

AMARILLO COLLEGE
Amarillo, Texas

ANNUAL FINANCIAL REPORT
August 31, 2020 and 2019

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**AMARILLO COLLEGE
ORGANIZATIONAL DATA
August 31, 2020**

Board of Regents

	<u>Officers</u>	Term Expires <u>May</u>
Johnny E. Mize	Chair	2025
Anette Carlisle	Vice Chair	2021
Patrick Miller	Secretary	2021

	<u>Members</u>	
Jay Barrett	Amarillo, Texas	2023
Dr. David C. Woodburn	Amarillo, Texas	2025
Dan Henke	Amarillo, Texas	2021
Michele Fortunato	Amarillo, Texas	2023
Sally Jennings	Amarillo, Texas	2023
Dr. Paul Proffer	Amarillo, Texas	2025

	<u>Non-Voting Representative</u>	
Ronda Crow	Moore County, Texas	2022
Sara Pesina	Hereford, Texas	2022

Cabinet Members

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

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Independent Auditor's Report

Board of Regents
Amarillo College
Amarillo, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component unit of Amarillo College (the College) as of and for the year ended August 31, 2020, and the business-type activities of the College for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 business-type activities and the aggregate discretely presented component unit of the College as of August 31, 2020 and the business-type activities of the College as of August 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of the College's Proportionate Share of the Net Pension Liability, the Schedule of the College's Contributions for Pensions, Schedule of Proportionate Share of the Net OPEB Liability, Schedule of College's Contributions to the OPEB Plan, and Notes to Required Supplementary Information on pages 8-14 and pages 87-92 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State of Texas Uniform Grants Management Standards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards, the Schedule of Expenditures of State of Texas Awards, and the Other Supplemental Information are the responsibility of management and were derived from and relates 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 section has 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 it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2020, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over the College's financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

CMMS CPAs and Advisors, PLLC

Amarillo, Texas
December 1, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

**AMARILLO COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended August 31, 2020, 2019 and 2018**

INTRODUCTION

The 2020 fiscal year was the nineteenth 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 nineteenth year that the College has prepared these financial statements in the GASB 34/35 format. Following are the comparative financial statements for fiscal years 2020, 2019, and 2018:

AMARILLO COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended August 31, 2020, 2019 and 2018

CONDENSED COMPARATIVE FINANCIAL INFORMATION (CONTINUED)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total Assets - Capital Net	\$ 120,017,634	\$ 124,306,919	\$ 126,622,265
Total Assets - Noncapital	92,994,612	62,782,448	58,000,180
Total Assets	<u>213,012,246</u>	<u>187,089,367</u>	<u>184,622,445</u>
Deferred Outflows	<u>16,507,389</u>	<u>12,740,114</u>	<u>6,266,212</u>
Total Liabilities - Long Term	155,034,384	127,412,631	141,904,048
Total Liabilities - Other	31,441,145	29,571,852	22,205,600
Total Liabilities	<u>186,475,529</u>	<u>156,984,483</u>	<u>164,109,648</u>
Deferred Inflows	<u>30,604,684</u>	<u>34,245,360</u>	<u>20,126,920</u>
Net Position - Capital	40,963,821	66,153,996	66,289,681
Net Position - Restricted	43,264,589	14,662,306	12,097,855
Net Position - Unrestricted	<u>(71,789,988)</u>	<u>(72,216,664)</u>	<u>(71,735,447)</u>
Total Net Position	<u>\$ 12,438,422</u>	<u>\$ 8,599,638</u>	<u>\$ 6,652,089</u>
Operating Revenues			
Tuition and Fees (Net of Discounts)	\$ 13,054,088	\$ 14,506,839	\$ 14,416,526
Grants and Contracts	8,789,074	8,907,307	6,467,853
Other Operating Revenues	1,198,204	1,295,700	6,034,113
Auxiliary Enterprises (Net of Discounts)	<u>5,035,532</u>	<u>5,526,344</u>	<u>5,561,365</u>
Total Operating Revenues	<u>28,076,898</u>	<u>30,236,190</u>	<u>32,479,857</u>
Operating Expenses			
Instruction	35,184,076	35,717,695	38,152,241
Public Service	3,364,396	3,667,945	3,891,530
Academic Support	4,392,563	3,698,136	3,607,041
Student Services	4,990,686	4,975,257	5,060,578
Institutional Support	15,148,492	14,125,681	15,376,170
Operation and Maintenance of Plant	7,689,248	6,938,988	7,156,333
Scholarships and Fellowships	8,378,680	9,906,898	8,475,841
Auxiliary Enterprises	5,475,073	6,126,332	6,280,735
Depreciation	<u>5,422,327</u>	<u>5,692,874</u>	<u>5,827,295</u>
Total Operating Expenses	<u>90,045,541</u>	<u>90,849,806</u>	<u>93,827,764</u>
Operating Loss	<u>(61,968,643)</u>	<u>(60,613,616)</u>	<u>(61,347,907)</u>
Nonoperating Revenues (Expenses)			
State Allocations	20,653,338	18,799,929	21,454,694
Ad Valorem Taxes	29,736,745	26,530,096	25,846,242
Federal Revenue, Nonoperating	16,614,191	17,946,479	16,805,032
Investment Income (Net)	1,407,425	912,004	931,259
Interest on Capital-Related Debt	(3,051,719)	(2,051,395)	(2,191,051)
Other Nonoperating Revenue (Expenses)	<u>92,248</u>	<u>424,052</u>	<u>355,335</u>
Net Nonoperating Revenues	<u>65,452,228</u>	<u>62,561,165</u>	<u>63,201,511</u>

**AMARILLO COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended August 31, 2020, 2019 and 2018**

CONDENSED COMPARATIVE FINANCIAL INFORMATION (CONTINUED)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Extraordinary Item			
Insurance proceeds	355,199	-	1,502,788
Increase in Net Position	3,838,784	1,947,549	3,356,392
Beginning Net Position	8,599,638	6,652,089	86,678,370
Prior Period Adjustment	-	-	(83,382,673)
Ending Net Position	<u>\$ 12,438,422</u>	<u>\$ 8,599,638</u>	<u>\$ 6,652,089</u>

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

REVENUES

State Appropriations – State appropriations for educational and general state is on a slight increase over the past five year. State appropriations for educational and general state support for 2019-20 is \$ 14,847,412 which is in the first year of the current biennium is 9.83% more than the previous year.

<u>Year</u>	<u>State Appropriations</u>	<u>Change from Prior Year</u>	<u>% Change</u>
2016	13,792,946	(1,496,536)	-9.8%
2017	13,815,609	22,663	+0.2%
2018	13,483,127	(332,482)	-2.41%
2019	13,518,127	35,000	+0.26%
2020	14,847,412	1,329,285	+9.83%

Auxiliary Enterprises – Profits from the College's auxiliary enterprises are down \$490,812 directly due to COVID. The operation of family housing remains steady while the East Campus bookstores are down as well. Managers of both bookstores are developing ways to try and get revenues back to budgeting levels.

Investment Income – In 2017 there was an increase in investment income due to improvement in the national economy that has continued through 2020. Although rates have improved, they have not come back to the level that was seen before the financial crisis in 2008. Conservative estimates for investment income are used what budgeting that revenue.

Ad Valorem Tax Base – The Amarillo Junior College District (the District) property appraisal increased \$368 million or 2.85% to the 2019 tax year from the 2018 tax year, \$731 million or 6% from the 2017 tax year to the 2018 tax year, \$839 million or 5.9% from 2016 tax year to 2017 tax year, \$531 million or 4.56% from the 2015 tax year to the 2016 tax year. The increase is made up of new properties, improvements to existing properties, and increased valuations. For the 20-21 budget, property appraisals increased \$425 million or 3.08% over the prior year valuation. We anticipate property values to continue to increase in the foreseeable future.

**AMARILLO COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended August 31, 2020, 2019 and 2018**

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

On September 12, 2019, the College issued \$27,500,000 General Obligation Bonds, Series 2019 Limited Tax Refunding Bonds to be used to construct and equip new buildings and renovate existing facilities.

Additionally, the College refunded the Series 2010 General Obligation bonds and issued Series 2020 Limited Tax refunding bonds.

With the passage of the bond initiative in 2019 and the subsequent sale of \$89 million of construction bonds, the total tax rate for the 2019 tax year increased to \$.22790 per \$100 valuation. The maintenance and operations portion of the tax rate remains at \$0.16499 from the previous year and the interest and sinking portion was increased to \$0.06291.

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 2019-20, 2018-19, 2017-18, and 2016-17, was \$229,750, \$158,822, \$119,988, and \$107,872 respectively.

The Amarillo City Council adopted Ordinance No. 7627 on November 08, 2016, providing for the creation of a second contiguous geographic area within the City to be a zone known as the East Gateway Tax Increment Zone Number 2, City of Amarillo, Texas (TIRZ #2) and the establishment of a tax increment fund for the Zone. The District's boundaries encompass the TIRZ #2. At a regular meeting on November 28, 2017, the Board of Regents approved participation in the TIRZ #2. The contribution by the College to the TIRZ #2 district for 2019-20 and 2018-19 was \$27,034, \$16,756, respectively, and in 2017-18 the contribution was \$3,623.

Economic Outlook – The Amarillo and regional economy continues to grow at a steady pace in spite of COVID issues which have seen our region being put in a shelter-in-place situation. Since that order was lifted, Amarillo has seen a slight increase in state tax returns. In fact, sales tax collection for the state of Texas are up over \$2 million from this time last year. The August 2020 unemployment rate is up 4.40% due to COVID, but we are starting to see an improvement in this area. With COVID playing a major role in the areas unemployment rate, we think it's better to show unemployment number from 2019 as well, as this will paint a more accurate picture of the Amarillo area. August 2019, local unemployment rate of 2.7% is below the state and national averages of 3.4% and 3.7%, respectively.

With COVID playing a major role in our local economy, it's going to be a wait and see scenario until we can truly see what effect it's going to have on our local economy. We have seen trends in the past where when unemployment rate goes up, AC's enrollment goes up. Our best guess at this point is that AC will see enrollment increases in the next two to three years.

**AMARILLO COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended August 31, 2020, 2019 and 2018**

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

EXPENSES

Employee Health Insurance – The College offers health insurance to its employees through the Employees Retirement System of Texas (ERS). The amount funded by the state was \$3.7 million, \$4 million, \$3.9 million, and \$3.47 million for fiscal years 2020, 2019, 2018, and 2017, respectively. Fortunately, AC has not seen an increase in healthcare coverage for the last three year. We are anticipating that trend to continue.

CAPITAL ASSETS AND DEBT ADMINISTRATION

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>Percent Change</u>
Land	\$ 5,335,103	\$ 5,335,103	\$ 5,335,103	0.00%
Construction in progress	-	1,922,775	440,970	100.00%
Buildings and building improvements	163,578,070	161,683,102	160,991,802	-1.17%
Other real estate improvements	9,288,982	9,288,982	9,288,982	0.00%
Library books	455,401	782,814	1,119,060	41.83%
Furniture, machinery, vehicles, and other equipment	34,932,239	35,111,325	34,894,742	0.51%
Assets held pending sale	-	-	62,692	0.00%
Total capital assets	\$ 213,589,795	\$ 214,124,101	\$ 212,133,351	

The College has not entered into any construction contracts this fiscal year.

At August 31, 2020, the College had six bond issues outstanding, consisting of a revenue bond and five general obligation bond issues. The outstanding balance as of August 31, 2020, on each of the issues is \$2,950,000, \$12,215,000, \$8,520,000, \$14,055,000, \$25,790,000 and \$12,785,000 for Series 2011, 2012, 2015, 2016, 2019 and 2020 respectively.

The 2011 revenue bond has an outstanding balance of \$2,950,000.

Total long-term debt, excluding current portion, at August 31, 2020, is \$70,500,000.

<u>Series</u>	<u>2011</u>	<u>2012</u>	<u>2015</u>	<u>2016</u>	<u>2019</u>	<u>2020</u>
Outstanding	\$2,950,000	\$12,215,000	\$8,520,000	\$14,055,000	\$25,790,000	\$12,785,000
Current portion	220,000	820,000	-	2,285,000	1,510,000	980,000
Long-term debt less current portion	<u>\$2,730,000</u>	<u>\$11,395,000</u>	<u>\$8,520,000</u>	<u>\$11,770,000</u>	<u>\$24,280,000</u>	<u>\$11,805,000</u>

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

**AMARILLO COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended August 31, 2020, 2019 and 2018**

OTHER MATTERS AT THE COLLEGE

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 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, which was 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.

**AMARILLO COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended August 31, 2020, 2019 and 2018**

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 had taken place for a total of 77.46 acres being sold for \$863,752. There were no land sales in 2020, 2019, 2018 or 2017.

SUBSEQUENT EVENTS

Since August 31, 2020, the College has entered into architectural agreements for the design of the following projects:

Innovation Outpost
HVAC – West Campus
First Responders Academy
Various ADA Projects for West, East and Washington Campuses
Carter Fitness Center Remodel
Student Service Center and Russell Hall Remodel

All projects are in the design phase and construction is anticipated to begin in the Spring of 2021.

FINANCIAL STATEMENTS

**AMARILLO COLLEGE
STATEMENTS OF NET POSITION
AUGUST 31, 2020 and 2019
Exhibit 1A**

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 13,436,784	\$ 9,633,196
Short-term investments	14,186,712	17,681,900
Accounts receivable, net	15,369,691	16,969,231
Inventories	1,254,855	1,125,051
Other assets	500,438	688,397
Total current assets	<u>44,748,480</u>	<u>46,097,775</u>
NONCURRENT ASSETS		
Restricted cash and cash equivalents	34,949,711	3,220,394
Restricted investments	10,796,421	10,464,279
Endowment cash and cash equivalents	1,000,000	-
Endowment investments	1,500,000	2,500,000
Long-term grant receivable	-	500,000
Capital assets, net	120,017,634	124,306,919
Total noncurrent assets	<u>168,263,766</u>	<u>140,991,592</u>
TOTAL ASSETS	<u>\$ 213,012,246</u>	<u>\$ 187,089,367</u>
DEFERRED OUTFLOW OF RESOURCES		
Deferred outflows on net pension liability	\$ 7,711,161	\$ 9,076,985
Deferred outflows related to OPEB	7,310,149	1,964,753
Deferred charge on refunding	1,486,079	1,698,376
TOTAL DEFERRED OUTFLOWS	<u>\$ 16,507,389</u>	<u>\$ 12,740,114</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 2,218,476	\$ 1,365,484
Accrued compensable absences - current portion	473,834	442,794
Retainage payable	2,374	74,415
Funds held for others	11,757,402	12,093,160
Unearned revenues	10,637,121	11,080,300
Bonds payable - current portion	5,815,000	3,985,000
Capital lease payable - current portion	134,809	30,699
Loans payable - current	402,129	500,000
Total current liabilities	<u>31,441,145</u>	<u>29,571,852</u>
NONCURRENT LIABILITIES		
Accrued compensable absences	967,755	853,386
Deposits payable	158,627	157,631
Bonds payable	70,500,000	51,530,000
Capital lease payable	254,131	78,537
Loans payable - noncurrent	-	414,567
Unamortized debt premium	6,845,274	2,450,438
Net pension liability	17,223,734	18,764,815
Net OPEB liability	59,085,863	53,163,257
Total noncurrent liabilities	<u>155,035,384</u>	<u>127,412,631</u>
TOTAL LIABILITIES	<u>\$ 186,476,529</u>	<u>\$ 156,984,483</u>

AMARILLO COLLEGE
STATEMENTS OF NET POSITION, CONTINUED
AUGUST 31, 2020 and 2019
Exhibit 1A, Continued

	<u>2020</u>	<u>2019</u>
LIABILITIES AND NET POSITION, CONTINUED		
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows on net pension liability	\$ 4,783,368	\$ 3,237,755
Deferred inflows related to OPEB	25,821,316	31,007,605
TOTAL DEFERRED INFLOWS	<u>\$ 30,604,684</u>	<u>\$ 34,245,360</u>
NET POSITION		
Net investment in capital assets	\$ 40,963,821	\$ 66,153,996
Restricted for:		
Nonexpendable:		
Endowment - True	2,500,000	2,500,000
Expendable:		
Capital projects	30,831,864	386,800
Debt service	2,982,584	3,099,331
Other, primarily donor restrictions	6,950,141	8,676,175
Unrestricted	<u>(71,789,988)</u>	<u>(72,216,664)</u>
TOTAL NET POSITION (Schedule D)	<u>\$ 12,438,422</u>	<u>\$ 8,599,638</u>

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

AMARILLO COLLEGE
STATEMENT OF FINANCIAL POSITION OF AMARILLO COLLEGE FOUNDATION, INC.
(A Component Unit of Amarillo College)
AUGUST 31, 2020
Exhibit 1B

ASSETS

Cash	\$ -
Investments, at fair value	48,138,598
Accounts receivable	4,960
Computer software, net	4,960
Oil and gas properties	585,386
TOTAL ASSETS	\$ 48,733,904

LIABILITIES AND NET POSITION

LIABILITIES

Cash overdraft	\$ 23,940
Related party payable	33,579
Accounts payable	14,295
Accrued compensation payable	14,339
Total liabilities	86,153

NET POSITION

Without donor restrictions	
Undesignated	2,693,224
With donor restrictions	
Purpose restrictions	24,924,795
Time-restricted for future purpose	21,029,732
Total net position	48,647,751

TOTAL LIABILITIES AND NET POSITION	\$ 48,733,904
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Note: The term "net assets" was replaced with "net position" in the schedule above in order to conform with GASB presentation requirements.

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

AMARILLO COLLEGE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED AUGUST 31, 2020 and 2019
Exhibit 2A

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Tuition and fees (net of discounts of \$10,590,879 and \$10,127,812) in 2020 and 2019, respectively	\$ 13,054,088	\$ 14,506,839
Federal grants and contracts	3,996,430	3,919,396
State grants and contracts	1,097,550	1,475,363
Local grants and contracts	1,988,629	1,927,040
Nongovernmental grants and contracts	1,706,465	1,585,508
Sales and services of educational activities	148,986	524,620
Auxiliary enterprises (net of discounts)	5,035,532	5,526,344
Other operating revenues	1,049,218	771,080
Total operating revenues (Schedule A)	<u>28,076,898</u>	<u>30,236,190</u>
OPERATING EXPENSES		
Instruction	35,184,076	35,717,695
Public service	3,364,396	3,667,945
Academic support	4,392,563	3,698,136
Student services	4,990,686	4,975,257
Institutional support	15,148,492	14,125,681
Operation and maintenance of plant	7,689,248	6,938,988
Scholarships and fellowships	8,378,680	9,906,898
Auxiliary enterprises	5,475,073	6,126,332
Depreciation	5,422,327	5,692,874
Total operating expenses (Schedule B)	<u>90,045,541</u>	<u>90,849,806</u>
Operating loss	<u>(61,968,643)</u>	<u>(60,613,616)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	20,653,338	18,799,929
Maintenance ad valorem taxes		
Taxes for maintenance and operations	21,483,476	21,067,011
Taxes for general obligation bonds	8,253,269	5,463,085
Federal revenue, non-operating	16,614,191	17,946,479
Gifts	12,950	321,167
Investment income, net of investment expenses	1,407,425	912,004
Interest on capital-related debt	(3,051,719)	(2,051,395)
Gain on disposal of fixed assets	79,298	102,885
Net nonoperating revenues (Schedule C)	<u>65,452,228</u>	<u>62,561,165</u>
Increase (Decrease) before special and extraordinary items	3,483,585	1,947,549
EXTRAORDINARY ITEM		
Insurance proceeds	355,199	-
Increase (Decrease) in net position	<u>3,838,784</u>	<u>1,947,549</u>
NET POSITION - BEGINNING OF YEAR	<u>8,599,638</u>	<u>6,652,089</u>
NET POSITION - END OF YEAR	<u>\$ 12,438,422</u>	<u>\$ 8,599,638</u>

AMARILLO COLLEGE
STATEMENT OF ACTIVITIES OF AMARILLO COLLEGE FOUNDATION, INC.
(A Component Unit of Amarillo College)
Year Ended August 31, 2020
Exhibit 2B

	Without Donor Restriction	With Donor Restriction	Total
REVENUE AND SUPPORT			
Contributions	\$ 184,976	\$ 2,015,952	\$ 2,200,928
Investment income, net	329,251	5,875,226	6,204,477
Oil and gas income	-	48,220	48,220
Miscellaneous revenue	-	12,033	12,033
Special events, less direct cost of \$6,314	(4,814)	-	(4,814)
Total revenue	<u>509,413</u>	<u>7,951,431</u>	<u>8,460,844</u>
Net position released from restrictions - satisfaction of time or purpose restrictions	<u>1,999,479</u>	<u>(1,999,479)</u>	<u>-</u>
Total revenue	<u>2,508,892</u>	<u>5,951,952</u>	<u>8,460,844</u>
EXPENSES			
Program services:			
Grants and program services	1,539,735	-	1,539,735
Institutional activities	296,296	-	296,296
Total program services	<u>1,836,031</u>	<u>-</u>	<u>1,836,031</u>
Supporting services:			
Management and general	411,229	-	411,229
Fundraising	43,305	-	43,305
Total supporting services	<u>454,534</u>	<u>-</u>	<u>454,534</u>
Total operating expenses	<u>2,290,565</u>	<u>-</u>	<u>2,290,565</u>
Nonoperating gains	<u>218,327</u>	<u>5,951,952</u>	<u>6,170,279</u>
CHANGE IN NET POSITION	218,327	5,951,952	6,170,279
NET POSITION, BEGINNING OF YEAR	<u>2,474,897</u>	<u>40,002,575</u>	<u>42,477,472</u>
NET POSITION, END OF YEAR	<u>\$ 2,693,224</u>	<u>\$ 45,954,527</u>	<u>\$ 48,647,751</u>

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

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

**AMARILLO COLLEGE
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2020 and 2019
Exhibit 3A**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from students and other customers	\$ 17,320,678	\$ 21,164,029
Receipts from grants and contracts	10,424,914	1,599,835
Payments to suppliers for goods or services	(19,162,405)	(19,873,642)
Payments to or on behalf of employees	(59,292,969)	(56,840,463)
Payments of scholarships	(8,619,782)	(10,203,391)
Other cash receipts (payments)	1,753,601	744,306
Net cash used by operating activities	<u>(57,575,963)</u>	<u>(63,409,326)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipts from state appropriations	20,655,647	18,804,890
Receipts from ad valorem taxes	29,720,701	26,459,490
Receipts from nonoperating federal revenue	16,614,191	24,401,121
Receipts from gift or grants	12,950	321,167
Student organization and other agency transactions	16,496	10,003
Extraordinary item - insurance proceeds	355,199	-
Net cash provided by noncapital financing activities	<u>67,375,184</u>	<u>69,996,671</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of capital assets	141,303	214,280
Payments on lease payable	(97,078)	-
Payments on notes payable	(512,438)	(585,433)
Purchases of capital assets	(890,304)	(3,281,760)
Proceeds on bonds issuance	40,285,000	-
Bonds issuance costs	(484,634)	-
Payments on capital debt principal	(5,695,000)	(3,585,000)
Payments on bond refunding	(13,790,000)	-
Payments on capital debt interest	(2,919,825)	(2,098,692)
Refunding premium received	4,959,873	-
Net cash provided (used) by capital and related financing activities	<u>20,996,897</u>	<u>(9,336,605)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturity of investments	20,980,081	24,879,579
Purchases of investments	(17,299,699)	(22,273,558)
Investment earnings	2,056,405	637,266
Net cash provided by investing activities	<u>5,736,787</u>	<u>3,243,287</u>
INCREASE IN CASH AND CASH EQUIVALENTS	<u>36,532,905</u>	<u>494,027</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR (RESTRICTED AND UNRESTRICTED)	<u>12,853,590</u>	<u>12,359,563</u>
CASH AND CASH EQUIVALENTS, END OF YEAR (RESTRICTED AND UNRESTRICTED)	<u>\$ 49,386,495</u>	<u>\$ 12,853,590</u>

AMARILLO COLLEGE
STATEMENTS OF CASH FLOWS, CONTINUED
YEARS ENDED AUGUST 31, 2020 and 2019
Exhibit 3A, Continued

	<u>2020</u>	<u>2019</u>
Reconciliation of net operating loss to net cash used by operating activities:		
Operating loss	\$ (61,968,643)	\$ (60,613,616)
Adjustments to reconcile net operating loss to net cash used by operating activities:		
Depreciation expense	5,422,327	5,692,874
Bad debt	554,407	550,137
Changes of deferred inflows of financial resources	(3,640,676)	14,118,440
Changes of deferred outflows of financial resources	(3,979,572)	(6,686,199)
Changes in assets and liabilities:		
Accounts receivable, net	1,558,866	(7,327,928)
Inventories	(129,804)	31,275
Other assets	21,643	129,945
Accounts payable	852,992	162,583
Accrued compensable absences	145,409	108,746
Funds held for others	(352,254)	52,000
Unearned revenue	(443,179)	196,518
Net pension liability	(1,541,081)	8,527,215
Net OPEB liability	5,922,606	(18,356,666)
Deposits payable	996	5,350
Net cash used by operating activities	<u>\$ (57,575,963)</u>	<u>\$ (63,409,326)</u>
Non-Cash Transactions		
State on-behalf payments	\$ 5,522,787	\$ 6,564,499
Increase (decrease) in fair value of investments	482,666	(195,967)
Amortization of bond premiums	(565,037)	(259,594)
Amortization of deferred charge on bond refundings	212,297	212,297

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

AMARILLO COLLEGE
STATEMENT OF CASH FLOWS OF AMARILLO COLLEGE FOUNDATION, INC.
(A Component Unit of Amarillo College)
Year Ended August 31, 2020
Exhibit 3B

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from donors	\$ 1,486,554
Receipts from special events	1,500
Receipts from miscellaneous revenue	12,855
Receipts from oil & gas properties	48,220
Payments of scholarships	(1,171,335)
Payments of grants	(368,400)
Payments for salaries, benefits and payroll taxes	(250,999)
Payments to suppliers for goods or services	(547,498)
Net cash used by operating activities	(789,103)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of investments	(7,634,821)
Proceeds from maturities and sales of investments	7,614,829
Distributions from Private equity funds	164,559
(Additions to) Withdrawals from endowments	(56,580)
Restricted investment income	4,573
Net cash provided by investing activities	92,560

CASH FLOWS FROM FINANCING ACTIVITIES

Contributions and transfers to endowment	609,473
Net cash provided by investing activities	609,473

DECREASE IN CASH AND CASH EQUIVALENTS (87,070)

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 63,130

CASH AND CASH EQUIVALENTS, END OF YEAR \$ (23,940)

AMARILLO COLLEGE
STATEMENT OF CASH FLOWS OF AMARILLO COLLEGE, FOUNDATION, INC.
(A Component Unit of Amarillo College)
Year Ended August 31, 2020
Exhibit 3B, Continued

**Reconciliation of net operating income (loss) to net cash
used by operating activities:**

Operating income (loss)	\$ 6,170,279
Adjustments to reconcile net operating loss to net cash used by operating activities:	
Net realized (gain) loss on investments	(189,370)
Net unrealized (gain) loss on investments	(5,635,577)
Contributions and transfers to endowment	(609,473)
Releases from endowments	56,580
Investments income - restricted	(4,573)
Noncash dividends	(595,610)
Noncash contributions	-
Depreciation	1,699
Changes in:	
Promises to give	1,000
Accounts receivable	822
Payables to related parties	11,681
Accounts payable	10,196
Accrued compensation payable	(6,757)
Net cash used by operating activities	<u>\$ (789,103)</u>

Non-Cash Transactions

Net change in fair value investments	\$ 5,635,577
Contributed services and in-kind facilities use	125,404

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

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 1 - REPORTING ENTITY

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Guidelines

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

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tuition Discounting

Texas Public Education Grants

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

Title IV, Higher Education Act Program Funds

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

Other Tuition Discounts

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

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

Basis of Accounting

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

Budgetary Data

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

Deferred Inflows

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows (Continued)

not be recognized as an inflow of resources (revenue) until that time. Governments are only permitted to report deferred inflows in circumstances specifically authorized by the GASB. The College has deferred inflows related to the recording of the net pension liability and the OPEB liability.

Deferred Outflows

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

Cash and Cash Equivalents

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

Restricted Cash

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

Investments

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

Inventories

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

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, there were no impairment losses recognized during 2020.

Unearned Revenues

Tuition, fees, and other revenues received and related to the periods after August 31, 2020 and 2019, have been deferred. Tuition and fees of \$8,846,194 and \$9,558,717 have been reported as unearned revenue at August 31, 2020 and 2019, respectively.

Pensions

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

Other Postemployment Benefits

The fiduciary net position of the Employee Retirement System of Texas (ERS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Postemployment Benefits (Continued)

information about assets, liabilities and additions to / deductions from ERS's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

Estimates

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

Operating and Nonoperating Revenue and Expense Policy

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

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

NOTE 3 - AUTHORIZED INVESTMENTS

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

	<u>2020</u>	<u>2019</u>
Demand deposits	\$ 1,180,955	\$ 651,683
Local Government Investments Pool (Tex Pool) deposits	48,138,790	12,155,157
Petty cash	<u>66,750</u>	<u>46,750</u>
Total	<u>\$49,386,495</u>	<u>\$ 12,853,590</u>

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

<u>Type of Security</u>	<u>Market Value</u>	
	<u>2020</u>	<u>2019</u>
Mutual funds	\$ 11,489,698	\$ 10,531,164
Certificates of deposit/CDARs	<u>14,993,435</u>	<u>20,115,015</u>
Total investments	<u>\$ 26,483,133</u>	<u>\$ 30,646,179</u>

Reconciliation of deposits and investments between Note 4 and Exhibit 1, Statements of Net Position on August 31, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Total cash and cash equivalents	\$ 49,386,495	\$ 12,853,590
Total investments	<u>26,483,133</u>	<u>30,646,179</u>
Total	<u>\$ 75,869,628</u>	<u>\$ 43,499,769</u>

Per Exhibit 1A:

Cash and cash equivalents	\$ 13,436,784	\$ 9,633,196
Short term investments	14,186,712	17,681,900
Restricted cash and cash equivalents-noncurrent	34,949,711	3,220,394
Restricted Investments	10,796,421	10,464,279
Endowment cash and cash equivalents-noncurrent	1,000,000	-
Endowment investments	<u>1,500,000</u>	<u>2,500,000</u>
Total	<u>\$ 75,869,628</u>	<u>\$ 43,499,769</u>

As of August 31, 2020, the College had the following investments and maturities:

<u>Investment Type</u>	<u>Market Value</u>	<u>Percent</u>	<u>Investment Maturities (Years)</u>	<u>Security Rating</u>
Money markets/mutual funds	\$ 11,489,698	45%	Less than 1 year	Unrated - BBB
Certificates of deposit/CDARS	<u>14,993,435</u>	<u>55%</u>	Less than 1 year	Unrated
Total investments	<u>\$ 26,483,133</u>	<u>100%</u>		

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

Concentration of Credit Risk - Concentration risk is defined as positions of 5% or more in the securities of a single issuer. The College's investment policy states that the balance in external investment pools shall not exceed 35% of the total College investment portfolio unless approved by the Investment Committee of the Board of Regents. The College had no concentration of more than 5% as of August 31, 2020. Also the College has approximately \$48,000,000 in TexPool this amount is 64% of deposits and investments.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

Custodial Credit Risk - For deposits and investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of August 31, 2020, \$0- of the College's bank balances of \$2,284,050 were exposed to custodial risk.

Participation in External Investment Pools

As of August 31, 2020, the carrying amount of amounts invested in investment pools was \$48,138,790. Investment pools are recorded at cost, which approximated market value at August 31, 2020. 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.

NOTE 5 - FAIR VALUE MEASUREMENTS

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

The three levels are defined as follows:

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

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 5 - FAIR VALUE MEASUREMENTS (CONTINUED)

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

Assets Measured at Fair Value on a Recurring Basis

		Fair Value Measurements Using:		
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>August 31, 2020:</u>				
Money market mutual funds	\$ 277,027	\$ 277,027	\$ -	\$ -
CDARS and certificates of deposit	14,993,435	-	14,993,435	-
Mutual funds	<u>11,212,671</u>	<u>11,212,671</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 26,483,133</u>	<u>\$ 11,489,698</u>	<u>\$ 14,993,435</u>	<u>\$ -</u>
<u>August 31, 2019:</u>				
Money market mutual funds	\$ 271,193	\$ 271,193	\$ -	\$ -
CDARS and certificates of deposit	20,115,015	-	20,115,015	-
Mutual funds	<u>10,259,971</u>	<u>10,259,971</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 30,646,179</u>	<u>\$ 10,531,164</u>	<u>\$ 20,115,015</u>	<u>\$ -</u>

For the valuation of money market funds and mutual funds, at August 31, 2020 and 2019, the College used quoted prices in principal active markets for identical assets as of the valuation date (Level 1).

For the valuation of CDARS and certificates of deposit at August 31, 2020 and 2019, the College used significant other observable inputs as of the valuation date, particularly dealer market price for comparable investments as of the valuation date (Level 2).

A summary of investments classified according to any restrictions at August 31, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Unrestricted investments	<u>\$ 14,186,712</u>	<u>\$ 17,681,900</u>
Restricted investments:		
Temporarily restricted	10,796,421	10,464,279
Permanently restricted	<u>1,500,000</u>	<u>2,500,000</u>
Total restricted investments	<u>12,296,421</u>	<u>12,964,279</u>
Total investments	<u>\$ 26,483,133</u>	<u>\$ 30,646,179</u>

There were no fair values of assets and liabilities measured on a nonrecurring basis at August 31, 2020 and 2019.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 6 - CAPITAL ASSETS

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

	Balance September 1, 2019	Increases	Decreases	Balance August 31, 2020
Not depreciated:				
Land	\$ 5,335,103	\$ -	\$ -	\$ 5,335,103
Construction in progress	1,922,775	190,207	2,112,982	-
Total not depreciated	<u>7,257,878</u>	<u>190,207</u>	<u>2,112,982</u>	<u>5,335,103</u>
Other capital assets:				
Buildings and building improvements	161,683,102	1,945,242	50,274	163,578,070
Other real estate improvements	9,288,982	-	-	9,288,982
Total buildings and other real estate improvements	<u>170,972,084</u>	<u>1,945,242</u>	<u>50,274</u>	<u>172,867,052</u>
Library books	782,814	28,775	356,188	455,401
Furniture, machinery, vehicles and other equipment	35,111,325	1,143,805	1,322,891	34,932,239
Total other capital assets	<u>206,866,223</u>	<u>3,117,822</u>	<u>1,729,353</u>	<u>208,254,692</u>
Accumulated depreciation:				
Buildings and building improvements	55,064,079	3,271,733	30,646	58,305,166
Other real estate improvements	4,309,540	496,891	-	4,806,431
Total buildings and other real estate improvements	<u>59,373,619</u>	<u>3,768,624</u>	<u>30,646</u>	<u>63,111,597</u>
Library books	663,534	15,961	356,188	323,307
Furniture, machinery, vehicles and other equipment	29,780,029	1,637,742	1,280,514	30,137,257
Total accumulated depreciation	<u>89,817,182</u>	<u>5,422,327</u>	<u>1,667,348</u>	<u>93,572,161</u>
Net other capital assets	<u>117,049,041</u>			<u>114,682,531</u>
Net capital assets	<u><u>\$ 124,306,919</u></u>			<u><u>\$ 120,017,634</u></u>

The College entered into construction contracts during the year. The total current commitments are \$-0- at August 31, 2020. Capital assets include gross assets acquired under capital leases of \$488,426 as of August 31, 2020. Related amortization included in accumulated depreciation was \$44,594. Capital leases are included as a component of furniture, machinery, vehicles, and other equipment. Amortization of assets under capital leases is included in depreciation expense.

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

	Balance September 1, 2018	Increases	Decreases	Balance August 31, 2019
Not depreciated:				
Land	\$ 5,335,103	\$ -	\$ -	\$ 5,335,103
Construction in progress	440,970	2,173,105	691,300	1,922,775
Assets held pending sale	62,692	-	62,692	-
Total not depreciated	<u>5,838,765</u>	<u>2,173,105</u>	<u>753,992</u>	<u>7,257,878</u>

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 6 - CAPITAL ASSETS (CONTINUED)

	<u>Balance</u> <u>September 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>August 31, 2019</u>
Other capital assets:				
Buildings and building improvements	160,991,802	691,300	-	161,683,102
Other real estate improvements	<u>9,288,982</u>	<u>-</u>	<u>-</u>	<u>9,288,982</u>
Total buildings and other real estate improvements	<u>170,280,784</u>	<u>691,300</u>	<u>-</u>	<u>170,972,084</u>
Library books	1,119,060	31,184	367,430	782,814
Furniture, machinery, vehicles and other equipment	<u>34,894,742</u>	<u>1,221,945</u>	<u>1,005,362</u>	<u>35,111,325</u>
Total other capital assets	<u>206,294,586</u>	<u>1,944,429</u>	<u>1,372,792</u>	<u>206,866,223</u>
Accumulated depreciation:				
Buildings and building improvements	51,805,689	3,258,390	-	55,064,079
Other real estate improvements	<u>3,758,146</u>	<u>551,394</u>	<u>-</u>	<u>4,309,540</u>
Total buildings and other real estate improvements	<u>55,563,835</u>	<u>3,809,784</u>	<u>-</u>	<u>59,373,619</u>
Library books	1,013,453	17,510	367,429	663,534
Furniture, machinery, vehicles and other equipment	<u>28,871,106</u>	<u>1,865,580</u>	<u>956,657</u>	<u>29,780,029</u>
Total accumulated depreciation	<u>85,448,394</u>	<u>5,692,874</u>	<u>1,324,086</u>	<u>89,817,182</u>
Net other capital assets	<u>120,846,192</u>			<u>117,049,041</u>
Net capital assets	<u><u>\$ 126,684,957</u></u>			<u><u>\$ 124,306,919</u></u>

NOTE 7 - NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended August 31, 2020, was as follows:

	<u>Balance</u> <u>September 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>August 31, 2020</u>	<u>Due Within</u> <u>One Year</u>
Bonds					
General obligation bonds	\$ 52,355,000	\$ 40,285,000	\$ 19,275,000	\$ 73,365,000	\$ 5,595,000
Revenue bonds	<u>3,160,000</u>	<u>-</u>	<u>210,000</u>	<u>2,950,000</u>	<u>220,000</u>
Subtotal	55,515,000	40,285,000	19,485,000	76,315,000	5,815,000
Accrued compensable absences	1,296,180	145,409	-	1,441,589	473,834
Deposits	157,631	36,398	35,402	158,627	-
Capital lease payable	109,236	376,782	97,078	388,940	134,809
Loans payable	914,567	-	512,438	402,129	402,129
Unamortized debt premium	2,450,438	4,959,873	565,037	6,845,274	-
Net pension liability	18,764,815	-	1,541,081	17,223,734	-
Net OPEB liability	<u>53,163,257</u>	<u>20,537,569</u>	<u>14,614,963</u>	<u>59,085,863</u>	<u>-</u>
	<u><u>\$ 132,371,124</u></u>	<u><u>\$ 66,341,031</u></u>	<u><u>\$ 36,850,999</u></u>	161,861,156	<u><u>\$ 6,825,772</u></u>
Current portion				(6,825,772)	
Noncurrent liabilities				<u><u>\$ 155,035,384</u></u>	

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 7 - NONCURRENT LIABILITIES (CONTINUED)

Noncurrent liability activity for the year ended August 31, 2019, was as follows:

	Balance <u>September 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>August 31, 2019</u>	Due Within <u>One Year</u>
Bonds					
General obligation bonds	\$ 55,735,000	\$ -	\$ 3,380,000	\$ 52,355,000	\$ 3,775,000
Revenue bonds	3,365,000	-	205,000	3,160,000	210,000
Subtotal	59,100,000	-	3,585,000	55,515,000	3,985,000
Accrued compensable absences	1,187,434	110,874	2,128	1,296,180	442,794
Deposits	152,281	46,651	41,301	157,631	-
Capital lease payable	23,708	109,236	23,708	109,236	30,699
Loans payable	1,500,000	-	585,433	914,567	500,000
Unamortized debt premium	2,710,032	-	259,594	2,450,438	-
Net pension liability	10,237,600	9,675,673	1,148,458	18,764,815	-
Net OPEB liability	71,519,923	4,627,794	22,984,460	53,163,257	-
	<u>\$ 146,430,978</u>	<u>\$ 14,570,228</u>	<u>\$ 28,630,082</u>	132,371,124	<u>\$ 4,958,493</u>
Current portion				(4,958,493)	
Noncurrent liabilities				<u>\$ 127,412,631</u>	

NOTE 8 - DEBT OBLIGATIONS

Debt service requirements at August 31, 2020, were as follows:

For the Year Ended	Revenue Bonds		General Obligation Bonds		Total Bonds	
<u>August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 220,000	\$ 118,000	\$ 5,595,000	\$ 2,545,650	\$ 5,815,000	\$ 2,663,650
2022	230,000	109,200	5,250,000	2,342,119	5,480,000	2,451,319
2023	235,000	100,000	5,450,000	2,137,264	5,685,000	2,237,263
2024	245,000	90,600	5,765,000	1,928,937	6,010,000	2,019,538
2025	255,000	80,800	5,980,000	1,711,663	6,235,000	1,792,463
2026-2030	1,440,000	242,400	28,350,000	5,319,644	29,790,000	5,562,044
2031-2035	325,000	13,000	9,920,000	1,996,119	10,245,000	2,009,119
2036-2040	-	-	7,055,000	439,875	7,055,000	439,875
Total	<u>\$ 2,950,000</u>	<u>\$ 754,000</u>	<u>\$ 73,365,000</u>	<u>\$ 18,421,271</u>	<u>\$ 76,315,000</u>	<u>\$ 19,175,271</u>

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 8 - DEBT OBLIGATIONS (CONTINUED)

Capital Leases

Obligations under capital leases at August 31, 2020, were as follows:

For the Year Ended August 31,	Total
2021	\$ 134,809
2022	134,809
2023	132,182
2024	<u>39,836</u>
Total minimum lease payments	441,636
Less: Amount representing interests costs	<u>(52,696)</u>
Present Value of minimum lease payment	<u>\$ 388,940</u>

Operating Lease

The College leases a building from a not-for-profit organization for \$1 a year for 36 months. The College is required to use this building to provide child care services. The lease was effective March 1, 2017 and expired February 29, 2020 and has carried over to a month-to-month lease.

NOTE 9 - NOTES PAYABLE

The College received a U.S. Department of Education Grant to fund a new building. The Title III Hispanic-Serving Institution (HSI) STEM Grant is funding the construction of a Greenhouse. 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 the building project. The bank loan (including principal and interest) is 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 pay for construction.
- Note is due in annual installments of \$500,000, plus interest with a rate of 3.65% , due May 11, 2021.

Debt service requirements at August 31, 2020, are as follows:

For the Year Ended August 31,	<u>Title III HSI STEM Note</u>	
	<u>Principal</u>	<u>Interest</u>
2021	<u>\$ 402,129</u>	<u>\$ 10,478</u>
Total	<u>\$ 402,129</u>	<u>\$ 10,478</u>

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 10 - 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.
- 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, 2020 and 2019, \$2,950,000 and \$3,160,000, respectively.
- The bonds are due in annual installments varying from \$335,000 to \$339,200, including interest at 4.0%, with the final installment due in 2031.

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. Refunding of bonds in March 2020 refunded \$12,785,000 to Series 2020 Limited Tax Refunding Bonds.
- 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 College on taxable property. Outstanding balance at August 31, 2020 and 2019: \$-0- and \$14,565,000, respectively.
- The bonds were paid in full in 2020.

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.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 10 - BONDS PAYABLE (CONTINUED)

- Source of revenue for debt service – Ad valorem tax levied by the College on taxable property. Outstanding balance at August 31, 2020 and 2019: \$12,215,000 and \$12,990,000, respectively.
- The bonds are due in annual installments varying from \$1,191,481 to \$1,276,178, including interest with interest rates from 3.0% to 4.0%, with the final installment due in 2032.

Limited Tax Refunding Bonds, Series 2015

- Limited Tax Refunding Bonds, Series 2015, used to refund part of General Obligations Bonds Series 2008.
- Issued July 2, 2015
- Average Interest rate of bonds: 4.022%
- Proceeds from Series 2015: \$9,946,064 received, less cost of issuance of \$171,193, of which the remainder, \$9,774,871, was used in refunding part the General Obligations Bonds Series 2008.
- Source of revenue for the debt service – Ad valorem tax levied by the College on taxable property. Outstanding balance at August 31, 2020 and 2019: \$8,520,000, respectively.
- The bonds are due in annual installments varying from \$343,450 to \$1,779,800, including interest with the interest rates from 4.00% to 4.50%, with the final installment due in 2028.

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

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

Limited Tax Refunding Bonds, Series 2016

- Limited Tax Refunding Bonds, Series 2016, used to refund a portion of the General Obligations Bond Series 2008 and the General Obligation Bonds Series 2009.
- Issued September 1, 2016

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 10 - BONDS PAYABLE (CONTINUED)

- Average Interest rate of bonds: 3.1211%
- Proceeds from Series: \$19,321,621 received, less cost of insurance of \$148,080, of which the remainder, \$19,173,541, was used in refunding part of the General Obligations Bonds Series 2008 and 2009.
- Source of revenue for the debt service – Ad Valorem tax levied by the College. Outstanding balance at August 31, 2020 and 2019 was \$14,055,000 and \$16,280,000, respectively.
- The bonds are due in annual installments varying from \$1,343,363 to \$2,701,938 including interest with the interest rates from 2.00% to 4.00%, with the final installment due in 2029.

On September 1, 2016, the College issued limited tax refunding bonds in the amount of \$17,720,000 with an interest rate from 2.00% to 4.00% to advance refund term bonds with an interest rate from 4.05% to 5.00% and a par value of \$17,720,000. The term bonds mature on February 15, 2029 and are callable on February 15, 2026. The limited tax refunding bonds were issued at par and, after paying issuance costs of \$148,080 and including the reoffering premium of \$1,601,621, the net proceeds were \$19,173,541. The net proceeds from the issuance of the limited tax refunding bonds were used to purchase U.S. government securities, and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the term bonds are called on February 15, 2018 for 2008 series and February 15, 2019 for 2009 series. The advance refunding met the requirements of an in-substance debt defeasance, and the term bonds were removed from the District's financial statements. The defeased bonds were paid off during 2019.

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

General Obligation Bonds, Series 2019

- General Obligation Bonds, Series 2019, used for the construction, acquisition, renovation, and equipment of school buildings for the College and the purchase of necessary sites therefor and to pay the cost of issuance of the Bonds.
- Issued on: September 12, 2019
- Average Interest Rate of Bonds: 4.2765%
- Net proceeds from series: \$31,310,897 received, less cost of issuance of \$159,959 and underwriter's discount of \$150,938, of which the remainder \$31,000,000 will be used to fund the projects.
- Source of revenue for debt service – Ad valorem tax levied by the College. Outstanding balance at 08/31/2020 of \$25,790,000.
- The bonds are due in semi-annual installments the total annual payments vary from \$1,872,200 to \$2,562,850 including interest with interest rates from 3% to 5%.

**AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019**

NOTE 10 - BONDS PAYABLE (CONTINUED)

- Maturity date: Bonds mature on February 15, 2029 and are callable on February 15, 2028.

Limited Tax Refunding Bonds, Series 2020

- Limited Tax Refunding Bonds, Series 2020, used to refund the General Obligations Bond Series 2010.
- Issued on March 12, 2020
- Average interest rate of bonds: 2.8942%
- Proceeds from series: \$13,850,076 received, less cost of issuance of \$211,901, of which the remainder, \$13,638,174 was used in refunding the General Obligation Bonds Series 2010.
- Source of revenue for the debt service – Ad valorem tax levied by the District. Outstanding balance at August 31, 2020 of \$12,785,000.
- The bonds are due in semi-annual installments with the total annual installments varying from \$1,335,800 to \$1,493,075 including interest with interest rates from 2.00% to 3.00%, with the final installment due in 2030.

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

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

Total Interest Expense

For the years ending August 31, 2020 and 2019, total interest expense was \$2,917,980 and \$2,095,094, respectively.

NOTE 11 - EMPLOYEES' RETIREMENT PLANS

Plan Description

The College participates in a cost-sharing, multiple-employer defined benefit pension plan (the Plan) that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 11 - EMPLOYEES' RETIREMENT PLANS

Plan Description (Continued)

accordance with the Texas Constitution, Article XVI, Section 67, and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code (IRC). The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefits.

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

Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report is available at www.trs.texas.gov/TRS%20Documents/cafr2019.pdf (select *About TRS*, then *Publications*, then *Financial Reports*); by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided

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

The Board of Trustees does not have the authority to establish or amend benefits. State law requires the plan to be actuarially sound in order for the Legislature to consider a benefit enhancement, such as supplemental payment to the retirees. In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (SB12) that provides for gradual contribution increases from the state, participating employers, and active employees to make the pension fund actuarially sound. These increases immediately made the pension fund actuarially sound and the legislature approved funding for a 13th check. All eligible members retired as of December 31, 2018 received an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever was less.

The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, whose formulas use the three highest annual salaries. The normal service retirement is at age 65 with 5 years of service credit or when the sum of the member's age and years of credited service equals 80 or more years.

**AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019**

NOTE 11 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Benefits Provided (Continued)

Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic postemployment benefit changes, including automatic cost of living adjustments (COLAs). Ad hoc postemployment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

Contributions

Contribution requirements are established or amended pursuant to Article XVI, Section 67 of the Texas Constitution which requires the Texas Legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code Section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The 85th Texas Legislature, General Appropriations Act (GAA) affirmed that the employer contribution rates for fiscal years 2018 and 2019 would remain the same. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025.

Contribution amounts are as follows:

	Contributions Required and Made
2020 Member (Employee) Contributions	\$ 2,258,224
2020 College (Employer) Contributions	1,341,842
2019 Non-employer contributing agency (State)	733,929

Contribution rates for Plan fiscal years (September to August) 2020 and 2019 follow:

	Contribution Rates Plan Fiscal Year	
	<u>2020</u>	<u>2019</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity	7.5%	6.8%
Employer	7.5%	6.8%

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 11 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Contributions (Continued)

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

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

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

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

At August 31, 2020, the College owes TRS \$60,000 in payments related to monthly employer and employee contributions.

Actuarial Assumptions

A change was made in the measurement date of the total pension liability for the 2019 measurement year. The actuarial valuation was performed as of August 31, 2018. Update procedures were used to roll forward the total pension liability to August 31, 2019.

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

**AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019**

NOTE 11 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions (Continued)

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

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

Valuation date	August 31, 2018 rolled forward to August 31, 2019
Actuarial cost method	Individual Entry Age Normal
Asset valuation method	Market Value
Actuarial assumptions:	
Single discount rate	7.25%
Long-term expected investment rate of return	7.25%
Municipal bond rate*	2.63%*
Last year ending August 31 in the 2016 to 2115 projection period (100 years)	2116
Inflation	2.30%
Salary increases including inflation	3.05% to 9.05%, including inflation
Ad hoc postemployment benefit changes	None

* Source: The municipal bond rate used is 2.63% as of August 31, 2019 (i.e. the rate closest to but not later than measurement date) Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."

The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2018.

Changes Since the Prior Actuarial Valuation

Assumptions, methods, and plan changes which are specific to the Pension Trust Fund were updated from the prior year's report. The Net Pension Liability increased significantly since the prior measurement date due to a change in the following actuarial assumptions:

1. The total pension liability as of August 31, 2019 was developed using a roll-forward method from the August 31, 2018 valuation.
2. The single discount rate as of August 31, 2018 was a blended rate of 6.907% and that has changed to the long-term rate of return of 7.25% as of August 31, 2019.
3. With the enactment of SB 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected based on actuarial assumptions.

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

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 11 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Discount Rate

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

The long-term expected rate of return on pension plan investments is 7.25%. The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target allocation as of August 31, 2019 are summarized below:

<u>Asset Class</u>	<u>FY 2019 Target Allocation</u> *	<u>New Target Allocation</u> **	<u>Long-Term Expected Geometric Real Rate of Return</u> ***
Global Equity			
USA	18.00%	18.00%	6.40%
Non-U.S. developed	13.00%	13.00%	6.30%
Emerging Markets	9.00%	9.00%	7.30%
Directional Hedge Funds	4.00%	0.00%	0.00%
Private Equity	13.00%	14.00%	8.40%
Stable Value			
U.S. Treasuries****	11.00%	16.00%	3.10%
Stable Value Hedge Funds	4.00%	5.00%	4.50%
Absolute Return (Including Credit Sensitive Investments)	0.00%	0.00%	0.00%
Real Return			
Global Inflation Linked Bonds****	3.00%	0.00%	0.00%
Real Estate	14.00%	15.00%	8.50%
Energy, Natural Resources and Infrastructure	5.00%	6.00%	7.30%
Commodities	0.00%	0.00%	0.00%

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 11 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Discount Rate (Continued)

<u>Asset Class</u>	<u>FY 2019 Target Allocation*</u>	<u>New Target Allocation**</u>	<u>Long-Term Expected Geometric Real Rate of Return***</u>
Risk Parity			
Risk Parity	5.00%	8.00%	5.80%/6.50%****
Asset Allocation Leverage			
Cash	1.00%	2.00%	2.50%
Asset Allocation Leverage	0.00%	(6.00)%	2.70%
Expected Return		7.23%	

* FY 2019 Target Allocation based on Strategic Asset Allocation dated 10/01/2018

** New target allocation based on the Strategic Asset Allocation dated 10/01/2019

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

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

***** 5.80% (6.50%) return expectation corresponds to Risk Parity with a 10% (12%) target volatility

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

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.250%) in measuring the 2019 Net Pension Liability:

	<u>1% Decrease in Discount Rate 6.250%</u>	<u>Current Discount Rate 7.250%</u>	<u>1% Increase in Discount Rate 8.250%</u>
College's proportionate share of the net pension liability	\$ 26,475,381	\$ 17,223,734	\$ 9,728,114

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

At August 31, 2020, the College reported a liability of \$17,223,734 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the College. The amount recognized by the College as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the College were as follows:

College's proportionate share of the net pension liability	\$ 17,223,734
State's proportionate share of the net pension liability associated with the College	<u>10,900,636</u>
Total	<u>\$ 28,124,370</u>

**AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019**

NOTE 11 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

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

The net pension liability was measured as of August 31, 2018 and rolled forward to August 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2018 rolled forward to August 31, 2019. The College's proportion of the net pension liability was based on the College's contributions to the pension plan relative to the contributions of all participating entities to the Plan for the period September 1, 2018, through August 31, 2019.

At August 31, 2019, the College's proportion of the collective net pension liability was 0.0331333162%, which is a decrease of (0.009582338%) from its proportion measured as of August 31, 2018.

For the year ended August 31, 2020, the College recognized pension expense of \$3,082,692 and revenue of \$1,712,336 for support provided by the State.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 72,355	\$ 598,035
Changes of assumptions	5,343,648	2,208,248
Net difference between projected and actual earnings on pension plan investments	172,946	-
Changes in proportion and differences between College contributions and proportionate share of contributions	780,370	1,977,085
College contributions subsequent to the measurement date	<u>1,341,842</u>	<u>-</u>
Total	<u>\$ 7,711,161</u>	<u>\$ 4,783,368</u>

At August 31, 2019, the College reported its proportionate share of the TRS's deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 116,964	\$ 460,414
Changes of assumptions	6,765,620	211,426
Net difference between projected and actual earnings on pension plan investments	-	356,049

**AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019**

NOTE 11 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between College contributions and proportionate share of contributions	1,034,359	2,209,866
College contributions subsequent to the measurement date	<u>1,160,042</u>	<u>-</u>
Total	<u>\$ 9,076,985</u>	<u>\$ 3,237,755</u>

The \$1,341,842 amount reported at August 31, 2020 as deferred outflows of resources related to pensions resulting from District contributions to the pension plan made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending August 31, 2021.

The net amounts of the employer's balances of deferred outflows and inflows (not including the deferred contribution paid subsequent to the measurement date) of resources related to pensions will be recognized in pension expense as follows:

Year ended August 31,

2021	\$ 172,743
2022	(1,838)
2023	506,852
2024	790,331
2025	297,161
Thereafter	<u>(179,298)</u>
Total	<u>\$ 1,585,951</u>

Optional Retirement Plan – Defined Contribution Plan

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

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% for fiscal years 2020 and 2019. The participant contribution rate is 6.65% for both 2020 and 2019. 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.

**AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019**

NOTE 11 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Optional Retirement Plan – Defined Contribution Plan (Continued)

Because these are individual annuity contracts, the state has no additional or unfunded liability for this program. S.B. 1812, 83rd Texas Legislature, Regular Session, effective September 1, 2013, limits the amounts of the state's contribution to 50% of eligible employees in the reporting district.

The ORP expense to the state for the College was \$261,456, \$239,657, and \$244,507, for the fiscal years ended August 31, 2020, 2019, and 2018, respectively. This amount represents the portion of expended appropriations made by the state legislature on behalf of the College.

The total payroll of employees covered by the ORP was \$7,767,572, \$7,351,531, and \$7,598,734 for fiscal years 2020, 2019, and 2018, respectively.

College-Sponsored Benefit Plans

The College has a voluntary employee defined contribution 403(b) plan administered by the Plan's trustee. The Plan is funded by matching employee and employer contributions of 6.65% of employee compensation. Plan funds are held in trust and are administered by the College's Vice-President of Business Affairs with oversight by the Board of Regents. The Plan was amended during the year ended August 31, 2016 to allow for loans against the participants' investments and to allow for participant directed investing. Full-time employees and certain part-time employees are eligible to participate and are fully vested at all times. At August 31, 2020, 2019, and 2018, there were 1,096, 922, and 953, respectively, plan participants. The related expense was \$1,812,196, \$1,937,967, and \$2,037,912 for the years ended August 31, 2020, 2019, and 2018, respectively.

The College sponsors the Amarillo College Benefit Plan (the Plan) which provides disability and survivorship benefits. The Plan is a non-trusted benefit program and currently has \$5,616,453 in assets with a liability of \$5,616,453 recorded in Funds Held for Others. The Colleges contributions to the Plan for August 31, 2020, 2019, and 2018 were \$222,942, \$218,613, and \$217,592.

Part-time employees that are not covered by the defined contribution employee benefit plan are covered by a plan established pursuant to IRC Section 457. As a result of the passage of the Small Business Job Protection Act of 1996, beginning January 1, 1999, part-time plan funds are held by a third party custodian in individual trust accounts for the exclusive benefit of the participants. Investments are directed by the investment manager of the plan. The College is responsible for selecting the investment manager. The related expense was \$126,855, \$140,362, and \$138,012, for the years ended August 31, 2020, 2019, and 2018, respectively.

NOTE 12 - DEFERRED COMPENSATION PROGRAM

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

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 13 - COMPENSABLE ABSENCES

Full-time employees earn annual leave from eight to twelve hours per month depending on the number of years employed with the College. The College's policy is that an employee may carry his accrued leave forward from one fiscal year to another fiscal year with a maximum number of hours up to 160 for those employees with five or less years of service, up to 200 hours for those employees with more than five years but under ten years of service, and up to 240 hours for those employees with more than ten years of service. Employees with at least six months of service who terminate their employment are entitled to payment for all accumulated annual leave up to the maximum allowed. The College recognized the accrued liability for the unpaid annual leave in the amount of \$1,441,589 and \$1,296,180 as of August 31, 2020 and 2019, respectively. Sick leave, which can be accumulated up to 120 days, is earned at the rate of eight hours per month; however, sick leave is not paid at termination. The College's policy is to recognize the cost of sick leave when utilized by employees.

NOTE 14 - ENDOWMENTS

KACV-TV (the Station) is part of and is operated by the College. In 1999, the Station received \$1,000,000 from the Sybil B. Harrington Living Trust (Harrington Trust) which was specified as an endowment. In 2005, the Station received an additional \$500,000 gift from an anonymous donor that was to be held as an endowment. The College also received a \$1,000,000 endowment from the Harrington Trust for the Harrington Library Consortium (HLC). Appreciation on the Station's fund is approximately \$934,000 and can be spent on operating expenses of the Station. The appreciation on the HLC funds is spent annually for expenses related to HLC. The appreciation is approximately \$54,000. The Station's appreciated value is shown in net position as Expendable: Other primary donor restrictions. HLC's appreciated is shown as Funds Held for Others.

NOTE 15 - COMMITMENTS, CONTINGENCIES AND LAWSUITS

The College participates in various state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. In the opinion of the College's management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Additionally, the College's students participate in the Federal Direct Loan Program for which the proceeds are used for tuition and education-related costs. Regulations require that default rates pertaining to loans to persons attending the College not exceed certain levels at the College. In the event that specific levels were exceeded, the program could be discontinued at the College; however, the College does not anticipate this occurring. The total amount of Direct Loans made during 2020 and 2019 was \$9,734,266 and \$11,080,485, respectively.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 15 - COMMITMENTS, CONTINGENCIES AND LAWSUITS (CONTINUED)

In August 2017, the College committed to participate in the expansion of the ACE mission by establishing and participating in the ACE Amarillo Scholarship Fund to be maintained at the Amarillo Area Foundation for the benefit of Amarillo Independent School District high school graduates. The College will participate in the funding of this project with three other partners. Contributions from the College should not exceed \$3,500,000 and will be made over a six-year period. During fiscal year 2018-2019 and 2019-2020 the College spent approximately \$149,000 and \$73,000, respectively.

The College has been notified of a potential liability due to the Employee Retirement System (ERS) in the amount of approximately \$1,300,000 relating to shortfalls in fiscal years ending 2017 and 2018. Additionally, they have an offsetting credit of \$376,000 for the year ended 2019. College management has not booked this as a liability due to their assessment that it is reasonably possible that the collection of the liability will not be pursued. The liability is due to incorrect reporting to the ERS and the College in process of disputing the liability.

On August 31, 2020, various claims involving the College were pending. While the ultimate liability with respect to litigation and other claims asserted against the College cannot be reasonably estimated at this time, this liability, if any, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the College.

NOTE 16 - DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Accounts Receivable

Accounts receivable at August 31, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Student receivables	\$ 5,797,794	\$ 6,482,466
Taxes receivable	937,090	912,967
Government grants and contracts	8,511,163	9,068,419
Other receivables	<u>689,386</u>	<u>888,654</u>
Total accounts receivable	15,935,433	17,352,506
Allowance for doubtful accounts	<u>(565,742)</u>	<u>(383,275)</u>
Total accounts receivable, net	<u>\$ 15,369,691</u>	<u>\$ 16,969,231</u>

Accounts Payable

Accounts payable at August 31, 2020 and 2019, were as follows:

	<u>2020</u>	<u>2019</u>
Vendors payable	\$ 557,418	\$ 507,861
Salaries and benefits payable	1,637,949	810,945
Interest payable	<u>23,109</u>	<u>46,678</u>
Total accounts payable	<u>\$ 2,218,476</u>	<u>\$ 1,365,484</u>

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 17 - CONTRACT AND GRANT AWARDS

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

For federal and nonfederal contract and grant awards, funds expended, but not collected, are reported as accounts receivable on Exhibit 1A. For federal and nonfederal contract and grant awards, funds received, but not yet expended, are reported as deferred revenue on Exhibit 1A. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements. Contract and grant awards funds already committed, e.g., multi-year awards, or funds awarded during fiscal years 2020 and 2019 for which monies have not been received nor funds expended, totaled \$7,992,006 and \$7,288,922, respectively. Of these amounts, \$3,226,505 and \$2,406,765 were from federal contracts and grant awards, \$3,011,871 and \$3,549,048 were from state contract and grant awards, and \$1,753,630 and \$1,333,110 were from private contract and grant awards for the fiscal years ended 2020 and 2019, respectively.

NOTE 18 - SELF-INSURED PLANS

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

NOTE 19 - HEALTH CARE AND LIFE INSURANCE BENEFITS

Certain healthcare and life insurance benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The state recognizes the cost of providing these benefits by expending the annual insurance premiums. The state's contribution per full-time employee was approximately \$625 per month for the years ended August 31, 2020 and 2019 and totaled \$3,753,981 and \$4,084,204, respectively. The cost of providing those benefits for retirees in the years ended 2020 and 2019 was \$1,768,806 and \$1,760,295, respectively. For active employees, the cost of providing benefits was \$1,985,175 and \$2,323,909 for the years ended 2020 and 2019, respectively.

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

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 20 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN

Plan Description

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

OPEB Plan Fiduciary Net Position

Detailed information about the GBP's fiduciary net position is available in the separately issued ERS Comprehensive Annual Financial Report (CAFR) that includes financial statements, notes to the financial statements, notes to the financial statements, and required supplementary information. That report may be obtained at <https://ers.texas.gov/About-ERS/Reports-and-Studies/Reports-on-Overall-ERS-Operations-and-Financial-Management/2019-CAFR.pdf>; or by writing to ERS at: 200 East 18th Street, Austin, TX 78701; or by calling (877)275-4377. The fiduciary net position of the plan has been determined using the same basis used by the OPEB plan.

Benefits Provided

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

Contributions

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

**AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019**

NOTE 20 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

Contributions (Continued)

the revenue expected to be generated by the appropriated funds. There are no long-term contracts for contributions to the plan.

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

**Maximum Monthly Employer Contribution
Retiree Health and Basic Life Premium
Fiscal Year 2020**

<u>Employer Contribution Rates</u>	<u>2020</u>	<u>2019</u>
Retiree only	\$ 624.82	\$ 621.90
Retiree and spouse	\$ 1,340.82	\$ 1,334.54
Retiree and children	\$ 1,104.22	\$ 1,099.06
Retiree and family	\$ 1,820.22	\$ 1,811.70

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

**Premium Contributions by Source
Group Benefits Program Plan
For the Years Ended August 31,**

	<u>2020</u>	<u>2019</u>
Current fiscal year employer contributions	\$2,055,705	\$ 1,939,577
Current fiscal year member contributions	-	-
2019 measurement year NECE on-behalf contributions	4,084,204	3,854,600

Additionally, as of August 31, 2020, the College had payables of approximately \$693,000 related to monthly employee and employer premium contributions.

Actuarial Assumptions

The total OPEB liability in the August 31, 2019 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Additional Actuarial Methods and Assumptions:

Valuation date	August 31, 2019
Actuarial cost method	Entry Age

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
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NOTE 20 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

Actuarial Assumptions (Continued)

Amortization	Level percent of pay, open
Discount rate	2.97%
Remaining Amortization	30 Years
Asset Valuation Method	Not Applicable
Projected salary increases (includes inflation)	2.5% to 9.5%, including inflation
Healthcare trend rates	7.30% for FY 2021, 7.40% for FY 2022 , 7.00% for FY 2023, decreasing 0.5% per year to an ultimate rate of 4.5% for FY 2028 and later years
Inflation assumption rate	2.5%
Ad hoc postemployment benefit changes	None
Mortality assumptions:	
Service retirees, survivors and other inactive members	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018
Disability retirees	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members
Active members	Sex District RP-2014 Employee Mortality multiplied by 90% with Ultimate MP Projection Scale from the year 2014

Many actuarial assumptions used in this valuation were based on the results of actuarial experience studies performed by the ERS and TRS retirement plan actuaries for the period September 1, 2010 to August 31, 2017 for higher education members.

Changes Since the Prior Actuarial Valuation

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

- Since the last valuation was prepared for this plan, assumed Per Capita Health Benefit Costs and assumed Health Benefit Cost and Retiree Contribution trends have been updated to reflect recent experience and its effects on short-term expectations.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 20 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

Changes Since the Prior Actuarial Valuation (Continued)

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

The following benefit revisions have been adopted since the prior measurement date.

- An increase in the out-of-pocket maximum for both HealthSelect and Consumer Directed HealthSelect (CDHD) from \$6,650 to \$6,750 for individuals and from \$13,300 to \$13,500 for families in order to remain consistent with Internal Revenue Service maximums.

These minor benefit change is provided for in FY2020 Assumed Per Capita Health Benefit Costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is primary.

Investment Policy

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

Discount Rate

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

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 20 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate 1.97%	Current Single Discount Rate 2.97%	1% Increase in Discount Rate 3.97%
Proportionate share of the Net OPEB Liability	\$ 70,507,813	\$ 59,085,863	\$50,297,088

Healthcare Cost Trend Rates Sensitivity Analysis

The initial healthcare trend rate is 7.3% and the ultimate rate is 4.5%. The following presents the College's proportionate share of the collective net OPEB Liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB Liability would be if it were calculated using a healthcare cost trend rate that is one-percentage point lower or one-percentage point higher than healthcare cost trend rate that was used (7.3% decreasing to 4.5%) in measuring the Net OPEB Liability.

	1% Decrease in Healthcare Trend Cost (6.3% decreasing to 3.5%)	Current Healthcare Cost Trend Rate (7.3% decreasing to 4.5%)	1% Increase in Healthcare Cost Trend (8.3% decreasing to 5.5%)
Proportionate share of the Net OPEB Liability	\$ 49,613,877	\$ 59,085,863	\$71,463,581

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

At August 31, 2020, the College reported a liability of \$59,085,863 for its proportionate share of the ERS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the College. The amount recognized by the College as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the College were as follows:

College's proportionate share of the collective Net OPEB Liability	\$ 59,085,863
State's proportionate share that is associated with the College	<u>47,637,483</u>
Total	<u>\$106,723,346</u>

The net OPEB liability was measured as of August 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The College's portion of the net OPEB liability was based on the College's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2018 through August 31, 2019.

**AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019**

NOTE 20 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

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

At the measurement date, August 31, 2019, the College's proportion of the collective net OPEB liability was 0.1709528084%, which was a decrease of 0.084240716% from its proportion measured as of August 31, 2018.

For the year ended August 31, 2020, the College recognized total OPEB expense of \$(4,555,110) and revenue for support provided by state and federal sources of \$53,969.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ -	\$ 1,537,467
Changes in actuarial assumptions	4,204,826	13,203,450
Differences between projected and actual investment earnings	24,292	-
Changes in proportion and differences between the employer's contributions and proportionate share of contributions	<u>1,025,326</u>	<u>11,080,399</u>
Total as of August 31, 2019 measurement date	\$ 5,254,444	\$ 25,821,316
Contributions paid to ERS subsequent to the measurement date	<u>2,055,705</u>	<u>-</u>
Total as of fiscal year end	<u>\$ 7,310,149</u>	<u>\$ 25,821,316</u>

At August 31, 2019, the College reported its proportionate share of the ERS's collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ -	\$ 1,947,731
Changes in actuarial assumptions	-	18,629,859
Differences between projected and actual investment earnings	25,176	-
Changes in proportion and differences between the employer's contributions and proportionate share of contributions	<u>-</u>	<u>10,430,015</u>
Total as of August 31, 2018 measurement date	\$ 25,176	\$ 31,007,605
Contributions paid to ERS subsequent to the measurement date	<u>1,939,577</u>	<u>-</u>
Total as of fiscal year end	<u>\$ 1,964,753</u>	<u>\$ 31,007,605</u>

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 20 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

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

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

Year ended August 31,

2021	\$ (6,699,438)
2022	(6,699,438)
2023	(5,079,361)
2024	(2,061,224)
2025	100,452
Thereafter	<u>(127,863)</u>
Total	<u>\$ (20,566,872)</u>

NOTE 21 - AD VALOREM TAX

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

At August 31, 2020:

Assessed valuation of the District	\$ 16,071,654,491
Less: exemptions	<u>(2,326,499,745)</u>
Net assessed valuation of the District	<u>\$ 13,745,154,746</u>

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

Taxes levied for the year ended August 31, 2020, were \$29,834,778 (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	\$ 21,335,828	\$ 8,132,161	\$ 29,467,989
Delinquent taxes collected	176,767	47,910	224,677
Penalties and interest collected	<u>232,343</u>	<u>52,477</u>	<u>284,820</u>
Total collections	<u>\$ 21,744,938</u>	<u>\$ 8,232,548</u>	<u>\$ 29,977,486</u>

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 21 - AD VALOREM TAX (CONTINUED)

At August 31, 2019:

Assessed valuation of the District	\$ 15,513,294,980
Less: exemptions	<u>(2,230,482,708)</u>
Net assessed valuation of the District	<u>\$ 13,282,812,272</u>

	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Tax rate per \$100 valuation for authorized (maximum per enabling legislation)	\$.20000	\$.50000	\$.70000
Tax rate per \$100 valuation for assessed	.16499	.04251	.20750

Taxes levied for the year ended August 31, 2019, were \$26,544,211 (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	\$ 20,864,679	\$ 5,377,724	\$ 26,242,403
Delinquent taxes collected	135,915	40,338	176,253
Penalties and interest collected	<u>173,659</u>	<u>36,264</u>	<u>209,923</u>
Total collections	<u>\$ 21,174,253</u>	<u>\$ 5,454,326</u>	<u>\$ 26,628,579</u>

Tax collections for the year ended August 31, 2020 and 2019, were 98.77% and 98.87%, respectively, of the current tax levy. Allowance for uncollectible taxes is based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to either maintenance and operations or interest and sinking fund expenditures.

NOTE 22 - TAX ABATEMENTS

The College receives reduced property tax revenues as a result of exemptions granted by the City of Amarillo. The exemptions are intended to promote economic development in the Amarillo area. For the fiscal year ended August 31, 2020, the College's property tax revenues were reduced by \$292,943 in incentive payments and \$96,468 in property tax rebates under these exemptions. There are no significant abatements made by the College.

NOTE 23 - BRANCH CAMPUS MAINTENANCE TAX

A branch campus maintenance tax that is established by election is levied by Moore County and Hereford Independent School District. It is levied each October 1 on the assessed value listed as

**AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019**

NOTE 23 - BRANCH CAMPUS MAINTENANCE TAX (CONTINUED)

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 2020 and 2019 (including penalties and interest) from Moore County totaled approximately \$1,105,000 and \$1,095,000, respectively, and from Hereford Independent School District totaled approximately \$867,000 and \$766,000, respectively.

NOTE 24 - INCOME TAXES

The College is exempt from income taxes under IRC Section 115, *Income of States, Municipalities, Etc.*, although unrelated business income may be subject to income taxes under IRC Section 511(a)(2)(B), *Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations*. The College had no significant unrelated business income for the years ended August 31, 2020 and 2019.

NOTE 25 - RELATED PARTIES

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

The Foundation remitted restricted gifts of approximately \$359,000 and \$347,000 to the College during the years ended August 31, 2020 and 2019, respectively. During the fiscal year, the College furnished certain services, such as office space, utilities, and some staff assistance, to the Foundation. The amount of such services provided by the College has not been determined.

NOTE 26 - BLENDED COMPONENT UNIT

Amarillo Foundation for Education and Business

On November 14, 2012, the Board of Regents entered into an agreement with an independent foundation entitled Amarillo Foundation for Education and Business (AFEB) for the sole purpose of selling land on East Campus. The land is held by the College which, in turn, sells the land to AFEB when AFEB has found a buyer. The board of directors consists of five members, two of whom are appointed by PRANA Development Group, LLC, and three members who are appointed by the College. AFEB is considered a blended component unit of the College. There were no sales during the fiscal years ended August 31, 2020 and 2019.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 26 - BLENDED COMPONENT UNIT (CONTINUED)

Amarillo Foundation for Education and Business (Continued)

Condensed Statements of Net Position
August 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Current assets	\$ 8,105	\$ 8,105
Total assets	<u>8,105</u>	<u>8,105</u>
Liabilities	<u>-</u>	<u>-</u>
Net position		
Restricted	<u>8,105</u>	<u>8,105</u>
Total net position	<u>\$ 8,105</u>	<u>\$ 8,105</u>

Condensed Statements of Revenues, Expenses and Changes in Net Position
August 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating revenues	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>
Operating expenses	<u>-</u>	125
Total expenses	<u>-</u>	125
Decrease in net position	<u>-</u>	<u>(125)</u>
Net position		
Net position, beginning of year	<u>8,105</u>	<u>8,230</u>
Net position, end of year	<u>\$ 8,105</u>	<u>\$ 8,105</u>

Condensed Statements of Cash Flows
August 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Net cash used by operating activities	\$ -	\$ (125)
Net decrease in cash and cash equivalents	-	(125)
Cash and cash equivalents, beginning of year	<u>8,105</u>	<u>8,230</u>
Cash and cash equivalents, end of year	<u>\$ 8,105</u>	<u>\$ 8,105</u>

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 27 - DISCRETE COMPONENT UNIT

Amarillo College Foundation, Inc.

The following footnotes (27A-27Q) are from the audited financial statements of the Amarillo College Foundation, Inc. (Foundation) for the year ended August 31, 2020. GASB prohibits the use of the term "net assets" and as such, all instances of the term "net assets" were changed to "net position" in order to conform with GASB presentation requirements.

A. ORGANIZATION

The Amarillo College Foundation, Incorporated (the Foundation) is a nonprofit organization founded in 1962 to function as a legal conduit for the acceptance, investment and distribution of private gifts and grants given for the funding of activities and programs primarily related to the mission, role and scope of Amarillo College (the College). The Board of Directors of the Foundation is composed of no more than 33 directors including three members of the Amarillo College Board of Regents, the President and the Vice President of Business Affairs of Amarillo College and other selected members of the Foundation who are not directly affiliated with Amarillo College.

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

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

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

Net position without donor restrictions

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

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 27 - DISCRETE COMPONENT UNIT (CONTINUED)

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

Net position with donor restrictions

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

Use of Estimates

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

Cash and Cash Equivalents

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

Investments

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

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

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 27 - DISCRETE COMPONENT UNIT (CONTINUED)

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

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

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

Capital Assets

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

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

Computer software	5 years
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Oil and Gas Properties

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

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 27 - DISCRETE COMPONENT UNIT (CONTINUED)

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Revenue Recognition

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

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

Unconditional promises to give are required to be recorded when received and such contributions are required to be reported as With donor restrictions – purpose restriction or With donor restriction – time-restricted for a specific purpose and are then reclassified to Without donor restriction net position upon satisfaction of donor restrictions.

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

Functional Allocation of Expenses

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

Income Tax Status

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

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 27 - DISCRETE COMPONENT UNIT (CONTINUED)

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status (Continued)

The Foundation's Federal tax returns for 2017, 2018 and 2019 are subject to examination by the Internal Revenue Service generally for three years after they were filed.

Services Received from a Related Party

The Foundation receives accounting services from employees of the College, and the value of these services is measured by the Foundation at the cost recognized by the College for the personnel providing such services. The Foundation recognized in-kind contribution revenue and an offsetting in-kind expense, located in management and general operating expense, of approximately \$106,000 for the year ended August 31, 2020.

C. LIQUIDITY AND AVAILABILITY

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

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

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

The following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures as of August 31, 2020:

Cash and cash equivalents	\$ -
Money market mutual funds	33,948
Mutual funds	<u>11,901,288</u>
Total Assets available	<u>\$11,935,236</u>

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 27 - DISCRETE COMPONENT UNIT (CONTINUED)

D. INVESTMENTS

A summary of investments at August 31, 2020 follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
<u>August 31, 2020</u>			
Money market mutual funds	\$ 33,948	\$ 33,948	\$ -
Mutual funds	10,825,434	11,901,288	1,075,854
Private global equity fund	19,650,000	24,832,541	5,182,541
Private equity fund of funds	923,007	1,405,662	482,655
Fund of hedge funds - absolute return	4,750,000	6,798,735	2,048,735
Angeles private funds	1,604,078	1,849,074	244,996
Private credit fund of funds	1,317,350	1,317,350	-
Total	<u>\$ 39,103,817</u>	<u>\$ 48,138,598</u>	<u>\$ 9,034,781</u>

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

E. FAIR VALUE MEASUREMENTS

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

The three levels are defined as follows:

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

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 27 - DISCRETE COMPONENT UNIT (CONTINUED)

E. FAIR VALUE MEASUREMENTS (CONTINUED)

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

For the valuation of certain mutual funds and exchange-traded funds at August 31, 2020, the Foundation used quoted prices in principal active markets for identical assets as of the valuation date (Level 1).

Assets Measured at Fair Value on a Recurring Basis

	Fair Value	Fair Value Measurements Using:			
		Quoted Prices in Active Identical Assets (Level 1)	Significant Other Inputs (Level 2)	Significant Inputs (Level 3)	Measured at NAV (1)
August 31, 2020:					
Money market mutual funds	\$ 33,948	\$ 33,948	\$ -	\$ -	\$ -
Mutual funds	11,901,288	11,901,288	-	-	-
Private global equity fund	24,832,541	-	-	-	24,832,541
Private equity fund of funds	1,405,662	-	-	-	1,405,662
Fund of hedge funds - absolute return	6,798,735	-	-	-	6,798,735
Private markets fund	1,849,074	-	-	-	1,849,074
Private credit fund of funds	1,317,350	-	-	-	1,317,350
	<u>\$ 48,138,598</u>	<u>\$ 11,935,236</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,203,362</u>

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

The Foundation's policy is to recognize transfers between Levels 1, 2 and 3 and transfers due to strategy reclassifications, if any, as if the transfer occurred at the beginning of the year. For the year ended August 31, 2020, the Foundation had no transfers.

Fair Value Measurements Using Significant Unobservable Inputs

The following summarizes the nature and risk of those investments that are reported at estimated fair value utilizing net asset value as of August 31, 2020:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
August 31, 2020:				
Fund of hedge funds – absolute return (a)	\$ 6,798,735	\$ -	Quarterly	90 Days
Private equity fund of funds (b) (g)	1,405,662	252,000	N/A	N/A
Private global equity fund (e)	24,832,541	-	N/A	Monthly w/ 16 Business days

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 27 - DISCRETE COMPONENT UNIT (CONTINUED)

E. FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Measurements Using Significant Unobservable Inputs (Continued)

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
<u>August 31, 2020:</u> (Continued)				
Private markets fund (c) (d) (g)	1,849,074	1,445,309	N/A	N/A
Private credit fund of funds (f) (g)	<u>1,317,350</u>	<u>2,687,267</u>	N/A	N/A
Totals	<u>\$36,203,362</u>	<u>\$ 4,384,576</u>		

- (a) The strategies of the underlying hedge funds in this category include long/short equity, multi-strategy, credit, and global macro. The portfolio managers may utilize leverage, engage in short-selling, access the option and future markets, and engage in a wide variety of over-the-counter derivative transactions. Some funds may invest in illiquid investments, which are typically segregated into "side pockets" (sub funds within the investment fund) and are not available for redemption until the investment is liquidated by the manager. Certain investments in this category have gate provisions, which allow a manager to limit redemptions despite the normal liquidity provisions if they receive redemptions in excess of the gate (a level stated in their governing documents). Several of the underlying hedge funds contain lock-up periods of up to one year. The fair values of the investments in this category have been estimated using the net asset value per share of the investments.
- (b) The strategies of the private equity fund of funds are to offer the mix of primary, secondary, and direct co-investments which is expected to accelerate capital deployment while seeking to generate both early and long-term performance. This diversified global fund of funds invests in a combination of primary partnerships, secondary investments, and direct co-investments. Private equity investments are defined in the partnership agreement as investments in buyout, growth equity, venture capital, distressed debt, special situation recapitalization, and other private equity transactions. No limited partner may assign or otherwise transfer all or any part in the Partnership to another entity unless the General Partner has consented to the transfer in writing in accordance with the partnership agreement. The Partnership is scheduled to terminate on June 30, 2024. The General Partner may extend the Partnership for up to three one-year periods. The fair values of the investment in this category have been estimated using the net asset value per share of the investment.
- (c) The strategies of the Private markets fund is to achieve attractive risk-adjusted returns that are not highly correlated with traditional asset classes by investing in investment funds advised by investment managers primarily pursuing private equity, real estate, private debt and/or real assets strategies and co-investments into direct investments in equity or debt alongside portfolio funds or other direct investments in equity or debt. The fund maintains clawback provisions for all partners.
- (d) This nonmarketable fund does not permit redemptions. The timing of the return of capital is at the manager's discretion, subject to provisions documented in limited partnership agreements. In general, capital and realized gains are distributed to investors when an

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 27 - DISCRETE COMPONENT UNIT (CONTINUED)

E. FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Measurements Using Significant Unobservable Inputs (Continued)

investment is liquidated. It is estimated that the term of the fund will be ten years following final closing of the fund. However, the general partner in its sole discretion may extend the term of the Fund for up to four one-year extensions and may further extend the term of the Fund in the event the Portfolio has not been liquidated.

- (e) The strategy of the Fund is to achieve attractive risk-adjusted returns versus its benchmark index by investing assets with a group of independent investments managers primarily pursuing long-only public equity strategies.
- (f) The strategy of the private credit fund of funds is to achieve attractive risk-adjusted returns by primarily pursuing credit-oriented investment strategies. The Fund is permitted to make such investments in independent investment funds or account advised by investment managers and/or by investing in co-investments into direct investments in equity or debt alongside portfolio funds or other direct investments in equity or debt.
- (g) These funds do not permit redemptions until the close of the fund.

Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of uncertainty related to changes in interest rates, market volatility and credit risks, it is at least reasonably possible that changes in these risks could materially affect the estimated fair value of investments reported in the statements of financial position as of August 31, 2020. However, the diversification of the Foundation's invested assets among these various asset classes should mitigate the impact of any dramatic change on any one asset class.

A summary of investments classified according to any restrictions at August 31, 2020 is as follows:

Without donor-restrictions investments	<u>\$ 2,769,457</u>
With donor-restrictions investments:	
Purpose restriction	24,924,795
Time-restricted for a specific purpose	<u>20,444,346</u>
Total with donor-restrictions investments	<u>45,369,141</u>
Total investments	<u>\$48,138,598</u>

Assets Measured at Fair Value on a Nonrecurring Basis

There were no fair values of assets and liabilities measured on a nonrecurring basis at August 31, 2020.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 27 - DISCRETE COMPONENT UNIT (CONTINUED)

F. COMPUTER SOFTWARE

A summary of computer software as of August 31, 2020 follows:

Computer software	\$ 143,679
Less accumulated depreciation	<u>(138,719)</u>
Temporarily restricted	<u>\$ 4,960</u>

Depreciation expense for the year ended August 31, 2020 was \$1,699.

G. COMPENSABLE ABSENCES

Foundation employees receive the same benefits as the College employees including compensable absences. Full-time employees earn annual leave from eight to twelve hours per month depending on the number of years employed with the Foundation. The Foundation's policy is that an employee may carry his accrued leave forward from one fiscal year to another fiscal year with a maximum number of hours up to 160 for those employees with five or less years of service, up to 200 hours for those employees with more than five years but under ten years of service, and up to 240 hours for those employees with more than ten years of service. Employees with at least six months of service who terminate their employment are entitled to payment for all accumulated annual leave up to the maximum allowed. The Foundation recognized the accrued liability for the unpaid annual leave in the amount of \$14,339 as of August 31, 2020. Sick leave, which can be accumulated up to 120 days, is earned at the rate of eight hours per month; however, sick leave is not paid at termination. The Foundation's policy is to recognize the cost of sick leave when utilized by employees.

H. OIL AND GAS PROPERTIES

During fiscal year 2001, a living trust (the Trust) elected to contribute certain oil and gas properties to the Foundation. In 2019, the Foundation returned working interests that were not producing to various oil companies. In 2020, they wrote off approximately \$89,000 in costs associated with those properties. The current cost of properties owned is \$585,386. The Foundation received approximately \$48,000 during the year ended August 31, 2020, for oil and gas income related to the properties. During the year ended August 31, 2020, the Foundation distributed approximately \$10,000 of the oil and gas income received to another nonprofit entity.

I. NET POSITION WITH DONOR RESTRICTIONS

Net position with donor restriction are presented on the statements of financial position in restricted cash and cash equivalents with donor restrictions, property and equipment, and

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 27 - DISCRETE COMPONENT UNIT (CONTINUED)

I. NET POSITION WITH DONOR RESTRICTIONS (CONTINUED)

endowment funds. The changes in net position with donor restrictions as well as the amounts available at August 31, 2020 for the following purposes are as follows:

	<u>August 31,</u> <u>2019</u>	<u>Additions</u>	<u>Releases</u>	<u>August 31,</u> <u>2020</u>
Net position restricted for specified purpose:				
Scholarships	\$ 13,213,838	\$ 4,929,801	\$ (1,094,746)	\$ 17,048,893
Programs/Other specific purposes	<u>6,368,478</u>	<u>2,355,577</u>	<u>(848,153)</u>	<u>7,875,902</u>
Total subject to specified purpose	<u>19,582,316</u>	<u>7,285,378</u>	<u>(1,942,899)</u>	<u>24,924,795</u>
Net position restricted for perpetual in nature:				
Scholarships	18,411,656	665,953	(56,580)	19,021,029
Programs/Other specific purposes	<u>2,008,603</u>	<u>100</u>	<u>-</u>	<u>2,008,703</u>
Total perpetual in nature	<u>20,420,259</u>	<u>666,053</u>	<u>(56,580)</u>	<u>21,029,732</u>
Net position with donor restrictions	<u>\$ 40,002,575</u>	<u>\$ 7,951,431</u>	<u>\$ (1,999,479)</u>	<u>\$ 45,954,527</u>

J. FUNCTIONAL EXPENSES

	<u>Total Program</u> <u>Services</u>	<u>Management</u> <u>& General</u>	<u>Fundraising</u> <u>Activities</u>	<u>Total</u>
<u>August 31, 2020</u>				
Salaries & benefits	\$ 26,323	\$ 244,242	\$ -	\$ 270,565
Scholarships & Grants	1,539,735	-	-	1,539,735
Occupancy	-	19,200	-	19,200
Professional services	40,492	-	-	40,492
Legal & Accounting	-	18,465	-	18,465
Marketing	450	-	-	450
Office expenses	47,168	17,673	9,952	74,793
Travel & Meals	20,563	-	-	20,563
Meetings	-	-	347	347
Insurance	-	2,404	-	2,404
Depreciation	-	1,699	-	1,699
Institutional support	42,843	-	375	43,218
In-Kind Expense - Services	-	106,204	-	106,204
Other Expenses	118,457	1,342	32,631	152,430
TOTAL EXPENSES	<u>\$ 1,836,031</u>	<u>\$ 411,229</u>	<u>\$ 43,305</u>	<u>\$ 2,290,565</u>

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 27 - DISCRETE COMPONENT UNIT (CONTINUED)

K. THE SYBIL B. HARRINGTON SCHOLARSHIP FUND

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

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

During the year ended August 31, 2020, the Foundation awarded approximately \$209,000, in scholarships from this fund. As of August 31, 2020, the total net position is approximately \$7,428,000.

L. ENDOWMENTS

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

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

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

Interpretation of Relevant Law

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

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 27 - DISCRETE COMPONENT UNIT (CONTINUED)

L. ENDOWMENTS (CONTINUED)

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

Net position classification by type of endowment as of August 31, 2020, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
<u>August 31, 2020</u>			
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 21,029,732	\$ 21,029,732
Accumulated investment gain	-	14,428,149	14,428,149
	<u>\$ -</u>	<u>\$ 35,457,881</u>	<u>\$ 35,457,881</u>

Changes in endowment net position for the year ended August 31, 2020, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
<u>August 31, 2020</u>			
Endowment net position, August 31, 2019	\$ -	\$ 31,218,359	\$ 31,218,359
Investment return	-	573,126	573,126
Net appreciation	-	4,104,292	4,104,292
Total investment return	-	4,677,418	4,677,418
Contributions	-	654,676	654,676
Reclassification	-	(11,976)	(11,976)
Appropriation of endowment assets for expenditure	-	(1,080,596)	(1,080,596)
Endowment net position, August 31, 2020	<u>\$ -</u>	<u>\$ 35,457,881</u>	<u>\$ 35,457,881</u>

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 27 - DISCRETE COMPONENT UNIT (CONTINUED)

L. ENDOWMENTS (CONTINUED)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original value of the fund. There were no deficiencies of this nature as of August 31, 2020.

Return Objectives and Risk Parameters

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

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

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

M. TRANSACTIONS WITH AFFILIATES

The primary purpose of the Foundation is to support the educational and other activities of various entities, including the College. The Foundation awards scholarships to eligible students. During the year ended August 31, 2020, the Foundation awarded approximately \$1,354,000, to students of the College.

In addition, the College provides the Foundation with facilities in which to conduct the Foundation's business. The Foundation recognized \$19,200 as facility costs in 2020.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 27 - DISCRETE COMPONENT UNIT (CONTINUED)

M. TRANSACTIONS WITH AFFILIATES (CONTINUED)

Amarillo College provides payroll services for four Foundation employees. These employees are afforded the same benefits as College employees. During the year ended August 31, 2020, the Foundation reimbursed the College approximately \$271,000, for salaries and benefits.

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

During 2019/2020, the Foundation awarded grants of approximately \$359,000 to the College for the purpose of purchasing large equipment and supplies.

N. RISKS AND UNCERTAINTIES

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

O. CONTINGENCIES

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

P. RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The standard permits the use of either the retrospective or cumulative effect transition method. In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers* (Topic 606), which deferred the effective date of the new revenue recognition standard for one year. The new standard is effective for the Foundation September 1, 2019. Early application is permitted for the Foundation. FASB 2020-05 extended the date to years beginning after December 15, 2019. The

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 27 - DISCRETE COMPONENT UNIT (CONTINUED)

P. RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

Foundation elected to implement during the current year. The adoption of this update did not have a material impact on the Foundation's financial position or results of operations.

Management determined that the primary source of revenue is from contributions. No material changes were made during the period related to this source of revenue, which comprises the major portion of the Foundation's income. Contributions are recognized as revenue in the period in which they are made by the donor and all conditions on which they depend have been met.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies how entities will determine whether to account for a transfer of assets as an exchange transaction or a contribution. The distinction is important because contributions are accounted for under Accounting Standards Codification (ASC) 958-605, *Not-For-Profit-Entities – Revenue Recognition*, while exchange transactions are accounted for under other guidance such as ASC 606, *Revenue from Contracts with Customers*. The guidance also clarifies how entities will determine whether a contribution is conditional or unconditional. The new standard is effective for the Foundation September 1, 2019. The adoption of this update did not have a material impact on the Foundation's financial position or results of operations.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement, Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. This ASU intends to improve the effectiveness of disclosures in the notes to financial statements by modifying disclosure requirements for fair value measurements. The ASU is effective for the Foundation for annual and interim reporting periods beginning after December 15, 2019 with early adoption permitted. The Foundation is currently assessing the impact that ASU 2018-13 will have on its financial statements.

In March 2019, the FASB issued ASU 2019-03, *Not-for-Profit Entities (Topic 958): Updating the Definition of Collections*. This ASU modifies the definition of the term collections and require that a collection-holding entity disclose its policy for the use of proceeds from when collection items are deaccessioned (i.e., removed from a collection). If a collection holding entity has a policy that allows proceeds from deaccessioned collection items to be used for direct care, it should disclose its definition of direct care. The ASU is effective for fiscal years beginning after December 15, 2019 with early adoption permitted. The Foundation does not expect this pronouncement to have any impact on their financial statements.

In January 2020, the FASB issued ASU 2020-01, *Investments-Equity Securities (Topic 321), Investments- Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815)*, which clarify certain interactions between the guidance to account for certain equity securities under Topic 321, the guidance to account for investments under the equity method of accounting in Topic 323, and the guidance in Topic 815, which could change how an entity accounts for an equity security under the measurement alternative or a forward contract or purchased option to purchase securities that, upon settlement of the forward contract or exercise of the purchased option, would be accounted for under the equity method of accounting or the

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 27 - DISCRETE COMPONENT UNIT (CONTINUED)

P. RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

fair value option in accordance with Topic 825, *Financial Instruments*. These amendments improve current GAAP by reducing diversity in practice and increasing comparability of the accounting for these interactions. The amendments are effective for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years. Early adoption is permitted. The Foundation is currently evaluating the impact that ASU 2020-01 will have on its financial statements.

In March 2020, the FASB issued ASU 2020-03, *Codification Improvements to Financial Instruments*, which is part of the FASB's ongoing Codification improvement project aimed at clarifying specific areas of accounting guidance to help avoid unintended application. The items addressed in that project generally are not expected to have a significant effect on current accounting practice or create a significant administrative cost for most entities. The amendments are effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years beginning after December 15, 2020. Early application is permitted. The Foundation is currently evaluating the impact that ASU 2020-01 will have on its financial statements.

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

Q. SUBSEQUENT EVENT

The Foundation has evaluated for inclusion as a subsequent event disclosure only those events that occurred prior to December 1, 2020, the date that the financial statements were available to be issued.

Subsequent to year end, the Foundation received a return of capital of approximately \$340,000 on the private credit fund of funds.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 28 - 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 Accounting Pronouncements

GASB Statement No. 84, *Fiduciary Activities*, the objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement establishes criteria for identifying fiduciary activities of all state and local governments. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. GASB No. 84 is effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The College is currently evaluating the effect of this statement on their financial statements.

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

GASB Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 28 - NEW GASB PRONOUNCEMENTS (CONTINUED)

Recently Issued Accounting Pronouncements (Continued)

equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. The College is currently evaluating the effect of this statement on their financial statements.

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

GASB Statement No. 92, *Omnibus 2020*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about (1) the effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports; (2) Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan; (3) The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related*

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 28 - NEW GASB PRONOUNCEMENTS (CONTINUED)

Recently Issued Accounting Pronouncements (Continued)

Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits; (4) The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements; (5) Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition; (6) Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers; (7) Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature; and (8) Terminology used to refer to derivative instruments. The requirements of this Statement are effective as follows (1)The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance; (2)The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2020; (3) The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2020; (4) The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020. Earlier application is encouraged and is permitted by topic. The College is currently evaluating the effect of this statement on their financial statements.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by (1) Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment; (2) Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; (3) Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable; (4) Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap; (5) Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap; (6) Clarifying the definition of reference rate, as it is used in Statement 53, as amended; and (7) Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Earlier application is encouraged. The College is currently evaluating the effect of this statement on their financial statements.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 28 - NEW GASB PRONOUNCEMENTS (CONTINUED)

Recently Issued Accounting Pronouncements (Continued)

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

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

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2020 and 2019

NOTE 28 - NEW GASB PRONOUNCEMENTS (CONTINUED)

Recently Issued Accounting Pronouncements (Continued)

Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are financially administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The College has implemented these two requirements in FY 20. All other requirements of this Statement are effective for fiscal years beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted. The College is evaluating the effect of this statement on their financial statements.

NOTE 29 - EXTRAORDINARY ITEMS

On March 19, 2019, a severe windstorm damaged several of the College's facilities that are covered under a property insurance policy at a Replacement Cost. The College received approximately \$265,000 in insurance recoveries in January 2020.

On December 19, 2019, the College had a leased truck that was in a wreck. The amount of the insurance reimbursement was approximately \$90,000.

NOTE 30 - SUBSEQUENT EVENTS

The College evaluated for inclusion as a subsequent event disclosure those events that occurred prior to December 1, 2020, the date the financial statements were issued.

In October 2020, the Board approved \$625,000 for the purchase of a former retail building to renovate and use as classrooms. The closing on the property is still pending. Additionally, in October 2020, the College entered into a sublease of one-third of the downtown campus in which the tenant will renovate the building and the College will offer a rental discount.

Subsequent to August 31, 2020, the College has multiple construction projects starting that will be paid with bond funding.

The College has been awarded funding under the CARES Act. They elected not to use any funding during fiscal year ending August 31, 2020, but will start drawing the funding in 2020/2021. They expect to receive approximately \$5,000,000.

In December 2020, the Board approved the refunding of the 2011 revenue bonds, the 2012 general obligation bonds, and the 2015 limited tax refunding bonds.

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

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

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

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

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

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

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

	<u>Measurement Year Ended August, 31</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
College's Proportion of collective Net OPEB Liability	0.170953%	0.179377%	0.209902%
College's Proportionate Share of collective Net OPEB Liability	\$ 59,085,863	\$ 53,163,257	\$ 71,519,923
State's Proportionate Share of the Net OPEB Liability associated with the College	<u>47,637,483</u>	<u>39,326,419</u>	<u>60,737,347</u>
Total	<u>\$ 106,723,346</u>	<u>\$ 92,489,676</u>	<u>\$ 132,257,270</u>
College's Covered-Employee Payroll	\$ 24,386,916	\$ 24,922,800	\$ 22,247,788
College's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	242.29%	213.31%	321.47%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.17%	1.27%	2.04%

Note: GASB Condition, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore the amounts reported for FY 2020 are based on the August 31, 2019 measurement date.

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

AMARILLO COLLEGE
SCHEDULE OF COLLEGE'S CONTRIBUTIONS TO THE OPEB PLAN
Year Ended August 31,**

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

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

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

AMARILLO COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended August 31, 2020

NOTE 1 - CHANGES OF BENEFIT TERMS FOR PENSION LIABILITY

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

NOTE 2 - CHANGES OF ASSUMPTIONS FOR PENSION LIABILITY

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

- The single discount rate of August 31, 2018 was a blended rate of 6.907% and that has changed to the long-term rate of return of 7.25% as of August 31, 2019.
- With the enactment of SB3 by the Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected based on actuarial assumptions.

NOTE 3 - CHANGES OF BENEFIT TERMS FOR OPEB

The following benefit change will become effective January 1, 2020.

- An increase in the out-of-pocket maximum for both HealthSelect and Consumer Directed HealthSelect for those HealthSelect retirees and dependents for whom Medicare is not primary in order to remain consistent with Internal Revenue Service Maximums.

NOTE 4 - CHANGES IN ASSUMPTIONS FOR OPEB

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

- Assumed Per Capita Health Benefit Costs and Assumed Health Benefit Cost and Retiree Contribution trends have been updated to reflect recent experience and its effects on our short-term expectations.
- The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- The percentage of future male retirees assumed to be married and electing coverage for their spouse.
- The percentage of future retirees and future retiree spouses assumed to use tobacco have been updated to reflect recent plan experience and expected trends.

AMARILLO COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended August 31, 2020

NOTE 4 - CHANGES IN ASSUMPTIONS FOR OPEB

- The discount rate assumption was changed from 3.96% as of August 31, 2018 to 2.97% as of August 31, 2109 as a result of requirements by GASB No. 74 to utilize the yield or index rate for 20-year, tax exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

OTHER SUPPLEMENTAL INFORMATION

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**AMARILLO COLLEGE
SCHEDULE A
SCHEDULE OF OPERATING REVENUES
YEAR ENDED AUGUST 31, 2020
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2019)**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total Educational Activities</u>	<u>Auxiliary Enterprises</u>	<u>2020</u>	<u>2019</u>
TUITION						
State-funded courses						
In-district resident tuition	\$ 9,567,048	\$ -	\$ 9,567,048	\$ -	\$ 9,567,048	\$ 9,315,995
Out-of-district resident tuition	1,907,835	-	1,907,835	-	1,907,835	2,043,362
Non-resident tuition	759,126	-	759,126	-	759,126	733,590
TPEG - Credit (set aside)*	475,922	-	475,922	-	475,922	472,388
State-funded continuing education	1,052,022	47,680	1,099,702	-	1,099,702	1,613,869
TPEG - Non-credit (set aside)*	63,121	5,072	68,193	-	68,193	100,059
Non-state funded continuing education	227,417	149	227,566	-	227,566	479,862
Total tuition	<u>14,052,491</u>	<u>52,901</u>	<u>14,105,392</u>	<u>-</u>	<u>14,105,392</u>	<u>14,759,125</u>
FEES						
Distance learning fee	1,562,672	-	1,562,672	-	1,562,672	1,545,801
General fee	4,345,676	-	4,345,676	-	4,345,676	4,254,746
Technology fee	1,660,033	-	1,660,033	-	1,660,033	1,640,316
Student service fee	297,341	-	297,341	-	297,341	290,484
Laboratory fee	346,747	-	346,747	-	346,747	347,311
Other fees	1,317,746	9,360	1,327,106	-	1,327,106	1,796,868
Total fees	<u>9,530,215</u>	<u>9,360</u>	<u>9,539,575</u>	<u>-</u>	<u>9,539,575</u>	<u>9,875,526</u>
SCHOLARSHIP ALLOWANCES AND DISCOUNTS						
Scholarship allowances	(1,033,020)	-	(1,033,020)	-	(1,033,020)	(1,066,334)
Remissions and exemptions - State	(2,240,525)	-	(2,240,525)	-	(2,240,525)	(2,240,525)
TPEG allowances	(541,317)	-	(541,317)	-	(541,317)	(419,681)
State grants to students	(434,115)	-	(434,115)	-	(434,115)	(455,661)
Title IV federal grants	(6,011,617)	-	(6,011,617)	-	(6,011,617)	(5,570,239)
Other local grants	(330,285)	-	(330,285)	-	(330,285)	(375,372)
Total scholarship allowances and discounts	<u>(10,590,879)</u>	<u>-</u>	<u>(10,590,879)</u>	<u>-</u>	<u>(10,590,879)</u>	<u>(10,127,812)</u>
Total net tuition and fees	<u>12,991,827</u>	<u>62,261</u>	<u>13,054,088</u>	<u>-</u>	<u>13,054,088</u>	<u>14,506,839</u>

**AMARILLO COLLEGE
SCHEDULE A, CONTINUED
SCHEDULE OF OPERATING REVENUES
YEAR ENDED AUGUST 31, 2020
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2019)**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total Educational Activities</u>	<u>Auxiliary Enterprises</u>	<u>2020</u>	<u>2019</u>
ADDITIONAL OPERATING REVENUES						
Federal grants and contracts	120,480	3,875,950	3,996,430	-	3,996,430	3,919,396
State grants and contracts	35,453	1,062,097	1,097,550	-	1,097,550	1,475,363
Local grants and contracts	1,986,682	1,947	1,988,629	-	1,988,629	1,927,040
Nongovernmental grants and contracts	385,041	1,321,424	1,706,465	-	1,706,465	1,585,508
Sales and services of educational activities	148,986	-	148,986	-	148,986	524,620
General operating revenues	<u>251,397</u>	<u>797,821</u>	<u>1,049,218</u>	<u>-</u>	<u>1,049,218</u>	<u>771,080</u>
Total additional operating revenues	<u>2,928,039</u>	<u>7,059,239</u>	<u>9,987,278</u>	<u>-</u>	<u>9,987,278</u>	<u>10,203,007</u>
AUXILIARY ENTERPRISES						
Bookstore	-	-	-	2,866,092	2,866,092	3,425,567
Less: discounts	-	-	-	(1,375,654)	(1,375,654)	(1,429,084)
Residential	-	-	-	2,851,931	2,851,931	2,794,664
Student programs	-	-	-	1,319	1,319	4,708
Child care	-	-	-	491,319	491,319	409,756
Other auxiliary enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,525</u>	<u>200,525</u>	<u>320,733</u>
Total net auxiliary enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,035,532</u>	<u>5,035,532</u>	<u>5,526,344</u>
TOTAL OPERATING REVENUES	<u>\$ 15,919,866</u>	<u>\$ 7,121,500</u>	<u>\$ 23,041,366</u>	<u>\$ 5,035,532</u>	<u>\$ 28,076,898</u>	<u>\$ 30,236,190</u>

(Exhibit 2A)

*In accordance with Education Code 56.033, \$544,115 and \$572,447 for years August 31, 2020 and 2019, 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, 2020
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2019)**

	Operating Expenses			2020	2019
	Salaries and Wages	Benefits	Other Expenses		
		State	Local		
UNRESTRICTED EDUCATIONAL ACTIVITIES					
Instruction	\$ 21,815,435	\$ -	\$ 5,025,254	\$ 1,741,867	\$ 28,582,556
Public service	1,614,847	-	402,523	143,567	2,311,921
Academic support	2,949,711	-	712,693	403,290	4,065,694
Student services	3,372,293	-	946,136	218,342	4,536,771
Institutional support	6,562,017	-	564,135	7,207,049	14,333,201
Operation and maintenance of plant	2,560,360	-	1,293,969	3,834,919	7,689,248
Total unrestricted educational activities	38,874,663	-	8,944,710	13,549,034	61,368,407
RESTRICTED EDUCATIONAL ACTIVITIES					
Instruction	1,991,004	2,267,084	360,614	1,982,818	6,601,520
Public service	166,364	186,178	45,936	804,981	1,203,459
Academic support	-	326,869	-	-	326,869
Student services	-	453,915	-	-	453,915
Institutional support	270,700	771,353	83,019	(309,781)	815,291
Scholarships and fellowships	-	-	-	8,378,680	9,906,898
Total restricted educational activities	2,428,068	4,005,399	489,569	10,856,698	17,779,734
Total educational activities	41,302,731	4,005,399	9,434,279	24,405,732	79,148,141
AUXILIARY ENTERPRISES	1,405,517	-	527,742	3,541,814	5,475,073
DEPRECIATION EXPENSE - buildings and other real estate improvements	-	-	-	3,664,173	3,650,830
DEPRECIATION EXPENSE - equipment and furniture	-	-	-	1,758,154	2,042,044
TOTAL OPERATING EXPENSES	\$ 42,708,248	\$ 4,005,399	\$ 9,962,021	\$ 33,369,873	\$ 90,045,541

(Exhibit 2A)

**AMARILLO COLLEGE
SCHEDULE C
SCHEDULE OF NONOPERATING REVENUES AND EXPENSES
YEAR ENDED AUGUST 31, 2020
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2019)**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>2020</u>	<u>2019</u>
NONOPERATING REVENUES					
State appropriations:					
Education and general state support	\$ 14,878,141	\$ -	\$ -	\$ 14,878,141	\$ 13,548,432
State group insurance	-	3,807,950	-	3,807,950	3,850,424
State retirement matching	-	1,967,247	-	1,967,247	1,401,073
Total state appropriations	14,878,141	5,775,197	-	20,653,338	18,799,929
Maintenance ad valorem taxes	21,483,476	-	-	21,483,476	21,067,011
General obligation bonds taxes	-	8,253,269	-	8,253,269	5,463,085
Federal revenue, nonoperating	27,161	16,587,030	-	16,614,191	17,946,479
Gifts	12,950	-	-	12,950	321,167
Investment income	389,874	1,017,551	-	1,407,425	912,004
Gain (loss) on disposal of fixed assets	-	79,298	-	79,298	102,885
Total nonoperating revenues	36,791,602	31,712,345	-	68,503,947	64,612,560
NONOPERATING EXPENSES					
Interest on capital related debt	-	(3,051,719)	-	(3,051,719)	(2,051,395)
Total nonoperating expenses	-	(3,051,719)	-	(3,051,719)	(2,051,395)
NET NONOPERATING REVENUES	<u>\$ 36,791,602</u>	<u>\$ 28,660,626</u>	<u>\$ -</u>	<u>\$ 65,452,228</u>	<u>\$ 62,561,165</u>

(Exhibit 2A)

AMARILLO COLLEGE
SCHEDULE D
SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY
YEAR ENDED AUGUST 31, 2020
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2019)

	Detail by Source				Available for Current Operations		
		Restricted		Capital Assets			
	Unrestricted	Expendable	Nonexpendable	Net of Depreciation & Related Debt	Total	Yes	No
CURRENT							
Unrestricted	\$ (77,065,899)	\$ -	\$ -	\$ -	\$ (77,065,899)	\$ (77,065,899)	\$ -
Board designated	-	-	-	-	-	-	-
Restricted	-	4,907,048	-	-	4,907,048	4,907,048	-
Auxiliary enterprises	5,275,911	-	-	-	5,275,911	5,275,911	-
LOAN	-	-	-	-	-	-	-
ENDOWMENT							
Quasi:							
Unrestricted	-	2,043,093	-	-	2,043,093	-	2,043,093
Restricted	-	-	2,500,000	-	2,500,000	-	2,500,000
Endowment							
True	-	-	-	-	-	-	-
Term (per instructions at maturity)	-	-	-	-	-	-	-
Life income contracts	-	-	-	-	-	-	-
Annuities	-	-	-	-	-	-	-
PLANT							
Unexpended	-	30,831,864	-	-	30,831,864	-	30,831,864
Renewals	-	-	-	-	-	-	-
Debt service	-	2,982,584	-	-	2,982,584	-	2,982,584
Investment in plant	-	-	-	40,963,821	40,963,821	-	40,963,821
Total net position, August 31, 2020	(71,789,988)	40,764,589	2,500,000	40,963,821	12,438,422 (Exhibit 1A)	(66,882,940)	79,321,362
Total net position, August 31, 2019	(72,216,664)	12,162,306	2,500,000	66,153,996	8,599,638 (Exhibit 2A)	(65,264,973)	73,864,611
NET INCREASE (DECREASE) IN NET POSITION	\$ 426,676	\$ 28,602,283	\$ -	\$ (25,190,175)	\$ 3,838,784 (Exhibit 2A)	\$ (1,617,967)	\$ 5,456,751

AMARILLO COLLEGE
SCHEDULE E
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2020

Federal Grantor/Cluster/Program Title/Pass Through Grantor/ Pass-Through Grantor's Award Number	CFDA Number	Expenditures			Subrecipients Expenditures
		Direct Awards	Pass-Through Awards	Total	
U.S. Department of Education					
Direct Programs:					
Student Financial Aid Cluster					
Federal Supplemental Educational Opportunity Grants	84.007	\$ 309,224	\$ -	\$ 309,224	\$ -
Federal College Work Study Program	84.033	261,161	-	261,161	-
Federal Pell Grant Program	84.063	16,037,612	-	16,037,612	-
Federal Direct Student Loans	84.268	9,734,266	-	9,734,266	-
IASG Award for Veterans	84.408	6,194	-	6,194	-
Total Student Financial Aid		26,348,457	-	26,348,457	-
Title III Hispanic Serving Institutions Science, Technology, Engineering, and Math	84.031C	244,962	-	244,962	-
Title V Grant Developing Hispanic Serving Institutions	84.031S	511,345	-	511,345	-
Total CFDA No. 84.031		756,307	-	756,307	-
Trio - Student Support Services	84.042A	402,421	-	402,421	-
Pass-Through From:					
Texas Higher Education Coordinating Board					
Carl Perkins Vocational Education Basic / 19420206712001	84.048	-	567,446	567,446	-
Perkins State Leadership / 2042020271	84.048	-	75,175	75,175	75,175
Total CFDA No. 84.048A		-	642,621	642,621	75,175
Texas Workforce Commission					
Adult Education and Literacy / 0118ALA000	84.002A	-	296,177	296,177	-
Adult Education and Literacy / 0118ALAB00	84.002A	-	1,071,718	1,071,718	-
Local Performance Quality Improvement / 0119PQI000	84.002A	-	9,538	9,538	-
Adult Education and Literacy College Integration Pathways II / 2917AEL001	84.002A	-	487,813	487,813	-
Accelerate Texas / 0119AEL000	84.002A	-	56,220	56,220	-
Total CFDA No. 84.002A		-	1,921,466	1,921,466	-
Total U.S. Department of Education		27,507,185	2,564,087	30,071,272	75,175
National Science Foundation					
Pass-Through From:					
Texas Engineering Experiment Station					
National Science Foundation - Science Technology Engineering Mathematics / 1644179	47.076	-	84,061	84,061	-
Total National Science Foundation		-	84,061	84,061	-
U.S. Department of Health and Human Services					
Pass-Through From:					
Partnership for Environmental Technology Education (PETE)					
National Institute for Environmental Health Sciences / 5UH4E5019338-09	93.142	-	189,554	189,554	-
Total CFDA No. 93.142		-	189,554	189,554	-
Total U.S. Department of Health and Human Services		-	189,554	189,554	-
TOTAL EXPENDITURES OF FEDERAL AWARDS		\$ 27,507,185	\$ 2,837,702	\$ 30,344,887	\$ 75,175

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

AMARILLO COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
August 31, 2020

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	\$ 3,996,430
Federal Grants and Contracts Revenue per Schedule C	16,614,191
Federal Direct Student Loans	<u>9,734,266</u>
Total federal revenues per Schedule of Expenditures of Federal Awards	<u>\$ 30,344,887</u>

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING THE SCHEDULE

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

NOTE 3 - FEDERAL DIRECT STUDENT LOAN PROGRAM

The College participates in Federal Direct Student Loans program (CFDA 84.268). Loans under the Federal Direct Student Loans program are made directly by the federal government to students. Loans disbursed during the fiscal year ended August 31, 2020 totaled \$9,734,266 and are presented as current year federal expenditures.

NOTE 4 - AMOUNTS PASSED-THROUGH BY AMARILLO COLLEGE

U.S. Department of Education

Passed through Texas Higher Education Coordinating Board
(CFDA 84.048)

Austin Community College	\$ 4,792
Frank Phillips College	<u>70,383</u>
Total	<u>\$ 75,175</u>

AMARILLO COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
August 31, 2020

NOTE 5 - NONCASH AWARDS

There were no federal noncash awards in fiscal year 2020 other than Federal Direct Student Loans discussed in Note 3 above.

**AMARILLO COLLEGE
SCHEDULE F
SCHEDULE OF EXPENDITURES OF STATE OF TEXAS AWARDS
FOR THE YEAR ENDED AUGUST 31, 2020**

<u>Grantor Agency/Program Title</u>	<u>Grant Contract Number</u>	<u>Expenditures</u>
Texas Workforce Commission		
Adult Education and Literacy	0118ALA000	\$ 7,312
FY 18 Skills for Small Business	0116SSD001	5,706
Amarillo College in Partnership with a Healthcare Consortium	0118SDF001	126,942
Total Texas Workforce Commission		<u>139,960</u>
Texas Department of Criminal Justice		
Pass-Through From:		
Panhandle Regional Planning Commission		
Law Enforcement Training	1426916	33,740
Total Texas Department of Criminal Justice		<u>33,740</u>
Texas Higher Education Coordinating Board		
Texas Educational Opportunity Grant	-	736,578
Nursing Shortage Reduction <70	-	22,448
Work-Study State Mentorship Program	18864	55,853
Comprehensive College Readiness and Success Models	17446 / 18381 / 20283	108,971
Total Texas Higher Education Coordinating Board		<u>923,850</u>
TOTAL EXPENDITURES OF STATE OF TEXAS AWARDS		<u>\$ 1,097,550</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, 2020

NOTE 1 - STATE ASSISTANCE RECONCILIATION

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

State Grants and Contracts Revenue per Schedule A	<u>\$ 1,097,550</u>
Total Grants and Contracts Revenue per Schedule F	<u>\$ 1,097,550</u>

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING THE SCHEDULE

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

NOTE 3 - SUBRECIPIENTS

None

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 the business-type activities and the aggregate discretely presented component unit of Amarillo College (the College) as of and for the year ended August 31, 2020 and the related notes to the financial statements which collectively comprise the College's basic financial statements and have issued our report thereon dated December 1, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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



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Purpose of this Report

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

CUMS CPAs & Advisors, PLLC

Amarillo, Texas
December 1, 2020

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It's about time.

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

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) Compliance Supplement* and the State of Texas Uniform Grants Management Standards that could have a direct and material effect on each of the College's major federal and state programs for the year ended August 31, 2020. The College's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2020.



O: 806.373.6661

F: 806.372.1237

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Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and the State UGMS and which are described in the accompanying schedule of findings and questioned costs as items 2020-001 to 2020-002. Our opinion on each major federal and state program is not modified with respect to these matters.

The College is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The College's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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 the Uniform Guidance and the State UGMS, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal 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. 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 2020-001 to 2020-002 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 the Uniform Guidance and the State UGMS. Accordingly, this report is not suitable for any other purpose.

CMMS CPAs and Advisors, PLLC

Amarillo, Texas
December 1, 2020

AMARILLO COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended August 31, 2020

SECTION I – Summary of Auditor's Results

Financial Statements

Type of Auditor's report issued:

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

Internal control over financial reporting:

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

Federal and State Awards

Internal control over major programs:

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

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

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

 yes X 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
84.408	IASG Award For Veterans
84.031S	Developing Hispanic Serving Institutions
	Texas Higher Education Coordinating Board
	Texas Education Opportunity Grant
N/A	

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

Auditee qualified as a low-risk auditee?	Federal	<u> X </u>	yes	<u> </u>	no
Auditee qualified as a low-risk auditee?	State	<u> X </u>	yes	<u> </u>	no

**AMARILLO COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
Year Ended August 31, 2020**

SECTION II – Financial Statement Findings

None noted.

SECTION III – Federal and State Award Findings and Questioned Costs

Finding 2020-001

Program: 84.031S – Title V Developing Hispanic Serving Institutions

Compliance Requirement: Procurement

Condition: Procurement manual has not been updated to include all requirements per Uniform Guidance. The College's procurement policy does not contain a provision to use cost-plus percentage for construction contractors. Also, there is no consideration in procurement documents regarding contracting with small and minority businesses, women's business enterprises, and labor surplus firms.

Criteria: The procurement policy should be in compliance with all the procurement standards in 2 CFR 200.317 through 200.326 of the Uniform Guidance.

Cause: The procurement policy has not been updated due to changes in management.

Effect: Purchases/procurements may not be in compliance with Uniform Guidance.

Context: The error was discovered during risk assessment. Additionally, during procurement testing, four tested procurements had no documentation regarding how or if small, minority, women-owned, or labor surplus firms were considered.

Repeat Finding: No

Recommendation: We recommend that the College's procurement policy be updated to include all Uniform Guidance requirements.

Views of Responsible Officials: Staff is reviewing and updating the procurement policies, and an attorney with expertise in these types of policies is also reviewing for accuracy. It should be noted that staff is already following standards 2 CFR 200.317 through 200.326, but didn't have these policies updated due to staff turnover. Additionally, the COVID Pandemic forced staff to focus on the immediate crisis, which resulted in this update being delayed. Staff will continue to follow the Uniform Guidance Standards and will have the procurement policies updated as soon as possible.

AMARILLO COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
Year Ended August 31, 2020

Finding 2020-002

Program: 84.063 - Federal Pell Grant

Compliance Requirement: Special Tests

Condition: The calculation of Return to Title IV for one student was incorrect.

Criteria: When a student is no longer eligible for funding due to lack of attendance or failing grades, the College is required to calculate if the Title IV funds received by the school/student have been earned or must be returned to the Department of Education (DOE).

Cause: Institutional charges for one student was input as \$14,785 instead of \$1,785. This caused the calculated return of funds required by the College to be reported as \$1,549 instead of \$892.50. As a result, the College returned \$656.50 more than required and overcharged the student \$656.50.

Effect: Input errors could result in inaccurate reporting and transactions with DOE concerning Return to Title IV.

Context: One out of 42 tested had an error. The Return to Title IV was incorrectly calculated, returned, and billed.

Repeat Finding: No

Recommendation: We recommend that the College correct this students Return to Title IV calculation and review all other Return to Title IV calculations to ensure they were calculated properly.

Views of Responsible Officials: The one instance cited was a clerical error and an isolated incident. The student's Return to Title IV calculation was immediately corrected at the time of the finding and the student's charges reduced based on the correct institutional charges. In the future, the Director of Financial Aid will spot check the Return to Title IV calculations to insure no clerical errors have been made related to data elements entered into the calculation.

**AMARILLO COLLEGE
SCHEDULE OF CORRECTIVE ACTION
FOR AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended August 31, 2020**

Finding 2020-001

Condition: Procurement manual has not been updated to include all requirements per Uniform Guidance. The College's procurement policy does not contain a provision to use cost-plus percentage for construction contractors. Also, there is no consideration in procurement documents regarding contracting with small and minority businesses, women's business enterprises, and labor surplus firms.

Corrective Action Plan: See the College's response on page 121.

Finding 2020-002

Condition: The calculation of Return to Title IV for one student was incorrect.

Corrective Action Plan: See the College's response on page 123.

**AMARILLO COLLEGE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended August 31, 2020**

Finding 2019-001

Program: Texas Workforce Commission
Skills Development Fund - Healthcare

Condition: Two grant participants were not eligible to receive grant funds.

Recommendation: We recommend that the College implement procedures to confirm participant eligibility at the beginning of each grant course.

Current Status: See the College's response on page 125.

Finding 2019-002

Program: Texas Higher Education Coordinating Board
Texas Educational Opportunity Grant (TEOG) – State Grant

Condition: The Spring funds were not distributed to eligible students accounts within the 3-day requirements. Funds received on February 15, 2019, were not completely allocated until February 21, 2019.

Recommendation: We recommend that the College implement procedures to allocate the TEOG funds within Program Guidelines.

Current Status: See the College's response on page 127.

Finding 2019-003

Program: Texas Higher Education Coordinating Board
Texas Educational Opportunity Grant (TEOG) – State Grant

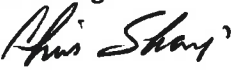
Condition: Six students did not receive matching funds to cover the amount of tuition in excess of TEOG.

Recommendation: We recommend that the College implement procedures for a second review of match calculations to be performed.

Current Status: See the College's response on page 129.

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December 1, 2020

Memorandum For: Amarillo Junior College
Contact: Chris Sharp 
VP of Business Affairs
Subject: **Corrective Action for Audit Finding 2020-001**
Procurement Policy

Cause and Corrective Action:

The finding that the procurement policy has not been updated to the standards in 2 CFR 200.317 through 200.326 of the Uniform Guidance is currently being addressed, and will be ready for approval by the appropriate body by the Spring of 2021.

Staff is reviewing and updating the procurement policies, and an attorney with expertise in these types of policies is also reviewing for accuracy. It should be noted that staff is already following standards 2 CFR 200.317 through 200.326, but didn't have these policies updated due to staff turnover. Additionally, the COVID Pandemic forced staff to focus on the immediate crisis, which resulted in this update being delayed.

Staff will continue to follow the Uniform Guidance Standards and will have the procurement policies updated as soon as possible.

The Institution believes this is an isolated incident.

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December 1, 2020

Memorandum For: Amarillo Junior College

Contact: Chris Sharp *Chris Sharp*
VP of Business Affairs

Subject: Corrective Action for Audit Finding 2020-002
Federal Pell Grant

Cause and Corrective Action:

The one instance cited was a clerical error and an isolated incident. The student's Return to Title IV calculation was immediately corrected at the time of the finding and the student's charges reduced based on the correct institutional charges.

The one instance cited was a clerical error and an isolated incident. The student's Return to Title IV calculation was immediately corrected at the time of the finding and the student's charges reduced based on the correct institutional charges. In the future, the Director of Financial Aid will spot check the Return to Title IV calculations to insure no clerical errors have been made related to data elements entered into the calculation.

The Institution believes this is an isolated incident.

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Amarillo College

December 1, 2020

Memorandum For: Amarillo Junior College

Contact: Chris Sharp 
VP of Business Affairs

Subject: Corrective Action for Audit Finding 2019-001
SDF Eligibility Finding 2019-001 – State Grant

Cause and Corrective Action:

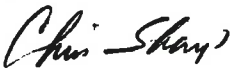
The eligibility issue cited was caused by an employment status change from full time (eligible) to as needed (ineligible). At the time of the eligibility verification, both student were full time, but before training had occurred, they were changed to an “as needed” employment status and that was not conveyed to our institution.

To resolve this issue, a new eligibility verification process has been implemented. Amarillo College personnel will verify eligibility prior to conducting training instead of at the time of enrollment. The correspondence will be via written documentation. Amarillo College will reimburse the funding agency, if requested to do so, according to the MOU agreement between AC and the hospital business partners.

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December 1, 2020

Memorandum For: Amarillo Junior College

Contact: Chris Sharp 
VP of Business Affairs

Subject: Corrective Action for Audit Finding 2019-002
TEOG- State Grant

Cause and Corrective Action:

The one instance cited was a result of the funds not being distributed within the three-day window. Due to an oversight by the Financial Aid Office, TEOG funds that were received by the AC Business Office on a Friday afternoon were not posted in a timely manner.

The Financial Aid Office will address this finding by ensuring that all future TEOG funds received by the AC Business Office are posted to student accounts within the three-day window prescribed by Texas Higher Education Coordinating Board (THECB) rules. The Financial Aid Office will monitor the receipt of funds through the new electronic funds management system that was recently provided by the THECB. The Director of Financial Aid will closely monitor the management system after the initial fund request is made in order to guarantee that all funds are allocated within three days of being received.

The Institution believes this is an isolated incident.

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December 1, 2020

Memorandum For: Amarillo Junior College
Contact: Chris Sharp 
VP of Business Affairs
Subject: **Corrective Action for Audit Finding 2019-003**
TEOG- State Grant

Six students did not receive matching funds to cover the amount of tuition in excess of TEOG.

The Institution concurs with the finding and applied the appropriate match to the six students cited.

Cause and Corrective Action:

The instances cited were a result of the matching funds not being applied to students who had a change to their enrollment status in the Spring semester.

In order to resolve this finding, the Financial Aid Office has developed an electronic report that will be run on a weekly basis to identify TEOG recipients who have tuition and fees in excess of their TEOG amounts. The Office will then award the students a TPEG grant to cover this difference. In addition, the Director of Financial Aid will perform a secondary review of all TEOG students to insure the matching is done correctly.

The Institution has developed procedures to implement proper matching for the TEOG recipients.

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STATISTICAL SUPPLEMENT
(Unaudited)

Amarillo College
Statistical Supplement 1
Net Position by Component
Fiscal Years 2011 to 2020
(unaudited)

For the Fiscal Year Ended August 31,

(amounts expressed in thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Net investment in capital assets	\$ 40,964	\$ 66,154	\$ 66,290	\$ 64,825	\$ 62,423	\$ 61,401	\$ 58,952	\$ 60,530	\$ 61,057	\$ 65,464
Restricted - expendable	40,764	12,162	9,597	8,157	10,334	8,766	9,024	9,233	11,621	8,499
Restricted - nonexpendable	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,620
Unrestricted	(71,790)	(72,217)	(71,735)	(72,187)	10,626	14,522	27,441	26,064	26,903	24,155
Total primary government net position	\$ 12,438	\$ 8,599	\$ 6,652	\$ 3,295	\$ 85,883	\$ 87,189	\$ 97,917	\$ 98,327	\$ 102,081	\$ 100,738

Amarillo College
Statistical Supplement 2
Revenues by Source
Fiscal Years 2011 to 2020
(unaudited)

For the Year Ended August 31, (amounts expressed in thousands)										
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Tuition and fees (net of discounts)	\$ 13,054	\$ 14,507	\$ 14,417	\$ 14,318	\$ 15,372	\$ 14,349	\$ 14,944	\$ 15,382	\$ 15,428	\$ 13,170
Governmental grants and contracts										
Federal grants and contracts	3,996	3,919	6,468	2,848	4,399	5,130	5,228	4,944	3,903	4,452
State grants and contracts	1,098	1,475	1,548	1,300	1,642	2,093	2,364	1,885	1,691	1,876
Local grants and contracts	1,989	1,927	1,981	1,944	2,187	2,003	2,004	1,946	1,891	1,953
Nongovernmental grants and contracts	1,706	1,586	1,503	1,727	1,412	2,337	1,535	1,377	1,749	1,557
Sales and services of educational activities	149	525	506	455	457	455	506	529	532	524
Auxiliary enterprises	5,036	5,526	5,561	5,582	5,605	6,181	6,204	6,461	6,631	6,907
Other operating revenues	1,049	771	509	244	49	84	76	116	82	215
Total operating revenues	28,077	30,236	32,493	28,418	31,123	32,632	32,861	32,640	31,907	30,654
State appropriations	20,653	18,800	21,455	18,255	18,092	19,409	19,045	18,261	18,322	21,177
Ad valorem taxes	29,737	26,530	25,846	24,509	23,466	22,557	21,087	20,481	19,209	18,881
Federal revenue, nonoperating	16,614	17,947	16,805	16,288	15,205	15,416	15,921	16,356	17,424	20,067
Gifts	13	321	235	1,286	2,141	1,566	310	800	3,091	186
Investment income	1,407	912	947	642	396	(10)	586	466	444	571
Other nonoperating revenues	79	103	120	8	3	-	-	-	44	30
Total nonoperating revenues	68,503	64,613	65,408	60,988	59,303	58,938	56,949	56,364	58,534	60,912
TOTAL REVENUES	\$ 96,580	\$ 94,849	\$ 97,901	\$ 89,406	\$ 90,426	\$ 91,570	\$ 89,810	\$ 89,004	\$ 90,441	\$ 91,566

For the Year Ended August 31,										
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Tuition and fees (net of discounts)	13.52%	15.29%	14.73%	16.01%	17.00%	15.66%	16.64%	17.28%	17.06%	14.38%
Governmental grants and contracts										
Federal grants and contracts	4.14%	4.13%	6.61%	3.19%	4.86%	5.60%	5.82%	5.55%	4.32%	4.86%
State grants and contracts	1.14%	1.56%	1.58%	1.45%	1.82%	2.29%	2.63%	2.12%	1.87%	2.05%
Local grants and contracts	2.06%	2.03%	2.02%	2.17%	2.42%	2.19%	2.23%	2.19%	2.09%	2.13%
Nongovernmental grants and contracts	1.77%	1.67%	1.54%	1.93%	1.56%	2.55%	1.71%	1.55%	1.93%	1.70%
Sales and services of educational activities	0.15%	0.55%	0.52%	0.51%	0.51%	0.50%	0.56%	0.59%	0.59%	0.57%
Auxiliary enterprises	5.21%	5.83%	5.68%	6.25%	6.20%	6.75%	6.91%	7.26%	7.33%	7.55%
Other operating revenues	1.09%	0.81%	0.52%	0.27%	0.05%	0.09%	0.08%	0.13%	0.09%	0.24%
Total operating revenues	29.07%	31.87%	33.20%	31.78%	34.42%	35.63%	36.58%	36.67%	35.28%	33.48%
State appropriations	21.38%	19.82%	21.91%	20.42%	20.01%	21.20%	21.21%	20.52%	20.26%	23.13%
Ad valorem taxes	30.79%	27.97%	26.40%	27.41%	25.95%	24.63%	23.48%	23.01%	21.24%	20.62%
Federal revenue, nonoperating	17.20%	18.92%	17.17%	18.21%	16.80%	16.84%	17.73%	18.38%	19.26%	21.92%
Gifts	0.01%	0.34%	0.24%	1.44%	2.37%	1.71%	0.35%	0.90%	3.42%	0.20%
Investment income	1.46%	0.96%	0.97%	0.72%	0.44%	-0.01%	0.52%	0.52%	0.49%	0.62%
Other nonoperating revenues	0.09%	0.12%	0.11%	0.02%	0.01%	0.00%	0.00%	0.00%	0.05%	0.03%
Total nonoperating revenues	70.93%	68.13%	66.80%	68.22%	65.58%	64.37%	63.42%	63.33%	64.72%	66.52%
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 2011 to 2020
(unaudited)

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Instruction	\$ 35,184	\$ 35,718	\$ 38,152	\$ 31,740	\$ 33,752	\$ 32,858	\$ 32,878	\$ 31,882	\$ 30,256	\$ 30,565
Public service	3,364	3,668	3,892	3,596	3,671	3,715	3,696	3,694	3,402	3,617
Academic support	4,393	3,698	3,607	2,617	2,826	3,108	2,833	3,109	2,675	3,316
Student services	4,991	4,975	5,060	4,359	4,656	4,522	4,458	4,154	3,985	4,084
Institutional support	15,148	14,126	15,376	16,143	17,227	16,186	13,665	13,591	12,586	12,322
Operation and maintenance of plant	7,689	6,939	7,156	6,705	6,803	7,454	7,406	7,669	7,411	7,168
Scholarships and fellowships	8,379	9,907	8,476	9,219	8,322	9,380	9,902	10,316	11,833	15,329
Auxiliary enterprises	5,475	6,126	6,281	6,015	5,980	6,411	6,239	6,564	6,577	6,596
Depreciation	5,422	5,693	5,827	5,785	5,833	6,036	5,747	5,274	4,994	4,568
Total operating expenses	90,045	90,850	93,827	86,179	89,070	89,670	86,924	86,253	83,719	87,565
Interest on capital related debt	3,052	2,051	2,191	2,432	2,661	2,844	2,856	2,866	2,401	2,430
Loss on disposal of fixed assets	-	-	-	-	-	52	3,703	3,115	24	31
Total nonoperating expenses	3,052	2,051	2,191	2,432	2,661	2,896	6,559	5,981	2,425	2,461
TOTAL EXPENSES	\$ 93,097	\$ 92,901	\$ 96,018	\$ 88,611	\$ 91,731	\$ 92,566	\$ 93,383	\$ 92,234	\$ 86,144	\$ 90,026

For the Year Ended August 31,

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Instruction	37.79%	38.44%	39.73%	35.99%	35.99%	35.50%	35.21%	34.57%	35.12%	33.95%
Public service	3.61%	3.95%	4.05%	3.91%	3.91%	4.01%	3.96%	4.01%	3.95%	4.02%
Academic support	4.72%	3.98%	3.76%	3.02%	3.02%	3.36%	3.04%	3.36%	3.10%	3.68%
Student services	5.36%	5.36%	5.27%	4.96%	4.96%	4.89%	4.77%	4.50%	4.63%	4.54%
Institutional support	16.27%	15.21%	16.02%	18.33%	18.33%	17.48%	14.63%	14.74%	14.61%	13.69%
Operation and maintenance of plant	8.26%	7.47%	7.45%	7.25%	7.25%	8.05%	7.93%	8.31%	8.60%	7.96%
Scholarships and fellowships	9.00%	10.66%	8.82%	11.10%	11.10%	10.13%	10.60%	11.18%	13.74%	17.03%
Auxiliary enterprises	5.88%	6.59%	6.54%	6.38%	6.38%	6.93%	6.68%	7.12%	7.63%	7.33%
Depreciation	5.82%	6.13%	6.08%	6.22%	6.22%	6.52%	6.15%	5.72%	5.80%	5.07%
Total operating expenses	96.71%	97.79%	97.72%	97.16%	97.16%	96.87%	92.97%	93.51%	97.18%	97.27%
Interest on capital related debt	3.29%	2.21%	2.28%	2.84%	2.84%	3.07%	3.06%	3.11%	2.79%	2.70%
Loss on disposal of fixed assets	0.00%	0.00%	0.00%	0.00%	0.00%	0.06%	3.97%	3.38%	0.03%	0.03%
Total nonoperating expenses	3.29%	2.21%	2.28%	2.84%	2.84%	3.13%	7.03%	6.49%	2.82%	2.73%
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)

Academic Year (Fall)	Learning Resource Fee (per student)	Resident Fees per Semester Credit Hour (SCH)							Increase from Prior Year In-District	Increase from Prior Year Out-of-District
		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		
2020	\$ -	\$ 47.00	\$ 43.00	\$ 29.00	\$ 11.00	\$ 2.00	\$ 1,068.00	\$ 1,584.00	0.00%	0.00%
2019	-	47.00	43.00	29.00	11.00	2.00	1,068.00	1,584.00	0.00%	0.00%
2018	-	47.00	43.00	29.00	11.00	2.00	1,068.00	1,584.00	6.27%	4.14%
2017	-	44.00	43.00	28.00	10.00	1.75	1,005.00	1,521.00	0.00%	0.00%
2016	-	44.00	43.00	28.00	10.00	1.75	1,005.00	1,521.00	0.00%	0.00%
2015	-	44.00	43.00	28.00	10.00	1.75	1,005.00	1,521.00	5.02%	4.97%
2014	-	42.00	41.00	26.00	10.00	1.75	957.00	1,449.00	0.00%	0.00%
2013	-	42.00	41.00	26.00	10.00	1.75	957.00	1,449.00	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%

Academic Year (Fall)	Learning Resource Fee (per student)	Non-Resident Fees per Semester Credit Hour (SCH)							Increase from Prior Year Out of State	Increase from Prior Year International
		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		
2020	\$ -	\$ 154.00	-	\$ 29.00	\$ 11.00	\$ 2.00	\$ 2,352.00	\$ -	0.00%	-
2019	-	154.00	-	29.00	11.00	2.00	2,352.00	-	1.55%	-
2018	-	151.00	-	29.00	11.00	2.00	2,316.00	-	1.18%	-
2017	-	151.00	-	28.00	10.00	1.75	2,289.00	-	0.00%	-
2016	-	151.00	-	28.00	10.00	1.75	2,289.00	-	0.00%	-
2015	-	151.00	-	28.00	10.00	1.75	2,289.00	-	4.95%	-
2014	-	144.00	-	26.00	10.00	1.75	2,181.00	-	0.00%	-
2013	-	144.00	-	26.00	10.00	1.75	2,181.00	-	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%	-

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)
2019-20	\$ 16,071,654	\$ 2,326,500	\$ 13,745,154	85.52%	0.16499	0.06291	0.22790
2018-19	15,513,295	2,230,483	13,282,812	85.62%	0.16499	0.04251	0.20750
2017-18	15,082,945	2,168,266	12,914,679	85.62%	0.15619	0.05131	0.20750
2016-17	14,257,793	2,074,263	12,183,530	85.45%	0.16669	0.04081	0.20750
2015-16	13,660,035	2,007,616	11,652,419	85.30%	0.16669	0.04081	0.20750
2014-15	13,178,836	1,970,945	11,207,891	85.04%	0.16221	0.04529	0.20750
2013-14	12,666,735	1,818,863	10,847,872	85.64%	0.15521	0.04429	0.19950
2012-13	12,442,882	1,905,974	10,536,908	84.68%	0.15089	0.04861	0.19950
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

Source: Local Appraisal District
Notes: Property is assessed at full market value.
(a) per \$100 Taxable Assessed Valuation

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

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

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

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Tax Year (\$000 omitted)									
		2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Southwestern Public Service	Utility	\$ 197,562	\$ 168,216	\$ 163,882	\$ 127,188	\$ 132,952	\$ 113,495	\$ 99,601	\$ 93,024	\$ 86,005	\$ 72,317
BSA Hospital LLC	Hospital	136,817	140,723	136,693	127,843	105,867	103,240	102,539	-	-	-
Bell Helicopter Textron I	Manufacturing Plant	134,095	139,623	105,618	62,349	-	-	-	-	-	-
Wal Mart Stores Inc.	Retail	95,786	100,647	100,848	101,808	88,569	81,821	84,187	85,933	85,542	84,559
Northwest Texas Healthcare Systems Inc	Hospital	87,071	88,405	85,745	89,048	93,917	91,014	88,859	84,729	84,352	86,142
BNSF Railway Co	Railroad	95,123	92,836	83,968	80,238	75,728	74,309	73,579	67,338	60,513	52,160
Case Newport LP	Housing	81,404	80,130	80,620	80,147	-	38,113	-	36,883	34,858	33,337
Amos Corp/Energias Co	Utility	88,465	83,332	72,962	62,578	55,503	53,249	48,110	41,336	33,281	-
Amarillo Mall LCC	Retail Store	61,879	63,402	63,968	63,856	63,835	63,961	63,896	63,926	63,940	63,954
Amarillo Economic Development Corp.	Com/Econ Dev	53,217	52,040	51,559	48,957	43,635	42,774	-	41,926	39,667	37,797
Toot N Tolum INC	Retail	49,760	51,146	50,666	44,299	41,550	-	38,419	37,584	36,937	37,357
Amarillo National Bank	Banking	44,148	42,321	42,755	40,193	39,349	39,715	39,528	48,877	49,022	47,962
Ben E. Keith Company	Warehouse	32,009	30,947	30,281	31,381	-	-	39,709	-	-	33,121
Southwestern Bell Telephone	Utility	-	-	-	-	-	-	-	-	-	-
Totals		\$ 1,159,336	\$ 1,133,768	\$ 1,089,565	\$ 959,685	\$ 740,905	\$ 701,691	\$ 678,427	\$ 601,556	\$ 574,117	\$ 548,706
Total Taxable Assessed Value		\$ 13,820,004	\$ 12,914,679	\$ 12,183,530	\$ 11,652,419	\$ 11,207,891	\$ 10,847,872	\$ 10,536,908	\$ 10,342,085	\$ 10,137,071	\$ 10,069,349

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year									
		2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Southwestern Public Service	Utility	1.43%	1.27%	1.27%	1.04%	1.14%	1.01%	0.92%	0.88%	0.83%	0.71%
BSA Hospital LLC	Hospital	1.00%	1.06%	1.06%	1.05%	0.91%	0.92%	0.95%	-	-	-
Bell Helicopter Textron I	Manufacturing Plant	0.97%	1.05%	0.82%	0.51%	-	-	-	-	-	-
Wal Mart Stores Inc.	Retail	0.69%	0.76%	0.78%	0.84%	0.76%	0.73%	0.78%	0.82%	0.83%	0.83%
Northwest Texas Healthcare Systems Inc	Hospital	0.63%	0.67%	0.66%	0.73%	0.81%	0.81%	0.82%	0.80%	0.82%	0.85%
BNSF Railway Co	Railroad	0.69%	0.70%	0.65%	0.66%	0.65%	0.66%	0.68%	0.64%	0.59%	0.51%
Case Newport LP	Housing	0.59%	0.60%	0.62%	0.66%	-	0.34%	-	0.35%	0.34%	0.33%
Amos Corp/Energias Co	Utility	0.64%	0.63%	0.56%	0.51%	0.48%	0.48%	0.44%	0.39%	0.32%	-
Amarillo Mall LCC	Retail Store	0.45%	0.48%	0.50%	0.52%	0.55%	0.57%	0.59%	0.61%	0.62%	0.63%
Amarillo Economic Development Corp.	Com/Econ Dev	0.39%	0.39%	0.40%	0.40%	0.37%	-	-	0.40%	0.38%	0.37%
Toot N Tolum INC	Retail	0.36%	0.39%	0.36%	0.36%	0.36%	0.38%	0.35%	-	-	-
Amarillo National Bank	Banking	0.32%	0.32%	0.33%	0.33%	0.34%	0.35%	0.36%	0.36%	0.36%	0.37%
Ben E. Keith Company	Warehouse	0.23%	0.23%	0.23%	0.26%	-	-	0.37%	0.46%	0.47%	0.47%
Southwestern Bell Telephone	Utility	-	-	-	-	-	-	-	-	-	0.33%
Totals		8.39%	8.55%	8.27%	7.87%	6.37%	6.25%	6.26%	5.71%	5.56%	5.40%

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)	Prior Collections of Prior Levies (d)	Current Collections of Prior Levies (e)	Total Collections (C+D+E)	Cumulative Collections of Adjusted Levy
2020	\$ 29,834	\$ (128)	\$ 29,706	\$ 29,468	\$ -	225	\$ 29,693	99.96%
2019	26,544	(39)	26,505	26,242	-	176	26,418	99.67%
2018	25,813	(62)	25,751	25,531	-	179	25,710	99.84%
2017	24,440	(31)	24,409	24,166	-	203	24,369	99.84%
2016	23,391	(5)	23,386	23,151	-	215	23,366	99.91%
2015	22,530	(39)	22,491	22,202	-	270	22,472	99.92%
2014	21,056	(38)	21,018	20,736	-	-	20,736	98.66%
2013	20,415	(64)	20,351	20,038	55	158	20,251	99.51%
2012	19,104	32	19,136	18,792	236	41	19,069	99.65%
2011	18,750	18	18,768	18,406	282	20	18,708	99.68%

Source: Local Tax Assessor/Collector and District records.

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

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

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

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

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

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

For the Year Ended August 31										
(dollar amounts expressed in thousands)										
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Bonded Debt										
General obligation bonds	\$ 73,365	\$ 52,355	\$ 55,735	\$ 58,905	\$ 61,905	\$ 64,470	\$ 66,965	\$ 69,040	\$ 70,915	\$ 58,205
Notes	-	-	-	-	-	-	-	-	-	-
Less: Funds restricted for debt service	-	-	-	-	-	-	-	-	-	-
Net general bonded debt	73,365	52,355	55,735	58,905	61,905	64,470	66,965	69,040	70,915	58,205
Other Debt										
Revenue bonds	2,950	3,160	3,365	3,560	3,750	3,935	4,115	4,295	4,470	505
Notes	402	1,000	1,500	-	-	-	112	409	-	-
Capital lease obligations	389	109	24	-	69	-	-	-	-	-
Total Outstanding Debt	\$ 77,106	\$ 56,624	\$ 60,624	\$ 62,465	\$ 65,724	\$ 68,405	\$ 71,192	\$ 73,744	\$ 75,385	\$ 58,710

General Bonded Debt Ratios

Per Capita	\$ 0.37	\$ 0.26	*	*	*	*	\$ 0.34	\$ 0.35	\$ 0.36	\$ 0.30
Per FTSE	11.12	7.69	9.09	8.73	9.27	9.27	9.12	9.04	8.90	7.19
As a percentage of Taxable Assessed Value	0.55%	0.39%	0.43%	0.48%	0.53%	0.58%	0.62%	0.66%	0.69%	0.57%

Total Outstanding Debt Ratios

Per Capita	\$ 0.39	\$ 0.28	*	*	*	*	\$ 0.36	\$ 0.38	\$ 0.39	\$ 0.30
Per FTSE	11.68	8.31	8.68	9.26	9.84	9.84	9.70	9.66	9.46	7.37
As a percentage of Taxable Assessed Value	0.58%	0.43%	0.46%	0.51%	0.56%	0.61%	0.66%	0.70%	0.73%	0.58%

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)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Taxable Assessed Value	\$ 13,820,004	\$ 13,282,812	\$ 12,914,679	\$ 12,183,530	\$ 11,652,419	\$ 11,207,891	\$ 10,847,872	\$ 10,536,908	\$ 10,342,085	\$ 10,137,071
General Obligation Bonds										
Statutory Tax Levy Limit for Debt Service	\$ 69,100	\$ 66,414	\$ 64,573	\$ 60,918	\$ 58,262	\$ 56,039	\$ 54,239	\$ 52,685	\$ 51,710	\$ 50,685
Less: Funds Restricted for Repayment of General Obligation Bonds	-	-	-	-	-	-	-	-	-	-
Total Net General Obligation Debt	69,100	66,414	64,573	60,918	58,262	56,039	54,239	52,685	51,710	50,685
Current Year Debt Service Requirements	8,328	6,180	5,340	5,264	5,247	5,029	4,902	4,885	4,076	4,784
Excess of Statutory Limit for Debt Service over Current Requirements	\$ 60,772	\$ 60,234	\$ 59,233	\$ 55,654	\$ 53,015	\$ 51,010	\$ 49,337	\$ 47,800	\$ 47,634	\$ 45,901
Net Current Requirements as a % of Statutory Limit	12.05%	9.31%	8.27%	8.64%	9.01%	8.97%	9.04%	9.27%	7.88%	9.44%

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
2020	\$ 2,943	\$ 4,346	\$ -	\$ 1,563	\$ -	\$ 2,093	\$ 266	\$ 84	\$ 352	\$ 187	\$ 11,834	210	126	336	35.22
2019	3,023	4,255	-	1,546	-	2,299	661	162	477	279	12,702	205	135	340	37.36
2018	3,082	4,428	-	1,567	-	2,138	411	174	402	262	12,464	195	140	335	37.21
2017	2,387	4,324	-	1,548	-	1,878	175	128	249	169	10,858	195	140	335	32.41
2016	2,354	4,297	-	1,553	-	1,839	84	151	142	175	10,595	185	152	337	31.44
2015	2,268	4,093	-	1,024	-	1,611	54	288	377	381	10,096	180	155	335	30.14
2014	2,401	4,315	-	480	-	1,341	49	214	2,219	512	11,531	180	159	339	34.01
2013	2,531	3,904	-	493	-	1,381	58	242	2,152	529	11,290	175	162	337	33.50
2012	2,568	3,456	-	505	-	1,538	80	229	2,063	531	10,970	235	36	271	40.48
2011	398	3,082	-	-	1,233	1,338	161	216	2,161	524	9,113	225	47	272	33.50

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

Calendar Year	District Population	District Personal Income (a) (thousands of dollars)	District Personal Income Per Capita	District Unemployment Rate
2019	199,371	*	*	2.5%
2018	199,924	9,222,694	46,131	2.7%
2017	199,826	8,756,375	43,820	3.0%
2016	199,582	8,714,548	43,664	3.1%
2015	198,645	8,670,457	43,648	3.1%
2014	197,254	8,188,014	41,510	3.6%
2013	196,429	7,856,767	39,998	4.6%
2012	195,250	7,485,885	38,340	4.8%
2011	193,678	7,159,888	36,968	5.4%
2010	191,331	6,817,124	35,630	5.5%

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 2019 will be released with the rest of the local area estimates on November 17, 2020.

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

Employer	Number of Employees	Percentage of Total Employment
Amarillo Independent School District	5,364	5.49%
Tyson Foods, Inc.	4,400	4.50%
CNS Pantex	3,203	3.28%
BSA Health System/Don & Sybil Harrington Cancer Center	3,200	3.28%
Northwest Texas Healthcare System	1,860	1.90%
United Supermarkets	1,604	1.64%
City of Amarillo	1,439	1.47%
Walmart Supercenters (4 locations)	1,359	1.39%
Amarillo VA Healthcare System	1,215	1.24%
Affiliated Foods/TriState Baking/Plains Dairy	1,205	1.23%
Total	24,849	25.44%

Source:

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

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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Faculty										
Full-Time	185	193	194	171	225	219	225	225	218	221
Part-Time	435	329	326	400	646	537	601	586	581	556
Total	620	522	520	571	871	756	826	811	799	777
Percent										
Full-Time	29.8%	37.0%	37.3%	29.9%	25.8%	29.0%	27.2%	27.7%	27.3%	28.4%
Part-Time	70.2%	63.0%	62.7%	70.1%	74.2%	71.0%	72.8%	72.3%	72.7%	71.6%
Staff and Administrators										
Full-Time	438	420	425	422	397	433	472	466	456	482
Part-Time	214	229	172	253	212	206	270	287	266	269
Total	652	649	597	675	609	639	742	753	722	751
Percent										
Full-Time	67.2%	64.7%	71.2%	62.5%	65.2%	67.8%	63.6%	61.9%	63.2%	64.2%
Part-Time	32.8%	35.3%	28.8%	37.5%	34.8%	32.2%	36.4%	38.1%	36.8%	35.8%
FTSE per Full-Time Faculty	35.83	34.19	35.10	39.45	29.68	31.74	32.62	33.94	36.55	36.61
FTSE per Full-Time Staff Member	15.13	15.71	16.02	15.99	16.82	16.05	15.55	16.39	17.47	16.79
Average Annual Faculty Salary	\$68,352	\$65,419	\$56,495	\$59,330	\$60,206	\$61,928	\$66,795	\$65,862	\$64,569	\$64,087

Amarillo College
Statistical Supplement 15
Enrollment Details
Last Five Fiscal Years
(unaudited)

Student Classification	Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00-30 hours	6,162	63.10%	6,259	63.58%	4,142	55.04%	6,222	65.46%	6,194	64.68%
31-60 hours	2,642	27.05%	2,622	26.64%	2,523	33.53%	2,480	26.09%	2,502	26.13%
> 60 hours	962	9.85%	963	9.78%	860	11.43%	803	8.45%	880	9.19%
Total	9,766	100.00%	9,844	100.00%	7,525	100.00%	9,505	100.00%	9,576	100.00%

Semester Hour Load	Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	47	0.48%	58	0.59%	55	0.40%	38	0.40%	44	0.46%
3-5 semester hours	2,163	22.15%	2,230	22.65%	924	19.95%	1,896	19.95%	1,727	18.03%
6-8 semester hours	2,724	27.89%	2,812	28.57%	2,059	29.94%	2,846	29.94%	2,904	30.33%
9-11 semester hours	1,653	16.93%	1,723	17.50%	1,586	19.18%	1,823	19.18%	1,967	20.54%
12-14 semester hours	2,610	26.73%	2,397	24.35%	2,346	23.73%	2,256	23.73%	2,383	24.88%
15-17 semester hours	442	4.53%	503	5.11%	419	5.49%	522	5.49%	423	4.42%
18 & over	127	1.30%	121	1.23%	136	1.31%	124	1.31%	128	1.34%
Total	9,766	100.00%	9,844	100.00%	7,525	100.00%	9,505	100.00%	9,576	100.00%
Average course load	8.4		8.4		6.4		6.7		7.8	

Tuition Status	Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (In-District)	6,905	70.70%	6,985	70.96%	5,744	72.25%	6,867	72.25%	6,920	72.26%
Texas Resident (Out-of-District)	2,490	25.50%	2,524	25.64%	1,611	25.17%	2,392	25.17%	2,437	25.45%
Non-Resident Tuition	371	3.80%	335	3.40%	170	2.58%	246	2.58%	219	2.29%
Total	9,766	100.00%	9,844	100.00%	7,525	100.00%	9,505	100.00%	9,576	100.00%

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

	Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Gender										
Female	6,314	64.65%	3,616	36.73%	4,870	64.72%	5,914	62.22%	5,925	61.87%
Male	3,452	35.35%	6,228	63.27%	2,655	35.28%	3,591	37.78%	3,651	38.13%
Total	9,766	100.00%	9,844	100.00%	7,525	100.00%	9,505	100.00%	9,576	100.00%

	Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Ethnic Origin										
White	4,259	43.61%	4,516	45.88%	3,423	48.49%	4,609	48.49%	4,793	50.05%
Hispanic	4,179	42.79%	4,034	40.98%	3,149	39.69%	3,773	39.69%	3,632	37.93%
African American	505	5.17%	502	5.10%	431	4.65%	442	4.65%	467	4.88%
Asian	315	3.23%	299	3.04%	224	2.87%	273	2.87%	274	2.86%
Foreign	51	0.52%	43	0.44%	48	0.77%	73	0.77%	71	0.74%
Native American	71	0.73%	72	0.73%	30	0.54%	51	0.54%	52	0.54%
Other	386	3.95%	378	3.84%	220	2.99%	284	2.99%	287	3.00%
Total	9,766	100.00%	9,844	100.00%	7,525	100.00%	9,505	100.00%	9,576	100.00%

	Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Age										
Under 18	2,072	21.22%	2,266	23.02%	322	4.28%	2,128	22.39%	1,964	20.51%
18 - 21	3,834	39.26%	3,620	36.77%	3,318	44.09%	3,536	37.20%	3,579	37.37%
22 - 24	1,054	10.79%	1,128	11.46%	1,097	14.58%	1,090	11.47%	1,140	11.90%
25 - 35	1,877	19.22%	1,888	19.18%	1,860	24.72%	1,900	19.99%	1,965	20.52%
36 - 50	770	7.88%	788	8.00%	769	10.22%	696	7.32%	763	7.97%
51 & over	159	1.63%	154	1.56%	159	2.11%	155	1.63%	165	1.73%
Total	9,766	100.00%	9,844	100.00%	7,525	100.00%	9,505	100.00%	9,576	100.00%

Average Age 23 25 23 24

Amarillo College
Statistical Supplement 17
Transfers to Senior Institutions
2019-2020 Graduates, Completers, and Non-Returners as of Fall 2020
(Includes only public senior colleges in Texas)
(unaudited)

	Transfer Student Count	Transfer Student Count	Transfer Student Count	Total of all Sample Transfer Students	% of all Sample Transfer Students
	Academic	Technical	Tech-Prep		
2 ACCD - San Antonio College	4	-	-	4	0.17%
3 Alvin Community College	-	1	-	1	0.04%
4 Amarillo College	292	266	48	606	26.01%
5 Angelo State University	12	-	-	12	0.52%
6 Austin Community College	4	1	1	6	0.26%
7 Blinn College District	14	-	1	15	0.64%
8 Central Texas College	1	-	-	1	0.04%
9 Cisco College	2	-	-	2	0.09%
10 Clarendon College	14	7	8	29	1.24%
11 Collin County Community College District	2	-	-	2	0.09%
12 DCCCD - Brookhaven College	1	-	1	2	0.09%
14 DCCCD - El Centro Campus	-	-	1	1	0.04%
16 DCCCD - Richland College	1	-	-	1	0.04%
17 El Paso Community College District	2	-	-	2	0.09%
18 Frank Phillips College	21	3	2	26	1.12%
19 Galveston College	1	-	-	1	0.04%
20 HCJCD - Howard College	4	1	1	6	0.26%
21 Houston Community College System	3	-	-	3	0.13%
22 Lamar University	1	1	-	2	0.09%
23 Lone Star College - Kingswood	-	-	1	1	0.04%
24 McLennan Community College	1	-	-	1	0.04%
26 Midwestern State University	8	-	-	8	0.34%
27 Navarro College	2	-	1	3	0.13%
28 North Central Texas College	2	-	-	2	0.09%
32 Prairie View A&M University	2	-	-	2	0.09%
33 Sam Houston State University	3	-	-	3	0.13%
34 San Jacinto College - Central Campus	1	-	-	1	0.04%
35 San Jacinto College - North Campus	1	-	-	1	0.04%
36 South Plains College	22	3	-	25	1.07%
39 Stephen F. Austin State University	3	-	-	3	0.13%
40 Sul Ross State University	1	-	-	1	0.04%
41 Tarleton State University	10	-	-	10	0.43%
42 Tarrant County College - Connect Campus	1	-	-	1	0.04%
43 Tarrant County College - Northwest Campus	-	1	-	1	0.04%
44 Tarrant County College - South Campus	1	1	1	3	0.13%
45 Tarrant County College - Southeast Campus	1	-	-	1	0.04%
46 Texas A&M University	61	-	-	61	2.62%
47 Texas A&M University - Commerce	3	-	-	3	0.13%
48 Texas A&M University - Corpus Christi	2	-	-	2	0.09%
49 Texas A&M University - Kingsville	1	-	-	1	0.04%
50 Texas A&M University - San Antonio	2	-	-	2	0.09%
51 Texas A&M University at Galveston	1	-	-	1	0.04%

Amarillo College
Statistical Supplement 17, Continued
Transfers to Senior Institutions
2019-2020 Graduates, Completers, and Non-Returners as of Fall 2020
(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
55 Texas State University	20	-	-	20	0.86%
56 Texas Tech University	218	2	2	222	9.53%
57 Texas Tech University Health Sciences Center	9	1	5	15	0.64%
58 Texas Tech University Health Sciences Center - El Paso	1	-	-	1	0.04%
59 Texas Women's University	4	2	-	6	0.26%
60 The University of Texas at Arlington	19	-	4	23	0.99%
61 The University of Texas at Austin	55	1	-	56	2.40%
62 The University of Texas at Dallas	20	-	-	20	0.86%
63 The University of Texas at El Paso	2	-	-	2	0.09%
64 The University of Texas at San Antonio	12	-	-	12	0.52%
65 The University of Texas at Tyler	2	-	-	2	0.09%
66 The University of Texas Health Science Center at San Antonio	1	-	-	1	0.04%
68 The University of Texas of the Permian Basin	5	1	-	6	0.26%
69 Tyler Junior College	2	-	-	2	0.09%
70 University of Houston	1	-	-	1	0.04%
73 University of Houston - Victoria	1	-	-	1	0.04%
74 University of North Texas	36	-	-	36	1.55%
75 University of North Texas at Dallas	1	-	-	1	0.04%
76 Vernon College	1	1	-	2	0.09%
77 Victoria College	-	-	1	1	0.04%
78 Weatherford College	-	3	-	3	0.13%
79 West Texas A&M University	968	24	44	1,036	44.46%
80 Western Texas College	2	-	-	2	0.09%
Totals	1,888	320	122	2,330	100.00%

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

Amarillo College
Statistical Supplement 18
Capital Asset Information
Fiscal Years 2016 to 2020
(unaudited)

	Fiscal Year				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Academic buildings	32	32	32	31	31
Square footage (in thousands)	995	998	998	987	997
Libraries*	1	1	1	1	1
Square footage (in thousands)	16	16	16	16	16
Number of Volumes (in thousands)	42	50	50	50	51
Administrative and support buildings	8	8	8	8	7
Square footage (in thousands)	188	188	188	188	158
Rentals					
Apartment Bldgs (formerly Dorms)	-	-	-	-	-
Square footage (in thousands)	-	-	-	-	-
Number of Beds	-	-	-	-	-
Rental Housing Units	335	335	335	335	335
Square footage (in thousands)	493	493	493	493	493
Commercial Rentals	3	3	3	3	3
Square footage (in thousands)	16	16	16	16	17
Dining Facilities*	-	-	-	-	-
Square footage (in thousands)	-	-	-	-	-
Athletic Facilities (sum of below)	5	5	5	5	5
Square footage(in thousands)	79	79	79	78	78
Stadiums	-	-	-	-	-
Gymnasiums*	5	5	5	5	5
Fitness Centers*	2	2	2	2	2
Tennis Court	-	-	-	-	-
Plant facilities	4	4	4	5	5
Square footage (in thousands)	81	81	81	96	96
Transportation (Total)	153	147	148	140	139
Cars	27	30	30	29	29
Semi Trucks / Heavy Trucks (Instructional)	76	26	28	28	27
Light Trucks/Vans (includes Instructional)	29	66	68	62	62
Buses (Instructional)	7	12	8	8	8
Motorcycles (Instructional)	14	13	14	13	13

* May be within other buildings