

AMARILLO COLLEGE

Amarillo, Texas

ANNUAL FINANCIAL REPORT

August 31, 2016 and 2015

TABLE OF CONTENTS

	PAGE
ORGANIZATIONAL DATA	1
INDEPENDENT AUDITOR'S REPORT	3
MANAGEMENT'S DISCUSSION AND ANALYSIS	7
FINANCIAL STATEMENTS	
Exhibit 1 Statements of Net Position	18
2 Statements of Revenues, Expenses, and Changes in Net Position.....	20
3 Statements of Cash Flows.....	21
Notes to Financial Statements	23
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of the College's Proportionate Share of the Net Pension Liability.....	58
Schedule of the College's Contributions	59
Notes to Required Supplementary Information	60
OTHER SUPPLEMENTAL INFORMATION	
Schedule A Schedule of Operating Revenues.....	64
B Schedule of Operating Expenses by Object.....	66
C Schedule of Nonoperating Revenues and Expenses	67
D Schedule of Net Position by Source and Availability	68
E Schedule of Expenditures of Federal Awards	69
Notes to Schedule of Expenditures of Federal Awards	70
F Schedule of Expenditures of State of Texas Awards	71
Notes to Schedule of Expenditures of State of Texas Awards	72

TABLE OF CONTENTS (CONTINUED)

	PAGE
SINGLE AUDIT SECTION	
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 <i>Government Auditing Standards</i>	75
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance and the State of Texas Single Audit Circular	79
Schedule of Findings and Questioned Costs	83
Schedule of Corrective Action for Audit Findings and Questioned Costs	87
Summary Schedule of Prior Audit Findings	89
STATISTICAL SUPPLEMENT (UNAUDITED)	91

**AMARILLO COLLEGE
ORGANIZATIONAL DATA
August 31, 2016**

Board of Regents

	<u>Officers</u>	Term Expires <u>May</u>
Michele Fortunato	Chairperson	2017
Dr. Paul Proffer	Vice Chairperson	2019
Daniel Henke	Secretary	2021

	<u>Members</u>	
Jay Barrett	Amarillo, Texas	2017
Neal D. Nossaman	Amarillo, Texas	2017
Johnny E. Mize	Amarillo, Texas	2019
Dr. David C. Woodburn	Amarillo, Texas	2019
Anette Carlisle	Amarillo, Texas	2021
Patrick Miller	Amarillo, Texas	2021

Key Officers

Dr. Russell Lowery-Hart	President
Mark White	Executive Vice President and General Counsel
Robert Austin	Vice President of Student Affairs
Steve Smith	Vice President of Business Affairs
Deborah Vess	Vice President of Academic Affairs
Lyndy Forrester	Vice President for Employee & Organizational Development
Cara Crowley	Chief of Staff

This page left blank intentionally.

Independent Auditor's Report

Board of Regents
Amarillo College
Amarillo, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Amarillo College (the College) as of and for the years ended August 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

This page left blank intentionally.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College as of August 31, 2016 and 2015, and the changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedules of the College's Proportionate Share of the Net Pension Liability, the Schedules of the College's Contributions and Notes to Required Supplementary Information on pages 8-15 and pages 58-61 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 basic financial statements of the College. The accompanying supplemental information listed in the table of contents, Schedules A, B, C and D, is likewise presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, Schedule E, and Schedule of Expenditures of State of Texas Awards, Schedule F, as required by 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 Single Audit Circular are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The statistical 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 13, 2016, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Connor McMillen, Mitchell ; Shennun PLLC

Amarillo, Texas
December 13, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

**AMARILLO COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended August 31, 2016, 2015 and 2014**

INTRODUCTION

The 2016 fiscal year was the fifteenth 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 fifteenth year that the College has prepared these financial statements in the GASB 34/35 format. Following are the comparative financial statements for fiscal years 2016, 2015, and 2014:

AMARILLO COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended August 31, 2016, 2015 and 2014

CONDENSED COMPARATIVE FINANCIAL INFORMATION (CONTINUED)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Assets - Capital Net	\$ 129,894,233	\$ 129,756,340	\$ 129,599,064
Total Assets - Noncapital	48,344,207	55,714,263	58,487,163
Total Assets	<u>178,238,440</u>	<u>185,470,603</u>	<u>188,086,227</u>
Deferred Outflows	4,959,716	3,075,201	-
Total Liabilities - Long Term	80,424,295	78,839,638	70,148,697
Total Liabilities - Other	15,753,303	19,296,166	20,020,825
Total Liabilities	<u>96,177,598</u>	<u>98,135,804</u>	<u>90,169,522</u>
Deferred Inflows	1,137,072	3,221,134	-
Net Position - Capital	62,423,152	61,314,426	58,951,950
Net Position - Restricted	12,833,830	11,352,838	11,523,779
Net Position - Unrestricted	10,626,504	14,521,602	27,440,976
Total Net Position	<u>\$ 85,883,486</u>	<u>\$ 87,188,866</u>	<u>\$ 97,916,705</u>
Operating Revenues			
Tuition and Fees (Net of Discounts)	\$ 15,371,596	\$ 14,348,816	\$ 14,943,828
Grants and Contracts	9,639,424	11,563,071	11,130,843
Other Operating Revenues	505,826	538,994	581,994
Auxiliary Enterprises (Net of Discounts)	5,605,806	6,181,067	6,204,581
Total Operating Revenues	<u>31,122,652</u>	<u>32,631,948</u>	<u>32,861,246</u>
Operating Expenses			
Instruction	33,752,218	32,857,531	32,877,634
Public Service	3,670,915	3,715,195	3,696,267
Academic Support	2,825,582	3,107,623	2,832,888
Student Services	4,655,940	4,522,455	4,457,921
Institutional Support	17,227,362	16,186,494	13,664,757
Operation and Maintenance of Plant	6,802,743	7,453,894	7,405,632
Scholarships and Fellowships	8,322,474	9,379,560	9,902,645
Auxiliary Enterprises	5,980,078	6,411,226	6,238,998
Depreciation	5,832,644	6,036,294	5,747,004
Total Operating Expenses	<u>89,069,956</u>	<u>89,670,272</u>	<u>86,823,746</u>
Operating Loss	<u>(57,947,304)</u>	<u>(57,038,324)</u>	<u>(53,962,500)</u>
Nonoperating Revenues (Expenses)			
State Allocations	18,091,989	19,409,430	19,044,738
Ad Valorem Taxes	23,466,261	22,556,822	21,087,526
Federal Revenue, Nonoperating	15,205,083	15,415,751	15,921,186
Investment Income (Net)	395,807	(10,463)	586,412
Interest on Capital-Related Debt	(2,660,893)	(2,844,187)	(2,856,244)
Other Nonoperating Revenue (Expenses)	2,143,677	1,514,250	(3,392,795)
Net Nonoperating Revenues	<u>56,641,924</u>	<u>56,041,603</u>	<u>50,390,823</u>

**AMARILLO COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended August 31, 2016, 2015 and 2014**

CONDENSED COMPARATIVE FINANCIAL INFORMATION (CONTINUED)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Extraordinary Item			
Insurance proceeds	-	-	3,161,115
Decrease in Net Position	(1,305,380)	(996,721)	(410,562)
Beginning Net Position	87,188,866	97,916,705	98,327,267
Prior Period Adjustment	-	(9,731,118)	-
Ending Net Position	<u>\$ 85,883,486</u>	<u>\$ 87,188,866</u>	<u>\$ 97,916,705</u>

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

REVENUES

State Appropriations – State appropriations for educational and general state support decreased slightly for 2015, and decreased an additional \$1.49 million for 2016, the second year of the biennium.

<u>Year</u>	<u>State Appropriations</u>	<u>Change from Prior Year</u>	<u>% Change</u>
2013	\$ 15,097,688	\$ (222,871)	-1.5%
2014	15,307,049	209,361	+1.4%
2015	15,289,482	(17,567)	-0.1%
2016	13,824,650	(1,496,536)	+9.8%

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

Investment Income – From 2003 to 2007 interest rates rose, increasing investment revenue; during 2008 interest rates started declining and continued to do so through 2016.

Ad Valorem Tax Base – The Amarillo Junior College District (the District) property appraisal increased \$531 million or 4.56% from the 2015 tax year to the 2016 tax year, \$445 million or 3.97% from the 2014 tax year to the 2015 tax year, and \$360 million or 3.32% from the 2013 tax year to the 2014 tax year. The increase is made up of new properties, improvements to existing properties, and increased valuations.

With the passage of the bond initiative in November of 2007 and the subsequent sale of \$68.3 million of construction bonds, the total tax rate for the 2016 tax year remained the same at \$.20750 per \$100 valuation; however, the maintenance and operations portion of the tax rate increased \$.0030 over the previous year and the interest and sinking portion was reduced by the same

**AMARILLO COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended August 31, 2016, 2015 and 2014**

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

amount. The last bond sale associated with the November 2007 bond initiative was on May 15, 2012, in the amount of \$14,305,000.

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

The Amarillo City Council adopted Ordinance No. 7012 on December 19, 2006, providing for the creation of a contiguous geographic area within the City to be a zone known as the Tax Increment Zone Number One, City of Amarillo, Texas (TIRZ #1) and the establishment of a tax increment fund for the Zone. The District's boundaries encompass the TIRZ #1. At a special meeting in November of 2007, the Board of Regents approved participation in the TIRZ #1. The contribution by the College to the TIRZ #1 district for 2015-16, 2014-15, and 2013-14, was \$110,401, \$104,275 and \$104,814, respectively.

Economic Outlook – While the recent recession has hit parts of the country very hard, the economic conditions in the College service area have not been that severe. The local unemployment rate of 3.6% is below the state and national averages of 4.4% and 4.7%, respectively. State appropriations for the 2016/2017 biennium were \$27.5 million which was lower than the 2014/2015 biennium which was \$30.5 million.

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 \$3.0 million, \$3.22 million, and \$3.24 million for fiscal years 2014, 2015, and 2016, respectively.

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:

	2016	2015	2014	Percent Change
Land	\$ 5,397,795	\$ 5,397,795	\$ 5,397,795	0.0%
Construction in progress	727,008	37,058	97,169	-61.9%
Buildings and building improvements	155,515,212	151,996,386	146,733,832	3.6%
Other real estate improvements	6,936,846	6,084,079	6,018,809	1.1%
Library books	1,187,925	1,230,205	1,265,236	-2.8%
Furniture, machinery, vehicles, and other equipment	34,487,952	33,800,106	32,545,358	3.9%
Assets held pending sale		-	-	0.0%
Total capital assets	<u>\$ 204,252,738</u>	<u>\$ 198,545,629</u>	<u>\$ 192,058,199</u>	2.9%

**AMARILLO COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended August 31, 2016, 2015 and 2014**

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

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

The College has entered into various construction contracts. Total current commitments are \$3,198,838 of which \$727,007 was expended at August 31, 2016.

At August 31, 2016, 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, 2016, on each of the issues is \$8,360,000, \$14,400,000, \$16,320,000, \$14,305,000, \$8,520,000 for Series 2008, 2009, 2010, and 2012, respectively. In July of 2015, \$8,705,000 of the Series 2008 issue was refunded in order to lower the overall debt service requirements of the College. The Series 2015 issue resulted in an overall savings of approximately \$1,190,831. The 2011 revenue bond has an outstanding balance of \$3,750,000. Total long-term debt, excluding current portion, at August 31, 2016, is \$62,675,000.

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

OTHER MATTERS AT THE COLLEGE

Prior Period Adjustment – In June of 2012, the GASB issued Statement No. 68 which established new accounting and financial reporting requirements for governments that provide their employees with pensions. The guidance contained in the Statement changes how governments calculate and report the costs and obligations associated with pensions. GASB 68 provides specific guidance dependent on whether the pension plan the government participates in is considered a single-employer plan or multiple-employer plan.

Amarillo College provides pension benefits to its employees and retirees through its participation in the Teacher Retirement System of Texas (TRS) pension plan. TRS is considered to be a multiple-employer, cost-sharing pension plan with a special funding situation. A "special funding situation" as defined by GASB 68 refers to circumstances in which a non-employer contributing entity (NECE) is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and either the amount of the NECE contributions required are not dependent upon one or more events unrelated to pensions or the NECE is the only entity with a legal obligation to make contributions directly to the pension plan. With regard to the TRS plan, the State of Texas is the NECE as defined by GASB 68 and, as such, the TRS pension plan is properly classified as a multiple-employer, cost-sharing pension plan with a special funding situation, as reflected in the financial statements for the TRS plan itself. The prior period adjustment to record the net pension liability was (\$11,930,444) in 2015.

**AMARILLO COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended August 31, 2016, 2015 and 2014**

OTHER MATTERS AT THE COLLEGE (CONTINUED)

We also made a prior period adjustment of \$2,002,638 for a previously impaired building that was put back in use by the institution. In addition, there was a prior period adjustment for pension expense in the amount of \$196,688 which was overbooked in the prior fiscal year. The Comparative Financial Information schedule reflects total prior period adjustments in the amount of (\$9,731,118) for the fiscal year 2015.

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

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

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

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

**AMARILLO COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended August 31, 2016, 2015 and 2014**

OTHER MATTERS AT THE COLLEGE (CONTINUED)

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.

BOND ELECTION

At the regularly scheduled meeting in August 2007, the Board of Regents passed an election order calling for a \$68.3 million bond election in November of 2007. On November 6, 2007, the District bond election was passed by the voters of the District. Bonds in the amount of \$22,000,000, \$16,000,000, \$16,000,000, and \$14,305,000 were sold June 15, 2008, June 15, 2009, June 15, 2010, and May 15, 2012, respectively. The proceeds from bond sales have been used for new construction, renovation of existing buildings, equipping classrooms, and technology infrastructure. Standard & Poor's continues to provide the College's bond rating of AA+ based upon the College's strong and likely sustainable financial performance trend, evidenced by very strong reserves and substantial taxing flexibility. A parking lot expansion was completed in 2009. The Science Laboratory Building, expansion of the Chilled Water Loop on Washington Street Campus, Jones Hall on West Campus, and Warren Hall renovations were completed in 2010. The East Campus HVAC and Parcels project were completed in 2011. Byrd Business Building and Allied Health renovations, along with the Downtown Campus Parking Lot, were completed in 2012. The Music Building and the ground floor of the Byrd Business Building and Parcels Hall were completed in 2013 as well as renovations to Building V & S on the East Campus. The Math Center project and the 2nd floor of the Lynn Library were funded partially by bond funds and partially by grant funds. In 2014, renovations to Dutton Hall and the Student Union building were completed. Several additional projects were completed in 2015. All bond funds have been fully expended in 2016.

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 2016 or 2015.

**AMARILLO COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended August 31, 2016, 2015 and 2014**

SUBSEQUENT EVENTS

Amarillo College received a donation in the amount of \$750,000 in October 2015 and \$750,000 in June 2016 to construct an addition to the East Campus facilities to add additional square footage for the diesel technician program. The project was in progress at the close of fiscal 2016.

Amarillo Economic Development Committee has pledged \$2.8 million, which was approved on November 3, 2015, with final approval by the City Commission on November 10, 2015. This donation is to go towards the construction of a free standing Aircraft hangar on the East Campus property. The scope of the project was amended in 2016 to remove a planned road that crossed the property to meet FAA requirements. The construction project is now expected to only require \$1.6 million to complete. The contract was amended on October 25th, 2016 to reflect the change in the cost. The project was in progress at the close of fiscal 2016 and Amarillo College had not received funding as of August 31, 2016.

The Office of the Governor sent a letter to the heads of all state agencies on June 30, 2016 with instructions to expect funding cuts for the 2018/2019 Biennium of 4%. While some Texas agencies will be exempt, Community Colleges were not. Amarillo College has prepared for this 2018/2019 cut in its 2017 budget.

Amarillo College has been awarded a 5 year grant from the US Department of Education to construct a 12,000 square foot green house on its Washington St. Campus. This grant will allow Amarillo College to begin a program in horticulture that can lead to a bachelor's degree through Texas Tech University on the Amarillo College campus.

On September 1, 2016, the College issued \$17,720,000 Limited Tax Refunding Bonds, Series 2016 to Refund the 2008 General Obligation Bonds and a portion of the 2009 General Obligation Bonds. The purpose of the refunding was to reduce the rate of the interest on the outstanding bonds.

ADDITIONAL INFORMATION

Amarillo College received a donation in the amount of \$750,000 in 2015 and \$750,000 in 2016 to construct an addition to the East Campus facilities to add additional square footage for the diesel technician program. The project was in progress at the close of fiscal 2016.

Amarillo Economic Development Committee has pledged \$2.8 million, which was approved on November 3, 2015, which was approved by the City Commission on November 10, 2015. This donation is to go towards the construction of a free standing Aircraft hangar on the East Campus property. The scope of the project was amended in 2016 to remove a planned road that crossed the property to meet FAA requirements. The construction project is now expected to only require \$1.6 million to complete. The contract was amended on October 25th, 2016 to reflect the change in the cost. The project was in progress at the close of fiscal 2016 and Amarillo College had not received funding as of August 31, 2016.

This page left blank intentionally.

FINANCIAL STATEMENTS

AMARILLO COLLEGE
STATEMENTS OF NET POSITION
AUGUST 31, 2016 and 2015
Exhibit 1

	<u>2016</u>	<u>2015</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 6,221,385	\$ 7,503,632
Short-term investments	24,705,578	26,710,044
Accounts receivable, net	10,025,936	14,484,975
Inventories	1,311,826	1,052,196
Other assets	532,357	562,810
Total current assets	<u>42,797,082</u>	<u>50,313,657</u>
NONCURRENT ASSETS		
Restricted cash and cash equivalents	1,547,125	1,377,696
Restricted investments	1,500,000	1,500,000
Endowment cash equivalents and investments	2,500,000	2,500,000
Capital assets, net	129,894,233	129,756,340
Other noncurrent assets	-	22,910
Total noncurrent assets	<u>135,441,358</u>	<u>135,156,946</u>
TOTAL ASSETS	<u><u>\$ 178,238,440</u></u>	<u><u>\$ 185,470,603</u></u>
DEFERRED OUTFLOW OF RESOURCES		
Deferred outflows on net pension liability	\$ 4,054,441	\$ 2,087,628
Deferred charge on refunding	905,275	987,573
TOTAL DEFERRED OUTFLOWS	<u><u>\$ 4,959,716</u></u>	<u><u>\$ 3,075,201</u></u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 2,019,177	\$ 1,334,878
Accrued compensable absences - current portion	341,021	368,184
Funds held for others	260,783	5,337,107
Unearned revenues	10,099,415	9,377,487
Bonds payable - current portion	2,980,000	2,750,000
Capital lease payable - current portion	22,068	-
Retainage payable	30,839	128,510
Total current liabilities	<u>15,753,303</u>	<u>19,296,166</u>
NONCURRENT LIABILITIES		
Accrued compensable absences	592,123	680,667
Deposits payable	132,175	123,925
Bonds payable	62,675,000	65,655,000
Capital lease payable	46,581	-
Unamortized debt premium	1,707,579	1,850,125
Net pension liability	15,270,837	10,529,921
Total noncurrent liabilities	<u>80,424,295</u>	<u>78,839,638</u>
TOTAL LIABILITIES	<u><u>\$ 96,177,598</u></u>	<u><u>\$ 98,135,804</u></u>

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

AMARILLO COLLEGE
STATEMENTS OF NET POSITION, CONTINUED
AUGUST 31, 2016 and 2015
Exhibit 1, Continued

	<u>2016</u>	<u>2015</u>
LIABILITIES AND NET POSITION, CONTINUED		
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows on net pension liability	\$ 1,137,072	\$ 3,221,134
TOTAL DEFERRED INFLOWS	<u>\$ 1,137,072</u>	<u>\$ 3,221,134</u>
NET POSITION		
Net investment in capital assets	\$ 62,423,152	\$ 61,314,426
Restricted for:		
Nonexpendable:		
Endowment - True	2,500,000	2,500,000
Expendable:		
Capital projects	386,802	472,467
Debt service	1,958,494	2,042,502
Other, primarily donor restrictions	7,988,534	6,337,869
Unrestricted	10,626,504	14,521,602
TOTAL NET POSITION (Schedule D)	<u>\$ 85,883,486</u>	<u>\$ 87,188,866</u>

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, 2016 and 2015
Exhibit 2

	<u>2016</u>	<u>2015</u>
OPERATING REVENUES		
Tuition and fees (net of discounts of \$8,987,999 and \$8,356,797) in 2016 and 2015, respectively	\$ 15,371,596	\$ 14,348,816
Federal grants and contracts	4,399,427	5,130,181
State grants and contracts	1,641,918	2,092,653
Local grants and contracts	2,186,562	2,002,924
Nongovernmental grants and contracts	1,411,517	2,337,313
Sales and services of educational activities	456,634	455,103
Auxiliary enterprises (net of discounts)	5,605,806	6,181,067
Other operating revenues	49,192	83,891
Total operating revenues (Schedule A)	<u>31,122,652</u>	<u>32,631,948</u>
OPERATING EXPENSES		
Instruction	33,752,218	32,857,531
Public service	3,670,915	3,715,195
Academic support	2,825,582	3,107,623
Student services	4,655,940	4,522,455
Institutional support	17,227,362	16,186,494
Operation and maintenance of plant	6,802,743	7,453,894
Scholarships and fellowships	8,322,474	9,379,560
Auxiliary enterprises	5,980,078	6,411,226
Depreciation	5,832,644	6,036,294
Total operating expenses (Schedule B)	<u>89,069,956</u>	<u>89,670,272</u>
Operating loss	<u>(57,947,304)</u>	<u>(57,038,324)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	18,091,989	19,409,430
Maintenance ad valorem taxes		
Taxes for maintenance and operations	18,486,354	17,610,895
Taxes for general obligation bonds	4,979,907	4,945,927
Federal revenue, non-operating	15,205,083	15,415,751
Gifts	2,140,502	1,565,804
Investment income, net of investment expenses	395,807	(10,463)
Interest on capital-related debt	(2,660,893)	(2,844,187)
Loss on disposal of fixed assets	3,175	(51,554)
Net nonoperating revenues (Schedule C)	<u>56,641,924</u>	<u>56,041,603</u>
Decrease in net position	<u>(1,305,380)</u>	<u>(996,721)</u>
NET POSITION - BEGINNING OF YEAR	87,188,866	97,916,705
PRIOR PERIOD ADJUSTMENTS	<u>-</u>	<u>(9,731,118)</u>
NET POSITION - BEGINNING OF YEAR, RESTATED	<u>\$ 87,188,866</u>	<u>\$ 88,185,587</u>
NET POSITION - END OF YEAR	<u>\$ 85,883,486</u>	<u>\$ 87,188,866</u>

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

AMARILLO COLLEGE
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2016 and 2015
Exhibit 3

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from students and other customers	\$ 21,361,496	\$ 20,952,531
Receipts from grants and contracts	16,039,882	12,345,821
Payments to suppliers for goods or services	(20,022,824)	(23,503,387)
Payments to or on behalf of employees	(53,986,870)	(52,334,620)
Payments of scholarships	(8,641,944)	(9,687,312)
Other cash receipts (payments)	650,138	2,498,297
Net cash used by operating activities	<u>(44,600,122)</u>	<u>(49,728,670)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipts from state appropriations	18,095,811	18,778,205
Receipts from ad valorem taxes	23,475,081	22,556,282
Receipts from nonoperating federal revenue	13,896,051	15,415,751
Receipts from gift or grants	2,126,502	1,529,479
Student organization and other agency transactions	(5,076,324)	(570,724)
Payments on notes payable	-	(112,377)
Net cash provided by noncapital financing activities	<u>52,517,121</u>	<u>57,596,616</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of capital assets	17,718	35,977
Purchases of capital assets	(5,997,092)	(4,502,508)
Proceeds from the acquisition of debt	-	8,665,000
Payments on capital debt principal	(2,750,000)	(11,340,000)
Net refunding premium received	-	211,193
Payments on capital debt interest	(2,724,151)	(2,904,434)
Net cash used by capital and related financing activities	<u>(11,453,525)</u>	<u>(9,834,772)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturity of investments	27,834,703	28,512,130
Purchases of investments	(25,847,194)	(29,145,145)
Investment earnings	436,199	503,742
Net cash provided (used) by investing activities	<u>2,423,708</u>	<u>(129,273)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	<u>(1,112,818)</u>	<u>(2,096,099)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR (RESTRICTED AND UNRESTRICTED)	<u>8,881,328</u>	<u>10,977,427</u>
CASH AND CASH EQUIVALENTS, END OF YEAR (RESTRICTED AND UNRESTRICTED)	<u><u>\$ 7,768,510</u></u>	<u><u>\$ 8,881,328</u></u>

AMARILLO COLLEGE
STATEMENTS OF CASH FLOWS, CONTINUED
YEARS ENDED AUGUST 31, 2016 and 2015
Exhibit 3, Continued

	<u>2016</u>	<u>2015</u>
Reconciliation of net operating loss to net cash used by operating activities:		
Operating loss	\$ (57,947,304)	\$ (57,038,324)
Adjustments to reconcile net operating loss to net cash used by operating activities:		
Depreciation expense	5,832,644	6,036,294
Bad debt	316,702	257,395
Changes in assets and liabilities:		
Accounts receivable, net	5,438,727	391,672
Inventories	(259,631)	9,114
Deferred inflows	(2,084,062)	-
Deferred outflows	(1,966,813)	(608,177)
Other assets	29,927	79,346
Accounts payable	684,301	124,289
Accrued compensable absences	(115,707)	(65,638)
Unearned revenue	721,928	109,495
Net pension liability	4,740,916	973,305
Deposits payable	8,250	2,559
Net cash used by operating activities	<u>\$ (44,600,122)</u>	<u>\$ (49,728,670)</u>
Non-Cash Transactions		
Donation of capital assets	\$ 14,000	\$ 36,325
Net change in fair value investments	104,436	(524,289)
Amortization of bond premiums and discounts	142,545	142,545
Borrowing under capital lease purchase	93,222	-
Interest expense capitalized	3,010	7,109

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

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2016 and 2015

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 24 for additional information.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Guidelines

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

Tuition Discounting

Texas Public Education Grants

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

Title IV, Higher Education Act Program Funds

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

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2016 and 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tuition Discounting (Continued)

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

Basis of Accounting

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

Budgetary Data

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

Deferred Inflows

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

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.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2016 and 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Cash

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

Investments

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

Inventories

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

Capital Assets

Capital assets are recorded at cost at the date of acquisition or fair value at the date of donation. The capitalization policy includes items valued at \$5,000 or more and a useful life of greater than two years. Renovations of \$100,000 or more to buildings, infrastructures, and land improvements 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 2016 and 2015, respectively.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2016 and 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

The College capitalizes interest costs incurred on funds used to construct property, plant and equipment. The capitalized interest is recorded as part of the assets to which it relates and is amortized over the asset's estimated useful life. Interest cost capitalized was \$3,010 and \$7,109 in 2016 and 2015, respectively.

Unearned Revenues

Tuition, fees, and other revenues received and related to the periods after August 31, 2016 and 2015, have been deferred. Tuition and fees of \$9,180,144 and \$8,816,031 have been reported as unearned revenue at August 31, 2016 and 2015, 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.

Estimates

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

Operating and Nonoperating Revenue and Expense Policy

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

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

Change in Accounting Principles

In 2015, the College implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27* as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. This

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2016 and 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principles (Continued)

statement improves financial reporting by enhancing the reporting of the net pension liability and a more comprehensive measure of pension expense. With GASB 68, the College must assume their proportionate share of the Net Pension Liability of the Teachers Retirement System of Texas. Adoption of GASB 68 required a prior period adjustment to report the effect of GASB 68 retroactively. There is added information available through new note disclosure and required supplementary information.

Restatement of 2015 Beginning Net Position

In 2015, the College restated its Beginning Net Position by \$9,731,118. The decrease in net position was due to the following items:

Decrease in net position due to the implementation of GASB 68	\$ (11,930,444)
Increase in net position due to the addition of a building that had been set to be demolished but was placed back in service	2,002,638
Increase in net position due to an error in recording the prior year pension expense	<u>196,688</u>
2015 Beginning Net Position, restated	<u>\$ (9,731,118)</u>

In 2015, beginning net position was \$97,916,705 and was restated to \$88,185,587.

NOTE 3 - AUTHORIZED INVESTMENTS

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

	<u>2016</u>	<u>2015</u>
Cash and cash equivalents		
Demand deposits	\$ 142,056	\$ 1,756,030
TexPool	6,034,702	5,697,888
Petty cash on hand	44,627	49,714
Restricted TexPool	1,292,764	1,181,175
Restricted cash and cash equivalents	<u>254,361</u>	<u>196,521</u>
Total cash and cash equivalents (restricted, and unrestricted)	<u>\$ 7,768,510</u>	<u>\$ 8,881,328</u>

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2016 and 2015

NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

<u>Type of Security</u>	<u>Market Value</u>	
	<u>2016</u>	<u>2015</u>
TexPool cash for endowment	\$ 595,463	\$ 345,878
Savings/mutual funds	4,332,852	4,063,979
Certificates of deposit/CDARs	<u>23,777,263</u>	<u>26,300,187</u>
Total investments (Exhibit 1)	<u>\$28,705,578</u>	<u>\$ 30,710,044</u>
Cash and cash equivalents (Exhibit 1)	\$ 7,768,510	\$ 8,881,328
Investments (Exhibit 1)	<u>28,705,578</u>	<u>30,710,044</u>
Total deposits and investments	<u>\$36,474,088</u>	<u>\$ 39,591,372</u>

Investments are classified as follows:

	<u>2016</u>	<u>2015</u>
Short-term investments	\$ 24,705,578	\$ 26,710,044
Restricted investments	1,500,000	1,500,000
Endowment investments	<u>2,500,000</u>	<u>2,500,000</u>
Total investments	<u>\$28,705,578</u>	<u>\$ 30,710,044</u>

As of August 31, 2016, 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>
TexPool cash endowment fund	\$ 595,463	2%	Less than 1 year	—
Endowed savings/mutual funds	4,332,852	15%	Less than 1 year	Unrated - BBB
Certificates of deposit	<u>23,777,263</u>	<u>83%</u>	Less than 1 year	—
Total investments	<u>\$ 28,705,578</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 held certificates of deposit at a local bank which are 7.98% of the portfolio as of August 31, 2016.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2016 and 2015

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, 2016, \$4,866,013 of the College's bank balances of \$8,525,265 were exposed to custodial risk as follows:

Uninsured and collateralized with securities held by pledging financial institution	<u>\$ 4,866,013</u>
Total	<u>\$ 4,866,013</u>

Participation in External Investment Pools

As of August 31, 2016, the carrying amount of amounts invested in investment pools was \$7,922,928. Investment pools are recorded at cost, which approximated market value at August 31, 2016. 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 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 prices for identical assets or liabilities in active markets.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2016 and 2015

NOTE 5 - FAIR VALUE MEASUREMENTS (CONTINUED)

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

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

Assets Measured at Fair Value on a Recurring Basis

		Fair Value Measurements Using:		
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>August 31, 2016:</u>				
Money market mutual funds	\$ 176,410	\$ 176,410	\$ –	\$ –
Tex pool investment	595,463	595,463	–	–
CDARS	23,777,263	–	23,777,263	–
Mutual funds	<u>4,156,442</u>	<u>4,156,442</u>	<u>–</u>	<u>–</u>
Total	<u>\$ 28,705,578</u>	<u>\$ 4,928,315</u>	<u>\$ 23,777,263</u>	<u>\$ –</u>
<u>August 31, 2015:</u>				
Tex pool investment	\$ 345,878	\$ 345,878	\$ –	\$ –
CDARS	26,300,187	–	26,300,187	–
Mutual funds	<u>4,063,979</u>	<u>4,063,979</u>	<u>–</u>	<u>–</u>
Total	<u>\$ 30,710,044</u>	<u>\$ 4,409,857</u>	<u>\$ 26,300,187</u>	<u>\$ –</u>

For the valuation of money market funds and mutual funds, at August 31, 2016 and 2015, the College used quoted prices in principal active markets for identical assets as of the valuation date (Level 1).

For the valuation of CDARS at August 31, 2016 and 2015, 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, 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Unrestricted investments	<u>\$24,705,578</u>	<u>\$26,710,044</u>

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2016 and 2015

NOTE 5 - FAIR VALUE MEASUREMENTS (CONTINUED)

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

	<u>2016</u>	<u>2015</u>
Restricted investments:		
Temporarily restricted	1,500,000	1,500,000
Permanently restricted	<u>2,500,000</u>	<u>2,500,000</u>
Total restricted investments	<u>4,000,000</u>	<u>4,000,000</u>
Total investments	<u>\$28,705,578</u>	<u>\$30,710,044</u>

There were no fair values of assets and liabilities measured on a nonrecurring basis at August 31, 2016 and 2015.

NOTE 6 - CAPITAL ASSETS

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

	<u>Balance September 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance August 31, 2016</u>
Not depreciated:				
Land	\$ 5,397,795	\$ -	\$ -	\$ 5,397,795
Construction in progress	<u>37,058</u>	<u>1,883,235</u>	<u>1,193,285</u>	<u>727,008</u>
Total not depreciated	<u>5,434,853</u>	<u>1,883,235</u>	<u>1,193,285</u>	<u>6,124,803</u>
Other capital assets:				
Buildings and building improvements	151,996,386	3,518,826	-	155,515,212
Other real estate improvements	<u>6,084,079</u>	<u>852,767</u>	<u>-</u>	<u>6,936,846</u>
Total buildings and other real estate improvements	<u>158,080,465</u>	<u>4,371,593</u>	<u>-</u>	<u>162,452,058</u>
Library books	1,230,205	-	42,280	1,187,925
Furniture, machinery, vehicles and other equipment	<u>33,800,106</u>	<u>923,536</u>	<u>235,690</u>	<u>34,487,952</u>
Total other capital assets	<u>193,110,776</u>	<u>5,295,129</u>	<u>277,970</u>	<u>198,127,935</u>
Accumulated depreciation:				
Buildings and building improvements	42,473,686	3,050,459	-	45,524,145
Other real estate improvements	<u>2,479,343</u>	<u>365,834</u>	<u>-</u>	<u>2,845,177</u>
Total buildings and other real estate improvements	<u>44,953,029</u>	<u>3,416,293</u>	<u>-</u>	<u>48,369,322</u>
Library books	1,091,122	37,800	42,280	1,086,642
Furniture, machinery, vehicles and other equipment	<u>22,745,138</u>	<u>2,378,551</u>	<u>221,148</u>	<u>24,902,541</u>
Total accumulated depreciation	<u>68,789,289</u>	<u>5,832,644</u>	<u>263,428</u>	<u>74,358,505</u>
Net other capital assets	<u>124,321,487</u>			<u>123,769,430</u>
Net capital assets	<u>\$ 129,756,340</u>			<u>\$ 129,894,233</u>

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2016 and 2015

NOTE 6 - CAPITAL ASSETS (CONTINUED)

The College has entered into various construction contracts. Total current commitments are approximately \$3,198,000 of which \$727,000 was expended at August 31, 2016. Capital assets include gross assets acquired under capital leases of \$93,222 as of August 31, 2016. Related amortization included in accumulated depreciation was \$12,430. 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, 2015, was as follows:

	<u>Balance</u> <u>September 1, 2014</u> (restated)	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>August 31, 2015</u>
Not depreciated:				
Land	\$ 5,397,795	\$ —	\$ —	\$ 5,397,795
Construction in progress	<u>97,169</u>	<u>379,424</u>	<u>439,535</u>	<u>37,058</u>
Total not depreciated	<u>5,494,964</u>	<u>379,424</u>	<u>439,535</u>	<u>5,434,853</u>
Other capital assets:				
Buildings and building improvements	149,383,252	2,613,134	—	151,996,386
Other real estate improvements	<u>6,018,809</u>	<u>65,270</u>	<u>—</u>	<u>6,084,079</u>
Total buildings and other real estate improvements	<u>155,402,061</u>	<u>2,678,404</u>	<u>—</u>	<u>158,080,465</u>
Library books	1,265,236	11,941	46,972	1,230,205
Furniture, machinery, vehicles and other equipment	<u>32,545,358</u>	<u>1,648,228</u>	<u>393,480</u>	<u>33,800,106</u>
Total other capital assets	<u>189,212,655</u>	<u>4,338,573</u>	<u>440,452</u>	<u>193,110,776</u>
Accumulated depreciation:				
Buildings and building improvements	39,485,510	2,988,176	—	42,473,686
Other real estate improvements	<u>2,115,786</u>	<u>363,557</u>	<u>—</u>	<u>2,479,343</u>
Total buildings and other real estate improvements	<u>41,601,296</u>	<u>3,351,733</u>	<u>—</u>	<u>44,953,029</u>
Library books	1,090,910	47,184	46,972	1,091,122
Furniture, machinery, vehicles and other equipment	<u>20,413,711</u>	<u>2,637,377</u>	<u>305,950</u>	<u>22,745,138</u>
Total accumulated depreciation	<u>63,105,917</u>	<u>6,036,294</u>	<u>352,922</u>	<u>68,789,289</u>
Net other capital assets	<u>126,106,738</u>			<u>124,321,487</u>
Net capital assets	<u>\$ 131,601,702</u>			<u>\$ 129,756,340</u>

NOTE 7 - NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended August 31, 2016, was as follows:

	<u>Balance</u> <u>September 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>August 31, 2016</u>	<u>Due Within</u> <u>One Year</u>
Bonds					
General obligation bonds	\$ 64,470,000	\$ —	\$ 2,565,000	\$ 61,905,000	\$ 2,790,000
Revenue bonds	<u>3,935,000</u>	<u>—</u>	<u>185,000</u>	<u>3,750,000</u>	<u>190,000</u>
Subtotal	68,405,000	—	2,750,000	65,655,000	2,980,000

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2016 and 2015

NOTE 7 - NONCURRENT LIABILITIES (CONTINUED)

	<u>Balance</u> <u>September 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>August 31, 2016</u>	<u>Due Within</u> <u>One Year</u>
Accrued compensable absences	1,048,851	19,372	135,079	933,144	341,021
Deposits	123,925	50,510	42,260	132,175	-
Capital lease payable	-	93,222	24,573	68,649	22,068
Unamortized debt premium	1,850,125	-	142,546	1,707,579	-
Net pension liability	<u>10,529,921</u>	<u>6,020,105</u>	<u>1,279,189</u>	<u>15,270,837</u>	<u>-</u>
	<u>\$ 81,957,822</u>	<u>\$ 6,183,209</u>	<u>\$ 4,373,647</u>	83,767,384	<u>\$ 3,343,089</u>
Current portion				<u>(3,343,089)</u>	
Noncurrent liabilities				<u>\$ 80,424,295</u>	

Noncurrent liability activity for the year ended August 31, 2015, was as follows:

	<u>Balance</u> <u>September 1, 2014</u> (restated)	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>August 31, 2015</u>	<u>Due Within</u> <u>One Year</u>
Bonds					
General obligation bonds	\$ 66,965,000	\$ 8,665,000	\$ 11,160,000	\$ 64,470,000	\$ 2,565,000
Revenue bonds	<u>4,115,000</u>	<u>-</u>	<u>180,000</u>	<u>3,935,000</u>	<u>185,000</u>
Subtotal	71,080,000	8,665,000	11,340,000	68,405,000	2,750,000
Accrued compensable absences	1,114,489	3,230	68,868	1,048,851	368,184
Deposits	121,366	47,975	45,416	123,925	-
Notes payable	112,377	-	112,377	-	-
Unamortized debt premium	711,606	1,281,064	142,545	1,850,125	-
Net pension liability	<u>12,929,879</u>	<u>2,483,039</u>	<u>4,882,997</u>	<u>10,529,921</u>	<u>-</u>
	<u>\$ 86,069,717</u>	<u>\$ 12,480,308</u>	<u>\$ 16,592,203</u>	81,957,822	<u>\$ 3,118,184</u>
Current portion				<u>(3,118,184)</u>	
Noncurrent liabilities				<u>\$ 78,839,638</u>	

NOTE 8 - DEBT OBLIGATIONS

Debt service requirements at August 31, 2016, were as follows (amounts in 000's):

For the Year Ended	General Obligation Bonds		Revenue 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>
2017	\$ 2,790	\$ 2,457	\$ 190	\$ 146	\$ 2,980	\$ 2,603
2018	3,070	2,336	195	140	3,265	2,476
2019	3,365	2,198	205	135	3,570	2,333
2020	3,770	2,041	210	126	3,980	2,167
2021	4,140	1,868	220	118	4,360	1,986
2022-2026	24,225	6,489	1,230	451	25,455	6,940
2027-2031	19,290	1,631	1,500	185	20,790	1,816
2032	<u>1,255</u>	<u>21</u>	<u>-</u>	<u>-</u>	<u>1,255</u>	<u>21</u>
Total	<u>\$ 61,905</u>	<u>\$ 19,041</u>	<u>\$ 3,750</u>	<u>\$ 1,301</u>	<u>\$ 65,655</u>	<u>\$ 20,342</u>

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2016 and 2015

NOTE 8 - DEBT OBLIGATIONS (CONTINUED)

Obligations under capital leases at August 31, 2016, were as follows:

For the Year Ended August 31,	<u>Total</u>
2017	\$ 24,573
2018	24,573
2019	<u>24,573</u>
Total minimum lease payments	73,719
Less: Amount representing interests costs	<u>(5,071)</u>
Present Value of minimum lease payment	<u>\$ 68,649</u>

NOTE 9 - 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, 2016 and 2015, \$3,750,000 and \$3,935,000, respectively.
- The bonds are due in annual installments varying from \$335,000 to \$339,600, including interest with interest rates from 3.0% to 4.0%, with the final installment due in 2031.

General Obligation Bonds, Series 2008

- General Obligation Bonds, Series 2008 will be used to construct and equip new buildings and renovate existing facilities. Refunding of bonds in July 2015 moved \$8,665,000 to Series 2015 General Obligation Bonds.
- Issued June 15, 2008 – 1st Issue.
- \$22,000,000 originally issued of the \$68,305,000 authorized.
- Source of revenue for debt service - Ad valorem tax levied by the District on taxable property. Outstanding balance at August 31, 2016 and 2015: \$8,360,000 and \$9,425,000, respectively.
- The bonds are due in annual installments varying from \$927,625 to \$1,500,944 including interest with interest rates from 4.25% to 5.00%, with the final installment due in 2023.

General Obligation Bonds, Series 2009

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

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2016 and 2015

NOTE 9 - BONDS PAYABLE (CONTINUED)

General Obligation Bonds, Series 2009 (Continued)

- \$16,000,000 second issue of the \$68,305,000 authorized in fiscal year 2008.
- Source of revenue for debt service - Ad valorem tax levied by the District on taxable property. Outstanding balance at August 31, 2016 and 2015: \$14,400,000 and \$15,215,000, respectively.
- The bonds are due in annual installments varying from \$1,464,320 to \$1,469,278, including interest with interest rates from 4.00% to 4.80%, with the final installment due in 2029.

General Obligation Improvement and Refunding Bonds, Series 2010

- General Obligation Improvement and Refunding Bonds, Series 2010, will be used to construct and equip new buildings and renovate existing facilities and refund the outstanding balance of the General Obligation Refunding Bonds, Series 2005.
- Issued June 15, 2010 – 3rd issue
- \$21,135,000 originally issued, of which \$5,135,000 was the Refunding of the General Obligation Refunding Bonds, Series 2005 and \$16,000,000 was the third issue of the \$68,305,000 authorized in fiscal year 2008.
- Average interest rate of bonds refunded: 3.96%.
- Net proceeds from series: \$21,423,938, net of cost of issuance of \$99,250, of which \$5,340,062 was used in the refunding of the General Obligation Refunding Bonds, Series 2005.
- Source of revenue for debt service – Ad valorem tax levied by the District on taxable property. Outstanding balance at August 31, 2016 and 2015: \$16,320,000 and \$17,005,000, respectively.
- The bonds are due in annual installments varying from \$1,107,500 to \$1,693,300, including interest with interest rates from 4.0% to 4.25%, with the final installment due in 2030.

General Obligation Bonds, Series 2012

- General Obligation Improvement and Refunding Bonds, Series 2012, will be used to construct and equip new buildings and renovate existing facilities.
- Issued May 15, 2012 – 4th issue
- \$14,305,000 fourth and final issue of the \$68,305,000 authorized in fiscal year 2008.
- Source of revenue for debt service – Ad valorem tax levied by the District on taxable property. Outstanding balance at August 31, 2016 and 2015: \$14,305,000, respectively.
- The bonds are due in annual installments varying from \$573,163 to \$1,276,178, including interest with interest rates from 2.0% to 4.0%, with the final installment due in 2032.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2016 and 2015

NOTE 9 - BONDS PAYABLE (CONTINUED)

General Obligation 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: \$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 District on taxable property. Outstanding balance at August 31, 2016 and 2015: \$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 June 2, 2015, Amarillo Junior College District issued general obligation 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, 2018. The general obligation 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 general obligations 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.

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

NOTE 10 - EMPLOYEES' RETIREMENT PLANS

Plan Description

The College participates in the TRS, a cost-sharing, multiple-employer defined benefit pension plan (the Plan) that has a special funding situation. TRS administers retirement and disability annuities and death and survivor benefits to employees and beneficiaries of employees of the public, state-supported educational institutions in Texas. It operates primarily under the provisions of 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). TRS also administers proportional retirement benefits and service credit transfers under Texas Government Code, Title 8, Chapters 803 and 805, respectively.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2016 and 2015

NOTE 10 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Plan Description (Continued)

The Texas Legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. 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. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by downloading the report from the TRS internet website, www.trs.state.tx.us, by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698, or by calling (512) 542-6592.

Benefits Provided

Benefits are established or amended primarily under the authority of the provisions of the Texas Constitution, Article XVI, Section 67 and by the Legislature in the Texas Government Code, Title 8, Subtitle C. The pension's Board of Trustees does not have the authority to establish or amend benefits. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with five years of credited service or when the sum of the member's age and years of credited service equals or exceeds 80 or more years. Early retirement is at age 55 with five years of credited service and any age below 55 with 30 years of credited service. 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. A member is fully vested after five years of creditable service and entitled to any benefit for which eligibility requirements have been met. There are no automatic post-employment benefit changes, including automatic 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 the following state laws: (1) Article XVI, Section 67 of the Texas Constitution 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. Actuarial implications of the funding provided in this manner are determined by the system's actuary.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2016 and 2015

NOTE 10 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Contributions (Continued)

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal year 2014 and 2015. The 84th Texas Legislature, GAA established the employer contribution rates for fiscal years 2016 and 2017. Contribution amounts are as follows:

	<u>Contributions Required and Made</u>
2016 Member (Employee) Contributions	\$ 1,775,411
2016 College (Employer) Contributions	1,137,359
2015 Non-employer contributing agency (State)	469,413

Contribution rates for Plan fiscal years (September to August) 2015 and 2016 follow:

	<u>Contribution Rates Plan Fiscal Year</u>	
	<u>2015</u>	<u>2016</u>
Member	6.7%	7.2%
Employer	6.8%	6.8%
Non-Employer Contributing Entity	6.8%	6.8%

Contributors to the plan include members, employers, and the State of Texas as the only non-employer contributing entity. As the non-employer contributing entity, 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 members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities, or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2016 and 2015

NOTE 10 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Contributions (Continued)

- 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.

Actuarial Assumptions

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the four-year period ending August 31, 2014, and adopted September 24, 2015. With the exception of the postretirement mortality rates for healthy lives and a minor change to the expected retirement age for inactive vested members stemming from the actuarial audit performed in the summer of 2015, the assumptions and methods are the same as listed in the prior valuation. When the mortality assumptions were adopted in 2015 they contained significant margin for possible future mortality improvements. As of the date of the valuation, there has been a significant erosion of this margin to the point that the margin has been eliminated.

Therefore, the postretirement mortality rates for current and future retirees have decreased to add additional margin for future improvement in mortality in accordance with the Actuarial Standards Practice No. 35.

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

Valuation date	August 31, 2015
Actuarial cost method	Individual entry age normal
Amortization method	Level percentage of payroll, open
Asset valuation method	5-year smoothed market
Remaining amortization period	33 years
Actuarial assumptions:	
Discount rate	8.00%
Long-term expected investment rate of return**	8.00%
Inflation	2.50%
Salary increases**	3.5% to 9.5% including inflation
Weighted-average at valuation date	4.79%
Payroll growth rate	2.50%
Benefit changed during the year	None
Ad hoc post-employment benefit changes	None

** Includes inflation of 3%

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2016 and 2015

NOTE 10 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Changes Since the Prior Actuarial Valuation

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

Economic Assumptions

- The inflation assumption was decreased from 3.00% to 2.50%.
- The ultimate merit assumption for long-service employees was decreased from 1.25% to 1.00%.
- In accordance with the observed experience, there were small adjustments in the service-based promotional/longevity component of the salary scale.
- The payroll growth assumption was lowered from 3.50% to 2.5%.

Mortality Assumptions

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

Other Demographic Assumptions

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

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2016 and 2015

NOTE 10 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Changes Since the Prior Actuarial Valuation (Continued)

Other Demographic Assumptions (Continued)

- For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.

Actuarial Methods and Policies

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

Discount Rate

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

The long-term expected rate of return on pension plan investments is 8.0%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2015, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Return Geometric Basis</u>	<u>Long-Term Expected Portfolio Real Rate of Return*</u>
Global Equity			
U.S.	18%	4.6%	1.0%
Non-U.S. developed	13%	5.1%	0.8%
Emerging markets	9%	5.9%	0.7%
Directional hedge funds	4%	3.2%	0.1%
Private equity	13%	7.0%	1.1%

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2016 and 2015

NOTE 10 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Discount Rate (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Return Geometric Basis</u>	<u>Long-Term Expected Portfolio Real Rate of Return*</u>
Stable Value			
U.S. treasuries	11%	0.7%	0.1%
Absolute return	0%	1.8%	0.0%
Stable value hedge funds	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
Real Return			
Global inflation linked bonds	3%	0.9%	0.0%
Real assets	16%	5.1%	1.1%
Energy and natural resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
Risk Parity			
Risk parity	5%	6.7%	0.3%
Inflation Expectations			2.2%
Alpha			<u>1.0%</u>
Total	<u>100%</u>		<u>8.7%</u>

* The expected contribution to returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

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

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2015 Net Pension Liability:

	<u>1% Decrease in Discount Rate 7%</u>	<u>Current Discount Rate 8%</u>	<u>1% Increase in Discount Rate 9%</u>
College's proportionate share of the net pension liability	\$ 23,926,523	\$ 15,270,837	\$ 8,061,188

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

At August 31, 2016, the College reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the College. The net pension liability was measured as of August 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2016 and 2015

NOTE 10 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

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

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	\$ 15,270,837
State's proportionate share of the net pension liability associated with the College	<u>5,604,542</u>
Total	<u>\$ 20,875,379</u>

The net pension liability was measured as of August 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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, 2014, through August 31, 2015. At August 31, 2015, the College's proportion of the collective net pension liability was 0.0432006%, which is an increase of .0037795% from its proportion measured as of August 31, 2014.

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

For the measurement period August 31, 2015, the College recognized pension expense of \$798,557 and revenue of \$798,557 for support provided by the State.

At August 31, 2016, the College reported deferred outflows of 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	\$ 569,240	\$ 586,872
Changes of assumptions	135,436	544,797
Net difference between projected and actual earnings on pension plan investments	1,347,087	-
Changes in proportion and differences between College contributions and proportionate share of contributions	865,319	5,403
College contributions subsequent to the measurement date	<u>1,137,359</u>	<u>-</u>
Total	<u>\$ 4,054,441</u>	<u>\$ 1,137,072</u>

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2016 and 2015

NOTE 10 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

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

At August 31, 2015, the College reported deferred outflows of 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	\$ 162,849	\$ -
Changes of assumptions	684,457	-
Net difference between projected and actual earnings on pension plan investments	-	3,218,374
Changes in proportion and differences between College contributions and proportionate share of contributions	-	2,760
College contributions subsequent to the measurement date	<u>1,240,322</u>	<u>-</u>
Total	<u>\$ 2,087,628</u>	<u>\$ 3,221,134</u>

The \$1,137,359 and \$1,240,322 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2017 and 2016, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended August 31,

2017	\$ 232,139
2018	232,139
2019	232,141
2020	1,036,732
2021	88,072
Thereafter	<u>(41,213)</u>
Total	<u>\$ 1,780,010</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 2016 and 2015. The participant contribution rate is 6.65% for both years. The College contributes 1.31% for employees who were participating in

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2016 and 2015

NOTE 10 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Optional Retirement Plan – Defined Contribution Plan (Continued)

the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment.

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

The ORP expense to the state for the College was \$225,761, \$266,541, and \$292,661 for the fiscal years ended August 31, 2016, 2015, and 2014, 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 \$7,867,546, \$8,386,463, and \$9,321,638 for fiscal years 2016, 2015, and 2014, 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, 2016, 2015, and 2014, there were 923, 968, and 960, respectively, plan participants. The related expense was \$1,775,981, \$1,979,839, and \$2,010,047 for the years ended August 31, 2016, 2015, and 2014, respectively.

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 in an irrevocable trust for the exclusive benefit of the participants. The College is responsible for due care in managing the investments of the Plan. The related expense was \$222,310, \$263,780, and \$289,207 for the years ended August 31, 2016, 2015, and 2014, respectively.

NOTE 11 - DEFERRED COMPENSATION PROGRAM

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

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2016 and 2015

NOTE 12 - COMPENSABLE ABSENCES

Full-time employees earn annual leave from eight to twelve hours per month depending on the number of years employed with the College. The College's policy is that an employee may carry his accrued leave forward from one fiscal year to another fiscal year with a maximum number of hours up to 160 for those employees with five or less years of service, up to 200 hours for those employees with more than five years but under ten years of service, and up to 240 hours for those employees with more than ten years of service. Employees with at least six months of service who terminate their employment are entitled to payment for all accumulated annual leave up to the maximum allowed. The College recognized the accrued liability for the unpaid annual leave in the amount of \$933,144 and \$1,048,851 as of August 31, 2016 and 2015, 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 13 - 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.

NOTE 14 - 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 2016 and 2015 was \$11,443,817 and \$9,405,302, respectively.

On August 31, 2016, various lawsuits and claims involving the College were pending. While the ultimate liability with respect to litigation and other claims asserted against the College cannot be reasonably estimated at this time, this liability, if any, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the College.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2016 and 2015

NOTE 15 - DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Accounts Receivable

Accounts receivable at August 31, 2016 and 2015 were as follows:

	<u>2016</u>	<u>2015</u>
Student receivables	\$ 7,101,770	\$ 5,713,404
Taxes receivable	728,255	737,075
Government grants and contracts	1,317,848	7,717,737
Other receivables	<u>1,440,096</u>	<u>878,000</u>
Total accounts receivable	10,587,969	15,046,216
Allowance for doubtful accounts	<u>(562,033)</u>	<u>(561,241)</u>
Total accounts receivable, net	<u>\$ 10,025,936</u>	<u>\$ 14,484,975</u>

Accounts Payable

Accounts payable at August 31, 2016 and 2015, were as follows:

	<u>2016</u>	<u>2015</u>
Vendors payable	\$ 1,205,738	\$ 572,443
Salaries and benefits payable	800,808	749,804
Interest payable	<u>12,631</u>	<u>12,631</u>
Total accounts payable	<u>\$ 2,019,177</u>	<u>\$ 1,334,878</u>

NOTE 16 - CONTRACT AND GRANT AWARDS

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

For federal and nonfederal contract and grant awards, funds expended, but not collected, are reported as accounts receivable on Exhibit 1. For federal and nonfederal contract and grant awards, funds received, but not yet expended, are reported as deferred revenue on Exhibit 1. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements. Contract and grant awards funds already committed, e.g., multi-year awards, or funds awarded during fiscal years 2016 and 2015 for which monies have not been received nor funds expended, totaled \$6,340,663 and \$6,977,903, respectively. Of these amounts, \$2,952,028 and \$3,222,886 were from federal contract and grant awards, \$2,003,864 and \$2,310,579 were from state contract and grant awards, and \$1,384,771 and \$1,444,439 were from private contract and grant awards for the fiscal years ended 2016 and 2015, respectively.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2016 and 2015

NOTE 17 - 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 18 - 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 cost of providing those benefits for retirees is not separable from the cost of providing benefits for the active employees. The state's contribution per full-time employee was approximately \$577 per month for the year ended August 31, 2016, (\$538 per month for the year ended August 31, 2015) and totaled \$3,243,021 for the year ended August 31, 2016, (\$3,221,262 for the year ended August 31, 2015). S.B. 1812, effective September 1, 2013, limits the amounts of the state's contribution to 50% of eligible employees in the reporting district.

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

NOTE 19 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

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

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

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2016 and 2015

NOTE 19 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

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

The College's contributions to SRHP for the years ended August 31, 2016, 2015, and 2014 were \$3,079,244, \$2,723,431, and \$2,413,980 respectively, which equaled the required contributions each year.

NOTE 20 - 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, 2016:

Assessed valuation of the District	\$ 13,660,035,095
Less: exemptions	<u>2,007,615,627</u>
Net assessed valuation of the District	<u>\$ 11,652,419,468</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	.16669	.04081	.20750

Taxes levied for the year ended August 31, 2016, were \$23,391,376 (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	\$ 18,262,888	\$ 4,887,843	\$ 23,150,731
Delinquent taxes collected	167,705	47,644	215,349
Penalties and interest collected	<u>167,251</u>	<u>41,077</u>	<u>208,328</u>
Total collections	<u>\$ 18,597,844</u>	<u>\$ 4,976,564</u>	<u>\$ 23,574,408</u>

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2016 and 2015

NOTE 20 - AD VALOREM TAX (CONTINUED)

At August 31, 2015:

Assessed valuation of the District	\$ 13,178,835,946
Less: exemptions	<u>1,970,945,054</u>
Net assessed valuation of the District	<u>\$ 11,207,890,892</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	.16221	.04529	.20750

Taxes levied for the year ended August 31, 2015, were \$22,530,494 (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	\$ 17,355,770	\$ 4,846,605	\$ 22,202,375
Delinquent taxes collected	179,835	89,670	269,505
Penalties and interest collected	<u>150,242</u>	<u>34,177</u>	<u>184,419</u>
Total collections	<u>\$ 17,685,847</u>	<u>\$ 4,970,452</u>	<u>\$ 22,656,299</u>

Tax collections for the years ended August 31, 2016 and 2015, were 98.97% and 98.54%, 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 21 - BRANCH CAMPUS MAINTENANCE TAX

A branch campus maintenance tax that is established by election is levied by Moore County and Hereford Independent School District. It is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District. Collections are transferred to the College to be used for operation of a branch campus in Dumas, Texas, and Hereford, Texas. This revenue is reported under local grant contracts. Collections in fiscal years 2016 and 2015 (including penalties and interest) from Moore County totaled approximately \$1,206,327 and \$1,227,576, respectively, and from Hereford Independent School District totaled approximately \$728,960 and \$601,960, respectively.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2016 and 2015

NOTE 22 - 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, 2016 and 2015.

NOTE 23 - 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 \$1,783,459 and \$1,525,445 to the College during the years ended August 31, 2016 and 2015, 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 24 - 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, 2016 and 2015.

Condensed Statements of Net Position
August 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Current assets	\$ 86,013	\$ 86,350
Total assets	<u>86,013</u>	<u>86,350</u>
Liabilities	<u>-</u>	<u>-</u>
Net position		
Restricted	<u>86,013</u>	<u>86,350</u>
Total net position	<u>\$ 86,013</u>	<u>\$ 86,350</u>

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2016 and 2015

NOTE 24 - BLENDED COMPONENT UNIT (CONTINUED)

Amarillo Foundation for Education and Business (Continued)

Condensed Statements of Revenues, Expenses and Changes in Net Position
August 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating revenues	\$ -	\$ -
Total revenues	-	-
Operating expenses	337	125
Total expenses	337	125
Decrease in net position	(337)	(125)
Net position		
Net position, beginning of year	86,350	86,475
Net position, end of year	<u>\$ 86,013</u>	<u>\$ 86,350</u>

Condensed Statements of Cash Flows
August 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Net cash used by operating activities	\$ (337)	\$ (125)
Net decrease in cash and cash equivalents	(337)	(125)
Cash and cash equivalents, beginning of year	86,350	86,475
Cash and cash equivalents, end of year	<u>\$ 86,013</u>	<u>\$ 86,350</u>

NOTE 25 - 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. 72, *Fair Value Measurement and Application*, defines fair value and describes how fair value should be measured, what assets and liabilities should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. Under Statement No. 72, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments, which generally are measured at fair value, are defined as a security or other asset that governments hold primarily for the purpose of income or profit and the present service capacity of which are

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2016 and 2015

NOTE 25 - NEW GASB PRONOUNCEMENTS (CONTINUED)

Recently Issued Accounting Pronouncements (Continued)

based solely on their ability to generate cash or to be sold to generate cash. Before the issuance of Statement No. 72, state and local governments have been required to disclose how they arrived at their measures of fair value if not based on quoted market prices. Under the new guidance, those disclosures have been expanded to categorize fair values according to their relative reliability and to describe positions held in many alternative investments. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2015. The implementation of this pronouncement added note disclosure, but did not have a significant effect on the College.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB 67 and 68*, complete the suite of pension standards. Statement 73 establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (in other words, those not covered by Statements 67 and 68). The requirements in Statement 73 for reporting pensions generally are the same as in Statement 68. However, the lack of a pension plan that is administered through a trust that meets specified criteria is reflected in the measurements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2015. The implementation of this pronouncement did not have a significant effect on the College.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, replaces GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Statement 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement 74 also sets forth note disclosure requirements for defined contribution OPEB plans. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2016. The College is currently evaluating the effect of this statement on their financial statements.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Among other things, Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide and requires governments in all types of OPEB plans to present more

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2016 and 2015

NOTE 25 - NEW GASB PRONOUNCEMENTS (CONTINUED)

Recently Issued Accounting Pronouncements (Continued)

extensive note disclosures and required supplementary information about their OPEB liabilities. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2017. The College is currently evaluating the effect of this statement on their financial statements.

GASB Statement No. 77, *Tax Abatement Disclosures*, requires state and local governments, for the first time, to disclose information about tax abatement agreements. It requires governments to disclose information about their own tax abatements separately from information about tax abatements that are entered into by other governments and reduce the reporting government's tax revenues. The requirements of this Statement are effective for financial statements for reporting periods beginning after December 15, 2015. This statement is not expected to have a significant impact on the College's financial statements.

GASB Statement No. 78, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, amends the scope and applicability of GASB 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that: (1) is not a state or local governmental pension plan; (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers; and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. GASB 78 is effective for financial statements for reporting periods beginning after December 15, 2015. The College is currently evaluating the effect of this statement on their financial statements.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, permits qualifying external investment pools to measure pool investments at amortized cost for financial reporting purposes and provides guidance that will allow many pools to continue to qualify for amortized cost accounting. Existing standards provide that external investment pools may measure their investments at amortized cost for financial reporting purposes, if they follow substantially all of the provisions of the SEC's Rule 2a-7. Likewise, participants in those pools are able to report their investments in the pool at amortized cost per share. GASB 79 replaces the reference in existing GASB literature to Rule 2a-7 with criteria that are similar in many respects to those in Rule 2a-7. GASB 79 is effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. The implementation of this pronouncement had no effect on the College's financial statements.

AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 2016 and 2015

NOTE 25 - NEW GASB PRONOUNCEMENTS (CONTINUED)

Recently Issued Accounting Pronouncements (Continued)

GASB Statement No. 80, *Blending Requirement for Certain Component Units*, clarifies the display requirements in GASB Statement No. 14, *The Financial Reporting Entity*, by requiring these component units to be blended into the primary state or local government's financial statements in a manner similar to a department or activity of the primary government. The guidance addresses diversity in practice regarding the presentation of not-for-profit corporations in which the primary government is the sole corporate member. Although GASB 80 applies to a limited number of governmental units, such as, for example, public hospitals, the GASB intends for it to enhance the comparability of financial statements among those units and improve the value of this information for users of state and local government financial statements. GASB 80 is effective for financial statements for reporting periods beginning after June 15, 2016. The College is currently evaluating the effect of this statement on their financial statements.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. GASB 81 requires that a government recognize revenue when the resources become applicable to the reporting period. GASB 81 is effective for financial statements for reporting periods beginning after June 15, 2016. The College is currently evaluating the effect of this statement on their financial statements.

GASB Statement No. 82, *Pension Issues*, is designed to improve consistency in the application of the pension standards by clarifying or amending related areas of existing guidance. Specifically, the practice issues raised by stakeholders during implementation relate to GASB 67, 68, and 73. GASB 82 is effective for financial statements for reporting periods beginning after June 15, 2016. The College is currently evaluating the effect of this statement on their financial statements.

NOTE 26 - SUBSEQUENT EVENTS

Subsequent to year end the College has been awarded a grant from the Department of Education in the amount of \$4,900,000.

The College has been awarded a grant from the Texas Higher Education Coordinating Board. They may receive up to \$904,000.

On September 1, 2016, the College issued \$17,720,000 Limited Tax Refunding Bonds, Series 2016 to Refund the 2008 General Obligation Bonds and a portion of the 2009 General Obligation Bonds.

The College evaluated for inclusion as a subsequent event disclosure those events that occurred prior to December 13, 2016, the date the financial statements were issued.

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

This page left blank intentionally.

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2016</u>	<u>2015</u>
College's proportionate share (percentage) of the net pension liability	.0432006%	.0394211%
College's proportionate share (amount) of the net pension liability	\$ 15,270,837	\$ 10,529,921
State's proportionate share (amount) of the net pension liability associated with the College	<u>5,604,542</u>	<u>6,837,829</u>
Total	<u>\$ 20,875,379</u>	<u>\$ 17,367,750</u>
College's covered-employee payroll (for measurement year)	\$ 25,103,781	\$ 24,102,504
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	60.83%	43.69%
Plan's fiduciary net pension as a percentage of the total pension liability	78.43%	83.25%

Note 1: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2015 for 2016 and August 31, 2014 for 2015.

Note 2: In accordance with GASB 68, Paragraph 138, only two 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
TEACHERS RETIREMENT SYSTEM OF TEXAS
For the Years Ended August 31**

	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 1,137,359	\$ 1,240,322
Contributions in relation to the contractually required contributions	<u>1,137,359</u>	<u>1,240,322</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>
District's covered-employee payroll	<u>\$ 24,505,834</u>	<u>\$ 25,103,781</u>
Contributions as a percentage of covered-employee payroll	4.6%	4.9%

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 dates ending August 31, 2015 for 2016 and August 31, 2014 for 2015.

Note 2: In accordance with GASB 68, Paragraph 138, only two 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
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Years Ended August 31, 2016 and 2015

NOTE 1 - CHANGES OF BENEFIT TERMS

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

NOTE 2 - CHANGES OF ASSUMPTIONS

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

Economic Assumptions

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

Mortality Assumptions

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

Other Demographic Assumptions

- Previously, it was assumed 10% of all members who had contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities, and therefore these 10% are no longer being counted as active members.
- There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.

AMARILLO COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Years Ended August 31, 2016 and 2015

NOTE 2 - CHANGES OF ASSUMPTIONS (CONTINUED)

Other Demographic Assumptions (Continued)

- Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
- Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.
- For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.

Actuarial Methods and Policies

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

This page left blank intentionally.

OTHER SUPPLEMENTAL INFORMATION

**AMARILLO COLLEGE
SCHEDULE A
SCHEDULE OF OPERATING REVENUES
YEAR ENDED AUGUST 31, 2016
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2015)**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total Educational Activities</u>	<u>Auxiliary Enterprises</u>	<u>2016</u>	<u>2015</u>
TUITION						
State-funded courses						
In-district resident tuition	\$ 8,913,283	\$ -	\$ 8,913,283	\$ -	\$ 8,913,283	\$ 8,453,137
Out-of-district resident tuition	1,915,738	-	1,915,738	-	1,915,738	1,840,104
Non-resident tuition	455,855	-	455,855	-	455,855	438,412
TPEG - Credit (set aside)*	452,894	-	452,894	-	452,894	424,374
State-funded continuing education	2,060,000	16,306	2,076,306	-	2,076,306	1,701,229
TPEG - Non-credit (set aside)*	124,578	978	125,556	-	125,556	102,997
Non-state funded continuing education	537,841	79,881	617,722	-	617,722	685,236
Total tuition	<u>14,460,189</u>	<u>97,165</u>	<u>14,557,354</u>	<u>-</u>	<u>14,557,354</u>	<u>13,645,489</u>
FEES						
Distance learning fee	1,552,869	-	1,552,869	-	1,552,869	1,024,010
General fee	4,297,422	-	4,297,422	-	4,297,422	4,093,127
Technology fee	1,558,596	-	1,558,596	-	1,558,596	1,537,184
Student service fee	260,967	-	260,967	-	260,967	264,027
Laboratory fee	321,756	-	321,756	-	321,756	324,770
Other fees	1,739,918	70,713	1,810,631	-	1,810,631	1,817,006
Total fees	<u>9,731,528</u>	<u>70,713</u>	<u>9,802,241</u>	<u>-</u>	<u>9,802,241</u>	<u>9,060,124</u>
SCHOLARSHIP ALLOWANCES AND DISCOUNTS						
Scholarship allowances	(1,080,074)	-	(1,080,074)	-	(1,080,074)	(1,017,664)
Remissions and exemptions - State	(1,867,068)	-	(1,867,068)	-	(1,867,068)	(1,657,722)
TPEG allowances	(670,804)	-	(670,804)	-	(670,804)	(690,048)
State grants to students	(542,023)	-	(542,023)	-	(542,023)	(758,817)
Title IV federal grants	(4,741,272)	-	(4,741,272)	-	(4,741,272)	(4,171,374)
Other local grants	(86,758)	-	(86,758)	-	(86,758)	(61,172)
Total scholarship allowances and discounts	<u>(8,987,999)</u>	<u>-</u>	<u>(8,987,999)</u>	<u>-</u>	<u>(8,987,999)</u>	<u>(8,356,797)</u>
Total net tuition and fees	<u>15,203,718</u>	<u>167,878</u>	<u>15,371,596</u>	<u>-</u>	<u>15,371,596</u>	<u>14,348,816</u>

**AMARILLO COLLEGE
SCHEDULE A, CONTINUED
SCHEDULE OF OPERATING REVENUES
YEAR ENDED AUGUST 31, 2016
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2015)**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total Educational Activities</u>	<u>Auxiliary Enterprises</u>	<u>2016</u>	<u>2015</u>
ADDITIONAL OPERATING REVENUES						
Federal grants and contracts	208,823	4,190,604	4,399,427	-	4,399,427	5,130,181
State grants and contracts	48,287	1,593,631	1,641,918	-	1,641,918	2,092,653
Local grants and contracts	2,128,910	57,652	2,186,562	-	2,186,562	2,002,924
Nongovernmental grants and contracts	208,541	1,202,976	1,411,517	-	1,411,517	2,337,313
Sales and services of educational activities	456,634	-	456,634	-	456,634	455,103
General operating revenues	-	49,192	49,192	-	49,192	83,891
Total additional operating revenues	<u>3,051,195</u>	<u>7,094,055</u>	<u>10,145,250</u>	<u>-</u>	<u>10,145,250</u>	<u>12,102,065</u>
AUXILIARY ENTERPRISES						
Bookstore	-	-	-	4,792,004	4,792,004	4,848,809
Less: discounts	-	-	-	(2,090,358)	(2,090,358)	(1,592,857)
Residential	-	-	-	2,683,957	2,683,957	2,783,939
Student programs	-	-	-	943	943	4,330
Other auxiliary enterprises	-	-	-	219,260	219,260	136,846
Total net auxiliary enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,605,806</u>	<u>5,605,806</u>	<u>6,181,067</u>
TOTAL OPERATING REVENUES	<u>\$ 18,254,913</u>	<u>\$ 7,261,933</u>	<u>\$ 25,516,846</u>	<u>\$5,605,806</u>	<u>\$ 31,122,652</u>	<u>\$ 32,631,948</u>

(Exhibit 2)

*In accordance with Education Code 56.033, \$577,452 and \$527,371 for years August 31, 2016 and 2015, 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, 2016
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2015)

	Operating Expenses					
	Salaries and Wages	Benefits		Other Expenses	2016	2015
		State	Local			
UNRESTRICTED EDUCATIONAL ACTIVITIES						
Instruction	\$ 20,940,646	\$ -	\$ 4,508,794	\$ 1,741,443	\$ 27,190,883	\$ 26,519,364
Public service	1,868,971	-	383,077	268,893	2,520,941	2,553,081
Academic support	1,936,023	-	434,687	279,030	2,649,740	2,872,611
Student services	3,157,436	-	801,741	304,019	4,263,196	4,124,185
Institutional support	5,512,779	-	3,286,727	7,381,468	16,180,974	14,900,601
Operation and maintenance of plant	2,647,844	-	1,187,053	2,967,846	6,802,743	7,453,894
Total unrestricted educational activities	36,063,699	-	10,602,079	12,942,699	59,608,477	58,423,736
RESTRICTED EDUCATIONAL ACTIVITIES						
Instruction	2,281,344	2,053,249	405,273	1,821,469	6,561,335	6,338,167
Public service	139,234	150,562	35,135	825,043	1,149,974	1,162,114
Academic support	-	175,842	-	-	175,842	235,012
Student services	-	392,744	-	-	392,744	398,270
Institutional support	241,234	696,386	90,401	18,367	1,046,388	1,285,893
Scholarships and fellowships	-	-	-	8,322,474	8,322,474	9,379,560
Total restricted educational activities	2,661,812	3,468,783	530,809	10,987,353	17,648,757	18,799,016
Total educational activities	38,725,511	3,468,783	11,132,888	23,930,052	77,257,234	77,222,752
AUXILIARY ENTERPRISES	888,687	-	349,130	4,742,261	5,980,078	6,411,226
DEPRECIATION EXPENSE - buildings and other real estate improvements	-	-	-	3,416,293	3,416,293	3,351,733
DEPRECIATION EXPENSE - equipment and furniture	-	-	-	2,416,351	2,416,351	2,684,561
TOTAL OPERATING EXPENSES	\$ 39,614,198	\$ 3,468,783	\$11,482,018	\$ 34,504,957	\$ 89,069,956	\$ 89,670,272
					(Exhibit 2)	

AMARILLO COLLEGE
SCHEDULE C
SCHEDULE OF NONOPERATING REVENUES AND EXPENSES
YEAR ENDED AUGUST 31, 2016
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2015)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>2016</u>	<u>2015</u>
NONOPERATING REVENUES					
State appropriations:					
Education and general state support	\$ 13,824,650	\$ -	\$ -	\$ 13,824,650	\$ 15,289,482
State group insurance	-	3,243,021	-	3,243,021	3,221,262
State retirement matching	-	1,024,318	-	1,024,318	898,686
Total state appropriations	13,824,650	4,267,339	-	18,091,989	19,409,430
Maintenance ad valorem taxes	18,486,354	-	-	18,486,354	17,610,895
General obligation bonds taxes	-	4,979,907	-	4,979,907	4,945,927
Federal revenue, nonoperating	43,043	15,162,040	-	15,205,083	15,415,751
Gifts	279,456	1,861,046	-	2,140,502	1,565,804
Investment income	83,585	312,222	-	395,807	(10,463)
Total nonoperating revenues	32,717,088	26,582,554	-	59,299,642	58,937,344
NONOPERATING EXPENSES					
Interest on capital related debt	-	(2,660,893)	-	(2,660,893)	(2,844,187)
Gain (loss) on disposal of fixed assets	-	3,175	-	3,175	(51,554)
Total nonoperating expenses	-	(2,657,718)	-	(2,657,718)	(2,895,741)
NET NONOPERATING REVENUES	<u>\$ 32,717,088</u>	<u>\$ 23,924,836</u>	<u>\$ -</u>	<u>\$ 56,641,924</u>	<u>\$ 56,041,603</u>

(Exhibit 2)

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

	Detail by Source					Available for Current Operations	
		Restricted		Capital Assets Net of Depreciation & Related Debt			
	Unrestricted	Expendable	Nonexpendable		Total	Yes	No
CURRENT							
Unrestricted	\$ 5,347,761	\$ -	\$ -	\$ -	\$ 5,347,761	\$ 5,347,761	\$ -
Board designated	-	-	-	-	-	-	-
Restricted	-	6,670,215	-	-	6,670,215	6,670,215	-
Auxiliary enterprises	5,278,743	-	-	-	5,278,743	5,278,743	-
LOAN	-	-	-	-	-	-	-
ENDOWMENT							
Quasi:							
Unrestricted	-	1,318,319	-	-	1,318,319	-	1,318,319
Restricted	-	-	2,500,000	-	2,500,000	-	2,500,000
Endowment							
True	-	-	-	-	-	-	-
Term (per instructions at maturity)	-	-	-	-	-	-	-
Life income contracts	-	-	-	-	-	-	-
Annuities	-	-	-	-	-	-	-
PLANT							
Unexpended	-	386,802	-	-	386,802	-	386,802
Renewals	-	-	-	-	-	-	-
Debt service	-	1,958,494	-	-	1,958,494	-	1,958,494
Investment in plant	-	-	-	62,423,152	62,423,152	-	62,423,152
Total net position, August 31, 2016	10,626,504	10,333,830	2,500,000	62,423,152	85,883,486 (Exhibit 1)	17,296,719	68,586,767
Total net position, August 31, 2015, restated	14,521,602	8,852,838	2,500,000	61,314,426	87,188,866 (Exhibit 2)	19,679,890	67,508,976
NET INCREASE (DECREASE) IN NET POSITION	\$ (3,895,098)	\$ 1,480,992	\$ -	\$ 1,108,726	\$ (1,305,380) (Exhibit 2)	\$ (2,383,171)	\$ 1,077,791

**AMARILLO COLLEGE
SCHEDULE E
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2016**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures and Pass-Through Disbursements
U.S. Department of Education				
Direct Programs:				
Student Financial Aid Cluster				
Federal Supplemental Educational Opportunity Grants	84.007	-	\$ -	\$ 247,330
Federal College Work Study Program	84.033	-	-	208,439
Federal Pell Grant Program	84.063	-	-	14,749,314
Federal Direct Student Loans	84.268	-	-	11,443,817
Total Student Financial Aid			-	26,648,900
Title III Hispanic Serving Institutions Science, Technology, Engineering, and Math	84.031C	-	-	712,337
Title V Grant Developing Hispanic Serving Institutions	84.031S	-	-	403,744
Total CFDA No. 84.031			-	1,116,081
Trio - Student Support Services	84.042	-	-	378,002
Migrant Education High School Equivalency Program	84.141	-	-	220,067
Pass-Through From:				
Texas Higher Education Coordinating Board				
Perkins State Leadership	84.048A	154220	-	20,351
Carl Perkins Vocational Education Basic	84.048A	154220	-	636,467
Total CFDA No. 84.048A			-	656,818
Texas Workforce Commission				
Adult Education and Literacy	84.002A	0114AELA00	60,285	1,105,519
Adult Education and Literacy	84.002A	0116AELA00	-	250,043
Total CFDA No. 84.002A			60,285	1,355,562
Total U.S. Department of Education			60,285	30,375,430
U.S. Department of Labor				
Direct Programs:				
Trade Adjustment Assistance Community College and Career Training (TAACCT)	17.282	-	-	303,320
Total U.S. Department of Labor			-	303,320
National Science Foundation				
Pass-Through From:				
Texas Engineering Experiment Station				
National Science Foundation - Science Technology Engineering Mathematics	47.076	32525-B4870	-	93,543
Total National Science Foundation			-	93,543
U.S. Department of Health and Human Services				
Pass-Through From:				
Partnership for Environmental Technology Education (PETE)				
National Institute for Environmental Health Sciences (NIEHS)	93.142	1U45ES019338-01 DOE	-	193,286
Texas Workforce Commission				
Temporary Assistance for Needy Families	93.558	0114AELA00	3,680	72,065
Temporary Assistance for Needy Families	93.558	0116AELA00	-	10,683
Total CFDA No. 93.558			3,680	82,748
Total U.S. Department of Health and Human Services			3,680	276,034
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 63,965	\$ 31,048,327

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

AMARILLO COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
August 31, 2016

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	\$ 4,399,427
Federal Grants and Contracts Revenue per Schedule C	15,205,083
Federal Direct Student Loans	<u>11,443,817</u>
Total federal revenues per Schedule of Expenditures of Federal Awards	<u>\$ 31,048,327</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 - SUBRECIPIENTS

The following amounts were passed through to the listed subrecipients by the College.

U.S. Department of Education					
	Adult Education Literacy (CFDA 84.002A)				
	Region 16 Education Service Center			\$	56,695
	Amarillo Area Adult Literacy				3,590
	Total amount passed through by the College			\$	<u>60,285</u>
U.S. Department of Health and Human Services					
	Temporary Assistance for Needy Families (CFDA 93.558)				
	Region 16 Education Service Center			\$	3,680
	Total amount passed through			\$	<u>3,680</u>

**AMARILLO COLLEGE
SCHEDULE F
SCHEDULE OF EXPENDITURES OF STATE OF TEXAS AWARDS
FOR THE YEAR ENDED AUGUST 31, 2016**

<u>Grantor Agency/Program Title</u>	<u>Grant Contract Number</u>	<u>Expenditures</u>
Texas Workforce Commission		
Adult Education and Literacy	0114AELA00	\$ 175,359
Skills Development Fund - Hospital Consortium	0115SDF000	262,186
Career Pathway Navigator	0116AEL000	7,407
Career Pathway Expansion	0116AEL000	941
Skills Small Business	0115SSD000	12,731
Total Texas Workforce Commission		<u>458,624</u>
Texas Department of Criminal Justice		
Pass-Through From:		
Panhandle Regional Planning Commission		
Law Enforcement Training	1426914	61,234
Total Texas Department of Criminal Justice		<u>61,234</u>
Texas Higher Education Coordinating Board		
Texas Grant Program	-	38,253
Texas Educational Opportunity Grant	-	818,313
Regional College Readiness Special Advisor (RCRSA)	11339	88
Nursing Shortage Reduction <70 2012-13	-	39,738
First Year Seminar - Train the Trainers	12076/13390	10,142
Developmental Education Scaling and Sustaining Success	10890/11055/12052	44,695
Jobs for the Future	-	945
Panhandle Accelerate Texas	14162	90,316
Mentor College Accelerate Texas	-	26,340
Work-Study State Mentorship Program	-	53,230
Total Texas Higher Education Coordinating Board		<u>1,122,060</u>
TOTAL EXPENDITURES OF STATE OF TEXAS AWARDS		<u><u>\$ 1,641,918</u></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, 2016

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>\$ 1,641,918</u>
Total Grants and Contracts Revenue per Schedule F	<u>\$ 1,641,918</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

Of the state expenditures presented in the Schedule of Expenditures of State of Texas Awards, the College provided state awards to subrecipients as follows:

Texas Workforce Commission						
	Adult Education and Literacy (0114AELA00)				\$	7,798
	Region 16 Education Service Center				\$	7,798

SINGLE AUDIT SECTION

This page left blank intentionally.

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

Board of Regents
Amarillo College
Amarillo, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Amarillo College (the College) which comprise the statements of net position as of August 31, 2016 and 2015 and the related statements of statements of revenues, expenses, and changes in net position and cash flows as of and for the years ended August 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated December 13, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

This page left blank intentionally.

Purpose of this Report

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

Connor, McMillen, Mitchell & Shennum, PLLC

Amarillo, Texas
December 13, 2016

This page left blank intentionally.

**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 Single Audit Circular**

Board of Regents
Amarillo College
Amarillo, Texas

Report on Compliance for Each Major Federal and State Program

We have audited Amarillo College's (the College) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* and the State of Texas Single Audit Circular that could have a direct and material effect on each of the College's major federal and state programs for the year ended August 31, 2016. The College's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2016.

This page left blank intentionally.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and the State of Texas Single Audit Circular which are described in the accompanying schedule of findings and questioned costs as items 2016-001 and 2016-002. Our opinion on each major federal and state program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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 2016-001 and 2016-002 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 of Texas Single Audit Circular. Accordingly, this report is not suitable for any other purpose.

Connor, McMillen, Mitchell & Shennum, PLLC

Amarillo, Texas
December 13, 2016

AMARILLO COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended August 31, 2016

SECTION I – Summary of Auditor's Results

Financial Statements

Type of Auditor's report issued:

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

Internal control over financial reporting:

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

Federal and State Awards

Internal control over major programs:

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

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

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

 X yes no

Identification of major programs:

<u>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
17.282	U.S. Department of Labor
	Trade Adjustment Assistance Community College and Career Training (TAACCCT)
	Texas Higher Education Coordinating Board
N/A	Texas Education Opportunity Grant

Dollar threshold used to distinguish between Type A and Type B programs was: \$ 750,000 - Federal
\$ 750,000 - 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, 2016

SECTION II – Financial Statement Findings

None noted.

SECTION III – Federal and State Award Findings and Questioned Costs

Finding 2016-001

Program: Student Financial Aid Cluster

Compliance Requirement: Reporting

Condition: The Federal Supplemental Educational Opportunity Grant Program's (FSEOG) indirect costs of \$7,508 reported on the Fiscal Operations Report and Application to Participate (FISAP) report did not agree to the general ledger amount of \$11,779.

Criteria: Per Uniform Guidance, each year an electronic report is submitted to receive funds for the campus-based programs. The school uses the FISAP to report its expenditures in the previous year and the Application to Participate portion to apply for funds for the following year. The report is required to agree to the underlying accounting records that support the audited financial statements.

Cause: A late journal entry to record indirect costs by the accounting department was not reported to the Director of Student Financial Aid prior to the report being filed with the Department of Education.

Effect: Incorrect reporting of this amount could cause the College to be in noncompliance with the correct indirect cost rate. This could cause the College to be required to return funds.

Context: Test work was performed on the annual FISAP report. This was the only error on the report. In the prior year the indirect costs for the Federal Work Study were incorrectly reported we consider this to be a repeat finding.

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

AMARILLO COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
Year Ended August 31, 2016

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

Finding 2016-001 (Continued)

Views of Responsible Officials and Corrective Action Plan: The one instance cited was a result of the indirect costs being reported as of the date the Fiscal Operations Report and Application to Participate (FISAP) deadline approached. A journal entry was made after the October 1st deadline which resulted in a correction to the original amount reported.

To resolve this finding, the College corrected the Administrative Cost Allowance to \$11,779 and resubmitted the FISAP report with the correct amount. This correction was done well in advance of the December deadline to submit corrections.

In order to prevent this finding in the future, the Business Office will report any changes to the indirect costs to the Director of Financial Aid so that the Administrative Cost Allowance can be adjusted on the FISAP report.

The institution believes this to be an isolated incident.

Finding 2016-002

Program: 84.063 – Federal Pell Grant Program

Compliance Requirement: Eligibility

Condition: A student, who was in default on a Student Loan, was erroneously awarded Pell Grant Funds for the Summer 2016 session.

Criteria: Per the “Uniform Compliance Supplement - Appendix A-Federal Student Financial Assistance Programs-Student Eligibility Compliance Requirements” a student receiving aid cannot be in default on any student loans.

Cause: The error resulted from the students’ application for Summer 2016 being manually processed. A manual computer query of the student’s file for the summer courses did not key on the default of a student loans.

Effect: Ineligible students receive federal assistance.

Questioned Costs: The amount awarded to the student for the Summer 2016 session was \$1,356.

Context: This was one of forty Pell recipient files tested. An additional eleven recipients were selected with no additional errors identified.

AMARILLO COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
Year Ended August 31, 2016

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

Finding 2016-002 (Continued)

Recommendation: We recommend that the College implement procedures to the processing of Summer awards that will include the review of prior loan status.

Views of Responsible Officials and The one instance cited is a result of an error in the Summer Aid Query used to identify eligible students.

Corrective Action Plan: To resolve this finding, the Summer Aid Query has been updated to remove students who have the following comment codes related to default: 124, 132, 134, 135, and 136. This will ensure that students who are in default are not awarded for summer aid.

The institution believes this to be an isolated incident.

**AMARILLO COLLEGE
SCHEDULE OF CORRECTIVE ACTION
FOR AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended August 31, 2016**

Finding 2016-001

Condition: The Federal Supplemental Educational Opportunity Grant Program's (FSEOG) indirect costs of \$7,508 reported on the Fiscal Operations Report and Application to Participate (FISAP) report did not agree to the general ledger amount of \$11,779.

Corrective Action Plan: The one instance cited was a result of the indirect costs being reported as of the date the Fiscal Operations Report and Application to Participate (FISAP) deadline approached. A journal entry was made after the October 1st deadline which resulted in a correction to the original amount reported.

To resolve this finding, the College corrected the Administrative Cost Allowance to \$11,779 and resubmitted the FISAP report with the correct amount. This correction was done well in advance of the December deadline to submit corrections.

In order to prevent this finding in the future, the Business Office will report any changes to the indirect costs to the Director of Financial Aid so that the Administrative Cost Allowance can be adjusted on the FISAP report.

The institution believes this to be an isolated incident.

Finding 2016-002

Condition: A student, who was in default on a Student Loan, was erroneously awarded Pell Grant Funds for the Summer 2016 session.

Corrective Action Plan: The one instance cited is a result of an error in the Summer Aid Query used to identify eligible students.

To resolve this finding, the Summer Aid Query has been updated to remove students who have the following comment codes related to default: 124, 132, 134, 135, and 136. This will ensure that students who are in default are not awarded for summer aid.

The institution believes this to be an isolated incident.

This page left blank intentionally.

**AMARILLO COLLEGE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended August 31, 2016**

Finding 2015-001

Program: Student Financial Aid Cluster

Condition: The Federal Work Study indirect costs of \$9,971 reported on the Fiscal Operations Report and Application to Participate (FISAP) report did not agree to the general ledger amount of \$10,902.

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

Current Status: Reconciliation of indirect costs is done before the October 1st deadline of the Fiscal Operations Report and Application to Participate (FISAP). Any journal entries or adjustments to these costs will be communicated to the Director of Financial Aid prior to the December 15th correction deadline for the FISAP report.

Finding 2015-002

Program: 84.031C – Title III Hispanic Serving Institutions Science, Technology, Engineering and Math

Condition: Expenditures reported on the 2014 Annual Performance Report were incorrect. The report did not agree to the General Ledger as it reported building improvement expenditures of \$888,159 when the actual building improvement expenditures were \$544,708.

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

Current Status: Amarillo College's Grant Accounting Office and Project Directors are working together to complete the fiscal components to Annual Performance Reports in a timely manner and report expenses within the appropriate budget category.

Fiscal expenditure reports are finalized by Grant Accounting and approved by the College's Director of Accounting and the Vice President of Business Affairs. The Project Director is responsible for the final submission of the expenditure report after following all required grant management policies and procedures.

Specifically for the College's Title III – HSI STEM program, the fiscal information contained in the Year 4 Annual Performance Report for the 2014/2015

**AMARILLO COLLEGE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended August 31, 2016**

Finding 2015-002 (Continued)

Current Status: year was reviewed and approved by the College's Grant Accounting Office on November 13, 2015. In addition, a corrected Year 3 performance report was successfully submitted to the Department of Education on January 21, 2016.

The Year 5 Annual Performance Report for the 2015/2016 year has not yet been submitted, but will follow the same rigorous review process.

STATISTICAL SUPPLEMENT
(Unaudited)

Amarillo College
Statistical Supplement 1
Net Position by Component
Fiscal Years 2007 to 2016
(unaudited)

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Net investment in capital assets	\$ 62,423	\$ 61,401	\$ 58,952	\$ 60,530	\$ 61,057	\$ 65,464	\$ 66,184	\$ 71,483	\$ 71,488	\$ 74,600
Restricted - expendable	10,334	8,766	9,024	9,233	11,621	8,499	8,428	8,250	8,406	8,730
Restricted - nonexpendable	2,500	2,500	2,500	2,500	2,500	2,620	2,590	2,590	2,530	2,530
Unrestricted	10,626	14,522	27,441	26,064	26,903	24,155	21,996	21,079	19,507	17,294
Total primary government net position	\$ 85,883	\$ 87,189	\$ 97,917	\$ 98,327	\$ 102,081	\$ 100,738	\$ 99,198	\$ 103,402	\$ 101,931	\$ 103,154

Amarillo College
Statistical Supplement 2
Revenues by Source
Fiscal Years 2007 to 2016
(unaudited)

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Tuition and fees (net of discounts)	\$ 15,372	\$ 14,349	\$ 14,944	\$ 15,382	\$ 15,428	\$ 13,170	\$ 12,778	\$ 11,741	\$ 10,579	\$ 9,899
Governmental grants and contracts										
Federal grants and contracts	4,399	5,130	5,228	4,944	3,903	4,452	6,172	4,924	3,447	2,874
State grants and contracts	1,642	2,093	2,364	1,885	1,691	1,876	1,788	1,191	1,213	1,212
Local grants and contracts	2,187	2,003	2,004	1,946	1,891	1,953	1,813	2,009	1,582	1,444
Nongovernmental grants and contracts	1,412	2,337	1,535	1,377	1,749	1,557	1,164	1,438	1,190	1,220
Sales and services of educational activities	457	455	506	529	532	524	580	540	464	457
Auxiliary enterprises	5,605	6,181	6,204	6,461	6,631	6,907	7,182	6,931	6,245	6,066
Other operating revenues	49	84	76	116	82	215	186	285	222	222
Total operating revenues	31,123	32,632	32,861	32,640	31,907	30,654	31,663	29,059	24,942	23,394
State appropriations	18,092	19,409	19,045	18,261	18,322	21,177	21,458	22,597	22,511	22,003
Ad valorem taxes	23,466	22,557	21,087	20,481	19,209	18,881	18,160	17,668	14,855	13,555
Federal revenue, nonoperating	15,205	15,416	15,921	16,356	17,424	20,067	17,153	11,569	8,609	7,995
Gifts	2,141	1,566	310	800	3,091	186	39	38	138	45
Investment income	396	(10)	586	466	444	571	334	545	744	1,545
Other nonoperating revenues	3	-	-	-	44	30	76	18	27	5
Total nonoperating revenues	59,303	58,938	56,949	56,364	58,534	60,912	57,220	52,435	46,884	45,148
TOTAL REVENUES	\$ 90,426	\$ 91,570	\$ 89,810	\$ 89,004	\$ 90,441	\$ 91,566	\$ 88,883	\$ 81,494	\$ 71,826	\$ 68,542

For the Year Ended August 31,

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Tuition and fees (net of discounts)	17.00%	15.66%	16.64%	17.28%	17.06%	14.38%	14.38%	14.41%	14.73%	14.44%
Governmental grants and contracts										
Federal grants and contracts	4.86%	5.60%	5.82%	5.55%	4.32%	4.86%	6.94%	6.04%	4.80%	4.19%
State grants and contracts	1.82%	2.29%	2.63%	2.12%	1.87%	2.05%	2.01%	1.46%	1.69%	1.77%
Local grants and contracts	2.42%	2.19%	2.23%	2.19%	2.09%	2.13%	2.04%	2.47%	2.20%	2.11%
Nongovernmental grants and contracts	1.56%	2.55%	1.71%	1.55%	1.93%	1.70%	1.31%	1.77%	1.66%	1.78%
Sales and services of educational activities	0.51%	0.50%	0.56%	0.59%	0.59%	0.57%	0.65%	0.66%	0.65%	0.67%
Auxiliary enterprises	6.20%	6.75%	6.91%	7.26%	7.33%	7.55%	8.08%	8.50%	8.69%	8.85%
Other operating revenues	0.05%	0.09%	0.08%	0.13%	0.09%	0.24%	0.21%	0.35%	0.31%	0.32%
Total operating revenues	34.42%	35.63%	36.58%	36.67%	35.28%	33.48%	35.62%	35.66%	34.73%	34.13%
State appropriations	20.01%	21.20%	21.21%	20.52%	20.26%	23.13%	24.14%	27.73%	31.34%	32.10%
Ad valorem taxes	25.95%	24.63%	23.48%	23.01%	21.24%	20.62%	20.43%	21.68%	20.68%	19.78%
Federal revenue, nonoperating	16.80%	16.84%	17.73%	18.38%	19.26%	21.92%	19.30%	14.20%	11.99%	11.66%
Gifts	2.37%	1.71%	0.35%	0.90%	3.42%	0.20%	0.04%	0.05%	0.19%	0.08%
Investment income	0.44%	-0.01%	0.65%	0.52%	0.49%	0.62%	0.38%	0.66%	1.03%	2.24%
Other nonoperating revenues	0.01%	0.00%	0.00%	0.00%	0.05%	0.03%	0.09%	0.02%	0.04%	0.01%
Total nonoperating revenues	65.58%	64.37%	63.42%	63.33%	64.72%	66.52%	64.38%	64.34%	65.27%	65.87%
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 2007 to 2016
(unaudited)

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Instruction	\$ 33,752	\$ 32,858	\$ 32,878	\$ 31,882	\$ 30,256	\$ 30,565	\$ 31,266	\$ 29,108	\$ 26,239	\$ 25,492
Public service	3,671	3,715	3,696	3,694	3,402	3,617	3,536	3,456	3,329	3,081
Academic support	2,826	3,108	2,833	3,109	2,675	3,316	3,291	3,223	2,912	2,894
Student services	4,656	4,522	4,458	4,154	3,985	4,084	3,912	3,793	3,159	2,998
Institutional support	17,227	16,186	13,665	13,591	12,586	12,322	12,176	11,584	11,271	10,307
Operation and maintenance of plant	6,803	7,454	7,406	7,669	7,411	7,168	8,104	6,165	5,783	5,636
Scholarships and fellowships	8,322	9,380	9,902	10,316	11,833	15,329	13,418	8,793	5,731	5,048
Auxiliary enterprises	5,980	6,411	6,239	6,564	6,577	6,596	6,742	6,171	5,920	5,589
Depreciation	5,833	6,036	5,747	5,274	4,994	4,568	4,145	3,585	3,452	3,453
Total operating expenses	89,070	89,670	86,824	86,253	83,719	87,565	86,590	75,878	67,796	64,498
Interest on capital related debt	2,661	2,844	2,856	2,866	2,401	2,430	1,959	1,515	484	538
Loss on disposal of fixed assets	-	52	3,703	3,115	24	31	66	141	206	14
Total nonoperating expenses	2,661	2,896	6,559	5,981	2,425	2,461	2,025	1,656	690	552
TOTAL EXPENSES	\$ 91,731	\$ 92,566	\$ 93,383	\$ 92,234	\$ 86,144	\$ 90,026	\$ 88,615	\$ 77,534	\$ 68,486	\$ 65,050

For the Year Ended August 31,

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Instruction	35.99%	35.50%	35.21%	34.57%	35.12%	33.95%	35.28%	37.54%	38.31%	39.19%
Public service	3.91%	4.01%	3.96%	4.01%	3.95%	4.02%	3.99%	4.46%	4.86%	4.74%
Academic support	3.02%	3.36%	3.04%	3.36%	3.10%	3.68%	3.71%	4.16%	4.25%	4.45%
Student services	4.96%	4.89%	4.77%	4.50%	4.63%	4.54%	4.41%	4.89%	4.61%	4.61%
Institutional support	18.33%	17.48%	14.63%	14.74%	14.61%	13.69%	13.74%	14.94%	16.46%	15.84%
Operation and maintenance of plant	7.25%	8.05%	7.93%	8.31%	8.60%	7.96%	9.15%	7.95%	8.45%	8.66%
Scholarships and fellowships	11.10%	10.13%	10.60%	11.18%	13.74%	17.03%	15.14%	11.34%	8.37%	7.76%
Auxiliary enterprises	6.38%	6.93%	6.68%	7.12%	7.63%	7.33%	7.61%	7.96%	8.64%	8.59%
Depreciation	6.22%	6.52%	6.15%	5.72%	5.80%	5.07%	4.68%	4.62%	5.04%	5.31%
Total operating expenses	97.16%	96.87%	92.97%	93.51%	97.18%	97.27%	97.71%	97.86%	98.99%	99.15%
Interest on capital related debt	2.84%	3.07%	3.06%	3.11%	2.79%	2.70%	2.22%	1.96%	0.71%	0.83%
Loss on disposal of fixed assets	0.00%	0.06%	3.97%	3.38%	0.03%	0.03%	0.07%	0.18%	0.30%	0.02%
Total nonoperating expenses	2.84%	3.13%	7.03%	6.49%	2.82%	2.73%	2.29%	2.14%	1.01%	0.85%
TOTAL EXPENSES	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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

Resident Fees per Semester Credit Hour (SCH)										
Academic Year (Fall)	Learning Resource Fee (per student)	In-District Tuition	Out-of-District Tuition	Matriculation & General Fee	Technology Fees	Student Activity Fees	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Year In-District	Increase from Prior Year Out-of-District
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%
2010	-	36.00	22.00	16.00	9.00	1.75	753.00	1,017.00	6.81%	11.88%
2009	-	34.00	17.00	15.00	8.00	1.75	705.00	909.00	0.00%	0.00%
2008	-	34.00	17.00	15.00	8.00	1.75	705.00	909.00	9.30%	8.60%
2007	-	32.00	16.00	13.00	7.00	1.75	645.00	837.00	9.14%	6.90%
2006	-	32.00	16.00	11.00	5.00	1.25	591.00	783.00	26.28%	20.83%

Non-Resident Fees per Semester Credit Hour (SCH)										
Academic Year (Fall)	Learning Resource Fee (per student)	Non-Resident Tuition Out of State	Non-Resident Tuition International	Matriculation & General Fee	Technology Fees	Student Activity Fees	Cost for 12 SCH Out of State	Cost for 12 SCH International	Increase from Prior Year Out of State	Increase from Prior Year International
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%	-
2010	-	98.00	-	16.00	9.00	1.75	1,497.00	-	11.63%	-
2009	-	87.00	-	15.00	8.00	1.75	1,341.00	-	0.00%	-
2008	-	87.00	-	15.00	8.00	1.75	1,341.00	-	7.71%	-
2007	-	82.00	-	13.00	7.00	1.75	1,245.00	-	4.53%	-
2006	-	82.00	-	11.00	5.00	1.25	1,191.00	-	14.08%	-

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)

(Amounts expressed in thousands)					Direct Rate		
Fiscal Year	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value (TAV)	Ratio of Taxable Assessed Value to Assessed Value	Maintenance & Operations (a)	Debt Service (a)	Total (a)
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
2009-10	11,643,501	1,574,152	10,069,349	86.48%	0.14064	0.04349	0.18413
2008-09	11,336,432	1,553,559	9,782,873	86.30%	0.14064	0.04331	0.18395
2007-08	10,688,693	1,484,717	9,203,976	86.11%	0.13650	0.02393	0.16043
2006-07	9,795,811	1,379,051	8,416,760	85.92%	0.13467	0.02576	0.16043

Source: Local Appraisal District

Notes: Property is assessed at full market value.

(a) per \$100 Taxable Assessed Valuation

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

Fiscal Year	Appropriation per FTSE			Appropriation per Contact Hour			
	State Appropriation	FTSE (a)	State Appropriation per FTSE	Academic Contact Hours (a)	Voc/Tech Contact Hours (b)	Total Contact Hours	State Appropriation per Contact Hour
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
2009-10	16,049	7,516	2,135	3,012	1,974	4,986	3.22
2008-09	17,153	6,725	2,551	2,696	1,881	4,577	3.75
2007-08	17,153	6,894	2,488	2,646	1,928	4,574	3.75
2006-07	16,828	6,943	2,424	2,662	1,926	4,588	3.67

Notes:

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

(a) Source CBM001

(b) Source CBM00A

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

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Tax Year (\$000 omitted)									
		2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Southwestern Public Service	Utility	\$ 132,952	\$ 113,495	\$ 99,601	\$ 93,024	\$ 86,005	\$ 72,317	\$ 71,458	\$ 78,390	\$ 76,543	\$ 86,938
UHS of Amarillo Inc	Hospital	-	-	-	-	-	-	-	-	-	-
Wal Mart Stores Inc	Retail Store	88,569	81,821	84,187	85,933	85,542	84,559	84,745	84,578	79,734	80,832
Amarillo Mall LCC	Retail	63,835	63,961	63,896	63,926	63,940	63,954	63,971	64,087	64,078	60,532
Southwestern Bell Telephone	Utility	-	-	-	-	-	33,121	38,423	42,236	48,997	45,418
BNSF Railway Co	Railroad	75,728	74,309	73,579	67,338	60,513	52,160	47,574	46,339	42,088	37,210
Amarillo National Bank	Banking	39,349	39,715	39,528	37,584	36,937	37,357	36,860	35,520	34,525	30,056
Atmos Corp/Energas Co	Utility	55,503	53,249	48,110	41,336	33,281	-	27,376	28,763	30,446	26,408
TCA Cable Partners II	Cable/Utility	93,917	-	-	-	-	-	-	-	-	-
United Supermarkets	Grocery/Retail	-	-	-	-	-	-	-	-	-	-
Northwest Texas Healthcare Systems Inc	Hospital	-	91,014	88,859	84,729	84,352	86,142	84,248	82,687	85,284	84,286
TCA Cable of Amarillo Inc	Cable/Utility	-	-	-	-	-	-	-	-	-	18,535
Auto Nation	Auto Dealer	-	-	-	-	-	-	-	-	-	19,267
Ben E. Keith Company	Warehouse	-	-	39,709	48,877	49,022	47,962	47,954	34,512	34,550	-
Case Newport LP	Housing	-	38,113	-	36,883	34,858	33,337	33,345	35,915	32,855	-
Amarillo Economic Development Corp.	Com/Eco Dev	43,635	-	-	41,926	39,667	37,797	-	-	-	-
BSA Hospital LLC	Hospital	105,867	103,240	102,539	-	-	-	-	-	-	-
Toot'n Totum Inc	Retail	41,550	42,774	38,419	-	-	-	-	-	-	-
Totals		\$ 740,905	\$ 701,691	\$ 678,427	\$ 601,556	\$ 574,117	\$ 548,706	\$ 535,954	\$ 533,027	\$ 529,100	\$ 489,482
Total Taxable Assessed Value		\$ 11,652,419	\$ 11,207,891	\$ 10,847,872	\$ 10,536,908	\$ 10,342,085	\$ 10,137,071	\$ 10,069,349	\$ 9,782,873	\$ 9,203,976	\$ 8,416,760

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year									
		2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Southwestern Public Service	Utility	1.14%	1.01%	0.92%	0.88%	0.83%	0.71%	0.71%	0.80%	0.83%	1.03%
UHS of Amarillo Inc	Hospital	-	-	-	-	-	-	-	-	-	-
Wal Mart Stores Inc	Retail Store	0.76%	0.73%	0.78%	0.82%	0.83%	0.83%	0.84%	0.86%	0.87%	0.96%
Amarillo Mall LCC	Retail	0.55%	0.57%	0.59%	0.61%	0.62%	0.63%	0.64%	0.66%	0.70%	0.72%
Southwestern Bell Telephone	Utility	-	-	-	-	-	0.33%	0.38%	0.43%	0.53%	0.54%
BNSF Railway Co	Railroad	0.65%	0.66%	0.68%	0.64%	0.59%	0.51%	0.47%	0.47%	0.46%	0.44%
Amarillo National Bank	Banking	0.34%	0.35%	0.36%	0.36%	0.36%	0.37%	0.37%	0.36%	0.38%	0.36%
Atmos Corp/Energas Co	Utility	0.48%	0.48%	0.44%	0.39%	0.32%	-	0.27%	0.29%	0.33%	0.31%
TCA Cable Partners II	Cable/Utility	-	-	-	-	-	-	-	-	-	-
United Supermarkets	Grocery/Retail	-	-	-	-	-	-	-	-	-	-
Northwest Texas Healthcare Systems Inc	Hospital	0.81%	0.81%	0.82%	0.80%	0.82%	0.85%	0.84%	0.85%	0.93%	1.00%
TCA Cable of Amarillo Inc	Cable/Utility	-	-	-	-	-	-	-	-	-	0.22%
Auto Nation	Auto Dealer	-	-	-	-	-	-	-	-	-	0.23%
Ben E. Keith Company	Warehouse	-	-	0.37%	0.46%	0.47%	0.47%	0.48%	0.35%	0.38%	-
Case Newport LP	Housing	-	0.34%	-	0.35%	0.34%	0.33%	0.33%	0.37%	0.36%	-
Amarillo Economic Development Corp.	Com/Eco Dev	0.37%	-	-	0.40%	0.38%	0.37%	-	-	-	-
BSA Hospital LLC	Hospital	0.91%	0.92%	0.95%	-	-	-	-	-	-	-
Toot'n Totum Inc	Retail	0.36%	0.38%	0.35%	-	-	-	-	-	-	-
Totals		6.37%	6.25%	6.26%	5.71%	5.56%	5.40%	5.33%	5.44%	5.77%	5.81%

Source: Local County Appraisal District

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

Fiscal Year Ended August 31	Levy (a)	Cumulative Levy Adjustments	Adjusted Tax Levy (b)	Collections - Year of Levy (c)	Percentage	Prior Collections of Prior Levies (d)	Current Collections of Prior Levies (e)	Total Collections (C+D+E)	Cumulative Collections of Adjusted Levy
2016	\$ 23,391	\$ (5)	\$ 23,386	\$ 23,151	98.99%	\$ -	\$ 215	\$ 23,366	99.91%
2015	22,530	(39)	22,491	22,202	98.72%	-	270	22,472	99.92%
2014	21,056	(38)	21,018	20,736	98.66%	-	-	20,736	98.66%
2013	20,415	(64)	20,351	20,038	98.46%	55	158	20,251	99.51%
2012	19,104	32	19,136	18,792	98.20%	236	41	19,069	99.65%
2011	18,750	18	18,768	18,406	98.07%	282	20	18,708	99.68%
2010	18,097	(32)	18,065	17,690	97.92%	310	13	18,013	99.71%
2009	17,559	(24)	17,535	17,150	97.80%	336	8	17,494	99.77%
2008	14,766	(13)	14,753	14,437	97.86%	282	4	14,723	99.80%
2007	13,503	(23)	13,480	13,203	97.95%	247	3	13,453	99.80%

Source: Local Tax Assessor/Collector and District records.

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

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

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

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

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

Total Collections = C + D + E

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

	For the Year Ended August 31									
	(dollar amounts expressed in thousands)									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Bonded Debt										
General obligation bonds	\$ 61,905	\$ 64,470	\$ 66,965	\$ 69,040	\$ 70,915	\$ 58,205	\$ 60,320	\$ 46,650	\$ 33,355	\$ 13,155
Notes	-	-	-	-	-	-	-	-	-	-
Less: Funds restricted for debt service	-	-	-	-	-	-	-	-	-	-
Net general bonded debt	61,905	64,470	66,965	69,040	70,915	58,205	60,320	46,650	33,355	13,155
Other Debt										
Revenue bonds	3,750	3,935	4,115	4,295	4,470	505	740	965	1,180	1,385
Notes	-	-	112	409	-	-	-	-	-	-
Capital lease obligations	69	-	-	-	-	-	-	-	-	-
Total Outstanding Debt	\$ 65,724	\$ 68,405	\$ 71,192	\$ 73,744	\$ 75,385	\$ 58,710	\$ 61,060	\$ 47,615	\$ 34,535	\$ 14,540
General Bonded Debt Ratios										
Per Capita	*	*	\$ 0.34	\$ 0.35	\$ 0.36	\$ 0.30	\$ 0.32	\$ 0.25	\$ 0.18	\$ 0.07
Per FTSE	9.27	9.27	9.12	9.04	8.90	7.19	8.03	6.94	4.84	1.89
As a percentage of Taxable Assessed Value	0.53%	0.58%	0.62%	0.66%	0.69%	0.57%	0.59%	0.48%	0.36%	0.16%
Total Outstanding Debt Ratios										
Per Capita	*	*	\$ 0.36	\$ 0.38	\$ 0.39	\$ 0.30	\$ 0.32	\$ 0.25	\$ 0.19	\$ 0.08
Per FTSE	9.84	9.84	9.70	9.66	9.46	7.37	8.12	7.08	5.01	2.09
As a percentage of Taxable Assessed Value	0.56%	0.61%	0.66%	0.70%	0.73%	0.58%	0.60%	0.49%	0.38%	0.17%

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)									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Taxable Assessed Value	\$ 11,652,419	\$ 11,207,891	\$ 10,847,872	\$ 10,536,908	\$ 10,342,085	\$ 10,137,071	\$ 10,069,349	\$ 9,782,873	\$ 9,203,976	\$ 8,416,760
General Obligation Bonds										
Statutory Tax Levy Limit for Debt Service	\$ 58,262	\$ 56,039	\$ 54,239	\$ 52,685	\$ 51,710	\$ 50,685	\$ 50,347	\$ 48,914	\$ 46,020	\$ 42,084
Less: Funds Restricted for Repayment of General Obligation Bonds	-	-	-	-	-	-	-	-	-	-
Total Net General Obligation Debt	58,262	56,039	54,239	52,685	51,710	50,685	50,347	48,914	46,020	42,084
Current Year Debt Service Requirements	5,247	5,029	4,902	4,885	4,076	4,784	4,307	4,250	2,197	2,168
Excess of Statutory Limit for Debt Service over Current Requirements	\$ 53,015	\$ 51,010	\$ 49,337	\$ 47,800	\$ 47,634	\$ 45,901	\$ 46,040	\$ 44,664	\$ 43,823	\$ 39,916
Net Current Requirements as a % of Statutory Limit	9.01%	8.97%	9.04%	9.27%	7.88%	9.44%	8.55%	8.69%	4.77%	5.15%

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
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
2010	390	2,826	-	-	969	1,211	70	176	1,997	609	8,248	215	57	272	30.32
2009	337	2,475	-	-	999	996	464	245	2,188	556	8,260	205	67	272	30.37
2008	342	1,118	958	-	943	1,141	571	166	1,807	473	7,519	195	75	270	27.85
2007	343	587	993	-	921	176	941	142	1,710	459	6,272	185	84	269	23.32

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
2015	198,645	*	*	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%
2009	189,392	6,467,737	34,150	5.2%
2008	187,236	6,502,519	34,729	3.5%
2007	186,106	6,165,506	33,129	3.3%
2006	184,893	5,745,550	31,075	3.7%

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 2015 will be released with the rest of the local area estimates on November 21st.

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

Employer	Number of Employees	Percentage of Total Employment
Amarillo Independent School District	4,200	4.34%
Tyson Foods, Inc.	3,700	3.82%
CNS Pantex	3,150	3.25%
Baptist St. Anthony's Health Care Systems	2,700	2.79%
City of Amarillo	2,340	2.42%
Northwest Texas Healthcare System	1,950	2.01%
Xcel Energy/Southwestern Public Service Co.	1,430	1.48%
Canyon ISD	1,400	1.45%
Texas Department of Criminal Justice	1,303	1.35%
Bell Helicopter Textron, Inc.	1,251	1.29%
Total	23,424	24.20%

Source:

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

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

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Faculty										
Full-Time	225	219	225	225	218	221	234	235	221	229
Part-Time	646	537	601	586	581	556	548	519	565	577
Total	871	756	826	811	799	777	782	754	786	806
Percent										
Full-Time	25.8%	29.0%	27.2%	27.7%	27.3%	28.4%	29.9%	31.2%	28.1%	28.4%
Part-Time	74.2%	71.0%	72.8%	72.3%	72.7%	71.6%	70.1%	68.8%	71.9%	71.6%
Staff and Administrators										
Full-Time	397	433	472	466	456	482	473	473	451	450
Part-Time	212	206	270	287	266	269	283	263	247	252
Total	609	639	742	753	722	751	756	736	698	702
Percent										
Full-Time	65.2%	67.8%	63.6%	61.9%	63.2%	64.2%	62.6%	64.3%	64.6%	64.1%
Part-Time	34.8%	32.2%	36.4%	38.1%	36.8%	35.8%	37.4%	35.7%	35.4%	35.9%
FTSE per Full-Time Faculty	29.68	31.74	32.62	33.94	36.55	36.61	32.12	28.62	31.19	30.10
FTSE per Full-Time Staff Member	16.82	16.05	15.55	16.39	17.47	16.79	15.89	14.22	15.29	15.32
Average Annual Faculty Salary	\$ 60,206	\$ 61,928	\$ 66,795	\$ 65,862	\$ 64,569	\$ 64,087	\$ 61,787	\$ 57,744	\$ 58,042	\$ 56,529

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

Student Classification	Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00-30 hours	6,194	64.68%	6,615	66.50%	7,000	65.68%	7,525	67.01%	6,600	58.26%
31-60 hours	2,502	26.13%	2,410	24.22%	2,632	24.70%	2,618	23.31%	3,341	29.49%
> 60 hours	880	9.19%	923	9.28%	1,025	9.62%	1,087	9.68%	1,388	12.25%
Total	9,576	100.00%	9,948	100.00%	10,657	100.00%	11,230	100.00%	11,329	100.00%

Semester Hour Load	Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	44	0.46%	59	0.59%	65	0.61%	80	0.71%	68	0.60%
3-5 semester hours	1,727	18.03%	2,133	21.44%	2,513	23.58%	2,734	24.35%	2,323	20.50%
6-8 semester hours	2,904	30.33%	2,914	29.29%	3,202	30.05%	3,277	29.18%	3,329	29.38%
9-11 semester hours	1,967	20.54%	2,287	22.99%	2,429	22.79%	2,425	21.59%	2,341	20.66%
12-14 semester hours	2,383	24.88%	2,332	23.44%	2,211	20.75%	2,417	21.52%	2,868	25.32%
15-17 semester hours	423	4.42%	209	2.10%	219	2.05%	271	2.41%	283	2.50%
18 & over	128	1.34%	14	0.14%	18	0.17%	26	0.23%	117	1.03%
Total	9,576	100.00%	9,948	100.00%	10,657	100.00%	11,230	100.00%	11,329	100.00%

Average course load	7.8	8.8	8.4	7.8	8.3
---------------------	-----	-----	-----	-----	-----

Tuition Status	Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (In-District)	6,920	72.26%	7,173	72.10%	7,637	71.66%	7,922	70.54%	7,979	70.43%
Texas Resident (Out-of-District)	2,437	25.45%	2,550	25.63%	2,790	26.18%	3,002	26.73%	3,041	26.84%
Non-Resident Tuition	219	2.29%	225	2.26%	230	2.16%	306	2.72%	309	2.73%
Total	9,576	100.00%	9,948	100.00%	10,657	100.00%	11,230	100.00%	11,329	100.00%

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

	Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011	
Gender	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	5,925	61.87%	6,148	61.80%	6,520	61.18%	6,947	61.86%	6,923	61.11%
Male	3,651	38.13%	3,800	38.20%	4,137	38.82%	4,283	38.14%	4,406	38.89%
Total	9,576	100.00%	9,948	100.00%	10,657	100.00%	11,230	100.00%	11,329	100.00%

	Fall 2014		Fall 2014		Fall 2013		Fall 2012		Fall 2011	
Ethnic Origin	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	4,793	50.06%	5,155	51.83%	5,747	53.93%	6,231	55.49%	6,512	57.48%
Hispanic	3,632	37.94%	3,721	37.41%	3,766	35.34%	3,806	33.89%	3,602	31.79%
African American	467	4.88%	425	4.27%	462	4.34%	493	4.39%	502	4.43%
Asian	274	2.86%	262	2.63%	279	2.62%	270	2.40%	262	2.31%
Foreign	71	0.74%	60	0.60%	36	0.34%	17	0.15%	4	0.04%
Native American	52	0.54%	55	0.55%	56	0.53%	66	0.59%	70	0.62%
Other	287	3.00%	270	2.71%	311	2.92%	347	3.09%	377	3.33%
Total	9,576	100.00%	9,948	100.00%	10,657	100.00%	11,230	100.00%	11,329	100.00%

	Fall 2014		Fall 2014		Fall 2013		Fall 2012		Fall 2011	
Age	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 18	1,964	20.51%	2,070	20.81%	2,178	20.44%	2,325	20.70%	2,055	18.14%
18 - 21	3,579	37.37%	3,559	35.78%	3,675	34.48%	3,691	32.87%	3,761	33.20%
22 - 24	1,140	11.90%	1,175	11.81%	1,307	12.26%	1,323	11.78%	1,418	12.52%
25 - 35	1,965	20.52%	2,104	21.15%	2,296	21.54%	2,507	22.32%	2,641	23.31%
36 - 50	763	7.97%	842	8.46%	971	9.11%	1,121	9.98%	1,199	10.58%
51 & over	165	1.72%	198	1.99%	230	2.16%	263	2.35%	255	2.25%
Total	9,576	100.00%	9,948	100.00%	10,657	100.00%	11,230	100.00%	11,329	100.00%

Average Age	24	24	24	24	25
-------------	----	----	----	----	----

Amarillo College
Statistical Supplement 17
Transfers to Senior Institutions
2015-2016 Graduates, Completers, and Non-Returners as of Fall 2016
(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		
1 West Texas A&M University	878	21	59	958	46.55%
2 Texas Tech University	230	3	4	237	11.52%
3 Amarillo College	181	119	48	348	16.91%
4 Clarendon College	62	6	9	77	3.74%
5 Texas A&M University	58	0	1	59	2.87%
6 University of North Texas	42	3	1	46	2.24%
7 The University of Texas at Austin	34	0	0	34	1.65%
8 South Plains College	28	0	4	32	1.55%
9 The University of Texas at Arlington	28	0	3	31	1.51%
10 Frank Phillips College	22	1	6	29	1.41%
11 Binn College	16	0	1	17	0.83%
12 The University of Texas at Dallas	16	0	0	16	0.78%
13 Texas State University	14	1	0	15	0.73%
14 Texas Tech University Health Sciences Center	10	0	1	11	0.53%
15 Angelo State University	8	0	0	8	0.39%
16 Midwestern State University	8	0	1	9	0.44%
17 Texas Woman's University	7	1	1	9	0.44%
18 University of Houston	7	0	2	9	0.44%
19 Austin Community College	6	1	1	8	0.39%
20 Stephen F. Austin State University	6	0	2	8	0.39%
21 Tarleton State University	6	0	0	6	0.29%
22 The University of Texas at San Antonio	6	0	0	6	0.29%
23 Paris Junior College	5	0	1	6	0.29%
24 North Central Texas College	4	0	0	4	0.19%
25 Texas A&M University - Corpus Christi	4	1	0	5	0.24%
26 Midland College	3	0	2	5	0.24%
27 Lamar University	3	0	0	3	0.15%
28 Prairie View A&M University	3	0	0	3	0.15%
29 Sam Houston State University	3	0	0	3	0.15%
30 Texas A&M University - Commerce	3	0	0	3	0.15%
31 The University of Texas of the Permian Basin	3	0	0	3	0.15%
32 ACCD - Northwest Vista College	2	1	1	4	0.19%
33 ACCD - St. Philip's College	2	0	0	2	0.10%
34 Cisco College	2	0	0	2	0.10%
35 Houston Community College System	2	1	0	3	0.15%
36 Tarrant County College - Northeast Campus	2	0	0	2	0.10%
37 Tarrant County College - Southeast Campus	2	0	0	2	0.10%
38 Sul Ross State University	2	0	0	2	0.10%
39 Texas A&M University - Kingsville	2	0	0	2	0.10%
40 Texas A&M University at Galveston	2	0	0	2	0.10%
41 The University of Texas - Rio Grande Valley	2	0	0	2	0.10%
42 University of North Texas Health Science Center	2	0	0	2	0.10%
43 ACCD - San Antonio College	1	0	0	1	0.05%
44 Del Mar College	1	0	0	1	0.05%
45 HCJCD - Howard College	1	1	0	2	0.10%
46 Lamar State College - Orange	1	0	0	1	0.05%
47 Lone Star College - CyFair	1	0	0	1	0.05%
48 Navarro College	1	0	0	1	0.05%
49 Odessa College	1	0	0	1	0.05%
50 Ranger College	1	0	1	2	0.10%
51 San Jacinto College - North Campus	1	0	0	1	0.05%
52 Tarrant County College - Trinity River Campus	1	0	0	1	0.05%
53 Temple College	1	0	1	2	0.10%
54 Trinity Valley Community College	1	0	0	1	0.05%
55 Tyler Junior College	1	0	0	1	0.05%
56 Victoria College	1	0	1	2	0.10%
57 Weatherford College	1	0	0	1	0.05%
58 Western Texas College	1	0	0	1	0.05%
59 The University of Texas at El Paso	1	0	0	1	0.05%
60 University of Houston - Clear Lake	1	0	0	1	0.05%
61 University of Houston - Downtown	1	0	0	1	0.05%
62 University of Houston - Victoria	1	0	0	1	0.05%
63 Texas A&M University System Health Science Center	1	0	0	1	0.05%
Totals	1,747	160	151	2,058	100.00%

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

Amarillo College
Statistical Supplement 18
Capital Asset Information
Fiscal Years 2012 to 2016
(unaudited)

	Fiscal Year				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Academic buildings	31	31	31	34	34
Square footage (in thousands)	997	962	951	1,005	955
Libraries*	1	1	1	1	1
Square footage (in thousands)	16	16	16	16	16
Number of Volumes (in thousands)	51	51	52	59	60
Administrative and support buildings	7	8	7	7	5
Square footage (in thousands)	158	159	145	145	147
Rentals					
Apartment Bldgs (formerly Dorms)	-	-	-	-	1
Square footage (in thousands)	-	-	-	-	6
Number of Beds	-	-	-	-	10
Rental Housing Units	335	335	335	335	336
Square footage (in thousands)	493	493	493	493	493
Commercial Rentals	3	3	3	4	5
Square footage (in thousands)	17	17	17	29	35
Dining Facilities*	-	-	-	-	-
Square footage (in thousands)	-	-	-	-	-
Athletic Facilities (sum of below)	5	5	5	5	5
Square footage(in thousands)	78	85	85	85	85
Stadiums	-	-	-	-	-
Gymnasiums*	5	5	5	5	5
Fitness Centers*	2	2	2	2	2
Tennis Court	-	-	-	-	-
Plant facilities	5	5	5	7	7
Square footage (in thousands)	96	96	96	130	130
Transportation (Total)	140	139	140	133	140
Cars	29	29	29	34	35
Semi Trucks / Heavy Trucks (Instructional)	28	27	25	22	20
Light Trucks/Vans (includes Instructional)	62	62	64	62	68
Buses (Instructional)	8	8	9	9	9
Motorcycles (Instructional)	13	13	13	6	8

* May be within other buildings