<u>\$ 1,609</u>	<u>\$ 71,080</u>	<u>\$ 26,936</u>

NOTE 8 - BONDS PAYABLE

General information related to bonds payable is summarized below:

Combined Fee Revenue Bonds, Series 2011

- To renovate and expand the Moore County Campus.
- Issued October 25, 2011.
- \$4,470,000 originally issued; all authorized bonds have been issued.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2014 and 2013

NOTE 8 - BONDS PAYABLE (CONTINUED)

- Source of revenue for debt service - Certain pledged revenues consisting primarily of a portion of tuition charges and other fees. Outstanding balance at August 31, 2014: \$4,115,000.
- The bonds are due in annual installments varying from \$335,000 to \$339,600, including interest with interest rates from 2.0% to 4.0%, with the final installment due in 2031.

General Obligation Refunding Bonds, Series 2003

- Bond refunding of General Obligation Bonds, Series 1994, which was to construct and equip new buildings and renovate existing facilities.
- Issued December 15, 2003.
- \$6,374,999 originally issued; all authorized bonds have been issued.
- Average interest rate of bonds refunded: 5.80%
- Net proceeds from refunding series: \$6,558,355, after payment of \$123,842 in underwriting fees, insurance, and other issuance costs.
- Refunding of the 1994 Series Bonds reduced the College's debt service payments by approximately \$761,000 and resulted in an economic gain of approximately \$497,000.
- Included in the refunding series was \$339,999 of capital appreciation bonds that matured February 15, 2005.
- Source of revenue for debt service - Ad valorem tax levied by the District on taxable property. There was no outstanding balance at August 31, 2014 and 2013.
- The bonds matured in 2013 with a final installment of \$794,040 and an interest rate of 3.6%.

General Obligation Bonds, Series 2008

- General Obligation Bonds, Series 2008 will be used to construct and equip new buildings and renovate existing facilities.
- Issued June 15, 2008 – 1st Issue.
- \$22,000,000 originally issued of the \$68,305,000 authorized.
- Source of revenue for debt service - Ad valorem tax levied by the District on taxable property. Outstanding balance at August 31, 2014 and 2013: \$19,150,000 and \$19,650,000, respectively.
- The bonds are due in annual installments varying from \$1,829,625 to \$1,936,194 including interest with interest rates from 3.850% to 5.00%, with the final installment due in 2028.

General Obligation Bonds, Series 2009

- General Obligation Bonds, Series 2009 will be used to construct and equip new buildings and renovate existing facilities.
- Issued June 15, 2009 – 2nd Issue.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2014 and 2013

NOTE 8 - BONDS PAYABLE (CONTINUED)

- \$16,000,000 second issue of the \$68,305,000 authorized in fiscal year 2008.
- Source of revenue for debt service - Ad valorem tax levied by the District on taxable property. Outstanding balance at August 31, 2014 and 2013: \$16,000,000 and \$16,000,000, respectively.
- The bonds are due in annual installments varying from \$698,905 to \$1,469,278, including interest with interest rates from 4.00% to 4.80%, with the final installment due in 2029.

General Obligation Improvement and Refunding Bonds, Series 2010

- General Obligation Improvement and Refunding Bonds, Series 2010, will be used to construct and equip new buildings and renovate existing facilities and refund the outstanding balance of the General Obligation Refunding Bonds, Series 2005.
- Issued June 15, 2010 – 3rd issue
- \$21,135,000 originally issued, of which \$5,135,000 was the Refunding of the General Obligation Refunding Bonds, Series 2005 and \$16,000,000 was the third issue of the \$68,305,000 authorized in fiscal year 2008.
- Average interest rate of bonds refunded: 3.96%.
- Net proceeds from series: \$21,423,938, net of cost of issuance of \$99,250, of which \$5,340,062 was used in the refunding of the General Obligation Refunding Bonds, Series 2005.
- Source of revenue for debt service – Ad valorem tax levied by the District on taxable property. Outstanding balance at August 31, 2014 and 2013: \$17,510,000 and \$19,085,000, respectively.
- The bonds are due in annual installments varying from \$1,107,500 to \$1,693,200, including interest with interest rates from 3.0% to 4.25%, with the final installment due in 2030.

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 District on taxable property. Outstanding balance at August 31, 2014 and 2013: \$14,305,000 and \$14,305,000, respectively.
- The bonds are due in annual installments varying from \$469,213 to \$1,276,178, including interest with interest rates from 2.0% to 4.0%, with the final installment due in 2032.

**AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2014 and 2013**

NOTE 9 - NOTES PAYABLE

The College received two U.S. Department of Education Grants to fund renovation projects. The Title III Hispanic-Serving Institution (HSI) STEM grant is funding the renovation of the Math Outreach Center. The Title V Grant is being used for the renovation of the Center for Teaching and Learning. Due to federal regulations and requirements, the College is not allowed to fund these projects up front and seek reimbursement for future years from the federal funding source. Therefore, a bank loan was required to complete two renovation projects. Both bank loans (including principal and interest) are being paid from federal grant sources and not by the College institutional funds.

Note payable for Title III HSI STEM Grant Contract

- Note will be used to equip and renovate existing facilities.
- Note was due in an annual installment of \$189,665, including interest with a rate of 4.0%, with the final installment paid in October 2013.

Note payable for Title V Grant Contract

- Note will be used to equip and renovate existing facilities.
- Note is due in annual installments of \$117,505, including interest with a rate of 4.5% with the final installment due in October 2014.

Debt service requirements at August 31, 2014, are as follows:

For the Year Ended <u>August 31,</u>	<u>Title III HSI STEM Note</u>		<u>Title V Note</u>		<u>Total Notes</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 112,377</u>	<u>\$ 5,128</u>	<u>\$ 112,377</u>	<u>\$ 5,128</u>

NOTE 10 - EMPLOYEES' RETIREMENT PLAN

State-Sponsored Benefit Plans

The state of Texas has joint contributory retirement plans for almost all of its employees.

Teacher Retirement System of Texas – Defined Benefit Plan

Plan Description. The Amarillo Junior College District (the District) contributes to the TRS, a cost-sharing, multiple-employer, defined benefit pension plan. TRS administers retirement and disability annuities and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. The Texas State Legislature has the authority to establish and amend benefit provisions of the

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2014 and 2013

NOTE 10 - EMPLOYEES' RETIREMENT PLAN (CONTINUED)

Teacher Retirement System of Texas – Defined Benefit Plan (Continued)

pension plan. TRS issues a publicly available financial report with required supplementary information which can be obtained from www.trs.state.tx.us, under the TRS Publications heading.

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas State Legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvements or contribution reductions 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. State law provides for a member contribution rate of 6.4% for fiscal years 2014 and 2013 and a state contribution rate of 6.8% and 6.4% for fiscal years 2014 and 2013, respectively. Senate Bill (S.B.) 1812, effective September 1, 2013, limits the amounts of the state's contribution to 50% of eligible employees in the reporting district.

Optional Retirement Plan – Defined Contribution Plan

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

Funding Policy. Contribution requirements are not actuarially determined, but are established and amended by the Texas State Legislature. The percentage of participant salaries currently contributed by the state is 6.6% and 6.0% for fiscal years 2014 and 2013, respectively. The participant contribution rate is 6.65% for both years. 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 \$736,420, \$966,124, and \$917,377 for the fiscal years ended August 31, 2014, 2013 and 2012, respectively. This amount represents the portion of expended appropriations made by the state legislature on behalf of the College.

The total payroll for all College employees was \$38,642,949, \$37,871,917, and \$36,006,364 for fiscal years 2014, 2013 and 2012, respectively. The total payroll of employees covered by the

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2014 and 2013

NOTE 10 - EMPLOYEES' RETIREMENT PLAN (CONTINUED)

Optional Retirement Plan – Defined Contribution Plan (Continued)

TRS was \$24,102,504, \$23,013,200, and \$21,652,101, and the total payroll of employees covered by the Optional Retirement Program was \$9,321,638, \$9,616,627, and \$9,478,900 for fiscal years 2014, 2013 and 2012, respectively.

College-Sponsored Benefit Plans

The College has a voluntary employee benefit 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. Full-time employees and certain part-time employees are eligible to participate and are fully vested at all times. At August 31, 2014, 2013, and 2012, there were 960, 947, and 943, respectively, plan participants. The related expense was \$2,010,047, \$2,029,805, and \$1,880,010 for the years ended August 31, 2014, 2013, and 2012, respectively.

Part-time employees that are not covered by the defined contribution employee benefit plan are covered by a plan established pursuant to Internal Revenue Code (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 in an irrevocable trust for the exclusive benefit of the participants. The College is responsible for due care in managing the investments of the plan. The related expense was \$289,207, \$283,707, and \$266,889 for the years ended August 31, 2014, 2013, and 2012, respectively.

NOTE 11 - DEFERRED COMPENSATION PROGRAM

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

NOTE 12 - 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 amounts of \$1,114,489 and \$1,111,527 as of August 31, 2014 and 2013, 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.

**AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2014 and 2013**

NOTE 13 - COMMITMENTS, CONTINGENCIES AND LAWSUITS

The College participates in various state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. In the opinion of the College's management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no 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 2014 and 2013 was approximately \$10,794,302 and \$12,019,006, respectively.

On August 31, 2014, various lawsuits and 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 14 - DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Accounts Receivable

Accounts receivable at August 31, 2014 and 2013 were as follows:

	<u>2014</u>	<u>2013</u>
Student receivables	\$ 5,681,808	\$ 5,533,989
Taxes receivable	736,535	783,000
Government grants and contracts	8,630,245	8,466,931
Other receivables	<u>796,762</u>	<u>922,540</u>
Total accounts receivable	15,845,350	15,706,460
Allowance for doubtful accounts	<u>(556,056)</u>	<u>(573,653)</u>
Total accounts receivable, net	<u>\$ 15,289,294</u>	<u>\$ 15,132,807</u>

Accounts Payable

Accounts payable at August 31, 2014 and 2013 were as follows:

	<u>2014</u>	<u>2013</u>
Vendors payable	\$ 799,716	\$ 676,310
Salaries and benefits payable	590,687	621,296
Interest payable	<u>16,873</u>	<u>20,349</u>
Total accounts payable	<u>\$ 1,407,276</u>	<u>\$ 1,317,955</u>

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2014 and 2013

NOTE 15 - 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 2, 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 1. For federal and nonfederal contract and grant awards, funds received, but not yet expended, are reported as deferred revenue on Exhibit 1. 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 2014 and 2013 for which monies have not been received nor funds expended, totaled \$8,536,463 and \$9,836,762, respectively. Of these amounts, \$6,458,222 and \$7,821,361 were from federal contract and grant awards, \$807,441 and \$1,149,416 were from state contract and grant awards, and \$1,270,800 and \$865,985 were from private contract and grant awards for the fiscal years ended 2014 and 2013, respectively.

NOTE 16 - 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.

NOTE 17 - POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

In addition to providing pension benefits, the state provides certain health care and life insurance benefits for retired employees. Almost all of the employees may become eligible for those benefits if they reach normal retirement age while working for the state. Those and similar benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The state recognizes the cost of providing these benefits by expending the annual insurance premiums. The cost of providing those benefits for retirees is not separable from the cost of providing benefits for the active employees. The state's contribution per full-time employee was \$503.14 per month for the year ended August 31, 2014 (\$470.38 per month for the year ended August 31, 2013) and totaled \$3,001,269 for the year ended August 31, 2014 (\$2,196,944 for the year ended August 31, 2013). S.B. 1812, effective September 1, 2013, limits the amounts of the state's contribution to 50% of eligible employees in the reporting district.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2014 and 2013

NOTE 18 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description. The College contributes to the State Retiree Health Plan (SRHP), a cost-sharing, multiple-employer, defined benefit postemployment healthcare plan administered by the Employees Retirement System of Texas (ERS). SRHP provides medical benefits to retired employees of participating universities, community colleges, and state agencies in accordance with Chapter 1551, Texas Insurance Code. Benefit and contributions provisions of the SRHP are authorized by state law and may be amended by the Texas State Legislature. ERS issues a publicly available financial report that includes financial statements and required supplementary information for SRHP. That report may be obtained from ERS via their website at <http://www.ers.state.tx.us/>.

Funding Policy. Section 1551.055 of Chapter 1551, Texas Insurance Code provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS board of trustees. Plan members or beneficiaries receiving benefits pay any premium over and above the employer contribution.

The employer's share of the cost of retiree healthcare coverage for the current year is known as the implicit rate subsidy. It is the difference between the claims costs for the retirees and the amounts contributed by the retirees. The ERS board of trustees sets the employer contribution rate based on the implicit rate subsidy, which is actuarially determined in accordance with the parameters of GASB Statement No. 45.

The employer contribution rate represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

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

The College's contributions to SRHP for the years ended August 31, 2014, 2013, and 2012 were \$2,413,980, \$2,218,070, and \$2,027,642, respectively, which equaled the required contributions each year.

NOTE 19 - 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, 2014:

Assessed valuation of the District	\$ 12,666,735,566
Less: exemptions	<u>1,818,863,208</u>
Net assessed valuation of the District	<u>\$ 10,847,872,358</u>

**AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2014 and 2013**

NOTE 19 - 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	.15521	.04429	.19950

Taxes levied for the year ended August 31, 2014, were \$21,056,458 (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	\$ 16,276,958	\$ 4,629,013	\$ 20,905,971
Delinquent taxes collected	145,898	51,055	196,953
Penalties and interest collected	<u>154,465</u>	<u>40,553</u>	<u>195,018</u>
Total collections	<u>\$ 16,577,321</u>	<u>\$ 4,720,621</u>	<u>\$ 21,297,942</u>

At August 31, 2013:

Assessed valuation of the District	\$ 12,442,881,689
Less: exemptions	<u>1,905,973,947</u>
Net assessed valuation of the District	<u>\$ 10,536,907,742</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	.15089	.04861	.19950

Taxes levied for the year ended August 31, 2013, were \$20,414,838 (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	\$ 15,345,537	\$ 4,912,968	\$ 20,258,505
Delinquent taxes collected	160,361	61,408	221,769
Penalties and interest collected	<u>195,946</u>	<u>54,338</u>	<u>250,284</u>
Total collections	<u>\$ 15,701,844</u>	<u>\$ 5,028,714</u>	<u>\$ 20,730,558</u>

Tax collections for both of the years ended August 31, 2014 and 2013 were 99% 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.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2014 and 2013

NOTE 20 - 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 2014 and 2013 (including penalties and interest) from Moore County totaled approximately \$1,261,500 and \$1,165,200, respectively, and from Hereford Independent School District totaled approximately \$586,000 and \$584,000, respectively.

NOTE 21 - 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, 2014 and 2013.

NOTE 22 - 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. 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 23 - BLENDED COMPONENT UNITS

The Everett & Mabel McDougal Hinkson Foundation

The Everett & Mabel McDougal Hinkson Foundation, Inc. (the Hinkson Foundation) was formed October 25, 2011, as a support organization of Amarillo College under Section 506(a) of the Internal Revenue Code. The College appoints the directors of the Hinkson Foundation. The Hinkson Foundation was set up solely to support the College with all funds in the Hinkson Foundation being used primarily to provide for the construction, improvement and maintenance of the Everett & Mabel McDougal Hinkson campus of Amarillo College in Deaf Smith County. Secondly, the Hinkson Foundation (the organization) will provide support for the educational purposes that benefit the students and community served by the Everett & Mabel McDougal Hinkson campus. As of August 31, 2014 and 2013, the organization had \$0- and \$812,064,

**AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2014 and 2013**

NOTE 23 - BLENDED COMPONENT UNITS (CONTINUED)

The Everett & Mabel McDougal Hinkson Foundation (Continued)

respectively, in a money market account. This organization does not publish separate financial statements. The College has treated the Hinkson Foundation as a blended component unit and has included the transactions in the College's financial statements.

**Condensed Statements of Net Position
August 31, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Assets		
Current assets	\$ —	\$ 812,064
Total assets	<u>—</u>	<u>812,064</u>
Liabilities		
Current liabilities	<u>—</u>	<u>812,064</u>
Total liabilities	<u>—</u>	<u>812,064</u>
Net position		
Restricted	<u>—</u>	<u>—</u>
Total net position	<u>\$ —</u>	<u>\$ —</u>

**Condensed Statements of Revenues, Expenses and Changes in Net Position
August 31, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Operating revenues	\$ —	\$ —
Total revenues	<u>—</u>	<u>—</u>
Operating expenses		
Miscellaneous expense	<u>—</u>	<u>15</u>
Total expenses	<u>—</u>	<u>15</u>
Nonoperating revenues (expenses)		
Investment income	—	5,629
Transfer to college	<u>—</u>	<u>(3,011,213)</u>
Total nonoperating revenues (expenses)	<u>—</u>	<u>(3,005,584)</u>
Decrease in net position	<u>—</u>	<u>(3,005,599)</u>
Net position		
Net position, beginning of year	<u>—</u>	<u>3,005,599</u>
Net position, end of year	<u>\$ —</u>	<u>\$ —</u>

**AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2014 and 2013**

NOTE 23 - BLENDED COMPONENT UNITS (CONTINUED)

The Everett & Mabel McDougal Hinkson Foundation (Continued)

**Condensed Statements of Cash Flows
August 31, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Net cash used by operating activities	\$ (812,064)	\$ (2,199,164)
Net cash provided by investing activities	<u> —</u>	<u> 5,629</u>
Net decrease in cash and cash equivalents	(812,064)	(2,193,535)
Cash and cash equivalents, beginning of year	<u> 812,064</u>	<u> 3,005,599</u>
Cash and cash equivalents, end of year	<u><u> —</u></u>	<u><u> 812,064</u></u>

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. As of August 31, 2014, AFEB has sold 77.46 acres in five separate transactions, resulting in a total gross proceeds of \$863,752.

**Condensed Statements of Net Position
August 31, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Assets		
Current assets	<u>\$ 86,475</u>	<u>\$ 52,183</u>
Total assets	<u><u> 86,475</u></u>	<u><u> 52,183</u></u>
Liabilities	<u> —</u>	<u> —</u>
Net position		
Restricted	<u> 86,475</u>	<u> 52,183</u>
Total net position	<u><u>\$ 86,475</u></u>	<u><u>\$ 52,183</u></u>

**AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2014 and 2013**

NOTE 23 - BLENDED COMPONENT UNITS (CONTINUED)

Amarillo Foundation for Education and Business (Continued)

**Condensed Statements of Revenues, Expenses and Changes in Net Position
August 31, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Operating revenues	\$ —	\$ —
Total revenues	—	—
Operating expenses	—	—
Total expenses	—	—
Nonoperating revenues (expenses)		
Gifts	—	100
Gain on sale of land	34,292	52,083
Total nonoperating revenues (expenses)	34,292	52,183
Increase in net position	34,292	52,183
Net position		
Net position, beginning of year	52,183	—
Net position, end of year	<u>\$ 86,475</u>	<u>\$ 52,183</u>

**Condensed Statements of Cash Flows
August 31, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Net cash provided by capital and related financing activities	\$ 34,292	\$ 52,183
Net increase in cash and cash equivalents	34,292	52,183
Cash and cash equivalents, beginning of year	52,183	—
Cash and cash equivalents, end of year	<u>\$ 86,475</u>	<u>\$ 52,183</u>

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2014 and 2013

NOTE 24 - 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.

Recently Issued and Adopted Accounting Pronouncements

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, is effective for financial statements for periods beginning after December 15, 2012. This Statement improves financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. See Note 2 - Summary of Significant Accounting Policies.

In March 2012, the GASB issued Statement No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*. GASB No. 66 improves accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement is effective for periods beginning after December 15, 2012. The adoption of GASB No. 66 does not have any significant impact on the College's financial statements.

Recently Issued Accounting Pronouncements

In June 2012 the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, which establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed. Statement No. 68 is effective for the 2015 fiscal year, implementation of which is currently being evaluated.

The GASB has issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This Statement establishes accounting and financial reporting standards for situations where a state or local government, as a guarantor, agrees to indemnify a third-party obligation holder under specified conditions (i.e., nonexchange financial guarantees). The issuer of the guaranteed obligation can be a legally separate entity or individual, including a blended or discretely presented component unit. Guidance is provided for situations where a state or local government extends or receives a nonexchange financial guarantee. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2013.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2014 and 2013

NOTE 24 - NEW GASB PRONOUNCEMENTS (CONTINUED)

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, was issued in November 2013. This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. This Statement is effective for the 2015 fiscal year, implementation of which is currently being evaluated.

NOTE 25 - SUBSEQUENT EVENTS

In early September 2014, the College entered into contracts of approximately \$1,800,000 for roof repairs. There will be more contracts entered into throughout fiscal year 2014-2015.

The College evaluated for inclusion as a subsequent event disclosure those events that occurred prior to November 25, 2014, the date the financial statements were issued.

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

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OTHER SUPPLEMENTAL INFORMATION

**AMARILLO COLLEGE
SCHEDULE A
SCHEDULE OF OPERATING REVENUES
YEAR ENDED AUGUST 31, 2014
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2013)**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total Educational Activities</u>	<u>Auxiliary Enterprises</u>	<u>2014</u>	<u>2013</u>
TUITION						
State-funded courses						
In-district resident tuition	\$ 8,796,098	\$ -	\$ 8,796,098	\$ -	\$ 8,796,098	\$ 9,168,902
Out-of-district resident tuition	2,010,148	-	2,010,148	-	2,010,148	2,189,340
Non-resident tuition	487,329	-	487,329	-	487,329	567,260
TPEG - Credit (set aside)*	444,869	-	444,869	-	444,869	469,003
State-funded continuing education	887,987	613,471	1,501,458	-	1,501,458	1,392,153
TPEG - Non-credit (set aside)*	53,279	36,808	90,087	-	90,087	83,465
Non-state funded continuing education	554,576	82,648	637,224	-	637,224	702,949
Total tuition	<u>13,234,286</u>	<u>732,927</u>	<u>13,967,213</u>	<u>-</u>	<u>13,967,213</u>	<u>14,573,072</u>
FEES						
Distance learning fee	480,374	-	480,374	-	480,374	492,819
General fee	4,314,737	-	4,314,737	-	4,314,737	3,904,296
Technology fee	1,620,609	-	1,620,609	-	1,620,609	1,735,022
Student service fee	278,651	-	278,651	-	278,651	298,576
Laboratory fee	350,635	-	350,635	-	350,635	384,335
Other fees	1,663,914	57,297	1,721,211	-	1,721,211	1,738,994
Total fees	<u>8,708,920</u>	<u>57,297</u>	<u>8,766,217</u>	<u>-</u>	<u>8,766,217</u>	<u>8,554,042</u>
SCHOLARSHIP ALLOWANCES AND DISCOUNTS						
Scholarship allowances	(824,451)	-	(824,451)	-	(824,451)	(774,015)
Remissions and exemptions - State	(1,690,412)	-	(1,690,412)	-	(1,690,412)	(1,803,065)
TPEG allowances	(517,590)	-	(517,590)	-	(517,590)	(390,043)
State grants to students	(666,682)	-	(666,682)	-	(666,682)	(652,089)
Title IV federal grants	(4,008,294)	-	(4,008,294)	-	(4,008,294)	(4,045,454)
Other local grants	(82,173)	-	(82,173)	-	(82,173)	(80,841)
Total scholarship allowances and discounts	<u>(7,789,602)</u>	<u>-</u>	<u>(7,789,602)</u>	<u>-</u>	<u>(7,789,602)</u>	<u>(7,745,507)</u>
Total net tuition and fees	<u>14,153,604</u>	<u>790,224</u>	<u>14,943,828</u>	<u>-</u>	<u>14,943,828</u>	<u>15,381,607</u>

**AMARILLO COLLEGE
SCHEDULE A, CONTINUED
SCHEDULE OF OPERATING REVENUES
YEAR ENDED AUGUST 31, 2014
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2013)**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total Educational Activities</u>	<u>Auxiliary Enterprises</u>	<u>2014</u>	<u>2013</u>
ADDITIONAL OPERATING REVENUES						
Federal grants and contracts	171,617	5,055,888	5,227,505	-	5,227,505	4,943,705
State grants and contracts	-	2,363,878	2,363,878	-	2,363,878	1,885,080
Local grants and contracts	2,004,388	-	2,004,388	-	2,004,388	1,945,710
Nongovernmental grants and contracts	216,968	1,318,104	1,535,072	-	1,535,072	1,377,342
Sales and services of educational activities	506,197	-	506,197	-	506,197	528,656
General operating revenues	-	75,797	75,797	-	75,797	115,878
Total additional operating revenues	<u>2,899,170</u>	<u>8,813,667</u>	<u>11,712,837</u>	<u>-</u>	<u>11,712,837</u>	<u>10,796,371</u>
AUXILIARY ENTERPRISES						
Bookstore	-	-	-	4,693,738	4,693,738	4,942,217
Less: discounts	-	-	-	(1,381,008)	(1,381,008)	(1,368,375)
Residential	-	-	-	2,682,498	2,682,498	2,668,778
Student programs	-	-	-	21,649	21,649	17,329
Other auxiliary enterprises	-	-	-	187,704	187,704	201,373
Total net auxiliary enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,204,581</u>	<u>6,204,581</u>	<u>6,461,322</u>
TOTAL OPERATING REVENUES	<u>\$ 17,052,774</u>	<u>\$ 9,603,891</u>	<u>\$ 26,656,665</u>	<u>\$ 6,204,581</u>	<u>\$ 32,861,246</u>	<u>\$ 32,639,300</u>
					(Exhibit 2)	(Exhibit 2)

*In accordance with Education Code 56.033, \$534,956 and \$552,468 for years August 31, 2014 and 2013, 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, 2014
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2013)**

	Operating Expenses				2014	2013 (restated)
	Salaries and Wages	Benefits		Other Expenses		
		State	Local			
UNRESTRICTED EDUCATIONAL ACTIVITIES						
Instruction	\$ 20,132,168	\$ -	\$ 3,984,572	\$ 1,814,565	\$ 25,931,305	\$ 25,250,716
Public service	1,859,188	-	350,490	309,350	2,519,028	2,426,275
Academic support	1,821,281	-	434,872	334,885	2,591,038	2,897,567
Student services	3,023,400	-	727,860	286,184	4,037,444	3,829,746
Institutional support	5,521,654	-	1,884,006	4,919,971	12,325,631	12,408,820
Operation and maintenance of plant	2,685,755	-	1,165,183	3,554,694	7,405,632	7,668,873
Total unrestricted educational activities	<u>35,043,446</u>	<u>-</u>	<u>8,546,983</u>	<u>11,219,649</u>	<u>54,810,078</u>	<u>54,481,997</u>
RESTRICTED EDUCATIONAL ACTIVITIES						
Instruction	2,308,808	2,112,109	489,710	2,035,702	6,946,329	6,631,064
Public service	171,356	173,448	35,891	796,544	1,177,239	1,268,046
Academic support	-	241,850	-	-	241,850	211,253
Student services	-	420,477	-	-	420,477	324,022
Institutional support	370,700	789,804	95,076	83,546	1,339,126	1,182,841
Scholarships and fellowships	-	-	-	9,902,645	9,902,645	10,316,241
Total restricted educational activities	<u>2,850,864</u>	<u>3,737,688</u>	<u>620,677</u>	<u>12,818,437</u>	<u>20,027,666</u>	<u>19,933,467</u>
Total educational activities	<u>37,894,310</u>	<u>3,737,688</u>	<u>9,167,660</u>	<u>24,038,086</u>	<u>74,837,744</u>	<u>74,415,464</u>
AUXILIARY ENTERPRISES	849,150	-	254,406	5,135,442	6,238,998	6,563,844
DEPRECIATION EXPENSE - buildings and other real estate improvements	-	-	-	3,252,227	3,252,227	2,923,176
DEPRECIATION EXPENSE - equipment and furniture	-	-	-	2,494,777	2,494,777	2,351,204
TOTAL OPERATING EXPENSES	<u>\$ 38,743,460</u>	<u>\$ 3,737,688</u>	<u>\$ 9,422,066</u>	<u>\$ 34,920,532</u>	<u>\$ 86,823,746</u> (Exhibit 2)	<u>\$ 86,253,688</u> (Exhibit 2)

**AMARILLO COLLEGE
SCHEDULE C
SCHEDULE OF NONOPERATING REVENUES AND EXPENSES
YEAR ENDED AUGUST 31, 2014
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2013)**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>2014</u>	<u>2013</u> (restated)
NONOPERATING REVENUES					
State appropriations:					
Education and general state support	\$ 15,307,049	\$ -	\$ -	\$ 15,307,049	\$ 15,097,688
State group insurance	-	3,001,269	-	3,001,269	2,196,944
State retirement matching	-	736,420	-	736,420	966,124
Total state appropriations	<u>15,307,049</u>	<u>3,737,689</u>	<u>-</u>	<u>19,044,738</u>	<u>18,260,756</u>
Maintenance ad valorem taxes	16,380,168	-	-	16,380,168	15,462,437
General obligation bonds taxes	-	4,707,358	-	4,707,358	5,019,130
Federal revenue, nonoperating	42,959	15,878,227	-	15,921,186	16,355,816
Gifts	310,045	-	-	310,045	800,398
Investment income	<u>81,666</u>	<u>504,746</u>	<u>-</u>	<u>586,412</u>	<u>466,308</u>
Total nonoperating revenues	<u>32,121,887</u>	<u>24,828,020</u>	<u>-</u>	<u>56,949,907</u>	<u>56,364,845</u>
NONOPERATING EXPENSES					
Interest on capital related debt	-	(2,856,244)	-	(2,856,244)	(2,866,047)
Gain (loss) on disposal of fixed assets	<u>293,740</u>	<u>(3,996,580)</u>	<u>-</u>	<u>(3,702,840)</u>	<u>(3,114,569)</u>
Total nonoperating expenses	<u>293,740</u>	<u>(6,852,824)</u>	<u>-</u>	<u>(6,559,084)</u>	<u>(5,980,616)</u>
NET NONOPERATING REVENUES	<u>\$ 32,415,627</u>	<u>\$ 17,975,196</u>	<u>\$ -</u>	<u>\$ 50,390,823</u> (Exhibit 2)	<u>\$ 50,384,229</u> (Exhibit 2)

**AMARILLO COLLEGE
SCHEDULE D
SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY
YEAR ENDED AUGUST 31, 2014
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2013)**

	Detail by Source					Available for Current Operations	
	Unrestricted	Restricted		Capital Assets Net of Depreciation & Related Debt	Total	Yes	No
		Expendable	Nonexpendable				
CURRENT							
Unrestricted	\$ 21,523,862	\$ -	\$ -	\$ -	\$ 21,523,862	\$ 21,523,862	\$ -
Board designated	-	-	-	-	-	-	-
Restricted	-	5,088,955	-	-	5,088,955	5,088,955	-
Auxiliary enterprises	5,917,114	-	-	-	5,917,114	5,917,114	-
LOAN	-	-	-	-	-	-	-
ENDOWMENT							
Quasi:							
Unrestricted	-	1,229,885	-	-	1,229,885	-	1,229,885
Restricted	-	-	-	-	-	-	-
Endowment							
True	-	-	-	-	-	-	-
Term (per instructions at maturity)	-	-	2,500,000	-	2,500,000	-	2,500,000
Life income contracts	-	-	-	-	-	-	-
Annuities	-	-	-	-	-	-	-
PLANT							
Unexpended	-	471,748	-	-	471,748	-	471,748
Renewals	-	-	-	-	-	-	-
Debt service	-	2,233,191	-	-	2,233,191	-	2,233,191
Investment in plant	-	-	-	58,951,950	58,951,950	-	58,951,950
Total net position, August 31, 2014	27,440,976	9,023,779	2,500,000	58,951,950	97,916,705 (Exhibit 1)	32,529,931	65,386,774
Total net position, restated, August 31, 2013	26,064,276	9,232,573	2,500,000	60,530,418	98,327,267 (Exhibit 1)	30,968,775	67,358,492
NET INCREASE (DECREASE) IN NET POSITION	<u>\$ 1,376,700</u>	<u>\$ (208,794)</u>	<u>\$ -</u>	<u>\$ (1,578,468)</u>	<u>\$ (410,562)</u> (Exhibit 2)	<u>\$ 1,561,156</u>	<u>\$ (1,971,718)</u>

**AMARILLO COLLEGE
SCHEDULE E
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2014**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass-Through Disbursements
U.S. Department of Education			
Direct Programs:			
Student Financial Aid Cluster			
Federal Supplemental Educational Opportunity Grants	84.007	-	\$ 227,689
Federal College Work Study Program	84.033	-	198,684
Federal Pell Grant Program	84.063	-	15,497,379
Federal Direct Student Loans	84.268	-	10,794,302
Title III Hispanic Serving Institutions Science, Technology, Engineering, and Math	84.031C	-	930,751
Title V Grant Developing Hispanic Serving Institutions	84.031S	-	605,862
Total CFDA No. 84.031			<u>1,536,613</u>
Trio - Student Support Services	84.042A	-	552,912
Migrant Education High School Equivalency Program	84.141	-	376,439
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334A	-	168,543
Pass-Through From:			
Texas Higher Education Coordinating Board			
Carl Perkins Vocational Education Basic	84.048	142023	583,355
Perkins State Leadership CTE Linking the Nontraditional Gender to the Future	84.048	141115	38,069
Total CFDA No. 84.048			<u>621,424</u>
Statewide Longitudinal Data System	84.372	12388	2,554
Texas Workforce Commission			
Adult Education and Literacy	84.002	0114AEL000	2,796
Total U.S. Department of Education			<u>29,979,335</u>
U.S. Department of Commerce			
Direct Programs:			
Economic Adjustment Assistance	11.307	08-79-04789	914,595
Total U.S. Department of Commerce			<u>914,595</u>
U.S. Department of Labor			
Direct Programs:			
Trade Adjustment Assistance Community College and Career Training (TAACCCT)	17.282	-	825,127
Texas Higher Education Coordinating Board			
Displaced Worker Training National Emergency Grant	17.277	12679	32,033
Texas Workforce Commission			
Apprenticeship Training Program	17.278	0114ATP000	22,121
Total U.S. Department of Labor			<u>879,281</u>
National Endowment for the Humanities			
Pass-Through From:			
Humanities Texas			
Political Cartoons: Then and Now	45.129	2014-4567	1,500
Total National Endowment for the Humanities			<u>1,500</u>
National Science Foundation			
Pass-Through From:			
Texas Engineering Experiment Station			
National Science Foundation - Science Technology Engineering Mathematics	47.076	32525-B4870	97,612
Total National Science Foundation			<u>97,612</u>
U.S. Department of Health and Human Services			
Pass-Through From:			
Partnership for Environmental Technology Education (PETE)			
National Institute for Environmental Health Sciences (NIEHS)	93.142	1U45ES019338-01 DOE	48,237
Texas Workforce Commission			
Temporary Assistance for Needy Families	93.558	0114ATP000	22,433
Total U.S. Department of Health and Human Services			<u>70,670</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 31,942,993</u>

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

AMARILLO COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
August 31, 2014

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	\$ 5,227,505
Federal Grants and Contracts Revenue per Schedule C	15,921,186
Federal Direct Student Loans	<u>10,794,302</u>
Total federal revenues per Schedule of	
Expenditures of Federal Awards	<u>\$ 31,942,993</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 guidelines issued by various entities in the preparation of the schedule.

**AMARILLO COLLEGE
SCHEDULE F
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED AUGUST 31, 2014**

<u>Grantor Agency/Program Title</u>	<u>Grant Contract Number</u>	<u>Expenditures</u>
Texas Workforce Commission		
Apprenticeship Training Program	0114ATP000	\$ 46,726
Total Texas Workforce Commission		<u>46,726</u>
Texas Department of Criminal Justice		
Pass-Through From:		
Panhandle Regional Planning Commission		
Law Enforcement Training	1426914	73,499
Total Texas Department of Criminal Justice		<u>73,499</u>
Texas Higher Education Coordinating Board		
Jobs and Education for Texans	5112-14	257,622
Jobs and Education for Texans	5464-09	209,788
Texas Grant Program	-	609,058
Texas Educational Opportunity Grant	-	236,410
Regional College Readiness Special Advisor (RCRSA)	11339	8,712
Accelerated Development Education Pilot Project	05799/07923/09977/12050	1,112
Top Ten Percent Scholarships	-	48,500
Nursing Shortage Reduction Regular	-	42,062
Nursing Shortage Reduction <70	-	82,655
Nursing Shortage Reduction <70 2012-13	-	257,032
Nursing Shortage Reduction Regular - 2013	-	132,634
Adult Basic Education Innovation Grant (ABEIG)	13142	116,821
Advancement Via Individual Determination (AVID)	11825	31,668
First Year Seminar - Train the Trainers	12076	76,705
Developmental Education Scaling and Sustaining Success	10890/11055/12052	127,874
Pass-Through From:		
Trinity Valley Community College		
Nursing Innovation Grant	-	5,000
Total Texas Higher Education Coordinating Board		<u>2,243,653</u>
TOTAL EXPENDITURES OF STATE OF TEXAS AWARDS		<u>\$ 2,363,878</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, 2014

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>\$ 2,363,878</u>
Total Grants and Contracts Revenue per Schedule F	<u>\$ 2,363,878</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.

SINGLE AUDIT SECTION

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

Board of Regents
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 Amarillo College (the College) as of and for the year ended August 31, 2014, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated November 25, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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Purpose of this Report

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

Connor, McMillon, Mitchell & Shennum, PLLC

Amarillo, Texas
November 25, 2014

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**Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by OMB Circular A-133 and
the State of Texas Single Audit Circular**

Board of Regents
Amarillo College
Amarillo, Texas

Report on Compliance for Each Major Federal and State Program

We have audited Amarillo College's (the College) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the State of Texas Single Audit Circular 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, 2014. The College's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the State of Texas Single Audit Circular. Those standards, OMB Circular A-133 and the State of Texas Single Audit Circular, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance, with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program, occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2014.

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Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and the State of Texas Single Audit Circular which are described in the accompanying schedule of findings and questioned costs as items 2014-001 through 2014-008. Our opinion on each major federal and state program is not modified with respect to these matters.

The College's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State of Texas Single Audit Circular, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies 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 weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2014-001 through 2014-008, that we consider to be significant deficiencies.

The College's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and the State of Texas Single Audit Circular. Accordingly, this report is not suitable for any other purpose.

Connor, McMillon, Mitchell & Shennum, PLLC

Amarillo, Texas
November 25, 2014

**AMARILLO COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended August 31, 2014**

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 Section 510(a) of Circular A-133?

 X yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal/State Program or Cluster</u>
<i>Federal programs</i>	U.S. Department of Education
	<i>Student Financial Aid Cluster</i>
84.007	Federal Supplemental Educational Opportunity Grant Program (FSEOG)
84.033	Federal College Work Study Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans
84.031S	Title V Grant Developing Hispanic Serving Institutions
84.141	Migrant Education High School Equivalency Program
	Department of Commerce
11.307	Economic Adjustment Assistance
<i>State programs</i>	Texas Higher Education Coordinating Board
N/A	Adult Basic Education Innovation Grant (ABEIG)
N/A	Jobs and Education for Texans
N/A	Nursing Shortage Reduction < 70
N/A	Texas Grant Program

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

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

AMARILLO COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
Year Ended August 31, 2014

SECTION II – Financial Statement Findings

None noted.

SECTION III – Federal and State Award Findings and Questioned Costs

Finding 2014-001

Program: 84.063 Federal Pell Grant Program

Compliance Requirement: Special Tests

Condition: A student earning all "F's" during the semester had his/her Return to Title IV calculated incorrectly.

Criteria: Per the OMB A-133 Compliance Supplement, when a student unofficially withdraws, a Return to Title IV calculation should be prepared and a refund may be due to the Department of Education (DOE).

Cause: The College had implemented a manual force to 50%. The process to identify unofficial withdrawals is a manual one. A Student Financial Aid assistant goes through each student and checks the Force 50% box. This was an oversight by the Student Financial Aid Assistant.

Effect: The incorrect amount will be returned to the DOE.

Context: One student out of 40 tested had completed 55 days of the 109 day semester, thus the system should have calculated a Force 50% rate on the percentage of Title IV earned. The school portion of the calculation to be returned was calculated at \$900.03 and should have been \$909.12.

Recommendation: We recommend that the College implement procedures and controls to ensure all students that are unofficial withdrawals be reviewed by more than one person to ensure that they have been calculated correctly.

Views of Responsible Officials and Corrective Action Plan: The one instance cited is due to an oversight within the Financial Aid Office to properly check the Force 50% box in the internal system of record, Colleague.

To resolve this finding, the College subsequently returned the additional \$9.09 to the appropriate fund source.

In order to prevent this finding from recurring, the Financial Aid Office will require a second review of all students who received all "F's" to ensure the Force 50% box is properly checked.

The College believes this to be an isolated incident.

AMARILLO COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
Year Ended August 31, 2014

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

Finding 2014-002

Program: Student Financial Aid Cluster

Compliance Requirement: Reporting

Condition: The Community Service wages were reported on the Fiscal Operations Report and Application to Participate (FISAP) at \$19,225 and did not tie to the general ledger amount of \$24,936.

Criteria: Per the OMB A-133 Compliance Supplement, each year an electronic report is submitted to receive funds for the campus-based programs. The school uses the FISAP to report its expenditures in the previous year and the Application to Participate portion to apply for the following year.

Cause: The incorrect amount was used to prepare the report and one payroll period was erroneously omitted.

Effect: The Community Service wages relate to the program's earmarking requirements, and incorrect reporting of this amount could cause the College to be in noncompliance with this provision.

Context: Test work was performed on the annual FISAP report. This was the only error on this report.

Recommendation: We recommend that the College implement procedures and controls to ensure correct information is used when preparing the FISAP report. Furthermore, the FISAP should be amended to reflect the correct amounts.

Views of Responsible Officials and Corrective Action Plan: The instance cited resulted in an error by the Financial Aid Office to check the Community Service wages reported against the general ledger. To resolve this finding, the College corrected the FISAP with the correct amount.

In order to prevent this finding from recurring, Director of Financial Aid will review all general ledger amounts prior to submitting the FISAP data. In addition, the Associate Director will perform a secondary review to ensure all dollar amounts reported are correct. The College believes this to be an isolated incident.

AMARILLO COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
Year Ended August 31, 2014

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

Finding 2014-003

Program: 84.141 Migrant Education High School Equivalency Program

Compliance Requirement: Eligibility

Condition: Three students receiving benefits from the program were not eligible to receive them.

Questioned Cost: The students who were ineligible received a total of \$250 in stipends and incentives. The College reviewed all files after being notified of this finding and found an additional \$615 being given to ineligible students.

Criteria: The eligibility requirements as set forth by Section 418A of the Higher Education Act and 34 CFR 206.3(a) and (b) require that an individual receiving funds under this grant must have worked as a migrant or seasonal farm worker within the past 24 months or have an immediate family member who worked as a migrant or seasonal farm worker within the past 24 months.

Cause: The individuals approving eligibility in the Migrant Education High School Equivalency Program (HEP) did not have a thorough understanding of the "immediate family member" eligibility requirement as well as other program eligibility requirements.

Effect: Noncompliance with grantor and OMB requirements could result in the loss of grant funding.

Context: Two students of the 37 students tested had an incorrect eligibility determination. An additional sample of 25 students was tested with one additional student being found ineligible.

Recommendation: We recommend that the Program Director for the HEP grant create a detailed eligibility checklist for use in determining eligibility and that all determinations of eligibility be reviewed to ascertain that all criteria has been met by the students before issuing stipends and incentives.

Views of Responsible Officials and Corrective Action Plan: During the FY2014 single audit, it was determined five students were ineligible for the High School Equivalency Program for year 2013/2014. Four of these students received incentive funds (stipends and/or transportation support). Amarillo College's Grant Accounting office has correctly charged all of the ineligible student incentive expenditures to an institutional account.

AMARILLO COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
Year Ended August 31, 2014

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

Finding 2014-003 (Continued)

In order to ensure eligibility is verified prior to incentive funds being expended during the upcoming final year of the HEP program, Amarillo College has revised its compliance oversight process. The HEP Project Director will verify each student's eligibility and provide the eligibility documentation to an institutionally funded staff member in the Academic Success division each week for a cross-check of that verification. In January and May 2015, Amarillo College's Grant Administration office and Chief of Staff will review each participant file and the file's corresponding documentation. If a student is determined to be ineligible during this review, the Office of Grant Administration will work with Amarillo College's Grant Accounting office to charge any disqualified expenditures to an Amarillo College institutional account.

Finding 2014-004

Program: 84.141 Migrant Education High School Equivalency Program

Compliance Requirement: Reporting

Condition: The 2012/2013 Annual Performance Report (APR) contained several errors in the program activity section.

Criteria: OMB Circular A-133 requires performance reports to agree to the records that accumulate and summarize the data reported.

Cause: The Program Director elected to change the method of reporting program activity information to a more detailed one. The decision to use the new methodology was made as the deadline for filing the APR was approaching, and management, in their hurry, made numerous errors.

Effect: Incorrect reporting of program activities' requirements could result in the loss of grant funding.

Context: Test work was performed on the APR. Numerous errors were noted in the program activity section.

Recommendation: We recommend that the APR be reviewed in detail by a secondary reviewer. This reviewer should also review all supporting documentation to ensure the accuracy of the report.

AMARILLO COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
Year Ended August 31, 2014

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

Finding 2014-004 (Continued)

Views of Responsible Officials and Corrective Action Plan:

During the FY2014 single audit, it was determined 10 data points were incorrect and lacked supporting documentation on the 2012/2013 Annual Performance Report. The Office of Grant Administration reviewed all 2012/2013 student participant files, programmatic documentation, and expenditures in order to complete and submit a revised 2012/2013 Annual Performance Report to the Office of Migrant Education, U.S. Department of Education. The revised report was submitted to the Office of Migrant Education in August 2014.

During the review to complete a revised 2012/2013 Annual Performance Report, the Office of Grant Administration determined eight students were ineligible to participate in the HEP project. Of these eight, three received incentive funds (stipends and/or transportation support). Amarillo College's Grant Accounting office has correctly charged all of the ineligible student incentive expenditures to an institutional account.

In order to ensure accurate reporting for the upcoming 2013/2014 Annual Performance Report and the Final Performance Report to the Office of Migrant Education, Amarillo College's Office of Grant Administration, which reports to the Chief of Staff in the Office of the President, will review all programmatic reports and the reports' supporting documentation prior to submission. After the project director and his/her supervisor review the programmatic report and backup documentation, the report will be sent to the Office of Grant Administration.

The Grant Administration Coordinator who oversees grant compliance for federal-funded projects will review the report and supporting documentation for accuracy. Upon completion of this review, the Chief of Staff will then review the report and backup documentation for correctness. After both levels have given approval, the project director may submit the programmatic report to the funding agency.

Finding 2014-005

Program: 84.031S Title V Grant Developing Hispanic Serving Institutions

Compliance Requirement: Reporting

AMARILLO COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
Year Ended August 31, 2014

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

Finding 2014-005 (Continued)

Condition: Expenditures reported on the 2013 Annual Performance Report were incorrect. The report misclassified a credit of \$224,906 to supplies which should have been reported as a reduction of construction costs. The construction costs were also overstated by an additional \$112,423 which was actually a 2014 transaction. Thus, cumulative expenditures for the third year were overstated by \$112,423.

Criteria: OMB Circular A-133 requirements state that all financial reports should be complete and accurate and should agree to the accounting records that support the audited financial statements and the Schedule of Expenditures of Federal Awards.

Cause: A journal entry to construction costs of \$224,096 was erroneously recorded to an account reported as supplies. Further, a misunderstanding of the year in which a grant transaction took place caused an additional \$112,423 to be reported incorrectly.

Effect: Incorrect reporting of program activities' requirements could result in the loss of grant funding.

Context: Test work was performed on the 2013 Annual Performance Report. These were the only errors noted.

Recommendation: We recommend that accounting and grant personnel be familiar with the grants and any complexities regarding the grants to ensure that grant expenditures are properly recorded in the accounting records and properly reflected on the annual reports.

Views of Responsible Officials and Corrective Action Plan: In order to ensure proper completion and timely submission of grant project Annual Performance Reports, which include a fiscal component, Amarillo College's Grant Accounting office will be responsible for finalizing all reported budget expenditures and verifying all reported expenses back to the Amarillo College general ledger. Grant Accounting and Project Directors will work together to: 1) complete the fiscal components to the Annual Performance Reports in a timely manner, and 2) report expenses within the appropriate budget category. Fiscal expenditure reports will be finalized by Grant Accounting and approved by other Amarillo College Business Office representatives with a minimum of two levels of supervisory approval. The Project Director shall be responsible for final submission of the Annual Performance Report after following all required grant management policies and procedures.

AMARILLO COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
Year Ended August 31, 2014

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

Finding 2014-006

Program: 11.307 Economic Adjustment Assistance

Compliance Requirement: Reporting

Condition: Expenditures reported on the Semi-Annual Financial Report did not agree to the College's general ledger. The report excluded \$419,000 of expenditures that were incurred before March 31, 2014.

Criteria: OMB Circular A-133 requirements state that all financial reports should be complete and accurate and should agree to the accounting records that support the audited financial statements and the Schedule of Expenditures of Federal Awards.

Cause: The amounts reported were not compared to the general ledger of the project.

Effect: Incorrect reporting of program activities' requirements could result in the loss of grant funding.

Context: Test work was performed on the Semi-Annual Financial Report. This was the only error noted.

Recommendation: We recommend that the general ledger be used as the primary source when reporting financial information on the required reports. The second reviewer should also review all supporting documentation pertaining to the report to ensure the accuracy of the report.

Views of Responsible Officials and Corrective Action Plan: In order to ensure proper completion and timely submission of grant project fiscal reports, Amarillo College's Grant Accounting office will be responsible for finalizing all budget expenditure reports and verifying reported expenses back to the Amarillo College general ledger. Grant Accounting and Project Directors will work together to: 1) complete and submit fiscal reports to the funding agency in a timely manner, and 2) report expenses to the funding agency within the appropriate budget category. Fiscal expenditure reports will be finalized by Grant Accounting and approved by other Amarillo College Business Office representatives with a minimum of two levels of supervisory approval. The Project Director shall be responsible for final submission of the expenditure report as approved by the Amarillo College Business Office to the funding agency.

AMARILLO COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
Year Ended August 31, 2014

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

Finding 2014-007

Program: State Grant – Adult Basic Education Innovation Grant (ABEIG)

Compliance Requirement: Eligibility

Condition: Three students receiving benefits from this grant were not eligible to receive them. Additionally, several students' eligibility files had missing documentation.

Questioned Cost: The students who were ineligible received a total of \$570 in stipends and incentives. Because all students receiving stipends and incentives were reviewed, this represents all amounts that are considered questioned costs.

Criteria: Per the OMB A-133 Compliance Supplement and the State of Texas Single Audit Circular, documentation needs to be maintained on all individuals receiving funding. The grant specifies which students were eligible for funding under this grant, and documentation should be maintained to document the eligibility.

Cause: The grant manager was not maintaining adequate files, and adequate internal controls over this grant were not in place.

Effect: The College may be required to repay funds to the grantee or even lose future state funding.

Context: Nineteen students were reviewed for eligibility. This was 100% of the students receiving stipends and incentives. Of the nineteen students tested, it was determined that three were ineligible and that ten had documentation missing from their files.

Recommendation: We recommend that the grant documentation be thoroughly reviewed by the newly established grant compliance personnel to ensure that all files are being properly maintained.

Views of Responsible Officials and Corrective Action Plan: During the FY2014 single audit, it was determined 10 students lacked prior documentation for program participation. After further review, it was determined three of these 10 students were ineligible to participate in the Accelerate Texas project. All three students received incentive funds (stipends and/or textbook support). Amarillo College's Grant Accounting office has correctly charged all of the ineligible student incentive expenditures to an institutional account.

AMARILLO COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
Year Ended August 31, 2014

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

Finding 2014-007 (Continued)

In order to ensure eligibility is verified prior to incentive funds being expended, Amarillo College has revised its compliance oversight process. The Accelerate Texas Project is hiring a 19-hour per week Project Coordinator who will verify each student's eligibility. The Project Coordinator will then provide the eligibility documentation to an institutionally funded staff member in the Academic Success division each week for a cross-check of the verification. In January and June 2015, Amarillo College's Grant Administration office and Chief of Staff will review each participant file and the file's corresponding documentation. If a student is determined to be ineligible during this review, the Office of Grant Administration will work with Amarillo College's Grant Accounting office to charge any disqualified expenditures to an Amarillo College institutional account.

Finding 2014-008

Program: State Grant – Nursing Shortage Reduction <70

Compliance Requirement: Reporting

Condition: The final report for the 2010-2011 NSRP <70 grant reported grant funds available of only \$74,078. However, the general ledger for the College showed that \$82,655 was available for expenditure and that the College had actually spent \$82,655 for this grant.

Criteria: The Texas State Circular requires that reports should agree to the underlying books and records of the entity receiving funding.

Cause: There was an error in the reporting of indirect costs in the prior year's annual report, thus the College reported the funds available for expenditure incorrectly. The secondary review did not identify the error because no supporting information was compared to the report.

Effect: Incorrect reporting could cause the College to lose funding.

Context: The annual report for the 2010-2011 NSRP <70 grant was reviewed and compared to the general ledger and prior year information.

Recommendation: We recommend that a second review of the report be performed, including a review of supporting documentation.

AMARILLO COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
Year Ended August 31, 2014

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

Finding 2014-008 (Continued)

Views of Responsible Officials and Corrective Action Plan: The amount reported to THECB for the program for NSRP<70 2011 had included the indirect cost twice. The amounts moved from the 2012 general ledger to the 2013 fiscal year were moved correctly. Since there had not been a report necessary in 2013 due to no activity, the amounts reported were not reviewed until the 2014 report.

Grant accounting will check all carryforward balances between fiscal years back to each previous year's NSRP<70 report regardless of subsequent activity and verify that all amounts moved forward for each year are accurate and that they balance back to the prior year report.

**AMARILLO COLLEGE
SCHEDULE OF CORRECTIVE ACTION
FOR AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended August 31, 2014**

Finding 2014-001

Condition: A student earning all "F's" during the semester had their Return to Title IV calculated incorrectly.

Corrective Action Plan: The one instance cited is due to an oversight within the Financial Aid Office to properly check the Force 50% box in the internal system of record, Colleague.

To resolve this finding, the College subsequently returned the additional \$9.09 to the appropriate fund source.

In order to prevent this finding from recurring, the Financial Aid Office will require a second review of all students who received all "F's" to ensure the Force 50% box is properly checked.

The College believes this to be an isolated incident.

Finding 2014-002

Condition: The Community Service wages were reported on the Fiscal Operations Report and Application to Participate (FISAP) at \$19,225 and did not tie to the general ledger amount of \$24,936.

Corrective Action Plan: The instance cited resulted in an error by the Financial Aid Office to check the Community Service wages reported against the general ledger. To resolve this finding, the College corrected the FISAP with the correct amount.

In order to prevent this finding from recurring, Director of Financial Aid will review all general ledger amounts prior to submitting the FISAP data. In addition, the Associate Director will perform a secondary review to ensure all dollar amounts reported are correct. The College believes this to be an isolated incident.

Finding 2014-003

Condition: Three students receiving benefits from the program were not eligible to receive them.

Corrective Action Plan: During the FY2014 single audit, it was determined five students were ineligible for the High School Equivalency Program for year 2013/2014. Four of these students received incentive funds (stipends and/or transportation support). Amarillo College's Grant Accounting office has correctly charged all of the ineligible student incentive expenditures to an institutional account.

**AMARILLO COLLEGE
SCHEDULE OF CORRECTIVE ACTION
FOR AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended August 31, 2014**

Finding 2014-003 (Continued)

In order to ensure eligibility is verified prior to incentive funds being expended during the upcoming final year of the HEP program, Amarillo College has revised its compliance oversight process. The HEP Project Director will verify each student's eligibility and provide the eligibility documentation to an institutionally funded staff member in the Academic Success division each week for a cross-check of that verification. In January and May 2015, Amarillo College's Grant Administration office and Chief of Staff will review each participant file and the file's corresponding documentation. If a student is determined to be ineligible during this review, the Office of Grant Administration will work with Amarillo College's Grant Accounting office to charge any disqualified expenditures to an Amarillo College institutional account.

Finding 2014-004

Condition: The 2012/2013 Annual Performance Report (APR) contained several errors in the program activity section.

Corrective Action Plan: During the FY2014 single audit, it was determined 10 data points were incorrect and lacked supporting documentation on the 2012/2013 Annual Performance Report. The Office of Grant Administration reviewed all 2012/2013 student participant files, programmatic documentation, and expenditures in order to complete and submit a revised 2012/2013 Annual Performance Report to the Office of Migrant Education, U.S. Department of Education. The revised report was submitted to the Office of Migrant Education in August 2014.

During the review to complete a revised 2012/2013 Annual Performance Report, the Office of Grant Administration determined eight students were ineligible to participate in the HEP project. Of these eight, three received incentive funds (stipends and/or transportation support). Amarillo College's Grant Accounting office has correctly charged all of the ineligible student incentive expenditures to an institutional account.

In order to ensure accurate reporting for the upcoming 2013/2014 Annual Performance Report and the Final Performance Report to the Office of Migrant Education, Amarillo College's Office of Grant Administration, which reports to the Chief of Staff in the Office of the President, will review all programmatic reports and the reports' supporting documentation prior to submission. After the project director and his/her supervisor review the programmatic report and backup documentation, the report will be sent to the Office of Grant Administration.

**AMARILLO COLLEGE
SCHEDULE OF CORRECTIVE ACTION
FOR AUDIT FINDINGS AND QUESTIONED COSTS, CONTIUNED
Year Ended August 31, 2014**

Finding 2014-004 (Continued)

The Grant Administration Coordinator who oversees grant compliance for federal-funded projects will review the report and supporting documentation for accuracy. Upon completion of this review, the Chief of Staff will then review the report and backup documentation for correctness. After both levels have given approval, the Project Director may submit the programmatic report to the funding agency.

Finding 2014-005

Condition: Expenditures reported on the 2013 Annual Performance Report were incorrect. The report misclassified a credit of \$224,906 to supplies which should have been reported as a reduction of construction costs. The construction costs were also overstated by an additional \$112,423 which was actually a 2014 transaction. Thus, cumulative expenditures for the third year were overstated by \$112,423.

Corrective Action Plan: In order to ensure proper completion and timely submission of grant project Annual Performance Reports, which include a fiscal component, Amarillo College's Grant Accounting office will be responsible for finalizing all reported budget expenditures and verifying all reported expenses back to the Amarillo College general ledger. Grant Accounting and Project Directors will work together to: 1) complete the fiscal components to the Annual Performance Reports in a timely manner, and 2) report expenses within the appropriate budget category. Fiscal expenditure reports will be finalized by Grant Accounting and approved by other Amarillo College Business Office representatives with a minimum of two levels of supervisory approval. The Project Director shall be responsible for final submission of the Annual Performance Report after following all required grant management policies and procedures.

Finding 2014-006

Condition: Expenditures reported on the Semi-Annual Financial Report did not agree to the College's general ledger. The report excluded \$419,000 of expenditures that were incurred before March 31, 2014.

Corrective Action Plan: In order to ensure proper completion and timely submission of grant project fiscal reports, Amarillo College's Grant Accounting office will be responsible for finalizing all budget expenditure reports and verifying reported expenses back to the Amarillo College general ledger. Grant Accounting and Project Directors will work together to: 1) complete and

**AMARILLO COLLEGE
SCHEDULE OF CORRECTIVE ACTION
FOR AUDIT FINDINGS AND QUESTIONED COSTS, CONTIUNED
Year Ended August 31, 2014**

Finding 2014-006 (Continued)

submit fiscal reports to the funding agency in a timely manner, and 2) report expenses to the funding agency within the appropriate budget category. Fiscal expenditure reports will be finalized by Grant Accounting and approved by other Amarillo College Business Office representatives with a minimum of two levels of supervisory approval. The Project Director shall be responsible for final submission of the expenditure report as approved by the Amarillo College Business Office to the funding agency.

Finding 2014-007

Condition: Three students receiving benefits from this grant were not eligible to receive them. Additionally, several students' eligibility files had missing documentation.

*Views of Responsible
Officials and
Corrective Action
Plan:*

During the FY2014 single audit, it was determined 10 students lacked prior documentation for program participation. After further review, it was determined three of these 10 students were ineligible to participate in the Accelerate Texas project. All three students received incentive funds (stipends and/or textbook support). Amarillo College's Grant Accounting office has correctly charged all of the ineligible student incentive expenditures to an institutional account.

In order to ensure eligibility is verified prior to incentive funds being expended, Amarillo College has revised its compliance oversight process. The Accelerate Texas Project is hiring a 19-hour per week Project Coordinator who will verify each student's eligibility. The Project Coordinator will then provide the eligibility documentation to an institutionally funded staff member in the Academic Success division each week for a cross-check of the verification. In January and June 2015, Amarillo College's Grant Administration office and Chief of Staff will review each participant file and the file's corresponding documentation. If a student is determined to be ineligible during this review, the Office of Grant Administration will work with Amarillo College's Grant Accounting office to charge any disqualified expenditures to an Amarillo College institutional account.

**AMARILLO COLLEGE
SCHEDULE OF CORRECTIVE ACTION
FOR AUDIT FINDINGS AND QUESTIONED COSTS, CONTINUED
Year Ended August 31, 2014**

Finding 2014-008

Condition: The final report for the 2010-2011 NSRP <70 grant reported grant funds available of only \$74,078. However, the general ledger for the College showed that \$82,655 was available for expenditure and that the College had actually spent \$82,655 for this grant.

Corrective Action Plan: The amount reported to THECB for the program for NSRP<70 2011 had included the indirect cost twice. The amounts moved from the 2012 general ledger to the 2013 fiscal year were moved correctly. Since there had not been a report necessary in 2013 due to no activity, the amounts reported were not reviewed until the 2014 report.

Grant Accounting will check all carryforward balances between fiscal years back to each previous year's NSRP<70 report regardless of subsequent activity and verify that all amounts moved forward for each year are accurate and that they balance back to the prior year report.

**AMARILLO COLLEGE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended August 31, 2014**

Finding 2013-001

Program: Student Financial Aid Cluster

Condition: Five students that graduated during the year were not reported to the National Student Clearinghouse within the 30 days required. Additionally, we noted two students were missed and not reported at all to the National Student Clearinghouse.

Recommendation: Implement procedures and controls to ensure all students are included in reports to the National Student Clearinghouse.

Current Status: Processes were amended to include notification to the Clearinghouse for any individual who graduated on a case-by-case basis after end-of-term processes are completed. Processes were put in place to report any new graduates, but gaps were still discovered whereby we still missed reporting a graduate. New process as of April 2013 to ensure accurate reporting to the clearinghouse includes:

- New computer programming to post "official degree date" for each student who graduates (NOTE: This is the step that has been added since the previous audit.)
- Process to find all students who graduated within a specified date range. (Previously, students were missed in this step because the graduation process simply ended an academic program rather than posting the "official degree date.")
- Report submitted to clearinghouse weekly.
- This process was fully tested and is in place in the live Colleague account.

Review of processes:

- This new processing for notifying the clearinghouse is working very well. This report is run on a weekly basis. We will continue to monitor this for any gaps but, thus far, have not found any students who have not been reported to the clearinghouse.

Finding 2013-002

Program: 47.076 National Science Foundation Advanced Technology Education Solar (NSF ATE Solar)

Condition: Payroll expenditures were charged to the grant subsequent to the end of the grant's period of availability. The direct charges caused indirect charges to be overstated.

AMARILLO COLLEGE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, CONTINUED
Year Ended August 31, 2014

Finding 2013-002 (Continued)

Recommendation: Implement procedures and controls to ensure grants with expected payroll expenditures should be monitored closely to ensure that expenditures are not booked outside of the project's period of availability.

Current Status: Under the new Grant Administration structure, the Chief of Staff and Federal & Private Grant Administration Coordinator work with Grant Accounting to approve all end-of-grant year expenditures prior to the closing of the fiscal records. Grant Administration serves as a secondary review to ensure internal controls are followed and to confirm expenditures, particularly payroll, are booked within the project's period of availability.

Finding 2013-003

Program: Adult Basic Education Innovation Grant (ABEIG)

Condition: Management override of controls.

Recommendation: We recommend that the President of the College work with the grant director of ABEIG and the vice president to impress upon them the impropriety of management override of control. The grant department was established to keep grant funding in compliance with adequate internal controls and accounting procedures. The grant department should be allowed to administer their positions without interference.

Current Status: In December 2013, the President of Amarillo College held a meeting with all project directors, their supervisors and President's Cabinet members to discuss the new grant management structure, which includes a team of grant accounting, management and compliance members who are responsible for grant internal controls. During the December 2013 meeting, the President impressed upon all attendees the necessity for and the level of documentation required on all federal and state grants.

Beginning in January 2014, Amarillo College's new grant oversight structure was fully implemented with the creation of the Office of Grant Management, which provided daily oversight to all federal, state, and private grants. Each month the Offices of Grant Management and Grant Compliance have held a formal meeting with all federal and state project directors to discuss new grant policies and procedures as well as status updates on each individual project. On May 20, 2014, the Amarillo College Board of Regents approved a new board policy in relation to the new grant management structure.

AMARILLO COLLEGE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, CONTINUED
Year Ended August 31, 2014

Finding 2013-003 (Continued)

***Amarillo College Board Policy: Section H – Grant Development and
HA – Grant Administration – Employee Requirement***

The purpose of grant funds is to fulfill the College's strategic directions. Once a grant award has been received, the institutional priority is to follow the grant requirements, both fiscal and programmatic, and appropriately document grant activities and expenditures. All College employees involved with any grant development or any grant administration (compliance, management, and accounting) shall follow the College's centralized process for grant development or grant administration.

Centralized Process for Grant Administration:

In January 2014, Amarillo College created the Office of Grant Management. This office is responsible for the daily management and oversight of selected federal, state, and private grants at Amarillo College. This office works in collaboration with the Offices of Grant Compliance and Grant Accounting. In order to ensure coordination between the offices, the following processes are followed:

1. The Offices of Grant Management and Grant Compliance approve all expenditures for grant projects, specifically to determine the programmatic support and cost allowability of the expenditures. Upon approval from these two offices, the Office of Grant Accounting provides verification of budget availability and serves as the final authorization step before the expenditure occurs.
2. The Office of Grant Management provides written approval to the project director for items requiring prior approval, i.e., copy paper, AC print shop charges, and express mail. Grant Management's approval is the first of two steps. The Office of Grant Compliance must provide the final written approval for any items needing prior approval before the project director can move forward with the expenditure.
3. The Offices of Grant Management and Grant Compliance work with the Office of Grant Accounting to approve all end-of-grant year expenditures for grant projects prior to draw down to ensure that these expenditures occurred in the correct grant funding period.
4. The Office of Grant Management is the single point of contact between the single (A-133) auditors and the grant project director/staff. The Office of Grant Management holds responsibility for providing the auditors with all requested documentation and coordinates meetings between grant project directors/staff and the auditors.

AMARILLO COLLEGE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, CONTINUED
Year Ended August 31, 2014

Finding 2013-003 (Continued)

5. The Office of Grant Management serves as the liaison between federal/state funding agencies and Amarillo College. In support of this role, the Office of Grant Management must be included in all communication between the grant project director and the federal/state funding agency.

Reorganized in September 2014, the Office of Grant Administration combined the efforts of the previous Offices of Grant Management and Grant Compliance. The Chief of Staff for Amarillo College leads the efforts of the Office of Grant Administration, which has two Grant Administration Coordinators who daily work with project directors and project staff to guarantee internal controls are maintained and compliance measures are monitored.

Finding 2013-004

Program: Adult Basic Education Innovation Grant (ABEIG)

Condition: There was little or no documentation on the student incentive expenses. We noted that scholarships, gas cards, books, uniforms and stipends were given to students. All of these are considered allowable expenses; however, without proper documentation we were unable to tell if some of these expenses were given to ineligible recipients. We performed additional procedures to gain assurance that the expenses were proper so as to determine whether we had a scope limitation or not. We were able to sample the students receiving stipends and scholarships and determined from our test work that students receiving the tested stipends and scholarships were enrolled in the programs that were supported by this grant. See finding 2013-005 for further information. However, on a few other expenses, e.g., books and uniforms, we were unable to obtain sufficient documentation to determine if the incentives were given to eligible recipients.

Recommendation: We recommend that grant department work with the President of the College, due to the override of controls, to let the grant manager know that these deviations are considered serious. The grant manager needs to be informed that she is to comply with the requests of the grant compliance department, and the College's internal control procedures are to be followed.

AMARILLO COLLEGE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, CONTINUED
Year Ended August 31, 2014

Finding 2013-004 (Continued)

Current Status: The procedures of the Office of Grant Administration require that the Grant Administration Coordinators conduct bi-annual assessment reviews of programmatic files, including student files and project administration files, for all federal, state, and private grants. Stemming from these bi-annual assessment reviews, the Grant Administration Coordinators develop a corrective action plan to address any compliance concerns (as needed). The Project Director then works with the Grant Administration Coordinators and Chief of Staff to correct any compliance concerns and implements new procedures to ensure all corrective action measures are established within the program.

Finding 2013-005

Program: Adult Basic Education Innovation Grant (ABEIG)

Condition: No documentation is being maintained on student eligibility. We reviewed student stipends and scholarships issued. Four students did not have high enough TABE scores to receive scholarships or stipends under this grant. Also, there were no TABE scores available for one of the students that received both a scholarship and stipend.

Recommendation: We recommend that grant department work with the President of the College, due to the override of controls, to let the grant manager know that these deviations are considered serious. The grant manager needs to be informed that she is to comply with the requests of the grant compliance department and the College's internal control procedures are to be followed.

Current Status: See Findings 2013-003 and 2013-004 responses listed above for internal structure that discusses how Amarillo College is addressing grant management oversight.

Finding 2013-006

Program: Adult Basic Education Innovation Grant (ABEIG)

Condition: The Year One final program report was due no later than September 17, 2012. Per review of the submitted report, it was filed four days late on September 21, 2012. The Year Two interim program report was due no later than December 31, 2012. Per review of the report the College submitted, the Year Two interim report was submitted 3.5 months late on April 17, 2013.

Recommendation: We recommend that grant manager comply with reporting deadlines.

AMARILLO COLLEGE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, CONTINUED
Year Ended August 31, 2014

Finding 2013-006 (Continued)

Current Status: In order to ensure accurate reporting to grant funding agencies, Amarillo College's Grant Administration office reviews all programmatic reports and the reports' corresponding supporting documentation prior to submission. After the project director and his/her supervisor review the programmatic report and backup documentation, this information is sent to the Office of Grant Administration.

The Grant Administration Coordinator who oversees grant compliance for state-funded projects reviews the report and supporting documentation for accuracy. Upon completion of this review, the Chief of Staff then provides a second level of review of the report and backup documentation for accuracy. After both levels have given approval, the Project Director may submit the programmatic report to the funding agency.

STATISTICAL SUPPLEMENT
(Unaudited)

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Amarillo College
Statistical Supplement 1
Net Position by Component
Fiscal Years 2005 to 2014
(unaudited)

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Net investment in capital assets	\$ 58,952	\$ 60,530	\$ 61,057	\$ 65,464	\$ 66,184	\$ 71,483	\$ 71,488	\$ 74,600	\$ 73,263	\$ 80,492
Restricted - expendable	9,024	9,233	11,621	8,499	8,428	8,250	8,406	8,730	8,117	7,121
Restricted - nonexpendable	2,500	2,500	2,500	2,620	2,590	2,590	2,530	2,530	2,500	2,500
Unrestricted	27,441	26,064	26,903	24,155	21,996	21,079	19,507	17,294	15,780	15,237
Total primary government net position	\$ 97,917	\$ 98,327	\$ 102,081	\$ 100,738	\$ 99,198	\$ 103,402	\$ 101,931	\$ 103,154	\$ 99,660	\$ 105,350

Amarillo College
Statistical Supplement 2
Revenues by Source
Fiscal Years 2005 to 2014
(unaudited)

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Tuition and fees (net of discounts)	\$ 14,944	\$ 15,382	\$ 15,428	\$ 13,170	\$ 12,778	\$ 11,741	\$ 10,579	\$ 9,899	\$ 9,385	\$ 8,715
Governmental grants and contracts										
Federal grants and contracts	5,228	4,944	3,903	4,452	6,172	4,924	3,447	2,874	2,702	2,171
State grants and contracts	2,364	1,885	1,691	1,876	1,788	1,191	1,213	1,212	1,449	1,065
Local grants and contracts	2,004	1,946	1,891	1,953	1,813	2,009	1,582	1,444	1,282	1,173
Nongovernmental grants and contracts	1,535	1,377	1,749	1,557	1,164	1,438	1,190	1,220	1,725	2,357
Sales and services of educational activities	506	529	532	524	580	540	464	457	440	464
Auxiliary enterprises	6,204	6,461	6,631	6,907	7,182	6,931	6,245	6,066	6,842	6,420
Other operating revenues	76	116	82	215	186	285	222	222	207	133
Total operating revenues	32,861	32,640	31,907	30,654	31,663	29,059	24,942	23,394	24,032	22,498
State appropriations	19,045	18,261	18,322	21,177	21,458	22,597	22,511	22,003	21,787	19,766
Ad valorem taxes	21,087	20,481	19,209	18,881	18,160	17,668	14,855	13,555	12,774	12,304
Federal revenue, nonoperating	15,921	16,356	17,424	20,067	17,153	11,569	8,609	7,995	8,591	8,777
Gifts	310	800	3,091	186	39	38	138	45	6	849
Investment income	586	466	444	571	334	545	744	1,545	1,169	707
Other nonoperating revenues	-	-	44	30	76	18	27	5	9	10
Total nonoperating revenues	56,949	56,364	58,534	60,912	57,220	52,435	46,884	45,148	44,336	42,413
TOTAL REVENUES	\$ 89,810	\$ 89,004	\$ 90,441	\$ 91,566	\$ 88,883	\$ 81,494	\$ 71,826	\$ 68,542	\$ 68,368	\$ 64,911

For the Year Ended August 31,

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Tuition and fees (net of discounts)	16.64%	17.28%	17.06%	14.38%	14.38%	14.41%	14.73%	14.44%	13.73%	13.43%
Governmental grants and contracts										
Federal grants and contracts	5.82%	5.55%	4.32%	4.86%	6.94%	6.04%	4.80%	4.19%	3.95%	3.34%
State grants and contracts	2.63%	2.12%	1.87%	2.05%	2.01%	1.46%	1.69%	1.77%	2.12%	1.64%
Local grants and contracts	2.23%	2.19%	2.09%	2.13%	2.04%	2.47%	2.20%	2.11%	1.88%	1.81%
Nongovernmental grants and contracts	1.71%	1.55%	1.93%	1.70%	1.31%	1.77%	1.66%	1.78%	2.52%	3.63%
Sales and services of educational activities	0.56%	0.59%	0.59%	0.57%	0.65%	0.66%	0.65%	0.67%	0.64%	0.71%
Auxiliary enterprises	6.91%	7.26%	7.33%	7.55%	8.08%	8.50%	8.69%	8.85%	10.01%	9.89%
Other operating revenues	0.08%	0.13%	0.09%	0.24%	0.21%	0.35%	0.31%	0.32%	0.30%	0.20%
Total operating revenues	36.58%	36.67%	35.28%	33.48%	35.62%	35.66%	34.73%	34.13%	35.15%	34.65%
State appropriations	21.21%	20.52%	20.26%	23.13%	24.14%	27.73%	31.34%	32.10%	31.87%	30.45%
Ad valorem taxes	23.48%	23.01%	21.24%	20.62%	20.43%	21.68%	20.68%	19.78%	18.68%	18.96%
Federal revenue, nonoperating	17.73%	18.38%	19.26%	21.92%	19.30%	14.20%	11.99%	11.66%	12.57%	13.52%
Gifts	0.35%	0.90%	3.42%	0.20%	0.04%	0.05%	0.19%	0.08%	0.01%	1.31%
Investment income	0.65%	0.52%	0.49%	0.62%	0.38%	0.66%	1.03%	2.24%	1.71%	1.09%
Other nonoperating revenues	0.00%	0.00%	0.05%	0.03%	0.09%	0.02%	0.04%	0.01%	0.01%	0.02%
Total nonoperating revenues	63.42%	63.33%	64.72%	66.52%	64.38%	64.34%	65.27%	65.87%	64.85%	65.35%
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 2005 to 2014
(unaudited)

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Instruction	\$ 32,878	\$ 31,882	\$ 30,256	\$ 30,565	\$ 31,266	\$ 29,108	\$ 26,239	\$ 25,492	\$ 27,077	\$ 24,912
Research	-	-	-	-	-	-	-	-	-	-
Public service	3,696	3,694	3,402	3,617	3,536	3,456	3,329	3,081	2,922	2,605
Academic support	2,833	3,109	2,675	3,316	3,291	3,223	2,912	2,894	1,657	1,727
Student services	4,458	4,154	3,985	4,084	3,912	3,793	3,159	2,998	2,935	2,810
Institutional support	13,665	13,591	12,586	12,322	12,176	11,584	11,271	10,307	9,605	9,308
Operation and maintenance of plant	7,406	7,669	7,411	7,168	8,104	6,165	5,783	5,636	5,468	4,807
Scholarships and fellowships	9,902	10,316	11,833	15,329	13,418	8,793	5,731	5,048	6,745	7,156
Auxiliary enterprises	6,239	6,564	6,577	6,596	6,742	6,171	5,920	5,589	5,552	5,271
Depreciation	5,747	5,274	4,994	4,568	4,145	3,585	3,452	3,453	3,563	3,212
Total operating expenses	86,824	86,253	83,719	87,565	86,590	75,878	67,796	64,498	65,524	61,808
Interest on capital related debt	2,856	2,866	2,401	2,430	1,959	1,515	484	538	678	1,093
Loss on disposal of fixed assets	3,703	3,115	24	31	66	141	206	14	35	310
Total nonoperating expenses	6,559	5,981	2,425	2,461	2,025	1,656	690	552	713	1,403
TOTAL EXPENSES	\$ 93,383	\$ 92,234	\$ 86,144	\$ 90,026	\$ 88,615	\$ 77,534	\$ 68,486	\$ 65,050	\$ 66,237	\$ 63,211

For the Year Ended August 31,

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Instruction	35.21%	34.57%	35.12%	33.95%	35.28%	37.54%	38.31%	39.19%	40.88%	39.41%
Research	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Public service	3.96%	4.01%	3.95%	4.02%	3.99%	4.46%	4.86%	4.74%	4.41%	4.12%
Academic support	3.04%	3.36%	3.10%	3.68%	3.71%	4.16%	4.25%	4.45%	2.50%	2.73%
Student services	4.77%	4.50%	4.63%	4.54%	4.41%	4.89%	4.61%	4.61%	4.43%	4.45%
Institutional support	14.63%	14.74%	14.61%	13.69%	13.74%	14.94%	16.46%	15.84%	14.50%	14.73%
Operation and maintenance of plant	7.93%	8.31%	8.60%	7.96%	9.15%	7.95%	8.45%	8.66%	8.26%	7.60%
Scholarships and fellowships	10.60%	11.18%	13.74%	17.03%	15.14%	11.34%	8.37%	7.76%	10.18%	11.32%
Auxiliary enterprises	6.68%	7.12%	7.63%	7.33%	7.61%	7.96%	8.64%	8.59%	8.38%	8.34%
Depreciation	6.15%	5.72%	5.80%	5.07%	4.68%	4.62%	5.04%	5.31%	5.38%	5.08%
Total operating expenses	92.97%	93.51%	97.18%	97.27%	97.71%	97.86%	98.99%	99.15%	98.92%	97.78%
Interest on capital related debt	3.06%	3.11%	2.79%	2.70%	2.22%	1.96%	0.71%	0.83%	1.03%	1.73%
Loss on disposal of fixed assets	3.97%	3.38%	0.03%	0.03%	0.07%	0.18%	0.30%	0.02%	0.05%	0.49%
Total nonoperating expenses	7.03%	6.49%	2.82%	2.73%	2.29%	2.14%	1.01%	0.85%	1.08%	2.22%
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
2013	\$ -	\$ 42.00	\$ 41.00	\$ 26.00	\$ 10.00	\$ 1.75	\$ 957.00	\$ 1,449.00	3.91%	4.32%
2012	-	42.00	39.00	23.00	10.00	1.75	921.00	1,389.00	10.04%	9.46%
2011	-	40.00	36.00	19.00	9.00	1.75	837.00	1,269.00	11.16%	24.78%
2010	-	36.00	22.00	16.00	9.00	1.75	753.00	1,017.00	6.81%	11.88%
2009	-	34.00	17.00	15.00	8.00	1.75	705.00	909.00	0.00%	0.00%
2008	-	34.00	17.00	15.00	8.00	1.75	705.00	909.00	9.30%	8.60%
2007	-	32.00	16.00	13.00	7.00	1.75	645.00	837.00	9.14%	6.90%
2006	-	32.00	16.00	11.00	5.00	1.25	591.00	783.00	26.28%	20.83%
2005	3.00	30.00	15.00	7.50	-	1.25	468.00	648.00	9.86%	9.09%
2004	3.00	27.00	14.00	7.00	-	1.25	426.00	594.00	7.58%	10.00%

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
2013	\$ -	\$ 144.00	\$ -	\$ 26.00	\$ 10.00	\$ 1.75	\$ 2,181.00	\$ -	2.83%	-
2012	-	142.00	-	23.00	10.00	1.75	2,121.00	-	6.64%	-
2011	-	136.00	-	19.00	9.00	1.75	1,989.00	-	32.87%	-
2010	-	98.00	-	16.00	9.00	1.75	1,497.00	-	11.63%	-
2009	-	87.00	-	15.00	8.00	1.75	1,341.00	-	0.00%	-
2008	-	87.00	-	15.00	8.00	1.75	1,341.00	-	7.71%	-
2007	-	82.00	-	13.00	7.00	1.75	1,245.00	-	4.53%	-
2006	-	82.00	-	11.00	5.00	1.25	1,191.00	-	14.08%	-
2005	3.00	78.00	-	7.50	-	1.25	1,044.00	-	6.75%	-
2004	3.00	73.00	-	7.00	-	1.25	978.00	-	8.67%	-

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)
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
2011-12	12,206,296	1,864,211	10,342,085	84.73%	0.14241	0.04697	0.18938
2010-11	11,735,501	1,598,430	10,137,071	86.38%	0.14149	0.04847	0.18996
2009-10	11,643,501	1,574,152	10,069,349	86.48%	0.14064	0.04349	0.18413
2008-09	11,336,432	1,553,559	9,782,873	86.30%	0.14064	0.04331	0.18395
2007-08	10,688,693	1,484,717	9,203,976	86.11%	0.13650	0.02393	0.16043
2006-07	9,795,811	1,379,051	8,416,760	85.92%	0.13467	0.02576	0.16043
2005-06	9,237,011	1,336,897	7,900,114	85.53%	0.13296	0.02747	0.16043
2004-05	8,857,623	1,277,888	7,579,735	85.57%	0.13169	0.02874	0.16043

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	Appropriation per FTSE			Appropriation per Contact Hour			
	State Appropriation	FTSE (a)	State Appropriation per FTSE	Academic Contact Hours (a)	Voc/Tech Contact Hours (b)	Total Contact Hours	State Appropriation per Contact Hour
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
2011-12	15,321	7,967	1,923	3,018	2,006	5,024	3.05
2010-11	15,893	8,091	1,964	3,093	2,097	5,190	3.06
2009-10	16,049	7,516	2,135	3,012	1,974	4,986	3.22
2008-09	17,153	6,725	2,551	2,696	1,881	4,577	3.75
2007-08	17,153	6,894	2,488	2,646	1,928	4,574	3.75
2006-07	16,828	6,943	2,424	2,662	1,926	4,588	3.67
2005-06	16,828	7,170	2,347	2,816	1,987	4,803	3.50
2004-05	15,694	7,556	2,077	2,920	2,026	4,946	3.17

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	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Southwestern Public Service	Utility	\$ 99,601	\$ 93,024	\$ 86,005	\$ 72,317	\$ 71,458	\$ 78,390	\$ 76,543	\$ 86,938	\$ 106,535	\$ 109,819
UHS of Amarillo Inc	Hospital	-	-	-	-	-	-	-	-	84,456	80,327
Wal Mart Stores Inc	Retail Store	84,187	85,933	85,542	84,559	84,745	84,578	79,734	80,832	63,757	57,090
Amarillo Mall LCC	Retail	63,896	63,926	63,940	63,954	63,971	64,087	64,078	60,532	60,540	60,566
Southwestern Bell Telephone	Utility	-	-	-	33,121	38,423	42,236	48,997	45,418	47,618	45,570
BNSF Railway Co	Railroad	73,579	67,338	60,513	52,160	47,574	46,339	42,088	37,210	33,334	31,041
Amarillo National Bank	Banking	39,528	37,584	36,937	37,357	36,860	35,520	34,525	30,056	29,340	29,101
Atmos Corp/Energas Co	Utility	48,110	41,336	33,281	-	27,376	28,763	30,446	26,408	24,182	-
TCA Cable Partners II	Cable/Utility	-	-	-	-	-	-	-	-	16,793	22,155
United Supermarkets	Grocery/Retail	-	-	-	-	-	-	-	-	16,412	21,292
Anderson Merchandisers Inc	Warehouse	-	-	-	-	-	-	-	-	-	70,348
Northwest Texas Healthcare Systems Inc	Hospital	88,859	84,729	84,352	86,142	84,248	82,687	85,284	84,286	-	-
TCA Cable of Amarillo Inc	Cable/Utility	-	-	-	-	-	-	-	18,535	-	-
Auto Nation	Auto Dealer	-	-	-	-	-	-	-	19,267	-	-
Ben E. Keith Company	Warehouse	39,709	48,877	49,022	47,962	47,954	34,512	34,550	-	-	-
Case Newport LP	Housing	-	36,883	34,858	33,337	33,345	35,915	32,855	-	-	-
Amarillo Economic Development Corp.	Com/Eco Dev	-	41,926	39,667	37,797	-	-	-	-	-	-
BSA Hospital LLC	Hospital	102,539	-	-	-	-	-	-	-	-	-
Toot'n Totum Inc	Retail	38,419	-	-	-	-	-	-	-	-	-
Totals		\$ 678,427	\$ 601,556	\$ 574,117	\$ 548,706	\$ 535,954	\$ 533,027	\$ 529,100	\$ 489,482	\$ 482,967	\$ 527,309
Total Taxable Assessed Value		\$ 10,847,872	\$ 10,536,908	\$ 10,342,084	\$ 10,137,071	\$ 10,069,349	\$ 9,782,873	\$ 9,203,976	\$ 8,416,760	\$ 7,900,114	\$ 7,579,735

		% of Taxable Assessed Value (TAV) by Tax Year									
Taxpayer	Type of Business	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Southwestern Public Service	Utility	0.92%	0.88%	0.83%	0.71%	0.71%	0.80%	0.83%	1.03%	1.35%	1.45%
UHS of Amarillo Inc	Hospital	-	-	-	-	-	-	-	-	1.07%	1.06%
Wal Mart Stores Inc	Retail Store	0.78%	0.82%	0.83%	0.83%	0.84%	0.86%	0.87%	0.96%	0.81%	0.75%
Amarillo Mall LCC	Retail	0.59%	0.61%	0.62%	0.63%	0.64%	0.66%	0.70%	0.72%	0.77%	0.80%
Southwestern Bell Telephone	Utility	-	-	-	0.33%	0.38%	0.43%	0.53%	0.54%	0.60%	0.60%
BNSF Railway Co	Railroad	0.68%	0.64%	0.59%	0.51%	0.47%	0.47%	0.46%	0.44%	0.42%	0.41%
Amarillo National Bank	Banking	0.36%	0.36%	0.36%	0.37%	0.37%	0.36%	0.38%	0.36%	0.37%	0.38%
Atmos Corp/Energas Co	Utility	0.44%	0.39%	0.32%	-	0.27%	0.29%	0.33%	0.31%	0.31%	-
TCA Cable Partners II	Cable/Utility	-	-	-	-	-	-	-	-	0.21%	0.29%
United Supermarkets	Grocery/Retail	-	-	-	-	-	-	-	-	0.21%	0.28%
Anderson Merchandisers Inc	Warehouse	-	-	-	-	-	-	-	-	-	0.93%
Northwest Texas Healthcare Systems Inc	Hospital	0.82%	0.80%	0.82%	0.85%	0.84%	0.85%	0.93%	1.00%	-	-
TCA Cable of Amarillo Inc	Cable/Utility	-	-	-	-	-	-	-	0.22%	-	-
Auto Nation	Auto Dealer	-	-	-	-	-	-	-	0.23%	-	-
Ben E. Keith Company	Warehouse	0.37%	0.46%	0.47%	0.47%	0.48%	0.35%	0.38%	-	-	-
Case Newport LP	Housing	-	0.35%	0.34%	0.33%	0.33%	0.37%	0.36%	-	-	-
Amarillo Economic Development Corp.	Com/Eco Dev	-	0.40%	0.38%	0.37%	-	-	-	-	-	-
BSA Hospital LLC	Hospital	0.95%	-	-	-	-	-	-	-	-	-
Toot'n Totum Inc	Retail	0.35%	-	-	-	-	-	-	-	-	-
Totals		6.26%	5.71%	5.56%	5.40%	5.33%	5.44%	5.77%	5.81%	6.12%	6.95%

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
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%
2012	19,104	32	19,136	18,792	98.20%	236	41	19,069	99.65%
2011	18,750	18	18,768	18,406	98.07%	282	20	18,708	99.68%
2010	18,097	(32)	18,065	17,690	97.92%	310	13	18,013	99.71%
2009	17,559	(24)	17,535	17,150	97.80%	336	8	17,494	99.77%
2008	14,766	(13)	14,753	14,437	97.86%	282	4	14,723	99.80%
2007	13,503	(23)	13,480	13,203	97.95%	247	3	13,453	99.80%
2006	12,674	(19)	12,655	12,393	97.93%	237	2	12,632	99.82%
2005	12,304	-	12,304	11,886	96.60%	396	2	12,284	99.83%

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.

Total Collections = C + D + E

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)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Bonded Debt										
General obligation bonds	\$ 66,965	\$ 69,040	\$ 70,915	\$ 58,205	\$ 60,320	\$ 46,650	\$ 33,355	\$ 13,155	\$ 14,880	\$ 16,475
Notes	-	-	-	-	-	-	-	-	-	-
Less: Funds restricted for debt service	-	-	-	-	-	-	-	-	-	-
Net general bonded debt	66,965	69,040	70,915	58,205	60,320	46,650	33,355	13,155	14,880	16,475
Other Debt										
Revenue bonds	4,115	4,295	4,470	505	740	965	1,180	1,385	1,580	1,765
Notes	112	409	-	-	-	-	-	-	-	-
Capital lease obligations	-	-	-	-	-	-	-	-	31	62
Total Outstanding Debt	\$ 71,192	\$ 73,744	\$ 75,385	\$ 58,710	\$ 61,060	\$ 47,615	\$ 34,535	\$ 14,540	\$ 16,491	\$ 18,302

General Bonded Debt Ratios

Per Capita	*	\$ 0.35	\$ 0.36	\$ 0.30	\$ 0.32	\$ 0.25	\$ 0.18	\$ 0.07	\$ 0.08	\$ 0.09
Per FTSE		9.12	9.04	8.90	7.19	8.03	6.94	4.84	1.89	2.18
As a percentage of Taxable Assessed Value		0.62%	0.66%	0.69%	0.57%	0.59%	0.48%	0.36%	0.16%	0.19%

Total Outstanding Debt Ratios

Per Capita	*	\$ 0.38	\$ 0.39	\$ 0.30	\$ 0.32	\$ 0.25	\$ 0.19	\$ 0.08	\$ 0.09	\$ 0.10
Per FTSE		9.70	9.66	9.46	7.37	8.12	7.08	5.01	2.09	2.42
As a percentage of Taxable Assessed Value		0.66%	0.70%	0.73%	0.58%	0.60%	0.49%	0.38%	0.17%	0.21%

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)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Taxable Assessed Value	\$ 10,847,872	\$ 10,536,908	\$ 10,342,085	\$ 10,137,071	\$ 10,069,349	\$ 9,782,873	\$ 9,203,976	\$ 8,416,760	\$ 7,900,114	\$ 7,579,735
General Obligation Bonds										
Statutory Tax Levy Limit for Debt Service	54,239	52,685	51,710	50,685	50,347	48,914	46,020	42,084	39,501	37,899
Less: Funds Restricted for Repayment of General Obligation Bonds	-	-	-	-	-	-	-	-	-	-
Total Net General Obligation Debt	54,239	52,685	51,710	50,685	50,347	48,914	46,020	42,084	39,501	37,899
Current Year Debt Service Requirements	4,902	4,885	4,076	4,784	4,307	4,250	2,197	2,168	2,170	2,178
Excess of Statutory Limit for Debt Service over Current Requirements	\$ 49,337	\$ 47,800	\$ 47,634	\$ 45,901	\$ 46,040	\$ 44,664	\$ 43,823	\$ 39,916	\$ 37,331	\$ 35,721
Net Current Requirements as a % of Statutory Limit	9.04%	9.27%	7.88%	9.44%	8.55%	8.69%	4.77%	5.15%	5.49%	5.75%

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
2014	\$ 2,401	\$ 4,315	\$ -	\$ 480	\$ -	\$ 1,341	\$ 49	\$ 214	\$ 2,219	\$ 512	\$ 11,531	\$ 180	\$ 155	\$ 335	34.42
2013	2,531	3,904	-	493	-	1,381	58	242	2,152	529	11,290	180	159	339	33.30
2012	2,568	3,456	-	505	-	1,538	80	229	2,063	531	10,970	175	162	337	32.55
2011	398	3,082	-	-	1,233	1,338	161	216	2,161	524	9,113	235	36	271	33.63
2010	390	2,826	-	-	969	1,211	70	176	1,997	609	8,248	225	47	272	30.32
2009	337	2,475	-	-	999	996	464	245	2,188	556	8,260	215	57	272	30.36
2008	342	1,118	958	-	943	1,141	571	166	1,807	473	7,519	205	67	272	27.65
2007	343	587	993	-	921	176	941	142	1,710	459	6,272	195	75	270	23.23
2006	348	261	1,042	-	878	221	789	151	1,556	441	5,687	185	84	269	21.14
2005	357	274	1,095	-	792	133	477	165	1,468	464	5,225	175	92	267	19.57

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
2013	196,429	*	*	4.6%
2012	195,250	\$ 7,485,885	\$ 38,340	4.8%
2011	193,678	7,159,888	36,968	5.4%
2010	191,331	6,817,124	35,630	5.5%
2009	189,392	6,467,737	34,150	5.2%
2008	187,236	6,502,519	34,729	3.5%
2007	186,106	6,165,506	33,129	3.3%
2006	184,893	5,745,550	31,075	3.7%
2005	183,021	5,403,695	29,525	3.9%
2004	180,490	5,013,110	27,775	4.5%

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 2013 will be released with the rest of the local area estimates on November 21st.

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

Employer	Number of Employees	Percentage of Total Employment
Amarillo Independent School District	4,282	4.34%
Tyson Foods, Inc.	3,700	3.75%
B&W Pantex	3,200	3.24%
Baptist St. Anthony's Health Care Systems	2,900	2.94%
City of Amarillo	1,973	2.00%
Texas Department of Criminal Justice	1,360	1.38%
Northwest Texas Healthcare System	1,359	1.38%
Wal-Mart	1,359	1.38%
Affiliated Foods	1,110	1.12%
Bell Helicopter Textron, Inc.	1,068	1.08%
Total	22,311	22.61%

Source:

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

Note:

Amarillo College has elected to implement "Nine Years Prior" prospectively.

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Faculty										
Full-Time	225	225	218	221	234	235	221	229	226	227
Part-Time	601	586	581	556	548	519	565	577	603	572
Total	826	811	799	777	782	754	786	806	829	799
Percent										
Full-Time	27.2%	27.7%	27.3%	28.4%	29.9%	31.2%	28.1%	28.4%	27.3%	28.4%
Part-Time	72.8%	72.3%	72.7%	71.6%	70.1%	68.8%	71.9%	71.6%	72.7%	71.6%
Staff and Administrators										
Full-Time	472	466	456	482	473	473	451	450	451	444
Part-Time	270	287	266	269	283	263	247	252	232	210
Total	742	753	722	751	756	736	698	702	683	654
Percent										
Full-Time	63.6%	61.9%	63.2%	64.2%	62.6%	64.3%	64.6%	64.1%	66.0%	67.9%
Part-Time	36.4%	38.1%	36.8%	35.8%	37.4%	35.7%	35.4%	35.9%	34.0%	32.1%
FTSE per Full-Time Faculty	32.62	33.94	36.55	36.61	32.12	28.62	31.19	30.10	31.73	33.29
FTSE per Full-Time Staff Member	15.55	16.39	17.47	16.79	15.89	14.22	15.29	15.32	15.90	17.02
Average Annual Faculty Salary	\$66,795	\$65,862	\$64,569	\$64,087	\$61,787	\$57,744	\$58,042	\$56,529	\$55,912	\$52,391

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

	Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<u>Gender</u>										
Female	6,520	61.18%	6,947	61.86%	6,923	61.11%	7,044	61.04%	6,536	59.72%
Male	4,137	38.82%	4,283	38.14%	4,406	38.89%	4,496	38.96%	4,409	40.28%
Total	<u>10,657</u>	<u>100.00%</u>	<u>11,230</u>	<u>100.00%</u>	<u>11,329</u>	<u>100.00%</u>	<u>11,540</u>	<u>100.00%</u>	<u>10,945</u>	<u>100.00%</u>

	Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<u>Ethnic Origin</u>										
White	5,747	53.93%	6,231	55.49%	6,512	57.48%	6,828	59.17%	6,899	63.03%
Hispanic	3,766	35.34%	3,806	33.89%	3,602	31.79%	3,479	30.15%	3,023	27.62%
African American	462	4.34%	493	4.39%	502	4.43%	471	4.08%	529	4.84%
Asian	279	2.62%	270	2.40%	262	2.31%	258	2.23%	265	2.42%
Foreign	36	0.34%	17	0.15%	4	0.04%	3	0.03%	2	0.02%
Native American	56	0.53%	66	0.59%	70	0.62%	70	0.61%	79	0.72%
Other	311	2.92%	347	3.09%	377	3.33%	431	3.73%	148	1.35%
Total	<u>10,657</u>	<u>100.00%</u>	<u>11,230</u>	<u>100.00%</u>	<u>11,329</u>	<u>100.00%</u>	<u>11,540</u>	<u>100.00%</u>	<u>10,945</u>	<u>100.00%</u>

	Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<u>Age</u>										
Under 18	2,178	20.44%	2,325	20.70%	2,055	18.14%	2,070	17.94%	2,099	19.18%
18 - 21	3,675	34.48%	3,691	32.87%	3,761	33.20%	3,842	33.29%	3,587	32.77%
22 - 24	1,307	12.26%	1,323	11.78%	1,418	12.52%	1,479	12.82%	1,355	12.38%
25 - 35	2,296	21.54%	2,507	22.32%	2,641	23.31%	2,669	23.13%	2,502	22.86%
36 - 50	971	9.11%	1,121	9.98%	1,199	10.58%	1,219	10.56%	1,165	10.64%
51 & over	230	0.021582	263	2.35%	255	2.25%	261	2.26%	237	2.17%
Total	<u>10,657</u>	<u>100.00%</u>	<u>11,230</u>	<u>100.00%</u>	<u>11,329</u>	<u>100.00%</u>	<u>11,540</u>	<u>100.00%</u>	<u>10,945</u>	<u>100.00%</u>

Average Age	24	24	25	25	25
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Amarillo College
Statistical Supplement 17
Transfers to Senior Institutions
2013-2014 Graduates, Completers, and Non-Returners as of Fall 2014
(Includes only public senior colleges in Texas)
(unaudited)

	Transfer Student Count Academic	Transfer Student Count Technical	Transfer Student Count Tech-Prep	Total of all Sample Transfer Students	% of all Sample Transfer Students
1 West Texas A&M University	846	28	71	945	67.50%
2 Texas Tech University	188	5	2	195	13.93%
3 Texas A&M University	58	0	0	58	4.14%
4 The University of Texas at Austin	39	0	1	40	2.86%
5 University of North Texas	26	1	0	27	1.93%
6 The University of Texas at Arlington	19	0	1	20	1.43%
7 Texas State University - San Marcos	29	1	1	31	2.21%
8 Texas Tech University Health Sciences Center	11	0	2	13	0.93%
9 Angelo State University	7	0	0	7	0.50%
10 Midwestern State University	5	0	0	5	0.36%
11 Tarleton State University	12	0	2	14	1.00%
12 The University of Texas at San Antonio	6	0	0	6	0.43%
13 Stephen F. Austin State University	3	0	1	4	0.29%
14 The University of Texas at Dallas	5	0	0	5	0.36%
15 Texas Woman's University	4	0	0	4	0.29%
16 University of Houston	2	0	0	2	0.14%
17 The University of Texas at Tyler	2	0	0	2	0.14%
18 Texas A&M University at Galveston	1	0	0	1	0.07%
19 Prairie View A&M University	0	0	0	0	0.00%
20 Sam Houston State University	5	0	1	6	0.43%
21 Texas Southern University	1	0	0	1	0.07%
22 Texas A&M University - Corpus Christi	3	0	0	3	0.21%
23 Texas A&M University - Commerce	0	0	2	2	0.14%
24 Texas A&M University - Kingsville	2	0	0	2	0.14%
25 The University of Texas at El Paso	1	0	0	1	0.07%
26 The University of Texas of the Permian Basin	1	0	1	2	0.14%
27 The University of Texas at Brownsville	1	0	0	1	0.07%
28 The University of Texas Health Science Center at San Antonio	1	0	0	1	0.07%
29 The University of Texas - Pan American	1	0	0	1	0.07%
30 Lamar University	0	0	1	1	0.07%
Totals	1,279	35	86	1,400	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.

Amarillo College
Statistical Supplement 18
Capital Asset Information
Fiscal Years 2010 to 2014
(unaudited)

	Fiscal Year				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Academic buildings	31	34	34	36	35
Square footage (in thousands)	951	1,005	955	991	930
Libraries*	1	1	1	1	1
Square footage (in thousands)	16	16	16	16	14
Number of Volumes (in thousands)	52	59	60	62	74
Administrative and support buildings	7	7	5	5	4
Square footage (in thousands)	145	145	147	147	117
Rentals					
Apartment Bldgs (formerly Dorms)	-	-	1	1	1
Square footage (in thousands)	-	-	6	6	6
Number of Beds	-	-	10	10	10
Rental Housing Units	335	335	336	336	336
Square footage (in thousands)	493	493	493	493	425
Commercial Rentals	3	4	5	6	9
Square footage (in thousands)	17	29	35	41	35
Dining Facilities*	-	-	-	2	2
Square footage (in thousands)	-	-	-	15	15
Athletic Facilities (sum of below)	7	7	5	5	5
Square footage(in thousands)	85	85	85	85	80
Stadiums	-	-	-	-	-
Gymnasiums*	5	5	5	5	5
Fitness Centers*	2	2	2	2	2
Tennis Court	-	-	-	-	-
Plant facilities	5	7	7	7	8
Square footage (in thousands)	96	130	130	130	163
Transportation (Total)	140	138	134	136	120
Cars	31	35	30	33	29
Semi Trucks / Heavy Trucks (Instructional)	25	24	22	21	17
Light Trucks/Vans (includes Instructional)	62	63	67	70	68
Buses (Instructional)	9	10	9	8	4
Motorcycles (Instructional)	13	6	6	4	2

* May be within other buildings