This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT

HTS Continuing Disclosure Services
A Division of Hilltop Securities.
(See "Continuing Disclosure of Information" herein)

Dated June 30, 2019

Ratings:
S&P: AA+
Fitch: AA+
(See "Other Information – Ratings" herein)

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "Tax Matters" herein.

THE BONDS ***WILL NOT BE*** DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS

$27,690,000*
AMARILLO JUNIOR COLLEGE DISTRICT
(Potter and Randall Counties, Texas)
GENERAL OBLIGATION BONDS, SERIES 2019

Dated Date: August 1, 2019 **Due: February 15 as shown on Page 2**
Interest to Accrue from Delivery Date

PAYMENT TERMS . . . Interest on the $27,690,000* Amarillo Junior College District General Obligation Bonds, Series 2019 (the "Bonds") will accrue from the date of the initial delivery of the Bonds (the "Delivery Date") to the initial purchasers named below (the "Underwriters"), and will be payable on February 15, 2020 and each August 15 and February 15 thereafter until maturity or prior redemption and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "The Bonds - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (see "The Bonds - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Constitution and general laws of the State of Texas, (the "State") including Section 130.122 of the Texas Education Code, as amended, and are direct obligations of the Amarillo Junior College District (the "District"), payable from a continuing ad valorem tax levied on all taxable property within the District, within the limits prescribed by law, as provided in the order authorizing the Bonds (the "Order") to be adopted by the Board of Regents of the District. (see "The Bonds - Authority for Issuance").

PURPOSE . . . Proceeds from the sale of the Bonds will be used to (i) for the construction, acquisition, renovation and equipment of school buildings for the District and the purchased of necessary sites therefor; and (ii) to pay the costs of issuance of the Bonds.

CUSIP PREFIX: 023069
MATURITY SCHEDULE & 9 DIGIT CUSIP
See Schedule on Page 2

LEGALITY . . . The Bonds are offered for delivery when, as and if issued and received by the Underwriters and subject to the approving opinion of the Attorney General of Texas and the opinion of Underwood Law Firm, P.C., Bond Counsel, Amarillo, Texas (see Appendix C, "Form of Bond Counsel's Opinion"). Certain legal matters will be passed upon for the Underwriters by Norton Rose Fulbright US LLP, Dallas, Texas, counsel for the Underwriters.

DELIVERY . . . It is expected that the Bonds will be available for delivery through DTC on September 5, 2019 (the "Delivery Date").

FROST BANK **RAYMOND JAMES**

* Preliminary, subject to change.

CUSIP Prefix: 023069[1]

MATURITY SCHEDULE*

Maturity 15-Feb	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix[1]	Maturity 15-Feb	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix[1]
2020	$ 1,600,000				2030	$ 1,280,000			
2021	1,390,000				2031	1,350,000			
2022	915,000				2032	1,415,000			
2023	955,000				2033	1,490,000			
2024	995,000				2034	1,565,000			
2025	1,035,000				2035	1,645,000			
2026	1,075,000				2036	1,730,000			
2027	1,120,000				2037	1,820,000			
2028	1,165,000				2038	1,915,000			
2029	1,220,000				2039	2,010,000			

(Interest to accrue from the Delivery Date)

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Neither the District nor the Financial Advisor nor Underwriters take any responsibility for the accuracy of such numbers.

OPTIONAL REDEMPTION . . . The District reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2029, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2028, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "The Bonds – Optional Redemption").

* Preliminary, subject to change.

(Remainder of page intentionally left blank)

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, as amended and in effect on the date hereof, this document constitutes an Official Statement of the District with respect to the Bonds that has been deemed "final" by the District as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

This Official Statement, which includes the cover page, the Schedule and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation, or sale.

No dealer, broker, salesperson, or other person has been authorized by the District or Underwriters to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the District or the Underwriters. .

The information set forth herein has been obtained from the District and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the representation, promise, or guarantee of the Financial Advisor. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein since the date hereof. See "Continuing Disclosure of Information" for a description of the District's undertaking to provide certain information on a continuing basis.

The cover page contains certain information for general reference only and is not intended as a summary of this offering. Investors should read the entire Official Statement, including all schedules and appendices attached hereto, to obtain information essential to making an informed investment decision. Any statements made in this Official Statement or the schedules or appendices hereto involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such opinions or estimates will be realized.

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THE BONDS HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

NEITHER THE DISTRICT, THE UNDERWRITERS, NOR THE DISTRICT'S FINANCIAL ADVISOR MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY ("DTC") OR ITS BOOK-ENTRY-ONLY SYSTEM OR THE AFFAIRS OF THE TEA DESCRIBED UNDER "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM," AS SUCH INFORMATION HAS BEEN PROVIDED BY DTC AND THE TEA, RESPECTIVELY.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The Underwriters has provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under federal securities law as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

TABLE OF CONTENTS

PRELIMINARY OFFICIAL STATEMENT SUMMARY 4

DISTRICT OFFICIALS, STAFF AND CONSULTANTS 6
- ELECTED OFFICIALS 6
- CONSULTANTS AND ADVISORS 6

INTRODUCTION 7

PLAN OF FINANCING 7

THE BONDS 7

AMARILLO JUNIOR COLLEGE DISTRICT 12

TAX INFORMATION 15
- TABLE 1 - VALUATION, EXEMPTIONS AND TAX SUPPORTED DEBT 19
- TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY 20
- TABLE 3 - VALUATION AND TAX SUPPORTED DEBT HISTORY 21
- TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY 21
- TABLE 5 - TEN LARGEST TAXPAYERS 21
- TABLE 6 - ESTIMATED OVERLAPPING DEBT 22

DEBT INFORMATION 23
- TABLE 7 – PRO-FORMA TAX SUPPORTED DEBT SERVICE REQUIREMENTS 23
- TABLE 8 - INTEREST AND SINKING FUND BUDGET PROJECTION 24
- TABLE 9 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS 24
- TABLE 10 – OTHER OBLIGATIONS 24

FINANCIAL INFORMATION 28
- TABLE 11 - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS 28
- FINANCIAL POLICIES 29
- INVESTMENTS 31
- TABLE 12 - CURRENT INVESTMENTS 31

TAX MATTERS 31

CONTINUING DISCLOSURE OF INFORMATION 33

OTHER INFORMATION 34
- RATINGS 34
- LITIGATION 34
- REGISTRATION AND QUALIFICATION OF BONDS FOR SALE 34
- LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS 34
- LEGAL OPINIONS AND NO LITIGATION CERTIFICATE 35
- AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION 35
- UNDERWRITING 35
- FINANCIAL ADVISOR 35
- FORWARD-LOOKING STATEMENTS DISCLAIMER 35
- MISCELLANEOUS 36

APPENDICES
- GENERAL INFORMATION REGARDING THE DISTRICT ..... A
- EXCERPTS FROM THE ANNUAL FINANCIAL REPORT ..... B
- FORM OF BOND COUNSEL'S OPINION C

The cover page hereof, this page, the appendices included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.

PRELIMINARY OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

THE DISTRICT..... The Amarillo Junior College District, a political subdivision of the State of Texas located in Potter and Randall Counties, includes Amarillo College, which is a two-year junior college. The taxing jurisdiction of the District is generally limited to the boundaries of the City of Amarillo, Texas (see "Introduction - Description of District" and "Amarillo Junior College District").

THE BONDS..... The $27,690,000* General Obligation Bonds, Series 2019 are issued as serial bonds maturing February 15, 2020 through February 15, 2039 (see "The Bonds - Description of the Bonds").

PAYMENT OF INTEREST ..... Interest on the Bonds accrues from the date of the initial delivery to the Underwriters, and is payable February 15, 2020, and each August 15 and February 15 thereafter until maturity or prior redemption (see "The Bonds - Description of the Bonds").

AUTHORITY FOR ISSUANCE ..... The Bonds are issued pursuant to the Constitution and general laws of the State of Texas, (the "State") including Section 130.122 of the Texas Education Code, as amended, and an election held in the District on May 4, 2019, and are direct obligations of the District, payable from a continuing ad valorem tax levied on all taxable property within the District, within the limits prescribed by law, as provided in the order to be adopted by the Board of Regents of the District authorizing the Bonds (the "Order"). (see "The Bonds - Authority for Issuance").

SECURITY FOR THE BONDS ..... The Bonds constitute direct obligations of the District, payable from the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property located within the District (see "The Bonds - Security and Source of Payment"). Section 130.122 of the Texas Education Code limits a junior college district's tax rate to $1.00 per $100 taxable assessed valuation, of which a maximum of $0.50 may be levied for bond debt service on bonds including the Bonds. The District is further restricted by local referendum which limits the tax rate for local maintenance to $0.20 per $100 taxable assessed valuation.

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS..... The Bonds ***will not be*** designated as "Qualified Tax-Exempt Obligations" for financial institutions.

REDEMPTION ..... The District reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2029, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2028, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "The Bonds – Optional Redemption").

TAX EXEMPTION..... In the opinion of Bond Counsel, the interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under the caption "Tax Matters" herein (see "Tax Matters" and Appendix C, "Form of Bond Counsel's Opinion").

USE OF PROCEEDS ..... Proceeds from the sale of the Bonds will be used to (i) for the construction, acquisition, renovation and equipment of school buildings for the District and the purchase of necessary sites therefor; and (ii) to pay the costs of issuance of the Bonds.

RATINGS ..... The Bonds and the presently outstanding and uninsured tax supported debt of the District are rated "AA+" by Fitch Ratings ("Fitch") and "AA+" by Standard & Poor's Ratings Service, a Standard & Poor's Financial Services LLC business ("S&P"), without regard to credit enhancement (see "Other Information - Ratings"). Application has been made to Fitch and S&P for contract ratings on the Bonds.

* Preliminary, subject to change.

BOOK-ENTRY-ONLY SYSTEM ..... The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "The Bonds - Book-Entry-Only System").

PAYMENT RECORD ..... The District has never defaulted in payment of its tax supported debt.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 8-31	Estimated District Population	Taxable Assessed Valuation[1]	Per Capita Taxable Assessed Valuation	Tax Supported Debt	Per Capita Tax Supported Debt	Ratio Tax Supported Debt to Taxable Assessed Valuation	% of Total Tax Collections
2015	198,402	$11,207,890,892	$ 56,491	$ 64,365,000	$ 324	0.57%	100.92%
2016	198,645	11,652,419,468	58,660	61,800,000	311	0.53%	100.78%
2017	198,645	12,183,529,834	61,333	55,905,000	281	0.46%	100.52%
2018	198,645	12,914,679,011	65,014	55,735,000	281	0.43%	100.43%
2019	198,645	13,282,812,272	66,867	80,045,000 [2]	403 [2]	0.60% [2]	95.96% [3]

(1) As reported by the Potter-Randall Appraisal District on the District's annual State Property Tax Reports; subject to change during the ensuing year. The certified net Taxable Assessed Value for fiscal year 2020 is $13,745,154,746.
(2) Includes the Bonds. Preliminary, subject to change.
(3) Collections, as of June 30, 2019.

For additional information regarding the District, please contact:

Mr. Steven Smith
VP of Business Affairs
Amarillo College
P.O. Box 447
Amarillo, Texas 79178
(806) 371-5008
sgsmith@actx.edu

or

Mr. Jason L. Hughes
Managing Director
Hilltop Securities Inc.
1201 Elm Street, Suite 3500
Dallas, Texas 75270
(214) 953-8707
jason.hughes@hilltopsecurities.com

DISTRICT OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

Board of Regents	First Term	Term Expires (May)	Occupation
Dr. Paul Proffer, Chairperson	2011	2025	Reconstructive Surgeon
Mr. Johnny E. Mize, Vice Chair	2013	2025	Independent Business Consultant
Dr. David C. Woodburn	2000	2025	Dentist
Ms. Anette J. Carlisle, Secretary	2015	2021	Consultant
Mr. Daniel Henke	2014	2021	Businessman
Mr. Patrick R. Miller	2015	2021	Educator
Mr. Jay Barrett	2015	2023	Principal - Amarillo ISD
Ms. Michele Fortunato	2004	2023	Attorney
Ms. Sally Jennings	2017	2023	Realtor
Ms. Ronda Crow	2016	2022	Chief Nursing Officer Moore County Hospital District
Ms. Sara Pesina	2018	2022	Executive Director Big Brothers Big Sisters

SELECTED ADMINISTRATIVE STAFF

Name	Title	Employment Date
Dr. Russell Lowery-Hart	President	July 1, 2010
Mr. Mark White	Executive VP and General Council	March 1, 2016
Mr. Robert Austin	VP of Enrollment Management	February 3, 2003
Ms. Cara Crowley	VP of Strategic Initiatives	January 3, 2006
Mr. Kevin Ball	VP of Communications & Marketing	September 26, 2016
Mr. Steven Smith	VP of Business Affairs	April 1, 2016
Dr. Tamara Clunis	VP of Academic Affairs	August 18, 2011
Ms. Denese Skinner	VP of Student Affairs	September 1, 2017
Ms. Cheryl Jones	VP for Employee and Oganizational Development	January 22, 2019

CONSULTANTS AND ADVISORS

Auditors ..... Connor, McMillon, Mitchell & Shennum, PLLC.
Amarillo, Texas

Bond Counsel ..... Underwood Law Firm, P.C.
Amarillo, Texas

Financial Advisor..... Hilltop Securities Inc.
Dallas, Texas

PRELIMINARY OFFICIAL STATEMENT

RELATING TO

$27,690,000*
AMARILLO JUNIOR COLLEGE DISTRICT
GENERAL OBLIGATION BONDS, SERIES 2019

INTRODUCTION

This Official Statement, which includes the Schedule and Appendices hereto, provides certain information regarding the issuance of $27,690,000* Amarillo Junior College District General Obligation Bonds, Series 2019 (the "Bonds"). Capitalized terms used in this Official Statement have the meanings assigned to such terms in the Order, except as otherwise defined herein.

There follows in this Official Statement descriptions of the Bonds and certain information regarding the District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the District's Financial Advisor, Hilltop Securities Inc., Dallas, Texas.

DESCRIPTION OF THE DISTRICT . . . The District, a political subdivision of the State of Texas, located in Potter and Randall Counties, includes Amarillo College, which is a two-year junior college. The taxing jurisdiction of the District is generally limited to the boundaries of the City of Amarillo, Texas as such boundaries may change from time to time. The District is governed by an 11-member Board of Regents (the "Board"), the members of which are elected to serve staggered six-year terms. The Board formulates operating policy for the District while the President of the College is the chief administrative officer of the District. Support services are supplied by consultants and advisors.

PLAN OF FINANCING

PURPOSE . . . Proceeds from the sale of the Bonds will be used to (i) for the construction, acquisition, renovation and equipment of school buildings for the District and the purchase of necessary sites therefor; and (ii) to pay the costs of issuance of the Bonds.

SOURCES AND USES OF PROCEEDS . . . Proceeds from the sale of the Bonds will be applied approximately as follows:

Sources of Funds:	
Par Amount of Bonds	
Cash Premium	
Total Sources of Funds	$ -
Uses of Funds:	
Deposit to Construction Fund	
Underwriters' Discount	
Costs of Issuance/Rounding	
Total Uses of Funds	$ -

* Preliminary, subject to change.

THE BONDS

DESCRIPTION OF THE BONDS . . . The Bonds are dated August 1, 2019 (the "Dated Date"), and mature in each of the years and in the amounts shown on page 2 hereof. Interest on the Bonds will accrue from the date of initial delivery to the Underwriters, and will be computed on the basis of a 360-day year of twelve 30-day months, and is payable on February 15, 2020, and each August 15 and February 15 thereafter until maturity or prior redemption. The definitive Bonds will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "The Bonds - Book-Entry-Only System" herein.

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Constitution and general laws of the State of Texas, (the "State") including Section 130.122 of the Texas Education Code, as amended, and an election held in the District on May 4, 2019, and are direct obligations of the Amarillo Junior College District (the "District"), payable from a continuing ad valorem tax levied on all taxable property within the District, within the limits prescribed by law, as provided in the order to be adopted by the Board of Regents of the District authorizing the Bonds (the "Order").

SECURITY AND SOURCE OF PAYMENT . . . The Bonds are direct obligations of the District payable from a continuing direct annual ad valorem tax levied by the District on all taxable property sufficient to provide for the payment of principal and interest on the Bonds, which tax must be levied within the limits prescribed by law. The District shall determine the specific amount of, and levy, a tax sufficient to pay current interest on and the maturing principal amount of the Bonds, with full allowance being made for tax delinquencies and the costs of collection. See "The Bonds – Tax Rate Limitations" below.

TAX RATE LIMITATIONS . . . Section 130.122 of the Texas Education Code limits a junior college district's tax rate to $1.00 per $100 taxable assessed valuation (of which a maximum of $0.50 may be levied for bond debt service), and the District is further restricted by local referendum which limits the tax rate for local maintenance to $0.20 per $100 taxable assessed valuation.

OPTIONAL REDEMPTION . . . The District reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2029, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2028, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

If less than all Outstanding Bonds are called for redemption the District may choose the maturities to be redeemed. If less than all the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed. If a Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to a redemption date for the Bonds, the District shall cause a notice or redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Bonds to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTRED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE, PROVIDED THAT MONIES FOR THE PAYMENT OF THE REDEMPTION PRICE AND THE INTEREST ACCRUED ON THE PRINCIPAL AMOUNT OT BE REDEEMED TO THE DATE OF REDEMPTION ARE HELD FOR THE PURPOSE OF SUCH PAYMENT BY THE PAYING AGENT/REGISTRAR.

With respect to any optional redemption of the Bonds, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption may, at the option of the District, be conditional upon the receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon the satisfaction of any prerequisites set forth in such notice of redemption; and if sufficient moneys are not received or such prerequisites are not satisfied, such notice shall be of no force and effect, the District shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

BOOK-ENTRY-ONLY SYSTEM . . . *This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and accredited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District and the Underwriters believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.*

The District and the Underwriters cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for the Bonds in the aggregate principal amount of each maturity and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a "AA+" rating from Standard & Poor's. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owners entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participant to whose account such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar on payable dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. All payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the District, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the District and the Paying Agent/Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered.

Use of Certain Terms in Other Sections of this Official Statement. In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Order will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the District, the Financial Advisor, or the Underwriters.

Effect of Termination of Book-Entry-Only System. In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the District, printed Bonds will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Order and summarized under "The Bonds - Transfer, Exchange and Registration" below.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. In the Order, the District retains the right to replace the Paying Agent/Registrar. The District covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the District agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

In the event the Book-Entry-Only System should be discontinued, interest on the Bonds will be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (hereinafter defined), and such interest will be paid (i) by check sent United States mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. Principal of the Bonds will be paid to the registered owner at the stated maturity or earlier redemption upon presentation to the designated payment/transfer office of the Paying Agent/Registrar; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Bonds, all payments will be made as described under "THE BONDS - Book-Entry-Only System" herein. If the date for the payment of the principal of or interest on the Bonds is a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to close, then the date for such payment will be the next succeeding day which is not such a day, and payment on such date will have the same force and effect as if made on the date payment was due.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Bonds may be assigned by the execution of an assignment form on the respective Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount as the Bonds

surrendered for exchange or transfer. See "The Bonds - Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds.

RECORD DATE FOR INTEREST PAYMENT . . . The record date ("Record Date") for the interest payable on the Bonds on any interest payment date means the close of business on the last business day of the preceding month.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the District. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date", which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Holder of a Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

Neither the District nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation on transferability shall not be applicable to an exchange by the registered owner of the unredeemed balance of a Bond called for redemption in part.

BONDHOLDER'S REMEDIES . . . The Order establishes specific events of default with respect to the Bonds. If the District defaults in the payment of the principal or interest on the Bonds when due, or the District defaults in the observance or performance of any of the covenants, conditions, or obligations of the District, the failure to perform which materially, adversely affects the rights of the owners, including but not limited to, their prospect or ability to be repaid in accordance with the Order, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the District, the Order provides that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the District to make such payment or observe and perform such covenants, obligations, or conditions. Such right is in addition to any other rights the registered owners of the Bonds may be provided by the laws of the State. Under Texas law, there is no right to the acceleration of maturity of the Bonds upon the failure of the District to observe any covenant under the Order. Such registered owner's only practical remedy, if a default occurs, is a mandamus or mandatory injunction proceeding to compel the District to assess and collect an annual ad valorem tax sufficient to pay principal and interest on the Bonds as it becomes due. The enforcement of any such remedy may be difficult and time consuming and a registered owner could be required to enforce such remedy on a periodic basis. The Texas Supreme Court has ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the District's sovereign immunity from a suit for money damages, bondholders may not be able to bring such a suit against the District for breach of the Bonds or Order covenants. Even if a judgment against the District could be obtained, it could not be enforced by direct levy and execution against the District's property. Further, the registered owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. Furthermore, the District is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or bondholders of an entity which has sought protection under Chapter 9. Therefore, should the District avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bonds are qualified with respect to the customary rights of debtors relative to their creditors and by general principles of equity which permit the exercise of judicial discretion.

DEFEASANCE . . .
The Order provides that the District may discharge its obligations to the registered owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium if any, and all interest to accrue on the Bonds to maturity or prior redemption or (ii) by depositing with a paying agent, or other authorized escrow agent, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that under current law such deposits may be invested and reinvested only in (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent.

Under current Texas law, upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the District to initiate proceedings to call the Bonds for redemption are not extinguished if the District: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Order does not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under Texas law.

AMARILLO JUNIOR COLLEGE DISTRICT

LOCATION . . . The District, a political subdivision of the State of Texas, is located in Potter and Randall Counties. The taxing jurisdiction of the District is generally limited to the boundaries of the City of Amarillo, as such boundaries may change from time to time. The District owns and operates Amarillo College. State law provides that the service area of the District includes the territory within Potter, Randall, Carson, Oldham, Deaf Smith, Parmer, Castro, Swisher, and Moore counties.

HISTORY . . . On July 16, 1929, Amarillo College became the first junior college in the state to be organized independent of a school district. The first classes were held in September 1929. Amarillo College moved to its present location with the construction of its first permanent building in 1937.

After serving primarily as a junior college offering arts and sciences courses, the curriculum was expanded in 1942 to include vocational courses.

In 1958, Amarillo College was granted its own board of regents independent of the trusteeship of the Amarillo Independent School District. The 1960s brought expansion in College facilities and programs. A number of allied health and occupational-technical programs were added to the curriculum along with an extensive array of continuing education and community service courses.

In 1995, state legislation transferred Texas State Technical College - Amarillo (TSTC) to Amarillo College. Today, the East Campus (formerly Amarillo Technical Center) continues a 25-year history of providing for the region's technical education needs.

January 2000 saw the opening of Amarillo College/Moore County Campus in Dumas. The Hereford Campus opened in Deaf Smith County in the Fall of 2005.

Amarillo College served more than 9,915 credit students in the Fall of 2018. During the 2017-2018 academic year, more than 7,910 individuals attended continuing education classes at the six District campuses described below.

MISSION . . . Enriching the lives of our students and our community by helping learners identify and achieve their educational goals.

GOALS:
- Goal 1: Increase Completion by helping learners identify and achieve their educational goals
- Goal 2: Align with Labor Market Demand Goals
- Goal 3: Increased Learning
- Goal 4: Equity Gains
- Goal 5: Fiscal Effectiveness

LEGISLATION . . . A public junior college is an institution of higher learning, controlled by a local board of trustees or regents, and operated under statutory provisions. Section 130.003, Texas Education Code, provides that a public community college shall provide:

1. technical programs up to two years in length leading to associate degrees or certificates;

2. vocational programs leading directly to employment in semi-skilled and skilled occupations;

3. freshman and sophomore courses in arts and sciences;

4. continuing adult education programs for occupational or cultural upgrading;

5. compensatory education programs designed to fulfill the commitment of an admissions policy allowing the enrollment of disadvantaged students;

6. a continuing program of counseling and guidance designed to assist students in achieving their individual educational goals;

7. workforce development programs designed to meet local and statewide needs;

8. adult literacy and other basic skills programs for adults; and

9. such other purposes as may be prescribed by the Texas Higher Education Coordinating Board or local governing boards in the best interest of post-secondary education in Texas.

ACCREDITATION AND STANDING . . . Amarillo College is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools (1866 Southern Lane, Decatur, Georgia 30033-4097; 404/679-4500) to award associate of arts degrees, associate of science degrees, associate of arts in teaching degrees, associate of applied science degrees, and certificates of completion.

Amarillo College is a member of:

- the American Association of Community Colleges,
- the Southern Association of Colleges and Schools, Commission on Colleges,
- the Texas Administrators of Continuing Education for Community/Junior Colleges,
- the Texas Association of Community Colleges,
- the Texas Association of School Boards, and
- the Texas Community College Teachers Association,

CAMPUS LOCATIONS

Washington Street Campus, located at 2201 S. Washington in the City of Amarillo. Amarillo College moved to this location in 1937 with the construction of the first building, Ordway Hall, at the corner of Washington Street and 22nd Street. The first classes were held in September 1929 at the Municipal Auditorium facing Lincoln Street and previously occupied by the Chamber of Commerce. This is the present site of the Amarillo Civic Center.

Classes began that fall with 86 students enrolled in biology, chemistry, English, foreign language, mathematics, social science and zoology. Today's campus comprises nearly 31 acres with 18 buildings. Approximately 1,640 academic courses are offered that provide students with skills for the current job market or to continue their education at a four-year college or university. Additionally, the District offers approximately 1,367 Continuing Education courses.

Downtown Campus, located at 1314 S. Polk in the City of Amarillo, was originally leased beginning in 1977 from the Amarillo Senior Citizens Association (ASCA). At that time it contained facilities for physical education, particularly skiing and dance. The two gymnasiums, formerly of Amarillo High School and Elizabeth Nixson Junior High School, housed two indoor ski ramps that simulated natural skiing conditions. The cafeteria and bandroom were leased for use by ASCA.

Following a successful bond election in 1994, Polk Street Campus received major renovations on the former Amarillo High gym and bandroom to create the Business & Industry Center that opened in summer 1996. The Center houses a 215-seat auditorium, a meeting/exhibit hall and classrooms providing state-of-the-art facilities for seminars, short courses, and computer training. This 31,215 square-foot facility is dedicated to workforce training for business and industry.

ASCA is still adjacent to the Polk Street Campus and maintains the cafeteria. Nixson gym is still utilized for Amarillo College activity classes.

East Campus, located off East Interstate 40 in the City of Amarillo, originally was part of the Texas State Technical Institute (TSTI) opening in 1970 with 254 students. In 1991, the state legislature recognized TSTI as an institution of higher education by changing the name from institute to college and the campus became known as Texas State Technical College (TSTC) Amarillo.

In May 1995, Amarillo Technical Center (ATC) was created with the enactment of legislation authorizing the transfer of TSTC to Amarillo College. The bill provided for a 20-year lease of the properties to Amarillo College, and the lease would be renewable every two years. At the time of transfer, summer enrollment showed 553 students. Course offerings then were both technical degree and certificate along with academic support classes. In September 2001, the Texas State Legislature transferred all property of Amarillo Technical Center to Amarillo College (since renamed "Amarillo College East Campus").

Technology classes offered at the East Campus include Auto Collision, Automotive, Aviation Maintenance, Diesel Mechanics, Fire Protection, Industrial Maintenance, Instrument and Control, and Safety and Environmental. Other classes offered include academic support as well as Fire Protection (Basic Firefighter), Welding, Wind Energy Program, and a Utility Power Worker Program.

Certain buildings on the East Campus were determined to be obsolete. Impairment loss recognition for 2018, 2017, and 2016 are $-0-, $-0-, and $-0-, respectively. The College has entered into various construction contracts of which one contract was not fully completed at year end. Total current commitment is $509,371, of which $309,434 was expended at August 31, 2018.

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. As of August 31, 2015, AFEB has sold 77.46 acres in five separate transactions, resulting in a total gross proceeds of $863,752. There were no land sales in 2018, 2017 or 2016.

On October 29, 2015, the College received a donation in the amount of $750,000 from the Amarillo Area Foundation and a pledge for another $750,000 the following year. Amarillo Economic Development Committee has also pledged another $2.8 million. These funds were used for expansion of East Campus facilities to upgrade the technical programs.

West Campus, located at 6222 W. 9th Ave., in the City of Amarillo, is a 42-acre site that was purchased in 1966 to become the School of Vocational Arts. The West Campus opened with four buildings in September 1967. The school began with programs in auto mechanics, refrigeration and air conditioning, industrial welding, radio-television repair and servicing, and industrial electronics. In 1974 a new building opened for the School of Biomedical Arts and Sciences (SBAS). This housed the six allied health programs that included Dental Assisting, Dental Hygiene, Medical Laboratory Technology, Medical Records Technology, Radiography and Respiratory Therapy. Previously these programs were scattered among buildings on the Washington Street Campus.

After a successful bond election in 1994, the West Campus expanded in 1996 to eight buildings that included the renovation of the SBAS building and a name change to the Allied Health Building and the addition of a Gym/Dance Building, Child Development Lab School and Lecture Hall that were completed in 1996. The new Allied Health offerings were increased from six to 13 programs that today are Dentist Aide, Dental Hygiene, Emergency Medical Services Professions (Paramedics and Emergency Medical Technologists), Medical Data Specialist, Medical Laboratory Technology, Nuclear Medicine Technology, Occupational Therapy Assisting, Physical Therapy Assisting, Pharmacy Technology, Radiography, Radiation Therapy, Respiratory Care and Surgical Technology. Jones Hall was completed in 2010 and houses the Nursing and Dental Programs. It provides updated nursing and dental spaces to meet the increasing demand for education and training with specialized laboratory and clinics. This building added approximately 60,000 square feet to the West Campus.

Moore County Campus. In 1973, Amarillo College faculty began teaching college classes at Dumas High School. Many years later, Moore County (Dumas and Sunray) held an election and the voters approved a branch campus maintenance tax to help support an Amarillo College campus in Dumas, approximately 45 miles north of Amarillo. Doors were opened in 2000 with 216 students. Enrollment has steadily increased to 399 for the Fall 2015 semester, not including Continuing Education or Dual Credit students. Over 90 classes are now offered to fulfill the first two years of higher education.

The Moore County Campus provides a unique learning experience for residents of Dumas, Cactus, Sunray, Stratford, Channing and Dalhart. Classes are offered for college credit, continuing education and for workforce development. Classes are available online, by tele-course, or in the new distance learning classroom, allowing for an even wider choice of courses and times. Courses offered vary from academic classes such as English, computer skills, government, history, science, nursing, and math to those featuring technical skills such as electronics.

A branch campus maintenance tax was approved by the voters of Moore County in 1999. Collections are transferred to the District to be used for operation of the Moore County Campus. Collections in fiscal year 2018 (including penalties and interest) from Moore County totaled approximately $1,073,000.

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. 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 District sold $4.5 million in Revenue Bonds to finance the new Career and Technical Center. Construction was completed by August 31, 2013.

Hereford Campus. In 2003, citizens of Hereford, Texas, located approximately 50 miles southwest of Amarillo, 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 District and discussions began concerning the establishment of a branch campus. In 2004, voters of 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 with 174 students. There were 225 students enrolled in the Fall 2018 Semester. Classes are available online, by tele-course, or in the distance learning classroom, allowing for an even wider choice of courses and times. Courses offered vary from academic classes such as accounting, art, English, computer skills, government, history, science and math to those featuring training for Medical Data Specialist, Emergency Medical Services, and Child Development/ Early Childhood Education.

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 million for construction of a new campus. Various covenants were specified, one of which was the requirement of the College to spend $2 million 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, funded by use of Amarillo College 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.

A branch campus maintenance tax is levied by Hereford Independent School District. Collections are transferred to the District to be used for operation of the Hereford Campus. This revenue is reported under local grant contracts. Collections in fiscal year 2018 (including penalties and interest) from Hereford ISD totaled approximately $743,000.

TAX INFORMATION

AD VALOREM TAX LAW . . . The appraisal of property within the District is the responsibility of the Potter-Randall Appraisal District (the "Appraisal District"). Excluding agricultural and open-space land, which may be taxed on the basis of productive capacity, the Appraisal District is required under the Property Tax Code to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining the market value of property, different methods of appraisal may be used, including the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and the method considered most appropriate by the chief appraiser is to be used. State law requires the appraisal value of a residence homestead to be based solely on the property's value as a residence homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a residence homestead for a tax year to an amount that would not exceed either the lesser of (1) the property's market value in the most recent tax year in which it was assessed or (2) the sum of (a) 10% of the property's appraised value in the preceding tax year, plus (b) the property's appraised value the preceding tax year, plus (c) the market value of all new improvements to the property. The value placed upon property within the Appraisal District is subject to review by an Appraisal Review Board, consisting of members appointed by the Board of Directors of the Appraisal District. The Appraisal District is required to review the value of property within the Appraisal District at least every three years. The District may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the District by petition filed with the Appraisal Review Board.

Reference is made to Title 1, V.T.C.A., Tax Code (commonly referred to as the "Property Tax Code"), for identification of property subject to taxation; property exempt or which may be exempted from taxation, if claimed; the appraisal of property for ad valorem taxation purposes; and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Article VIII of the State Constitution ("Article VIII") and State law provide for certain exemptions from property taxes, the valuation of agricultural and open-space lands at productivity value, and the exemption of certain personal property from ad valorem taxation.

Under Section 1-b, Article VIII, and State law, the governing body of a political subdivision, at its option, may grant: (1) An exemption of not less than $3,000 of the market value of the residence homestead of persons 65 years of age or older and the disabled from all ad valorem taxes thereafter levied by the political subdivision; and (2) An exemption of up to 20% of the market value of residence homesteads. The minimum exemption under this provision is $5,000.

In the case of residence homestead exemptions granted under Section 1-b, Article VIII, ad valorem taxes may continue to be levied against the value of homesteads exempted where ad valorem taxes have previously been pledged for the payment of debt if cessation of the levy would impair the obligation of the contract by which the debt was created.

State law and Section 2, Article VIII, mandate an additional property tax exemption for disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces; the exemption applies to either real or personal property with the amount of assessed valuation exempted ranging from $5,000 to a maximum of $12,000; provided, however, that a disabled veteran who receives from the from the United States Department of Veterans Affairs or its successor 100 percent disability compensation due to a service-connected disability and a rating of 100 percent disabled or of individual unemployability is entitled to an exemption from taxation of the total appraised value of the veteran's residence homestead. In addition, effective January 1, 2012, and subject to certain conditions, surviving spouses of a deceased veteran who had received a disability rating of 100% will be entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries.

Following the approval by the voters at a November 7, 2017 statewide election (with an effective date of January 1, 2018), the surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to a property tax exemption for all or part of the market value of such surviving spouse's residence homestead, if the surviving spouse has not remarried since the first responder's death and said property was the first responder's residence homestead at the time of death. Such exemption is transferable to a different property of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

Article VIII provides that eligible owners of both agricultural land (Section 1-d) and open-space land (Section 1-d-1), including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified under both Section 1-d and 1-d-1.

Nonbusiness personal property, such as automobiles or light trucks, are exempt from ad valorem taxation unless the governing body of a political subdivision elects to tax this property. Boats owned as nonbusiness property are exempt from ad valorem taxation.

Article VIII, Section 1-j, provides for "freeport property" to be exempted from ad valorem taxation. Freeport property is defined as goods detained in Texas for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication. Decisions to continue to tax may be reversed in the future; decisions to exempt freeport property are not subject to reversal.

Article VIII, Section 1-n of the Texas Constitution provides for the exemption from taxation of "goods-in-transit." "Goods-in-transit" is defined by Section 11.253 of the Tax Code, which is effective for tax years 2008 and thereafter, as personal property acquired or imported into Texas and transported to another location in the State or outside of the State within 175 days of the date the property was acquired or imported into Texas. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory, including motor vehicle, vessel and out-board motor, heavy equipment and manufactured housing inventory. Section 11.253 of the Tax Code permits local governmental entities, on a local option basis, to take official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax "goods-in-transit" during the following tax year. A taxpayer may only receive either the freeport exemption or the "goods-in-transit" exemption for items of personal property.

A city or county may create a tax increment financing district ("TIF") within the city or county with defined boundaries and establish a base value of taxable property in the TIF at the time of its creation. Overlapping taxing units, including junior college districts, may agree with the city or county to contribute all or part of future ad valorem taxes levied and collected against the "incremental value" (taxable value in excess of the base value) of taxable real property in the TIF to pay or finance the costs of certain public improvements in the TIF, and such taxes levied and collected for and on behalf of the TIF are not available for general use by such contributing taxing units. The abatement agreement could last for a period of up to 10 years.

In a statewide election held on September 13, 2003, voters approved an amendment to Section 1-b, Article VIII of the Texas Constitution, that would authorize a county, city, town or junior college district to establish an ad valorem tax freeze on residence homesteads of the disabled and of the elderly and their spouses. The District is now authorized to freeze ad valorem taxes on residence homesteads of persons who are disabled or sixty-five years of age or older. If the governing body of the District does not take action to establish the tax limitation, voters within the District may submit a petition requiring the governing body to call an election to determine by majority vote whether to establish the tax limitation.

If the tax limitation is established, the total amount of ad valorem taxes imposed by the District on a homestead that receives the exemption may not be increased while it remains the residence homestead of that person or that person's spouse who is disabled or sixty-five years of age or older, except to the extent the value of the homestead is increased by improvements other than repairs. If a disabled or elderly person dies in a year in which the person received a residence homestead exemption, the total amount of ad valorem taxes imposed on the homestead by the taxing unit may not be increased while it remains the residence homestead of that person's surviving spouse if the spouse is fifty-five years of age or older at the time of the person's death. In addition, the Texas Legislature by general law may provide for the transfer of all or a proportionate amount of the tax limitation applicable to a person's homestead to be transferred to the new homestead of such person if the person moves to a different residence within the taxing unit. Once established, the governing body of the taxing unit may not repeal or rescind the tax limitation.

TEXAS LEGISLATURE . . . During the 2019 legislative session, the Texas Legislature made numerous changes to the requirements for the levy and collection of ad valorem taxes and the calculation of defined tax rates, including particularly those contained in Senate Bill 2 ("SB 2"). In some instances, the provisions of SB 2 will require further interpretation in connection with their implementation in order to resolve ambiguities contained in the bills. The District is still in the process of analyzing how the provisions of SB 2 will be implemented, and the information contained herein reflects the District's understanding based on information available to the District as of the date of this Official Statement, which is subject to change. There were no substantive changes to the limitations previously in place for junior college districts as they are defined as a "Special Taxing Unit" under the new legislation and are exempt from many of the requirements placed on other political subdivisions of the state. However, the effective date for a large portion of the legislation is January 1, 2020. Subsequent to that date the terms "effective tax rate" and "rollback rate" will be replaced "no-new-revenue tax rate" and "voter-approval tax rate" respectively. Additionally, if the District exceeds the voter-approval tax rate, an automatic election must be held to ratify and approve the rate, rather than the mere petition requirement as detailed below and in current statute.

EFFECTIVE TAX RATE AND ROLLBACK TAX RATE . . . By each September 1 or as soon thereafter as practicable, the Board of Trustees adopts a tax rate per $100 taxable value for the current year. The tax rate consists of two components: (1) a rate for funding of maintenance and operation expenditures, and (2) a rate for debt service.
Under the Property Tax Code, the District must annually calculate and publicize its "effective tax rate" and "rollback tax rate". The Board of Trustees may not adopt a tax rate that exceeds the prior year's levy until it has held a public hearing on the proposed increase following notice to the taxpayers and otherwise complied with the Property Tax Code. If the adopted tax rate exceeds the rollback tax rate the qualified voters of the District by petition may require that an election be held to determine whether or not to reduce the tax rate adopted for the current year to the rollback tax rate.

"Effective tax rate" means the rate that will produce last year's total tax levy (adjusted) from this year's total taxable values (adjusted). "Adjusted" means lost values are not included in the calculation of last year's taxes and new values are not included in this year's taxable values.

"Rollback tax rate" means the rate that will produce last year's maintenance and operation tax levy (adjusted) from this year's values (adjusted) multiplied by 1.08 plus a rate that will produce this year's debt service from this year's values (unadjusted) divided by the anticipated tax collection rate.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates. *For information regarding changes to this section after January 1, 2020, please see the section above entitled "Texas Legislature*".

PROPERTY ASSESSMENT AND TAX PAYMENT . . . Property within the District is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September 1. Oil and gas reserves are assessed on the basis of a valuation process which uses an average of the daily price of oil and gas for the prior year. Taxes become due October 1 of the same year, and become delinquent on February 1 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 1 of each year and the final installment due on August 1.

PENALTIES AND INTEREST . . . Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

Month	Cumulative Penalty	Cumulative Interest	Total
February	6%	1%	7%
March	7	2	9
April	8	3	11
May	9	4	13
June	10	5	15
July	12	6	18

After July, penalty remains at 12%, and interest accrues at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid. A delinquent tax continues to accrue interest as long as the tax remains unpaid, regardless of whether a judgment for the delinquent tax has been rendered. The purpose of imposing such interest is to compensate the taxing unit for revenue lost because of the delinquency. In addition, if an account is delinquent in July, an amount up to 20% may be added to the total tax penalty and interest charge to cover attorney collection fees.

Taxes levied by the District are a personal obligation of the owner of the property. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property. The lien exists in favor of the State and each taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with tax liens of all other such taxing units. A tax lien on real property has priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien. Personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalty and interest. At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. The ability of the District to collect delinquent taxes by foreclosure may be adversely affected by the amount of taxes owed to other taxing units, adverse market conditions, taxpayer redemption rights, or bankruptcy proceedings which restrain the collection of a taxpayer's debt. **Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.**

DISTRICT APPLICATION OF TAX CODE . . . The District grants an exemption to the market value of the residence homestead of persons 65 years of age or older of $8,600; the disabled are also granted an exemption of $8,600.

The District has not granted any part of the additional exemption of up to 20% of the market value of residence homesteads; minimum exemption of $5,000.

The District has adopted the tax freeze for citizens who are disabled or are 65 years of age or older.

See Table 1 for a listing of the amounts of the exemptions described above.

Ad valorem taxes are not levied by the District against the exempt value of residence homesteads for the payment of debt.

The District does not tax nonbusiness personal property.

The District does not permit split payments of taxes, and discounts for the early payment of taxes are not allowed.

The District does not tax freeport property.

The District has not taken action to tax "goods-in-transit."

TAX ABATEMENT POLICY . . . The District receives reduced property tax revenues as a result of exemptions granted by the City of Amarillo. The exemptions are intended to promote economic development in the Amarillo area. For the fiscal year ended August 31, 2018, the College's property tax revenues were reduced by $388,838 under these exemptions. The District is in the process of establishing a tax abatement program, but currently, there are no abatements made by the District.

Tax Increment Finance Zones . . . The Amarillo City Commission adopted an ordinance (the "TIRZ Ordinance") in accordance with Chapter 311, Texas Tax Code, 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 Reinvestment Zone Number One, City of Amarillo, Texas ("TIRZ"). The TIRZ Ordinance also provided for the establishment of a tax increment fund for the TIRZ, to be used to fund infrastructure development in the TIRZ. District boundaries encompass the TIRZ, and on November 14, 2007 the Board of Regents approved participation by the District in the TIRZ. In addition to the City and the District, Potter County, Amarillo Hospital District and the Panhandle Groundwater Conservation District are participants in the TIRZ. The District has contracted to contribute 100% of the incremental value, if any, above the base taxable value (established as tax year 2006) during the term of the TIRZ. The base taxable value for the TIRZ is $139,519,786. The TIRZ Ordinance establishes a maximum term of 30 years for the TIRZ. The District's contribution to the TIRZ for 2018-19, 2017-18, 2016-17, and 2015-16 was $175,578, $123,611, $124,628, and $110, 401, respectively.

In 2017, the District into a second participation agreement with the City of Amarillo, Texas for the East Gateway Tax Increment Zone Number 2 (the "TIRZ #2). The base taxable value for the TIRZ #2 is $39,981,487 and the incremental value for tax year 2019 is $12,879,102.

(Remainder of page intentionally left blank)

TABLE 1 - VALUATION, EXEMPTIONS AND TAX SUPPORTED DEBT

2019/2020 Market Valuation Established by Potter-Randall Appraisal District (excluding totally exempt property)		$ 14,296,560,461
Less Exemptions/Reductions at 100% Market Value:		
Over 65 or Disabled Exemptions	$ 136,406,862	
Disabled or Deceased Veterans Survivors	100,342,913	
Freeport Exemptions	59,808,945	
Pollution Control Exemptions	338,128	
Value Loss Cap on Residential Homesteads	19,398,759	
Agricultural Use and Timberland Use Reductions	77,009,299	
Value lost to Partial Low-income Housing Exemptions	3,034,066	
Property Redevelopment and Tax Abatement Reductions	151,560,414	
Value lost to Solar and Wind Powered Energy Devices Exemptions	192,255	
Value lost to Other Partial Exemptions	3,314,074	$ 551,405,715
2019/2020 Taxable Assessed Valuation		$ 13,745,154,746
General Obligation Debt Payable from Ad Valorem Taxes (as of 6/15/2019)	$ 55,735,000	
The Bonds [1]	27,690,000	
Gneral Obligation Debt Payable from Ad Valorem Taxes		$ 83,425,000
Interest and Sinking Fund (as of 6/30/2019)		$ 3,205,776
Ratio Tax Supported Debt to Taxable Assessed Valuation		0.61%

2019 Estimated Population - 198,645
Per Capita Taxable Assessed Valuation - $69,195
Per Capita Net General Obligation Debt Payable from Ad Valorem Taxes - $420

(1) Preliminary, subject to change.

(Remainder of page intentionally left blank)

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

	Taxable Appraised Value for Fiscal Year Ended August 31,					
	2020		2019		2018	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 8,859,333,315	61.97%	$ 8,564,777,926	61.89%	$ 8,304,675,846	61.72%
Real, Residential, Multi-Family	543,846,139	3.80%	540,870,558	3.91%	531,360,277	3.95%
Real, Vacant Lots/Tracts	138,308,605	0.97%	134,555,494	0.97%	138,853,218	1.03%
Real, Acreage (Land Only)	77,988,275	0.55%	78,159,904	0.56%	82,149,877	0.61%
Real, Farm and Ranch Improvements	4,235,519	0.03%	5,106,217	0.04%	3,825,764	0.03%
Real, Commercial	2,514,567,630	17.59%	2,389,038,509	17.26%	2,304,192,976	17.12%
Real, Industrial	150,904,214	1.06%	148,611,908	1.07%	143,224,038	1.06%
Real and Tangible Personal, Utilities	406,454,592	2.84%	372,076,790	2.69%	360,335,032	2.68%
Tangible Personal, Commercial	1,190,613,920	8.33%	1,180,254,482	8.53%	1,199,204,245	8.91%
Tangible Personal, Industrial	308,749,148	2.16%	324,723,938	2.35%	283,597,035	2.11%
Tangible Personal, Mobile Homes	16,160,804	0.11%	17,178,166	0.12%	15,953,674	0.12%
Real Property, Inventory	6,499,134	0.05%	7,265,647	0.05%	6,730,403	0.05%
Special Inventory, Adjustment	78,899,166	0.55%	75,773,409	0.55%	81,114,521	0.60%
Total Appraised Value Before Exemptions	$ 14,296,560,461	100.00%	$13,838,392,948	100.00%	$ 13,455,216,906	100.00%
Less: Total Exemptions/Reductions	551,405,715		555,580,676		540,537,895	
Taxable Assessed Value	$ 13,745,154,746		$13,282,812,272		$ 12,914,679,011	

	Taxable Appraised Value for Fiscal Year Ended August 31,			
	2017		2016	
Category	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 7,749,720,758	61.09%	$ 7,428,412,297	61.07%
Real, Residential, Multi-Family	487,695,354	3.84%	499,133,544	4.10%
Real, Vacant Lots/Tracts	139,815,300	1.10%	142,347,062	1.17%
Real, Acreage (Land Only)	79,530,254	0.63%	80,092,614	0.66%
Real, Farm and Ranch Improvements	3,637,086	0.03%	5,458,328	0.04%
Real, Commercial	2,224,112,177	17.53%	2,117,786,547	17.41%
Real, Industrial	122,934,364	0.97%	132,511,354	1.09%
Real and Tangible Personal, Utilities	327,340,714	2.58%	311,498,912	2.56%
Tangible Personal, Commercial	1,216,643,298	9.59%	1,166,468,756	9.59%
Tangible Personal, Industrial	232,509,050	1.83%	175,010,888	1.44%
Tangible Personal, Mobile Homes	15,151,205	0.12%	15,829,111	0.13%
Real Property, Inventory	5,728,243	0.05%	8,549,337	0.07%
Special Inventory	81,906,170	0.65%	80,700,043	0.66%
Total Appraised Value Before Exemptions	$ 12,686,723,973	100.00%	$12,163,798,793	100.00%
Less: Total Exemptions/Reductions	503,194,139		511,379,325	
Taxable Assessed Value	$ 12,183,529,834		$11,652,419,468	

NOTE: Valuations shown are certified taxable assessed values reported by the Potter-Randall Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.

(Remainder of page intentionally left blank)

TABLE 3 - VALUATION AND TAX SUPPORTED DEBT HISTORY

Fiscal Year Ended 8-31	Estimated Population	Taxable Assessed Valuation[1]	Taxable Assessed Valuation Per Capita	Tax Supported Debt Outstanding at End of Year	Ratio of Tax Supported Debt to Taxable Assessed Valuation	Tax Supported Debt Per Capita
2015	198,402	$ 11,207,890,892	$ 56,491	$ 64,365,000	0.57%	$ 324
2016	198,645	11,652,419,468	58,660	61,800,000	0.53%	311
2017	198,645	12,183,529,834	61,333	55,905,000	0.46%	281
2018	198,645	12,914,679,011	65,014	55,735,000	0.43%	281
2019	198,645	13,282,812,272	66,867	80,045,000 [2]	0.60% [2]	403 [2]

(1) As reported by the Potter-Randall Appraisal District on District's annual State Property Tax Reports; subject to change during the ensuing year. The certified net Taxable Assessed Value for fiscal year 2020 is $13,745,154,746.
(2) Projected; includes the Bonds. Preliminary, subject to change.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 8-31	Tax Rate	Local Maintenance	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2015	$ 0.20750	$ 0.16221	$ 0.04529	$ 22,530,494	98.54%	100.92%
2016	0.20750	0.16369	0.04381	23,391,376	98.97%	100.78%
2017	0.20750	0.16670	0.04080	24,440,464	98.88%	100.52%
2018	0.20750	0.15620	0.05130	25,813,763	98.90%	100.43%
2019	0.20750	0.16500	0.04250	27,561,835	95.96% [1]	95.96% [1]

(1) Collections June 30, 2019.

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2018/2019 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Southwestern Public Service	Electric utility	$ 168,216,681	1.27%
BSA Hospital LLC	Hospital	140,723,797	1.06%
Bell Helicopter Textron	Osprey Production	139,623,171	1.05%
Wal Mart Stores Inc.	Retail sales	100,647,452	0.76%
BNSF Railroad	Rail transport	92,836,065	0.70%
Northwest Texas Healthcare	Hospital	88,405,319	0.67%
Atmos Energy	Gas utility	83,332,089	0.63%
Case Properties	Apartment Complexes	80,130,586	0.60%
Amarillo Mall LLC	Shopping mall	63,402,195	0.48%
Amarillo Economic Development Corp.	Commercial	52,040,896	0.39%
		$ 1,009,358,251	7.60%

TAX SUPPORTED DEBT LIMITATIONS . . . Tax Rate Limitation imposed by statute (Section 130.122, Texas Education Code): $1.00 per $100 assessed valuation not to exceed $0.50 for debt service. Local referendum limits the District's tax rate for local maintenance to $0.20 per $100 taxable valuation and adopts the statutory limit of $0.50 per $100 valuation for taxes levied for debt service.

TABLE 6 - ESTIMATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the District are paid out of ad valorem taxes levied by such entities on properties within the District. Such entities are independent of the District and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax debt ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional debt since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the District.

Taxing Jurisdiction	2018/2019 Taxable Assessed Value	2018/2019 Tax Rate	Total G.O. Tax Debt	Estimated % Applicable	District's Overlapping G.O. Tax Debt As of 6/15/2019	Authorized But Unissued Debt As Of of 6/15/2019
Amarillo College District	$ 13,282,812,272 (1)	$ 0.20750	$ 83,425,000 (2)	100.00%	$ 83,425,000 (2)	$ 61,516,000
Amarillo ISD	9,279,107,055	1.23900	245,770,000	100.00%	245,770,000	-
City of Amarillo	13,149,054,756	0.36800	143,973,882	100.00%	143,973,882	65,255,000
Potter County	7,888,440,011	0.68500	74,620,000	76.22%	56,875,364	-
Randall County	10,379,604,826	0.43100	45,170,000	63.65%	28,750,705	-
River Road ISD	286,065,278	1.35000	9,843,919	24.84%	2,445,229	-
Highland Park ISD	1,281,986,720	1.18600	19,405,000	49.16%	9,539,498	-
Canyon ISD	5,205,239,591	1.26500	169,745,000	37.52%	63,688,324	95,200,000
Bushland ISD	1,319,333,493	1.23400	19,665,000	23.84%	4,688,136	-
Total Direct and Overlapping G.O. Tax Debt					$ 639,156,138	
Ratio of Direct and Overlapping G.O. Tax Debt to Taxable Assessed Valuation					4.81%	
Per Capita Overlapping G.O. Tax Debt					$ 3,217.58	

(1) As reported by the Potter-Randall Appraisal District on District's annual State Property Tax Reports; subject to change during the ensuing year. The certified net Taxable Assessed Value for fiscal year 2020 is $13,745,154,746.

(2) Includes the Bonds. Preliminary, subject to change.

(Remainder of page intentionally left blank)

DEBT INFORMATION

TABLE 7 – PRO-FORMA TAX SUPPORTED DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 8-31	Outstanding Debt			The Bonds[1]			Total Debt Service Requirements	% of Principal Retired
	Principal	Interest	Total	Principal	Interest	Total		
2019	$ 3,380,000	$ 1,960,494	$ 5,340,494	$ -	$ -	$ -	$ 5,340,494	
2020	3,775,000	1,815,744	5,590,744	1,600,000	1,158,539	2,758,539	8,349,283	
2021	4,110,000	1,668,500	5,778,500	1,390,000	1,183,250	2,573,250	8,351,750	
2022	4,410,000	1,512,694	5,922,694	915,000	1,144,100	2,059,100	7,981,794	
2023	4,575,000	1,339,213	5,914,213	955,000	1,106,700	2,061,700	7,975,913	30.10%
2024	4,855,000	1,163,963	6,018,963	995,000	1,067,700	2,062,700	8,081,663	
2025	5,035,000	981,213	6,016,213	1,035,000	1,027,100	2,062,100	8,078,313	
2026	5,235,000	785,488	6,020,488	1,075,000	984,900	2,059,900	8,080,388	
2027	5,425,000	595,138	6,020,138	1,120,000	941,000	2,061,000	8,081,138	
2028	5,615,000	409,994	6,024,994	1,165,000	895,300	2,060,300	8,085,294	67.92%
2029	4,040,000	251,275	4,291,275	1,220,000	841,500	2,061,500	6,352,775	
2030	2,820,000	135,075	2,955,075	1,280,000	779,000	2,059,000	5,014,075	
2031	1,205,000	62,691	1,267,691	1,350,000	713,250	2,063,250	3,330,941	
2032	1,255,000	21,178	1,276,178	1,415,000	644,125	2,059,125	3,335,303	
2033	-	-	-	1,490,000	571,500	2,061,500	2,061,500	87.19%
2034	-	-	-	1,565,000	495,125	2,060,125	2,060,125	
2035	-	-	-	1,645,000	414,875	2,059,875	2,059,875	
2036	-	-	-	1,730,000	330,500	2,060,500	2,060,500	
2037	-	-	-	1,820,000	241,750	2,061,750	2,061,750	
2038	-	-	-	1,915,000	148,375	2,063,375	2,063,375	97.59%
2039	-	-	-	2,010,000	50,250	2,060,250	2,060,250	100.00%
	$ 55,735,000	$ 12,702,656	$ 68,437,656	$ 27,690,000	$ 14,738,839	$ 42,428,839	$110,866,495	

(1) Average life of the issue – 11.427 years. Interest on the Bonds has been calculated at an average interest rate for purposes of illustration. Preliminary, subject to change.

TABLE 8 - INTEREST AND SINKING FUND BUDGET PROJECTION

Tax Supported Debt Service Requirements, Fiscal Year Ending 8/31/2019		$ 5,340,494
Interest and Sinking Fund, 8-31-2018	$ 2,858,088	
Interest and Sinking Fund Tax Levy	2,897,222	
Estimated Investment Income	76,177	5,831,487
Estimated Balance, 8-31-2019		$ 490,993

TABLE 9 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

Date Authorized	Purpose	Amount Authorized	Amount Previously Issued	Amount Being Issued[1]	Unissued Balance
5/4/2019	College Facility	$89,206,000	$ -	$ 27,690,000	$ 61,516,000

(1) Preliminary, subject to change. Includes premium attributed to bond proceeds.

ANTICIPATED ISSUANCE OF TAX SUPPORTED DEBT. . . The District does not anticipate the issuance of additional general obligation debt within the next 12 months.

TABLE 10 – OTHER OBLIGATIONS

The District currently has outstanding revenue bonds in the principal amount of $3,160,000. For more information regarding the District's outstanding general obligation bonds and combined fee revenue bonds, please see "Appendix B – Excerpts from the Amarillo Junior College District Annual Financial report for the year ended August 31, 2018", Notes 7 and 8.

In addition to the revenue bonds, the District has the following obligations:

Obligations under capital leases at August 31, 2018, were as follows:

For the Year Ended August 31,	
2019	$ 24,573
Total minimum lease payments	24,573
Less: Amount representing interests costs	(865)
Present Value of minimum lease payment	$ 23,708

The College received a U.S. Department of Education Grant to fund a new building. The Title III Hispanic-Serving Institution (HSI) STEM Grant is funding the construction of a Greenhouse. Due to federal regulations and requirements, the College is not allowed to fund these projects up front and seek reimbursement for future years from the federal funding source. Therefore, a bank loan was required to complete the building project. The bank loan (including principal and interest) is being paid from federal grant sources and not by the College institutional funds.

Note payable for Title III HSI STEM Grant Contract

- Note will be used to pay for construction
- Note is due in annual installments of $500,000, plus interest with a rate of 3.65%, due May 11, 2021.

Debt service requirements at August 31, 2018, are as follows:

For the Year Ended	**Title III HSI STEM Note**	
August 31,	**Principal**	**Interest**
2019	$ 500,000	$ 18,503
2020	500,000	18,503
2021	500,000	18,503
Total	$ 1,500,000	$ 55,509

PENSION FUND

Plan Description

The College participates in a cost-sharing, multiple-employer defined benefit pension plan (the Plan) that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67, and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code (IRC). The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefits.

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

Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, whose formulas use the three highest annual salaries. The normal service retirement is at age 65 with 5 years of service credit or when the sum of the member's age and years of credited service equals 80 or more years.

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

(Remainder of page intentionally left blank)

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.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The Texas Legislature, General Appropriations Act (GAA) establishes the employer contribution rates for fiscal years 2017 and 2018. Contribution amounts are as follows:

	Contributions Required and Made
2018 Member (Employee) Contributions	$2,114,870
2018 College (Employer) Contributions	1,154,173
2017 Non-employer contributing agency (State)	642,044

Contribution rates for Plan fiscal years (September to August) 2017 and 2018 follow:

	Contribution Rates Plan Fiscal Year	
	2017	2018
Member	7.7%	7.7%
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 for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers. Employers, including junior colleges, are required to pay the employer contribution rate in the following instances:

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

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

(Remainder of page intentionally left blank)

Actuarial Assumptions

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

The total pension liability as of August 31, 2017, was determined using the following actuarial assumptions:

Valuation date	August 31, 2017
Actuarial cost method	Individual entry age normal
Asset valuation method	Market Value
Actuarial assumptions:	
Single Discount rate	8.00%
Long-term expected investment rate of return	8.00%
Inflation	2.50%
Salary increases including inflation	3.50% to 9.50%
Payroll growth rate	2.50%
Benefit changes during the year	None
Ad hoc postemployment benefit changes	None

Changes Since the Prior Actuarial Valuation

There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

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

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. The long-term 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 Systems target asset allocation as of August 31, 2017 are summarized below:

(Remainder of page intentionally left blank)

Asset Class	Target Allocation	Real Return Geometric Basis	Long Term Expected Real Rate of Return[1]
Global Equity			
U.S.	18.0%	4.6%	1.0%
Non-U.S developed	13.0%	5.1%	0.8%
Emerging markets	9.0%	5.9%	0.7%
Directional hedge funds	4.0%	3.2%	0.1%
Private equity	13.0%	7.0%	1.1%
Stable Value			
U.S. treasuries	11.0%	0.7%	0.1%
Absolute return	0.0%	1.8%	0.0%
Stable value hedge funds	4.0%	3.2%	0.1%
Cash	1.0%	-0.2%	0.0%
Real Return			
Global inflation linked bonds	3.0%	0.9%	0.0%
Real assets	16.0%	5.1%	1.1%
Energy and natural resources	3.0%	6.6%	0.2%
Commodities	0.0%	1.2%	0.0%
Risk Parity			
Risk parity	5.0%	6.7%	0.3%
Inflation Expectations			2.2%
Alpha			1.0%
Total	100.0%		8.7%

(1) 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 2017 Net Pension Liability:

	1% Decrease in Discount Rate 7.00%	Current Discount Rate 8.00%	1% Increase in Discount Rate 9.00%
College's proportionate share of the the net pension liability	$ 17,258,571	$ 10,237,600	$ 4,391,502

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

At August 31, 2018, the College reported a liability of $10,237,600 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the College. The amount recognized by the College as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the College were as follows:

College's proportionate share of the net pension liability	$ 10,237,600
State's proportionate share of the net pension liability associated with the College	6,276,976
Total	$ 16,514,576

The net pension liability was measured as of August 31, 2017, 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, 2016, through August 31, 2017.

At August 31, 2017, the College's proportion of the collective net pension liability was 0.0320179026%, which is a decrease of 0.0035227968% from its proportion measured as of August 31, 2016

For the year ended August 31, 2018, the College recognized pension expense of $478,783 and revenue of $478,783 for support provided by the State.

At August 31, 2018, the College reported its proportionate share of the TRS's deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 149,781	$ 552,100
Changes in actuarial assumptions	466,339	266,968
Net difference between projected and actual investment earnings on pension plan investments	-	746,094
Changes in proportion and differences between College contributions and proportionate share of contributions	570,079	2,748,360
College contributions subsequent to the measurement date	1,154,173	-
Total	$2,340,372	$4,313,522

The $1,154,173 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, 2019. 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	
2019	$ (726,926)
2020	(73,433)
2021	(777,121)
2022	(946,288)
2023	(456,446)
Thereafter	(147,109)
	$ (3,127,323)

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 2018 and 2017. The participant contribution rate is 6.65% for both 2018 and 2017. The College contributes 1.31% for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment.

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

The ORP expense to the state for the College was $244,507, $205,009, and $225,761 for the fiscal years ended August 31, 2018, 2017, and 2016, 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 $7,598,734, $7,051,864, and $7,867,546 for fiscal years 2018, 2017, and 2016, 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, 2018, 2017, and 2016, there were 953, 916, and 923, respectively, plan participants. The related expense was $2,037,912, $1,565,122, and $1,575,633 for the years ended August 31, 2018, 2017, and 2016, respectively.

The College sponsors the Amarillo College Benefit Plan (the Plan) which provides disability and survivorship benefits. The Plan Is a non-trusted benefit program and currently has $5,267,982 in assets with a liability of $5,267,982 recorded in Funds Held for Others. The College contributions to the Plan for August 31, 2018, 2017, and 2016 were $217,592, $198,875, and $200,348.

Part-time employees that are not covered by the defined contribution employee benefit plan are covered by a plan established pursuant to IRC Section 457. As a result of the passage of the Small Business Job Protection Act of 1996, beginning January 1, 1999, part-time plan funds are held by a third party custodian in individual trust accounts for the exclusive benefit of the participants. Investments are directed by the investment manager of the plan. The College is responsible for selecting the investment manager. The related expense was $138,012, $138,796, and $222,310 for the years ended August 31, 2018, 2017, and 2016, respectively.

HEALTHCARE AND LIFE INSURANCE BENEFITS . .

Certain healthcare and life insurance benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The state recognizes the cost of providing these benefits by expending the annual insurance premiums. The state's contribution per full-time employee was approximately $622 per month for the year ended August 31, 2018, ($617 per month for the year ended August 31, 2017) and totaled $3,906,122 for the year ended August 31, 2018, ($3,475,404 for the year ended August 31, 2017). The cost of providing those benefits for retirees in the year ended 2018 was $1,745,845 (retiree benefits for retirees cost $1,702,008 in 2017). For active employees, the cost of providing benefits was $2,160,277 for the year ended 2018 (active employee benefits for employees cost $1,773,396 for the year ended 2017).

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

DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN . . .

Plan Description

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

OPEB Plan Fiduciary Net Position

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

Benefits Provided

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

Contributions

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

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

Maximum Monthly Employer Contribution
Retiree Health and Basic Life Premium
Fiscal Year 2017

Employer Contribution Rates	
Retiree only	$ 617.30
Retiree and spouse	$ 970.98
Retiree and children	$ 854.10
Retiree and family	$1,207.78

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

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

	2018
Current fiscal year employer contributions	$ 1,993,992
Current fiscal year member contributions	-
2017 measurement year NECE on-behalf contributions	1,702,008

(Remainder of page intentionally left blank)

Actuarial Assumptions

The total OPEB liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Additional Actuarial Methods and Assumptions:	
Valuation date	August 31, 2017
Actuarial cost method	Entry Age
Amortization	Level percent of pay, open
Discount Rate	3.51%
Remaining Amortization	30 Years
Asset Valuation Method	Not Applicable
Projected salary increases (includes inflation)	2.5% to 9.5%
Healthcare trend rates	8.5% for FY 2019, decreasing 0.5% per year to 4.5% for FY 2027 and later years
Inflation assumption rate	2.5%
Ad hoc postemployment benefit changes	None
Mortality assumptions:	
Service retirees, survivors and other Inactive members	Tables based on TRS experience with full generational projection using Scale BB from Base Year 2014
Disability retires	Tables based on TRS experience with full generational projection using Scale BB from Base Year 2014 using a 3-year set forward and minimum mortality rates of four per male members and two per 100 female members
Active members	Sex District RP-2014 Employee Mortality multiplied by 90 % with full Generational projection using Scale BB

Many actuarial assumptions used in this valuation were based on the results of actuarial experience studies performed by the ERS and TRS retirement plan actuaries for the period September 1, 2010 to August 31, 2014 for higher education members.

Changes Since the Prior Actuarial Valuation

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

- New demographic assumptions, assumed aggregate payroll increases and rate of general inflation were updated to reflect an experience study.
- The percentage of current and future retirees and retiree's spouses not yet eligible to participate in the HealthSelect Medicare Advantage plan who will elect to participate at the earliest date at which coverage can commence has been updated to reflect recent plan experience and expected trends.
- The proportions of future retirees covering dependent children and future retirees assumed to be earned and electing coverage.
- Assumptions for administrative expenses, assumed per Capita Health Benefit Costs, Health Benefit Cost and Retiree Contribution trends to reflect recent health plan experience; and its effects in short-term expectations and revised assumed rate of general inflation.
- The discount rate was lowered from 5.5% to 3.51% as a result of requirements

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

- An increase in the out-of-pocket cost applicable to services obtained at a free-standing emergency facility;
- An elimination of the copayment for virtual visits;
- A copay reduction for Airrosti and for out-of-state participants
- Elimination of the deductible for in-network services and application of a copayment rather than coinsurance to certain services like primary care and specialist visits.

These minor benefit changes have been reflected in the fiscal year 2018 Assumed Per Capita Health Benefit Costs.

Investment Policy

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

Discount Rate

Because the GBP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bonds rate. The discount rate in the prior fiscal year was 5.5%. The discount rate assumption was lowered as a result of requirements by GASB No. 74. At the beginning of the measurement year the discount rate was 2.84%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 3.51%, which amounted to an increase of 0.67% from the beginning of the year. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp's AA rating. Projected cash flows into the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you-go (PAYGO) basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets and therefore the years of projected benefit payments to which the long-term expected rate of return is applicable to zero years.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the College's proportionate share of the collective Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.51%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate 2.51%	Current Signle Discount Rate 3.51%	1% Increase in Discount Rate 4.51%
Proportionate share of the Net OPEB Liability	$ 85,373,890	$ 71,519,923	$ 60,788,786

Healthcare Cost Trend Rates Sensitivity Analysis

The initial healthcare trend rate is 8.5% and the ultimate rate is 4.5%. The following presents the College's proportionate share of the collective net OPEB Liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB Liability would be if it were calculated using a healthcare cost trend rate that is one-percentage point lower or one-percentage point higher than healthcare cost trend rate that was used (8.5% decreasing to 4.5%) in measuring the Net OPEB Liability.

	1% Decrease in Healthcare Trend Cost (7.5% decreasing to 3.5%)	Current Healthcare Cost Trend Rate (8.5% decreasing to 4.5%)	1% Increase in Healthcare Trend Cost (9.5% decreasing to 5.5%)
Proportionate share of the Net OPEB Liability	$ 60,124,656	$ 71,519,923	$ 86,305,939

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

At August 31, 2018, the College reported a liability of $71,519,923 for its proportionate share of the ERS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the College. The amount recognized by the College as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the College were as follows:

College's proportionate share of the collective Net OPEB Liability	$ 71,519,923
State's proportionate share that is associated with the College	60,737,347
Total	$ 132,257,270

The net OPEB liability was measured as of August 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The College's portion of the net OPEB liability was based on the College's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2016 through August 31, 2017.

At the measurement date August 31, 2017, the College's proportion of the collective net OPEB liability was 0.20990197%. Since this is the first year of implementation, the College does not have the proportion measured as of August 31, 2016. The Notes to the Financial Statements for August 31, 2016 for ERS stated that the change in proportion was immaterial and, therefore, disregarded this year.

For the year ended August 31, 2018, the College recognized total OPEB expense of $5,146,833 and revenue for support provided by state and federal sources of $3,311,352.

At August 31, 2018, the College reported its proportionate share of the ERS's collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 859,440
Changes in assumptions and other inputs	-	14,953,958
Differences between projected and actual investment earnings	21,175	-
Changes in proportion and differences between the employer's contributions and proportionte share of contributions	-	-
Total as of August 31, 2017 measurement date	$ 21,175	$15,813,398
Contributions paid to ERS susequent to the measurement date	1,993,992	-
Total as of fiscal year end	$ 2,015,167	$15,813,398

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

Year Ended August 31	
2019	$ (3,556,282)
2020	(3,556,282)
2021	(3,556,282)
2022	(3,556,282)
2023	(1,567,095)
Thereafter	-
	$ (15,792,223)

FINANCIAL INFORMATION

TABLE 11 - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Fiscal Year Ended August 31,				
	2018	2017	2016	2015	2014
Operating Revenues:					
State Appropriations[1]	$ 21,454,694	$ 18,254,726	$ 18,091,989	$ 19,409,430	$ 19,044,738
Tuition and Fees (Net of Discounts)	14,416,526	14,318,157	15,371,596	14,348,816	14,943,828
Grants and Contracts	28,305,565	24,106,574	24,844,507	26,978,822	27,052,029
Other Operating Revenues	1,001,433	699,471	505,826	538,994	581,994
Auxiliary Enterprises	5,561,365	5,581,766	5,605,806	6,181,067	6,204,581
Total Operating Revenues	$ 70,739,583	$ 62,960,694	$ 64,419,724	$ 67,457,129	$ 67,827,170
Operating Expenses:					
Instruction	$ 38,152,241	$ 31,740,215	$ 33,752,218	$ 32,857,531	$ 32,877,634
Public Service	3,891,530	3,595,580	3,670,915	3,715,195	3,696,267
Academic Support	3,607,041	2,616,756	2,825,582	3,107,623	2,832,888
Student Services	5,060,578	4,358,923	4,655,940	4,522,455	4,457,921
Institutional Support	15,376,170	16,143,212	17,227,362	16,186,494	13,664,757
Operation and Maintenance of Plant	7,156,333	6,705,112	6,802,743	7,453,894	7,405,632
Scholarships and Fellowships	8,475,841	9,219,231	8,322,474	9,379,560	9,902,645
Auxiliary Enterprises	6,280,735	6,015,033	5,980,078	6,411,226	6,238,998
Depreciation	5,827,295	5,785,031	5,832,644	6,036,294	5,747,004
Total Operating Expenses	$ 93,827,764	$ 86,179,093	$ 89,069,956	$ 89,670,272	$ 86,823,746
Nonoperating Revenues (Expenses)					
Ad Valorem Taxes	$ 25,846,242	$ 24,509,246	$ 23,466,261	$ 22,556,822	$ 21,087,526
Gifts	235,209	1,286,097	2,140,502	1,565,804	310,045
Investment Income (Net)	931,259	642,405	395,807	(10,463)	586,412
Interest on Capital Related Debt	(2,191,051)	(2,432,294)	(2,660,893)	(2,844,187)	(2,856,244)
Other Nonoperating Revenue (Expenses)	120,126	7,829	3,175	(51,554)	(3,702,840)
Net Nonoperating Revenue	$ 24,941,785	$ 24,013,283	$ 23,344,852	$ 21,216,422	$ 15,424,899
Other Revenue / Expenses					
Impairment Loss on Buildings	$ -	$ -	$ -	$ -	$ -
Insurance Proceeds	1,502,788	-	-	-	3,161,115
Total Other Revenue	$ 1,502,788	$ -	$ -	$ -	$ 3,161,115
Increase (Decrease) in Net Position	$ 3,356,392	$ 794,884	$ (1,305,380)	$ (996,721)	$ (410,562)
Beginning Net Position	$ 86,678,370	$ 85,883,486	$ 87,188,866	$ 97,916,705	$ 98,327,267
Prior Year Adjustment	$ (83,382,673) [2]	$ -	$ -	$ (9,731,118)	$ -
Ending Net Position	$ 6,652,089	$ 86,678,370	$ 85,883,486	$ 87,188,866	$ 97,916,705

(1) During the fiscal year 2018, the District adopted GASB Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefit Other Than Pensions"*. With GASB 75, the District must assume its proportionate share of the net OPEB liability of the Teacher Retirement System of Texas. Adoption of GASB 75 required a prior period adjustment to report the effect of GASB 75 retroactively. The amount of the prior period adjustment is a decrease in Net Position by $83,382,673.

FINANCIAL POLICIES

Basis of Accounting . . . The significant accounting policies followed by the District in preparing financial statements are in accordance with the Texas Higher Education Coordinating Board's Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges. These requirements are in substantial conformity with the AICPA Industry Audit Guide, Audits of Colleges and Universities. The District applies all applicable GASB pronouncements and all applicable Financial Accounting Standards Board ("FASB") statements and interpretations issued on or before November 30, 1989, unless they conflict or contradict GASB pronouncements. The District has elected not to apply FASB guidance issued subsequent to November 30, 1989, unless specifically adopted by the GASB. The District is reported as a special-purpose government engaged in business-type activities.

In June 1999, the GASB issued Statement No. 34, Basic Financial Statements and Management Discussion and Analysis for State and Local Governments. This was followed in November 1999 by GASB Statement No. 35, Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities. The financial statement presentation required by GASB No. 34 and No. 35 provides a comprehensive, entity-wide perspective of the District's assets, liabilities, net assets, revenues, expenses, changes in net assets, cash flows, and replaces the fund-group perspective previously required.

For financial statement purposes, the District is considered a special-purpose government engaged only in business-type activities. Accordingly, the financial statements of the District are presented using the economic measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

Budgetary Data . . . Each community college district 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 District adopts the budget, which is prepared on the accrual basis of accounting. A copy of the approved budget must be filed with the Texas Higher Education Coordinating Board, Legislative Budget Board, Legislative Reference Library, and Governor's Office of Budget and Planning.

INVESTMENTS

The District invests its investable funds in investments authorized by Texas law in accordance with investment policies approved by the Board of Regents of the District. Both State law and the District's investment policies are subject to change.

LEGAL INVESTMENTS . . . Under State law, the District is authorized to invest in obligations meeting the requirements of the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended (the "PFIA"), which may include: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the District selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in the State that the District selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the District appoints as its custodian of the banking deposits issued for its account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the SEC and operating under Securities and Exchange Commission Rule 15c3-3; (9) (i) certificates of deposit or share certificates meeting the requirements of the PFIA that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or their respective successors, and are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and provided for by law for District deposits, or (ii) certificates of deposits where (a) the funds are invested by the District through (A) a broker that has its main office or a branch office in the State and is selected from a list adopted by the District as required by law, or (B) a depository institution that has its main office or branch office in the State that is selected by the District, (b) the broker or the depository institution selected by the District arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the District, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the District appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the SEC and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the District with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clause (1), require the securities being purchased by the District or cash held by the District to be pledged to the District, held in the District's name, and deposited at the time the investment is made with the District or with a third party selected and approved

by the District, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 270 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (13) no-load money market mutual funds registered with and regulated by the SEC that provide the District with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and that comply with Federal Securities and Exchange Commission Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.); (14) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, and either (a) a duration of one year or more and invest exclusively in obligations described under this heading, or (b) a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities; and (15) for bond proceeds, guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities, other than the prohibited obligations described below, in an amount at least equal to the amount of bond proceeds invested under such contract and are pledged to the District and deposited with the District or a third party selected and approved by the District.

A political subdivision such as the District may enter into securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the District, held in the District's name and deposited at the time the investment is made with the District or a third party designated by the District; (iii) a loan made under the program through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less.

The District may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAm or an equivalent by at least one nationally recognized rating service. The District is specifically prohibited from investing in (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

INVESTMENT POLICIES . . . Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for District funds, maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the Public Funds Investment Act. All District funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, District investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly the investment officers of the District shall submit an investment report detailing: (1) the investment position of the District, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, ending market value and fully accrued interest for the reporting period for each pooled fund group, (4) the book value and market value of each separately listed asset at the end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) state law. No person may invest District funds without express written authority from the Board of Trustees.

ADDITIONAL PROVISIONS . . . Under Texas law, the District is additionally required to: (1) annually review its adopted policies and strategies, (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution, (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the District to disclose the relationship and file a statement with the Texas Ethics Commission and the Board of Trustees; (4) require the qualified representative of firms offering to engage in an investment transaction with the District to: (a) receive and review the District's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the District and the business organization that are not authorized by the District's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the District's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the District and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the District's investment policy; (6) provide specific investment training for the Treasurer, Chief Financial Officer and

investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the District's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements, and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the District.

TABLE 12 - CURRENT INVESTMENTS

As of June 30, 2019 the District's investable funds were invested in the following categories:

Type of Investment	% of Portfolio	Book Value	Market Value
Certificates of Deposit	64.1%	$ 22,963,296	$ 22,963,296
Tex Pool	35.9%	12,878,187	12,878,187
	100.00%	$ 35,841,483	$ 35,841,483

TAX MATTERS

TAX EXEMPTION . . .The delivery of the Bonds is subject to the opinion of Bond Counsel to the effect that interest on the Bonds for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the "Code"), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof. A form of Bond Counsel's opinion is reproduced as Appendix C. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the District made in a certificate dated the date of delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance by the District with the provisions of the Order subsequent to the issuance of the Bonds. The Order contains covenants by the District with respect to, among other matters, the use of the proceeds of the Bonds and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage "profits" from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the Bonds.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the District described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Bonds is commenced, under current procedures the IRS is likely to treat the District as the "taxpayer," and the owners of the Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the District may have different or conflicting interests from the owners of the Bonds. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

Except as described above, Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust ("FASIT"), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

FEDERAL INCOME TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT...The initial public offering price to be paid for one or more maturities of the Bonds may be less than the maturity amount thereof or one or more periods for the payment of interest on the bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see the discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

COLLATERAL FEDERAL INCOME TAX CONSEQUENCES...The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits, taxpayers qualifying for the health insurance premium assistance credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Interest on the Bonds will be includable as an adjustment for "adjusted current earnings" to calculate the alternative minimum tax imposed on corporations by section 55 of the Code.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

STATE, LOCAL AND FOREIGN TAXES...Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

FUTURE AND PROPOSED LEGISLATION...Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

(Remainder of page intentionally left blank)

CONTINUING DISCLOSURE OF INFORMATION

In the Order, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board (the "MSRB").

ANNUAL REPORTS . . . The District will provide certain updated financial information and operating data annually to the MSRB. The information to be updated includes financial information and operating data with respect to the District of the general type included in this Official Statement under Tables 1 through 5 and 7 through 12 (the "Annual Financial Information"). The District will additionally provide financial statements of the District (the "Financial Statements"), that will be (i) prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the District may be required to employ from time to time pursuant to State law or regulation and shall be in substantially the form included in Appendix B and (ii) audited, if the District commissions an audit of such Financial Statements and the audit is completed within the period during which they must be provided. The District will update and provide the Annual Financial Information within six months after the end of each fiscal year and the Financial Statements within 12 months of the end of each fiscal year, in each case beginning with the fiscal year ending in and after 2019. The District may provide the Financial Statements earlier, including at the time it provides its Annual Financial Information, but if the audit of such Financial Statements is not complete within 12 months after any such fiscal year end, then the District shall file unaudited Financial Statements within such 12-month period and audited Financial Statements for the applicable fiscal year, when and if the audit report on such Financial Statements becomes available.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the "Rule").

The District's current fiscal year end is August 31. Accordingly, the Annual Financial Information must be provided by the last day of February in each year, and the Financial Statements must be provided by August 31 of each year, unless the District changes its fiscal year.

If the District changes its fiscal year, it will file notice of the change (and of the date of the new fiscal year end) with the MSRB prior to the next date by which the District otherwise would be required to provide financial information and operating data pursuant to this Section.

NOTICE OF CERTAIN EVENTS . . . The District will also provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the District, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District (as defined by the Rule, which includes certain debt, debt-like, and debt-related obligations), if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such financial obligation of the District, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such financial obligation of the District, any of which reflect financial difficulties.

The District will provide notice of the aforementioned events to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event). The District will also provide timely notice of any failure by the District to provide annual financial information in accordance with their agreement described above under "Annual Reports."

AVAILABILITY OF INFORMATION . . . The District has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS . . . The District has agreed to update information and to provide notices of certain specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for

damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The District may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the District so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . Except as described below, during the last five years, the District has complied in all material respects with all continuing disclosure undertakings pursuant to the Rule. On September 7, 2017, the underlying rating for the District's Combination Fee and Revenue Bonds, Series 2011 was upgraded by Fitch Rating Services. The District did not file the Material Event Notice associated with this upgrade in a timely manner. The above referenced notice was filed on July 25, 2019.

OTHER INFORMATION

RATINGS

The Bond and the presently outstanding and uninsured tax supported debt of the District are rated "AA+" by Fitch Ratings ("Fitch") and "AA+" by Standard & Poor's Ratings Service, a Standard & Poor's Financial Services LLC business ("S&P"), without regard to credit enhancement. Applications have been made to Fitch and S&P for contract ratings on the Bonds. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the District makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either or both of such rating companies, if in the judgment of either or both companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the Bonds.

LITIGATION AND OTHER ACTIONS

The District is not a party to any litigation or other proceeding pending or to its knowledge, threatened, in any court, agency or other administrative body (either state or federal) which, if decided adversely to the District, would have a material adverse effect on the financial statements of the District. At the time of the initial delivery of the Bonds, the District will provide the Underwriters with a certificate to the effect that no litigation of any nature has been filed or is then pending challenging the issuance of the Bonds or that affects the payment and security of the Bonds or in any other manner questioning the issuance, sale or delivery of the Bonds.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any jurisdiction. The District assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments, investment securities governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Bonds be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency. See "Other Information - Ratings" herein. In addition, various provisions of the Texas Finance Code provide that, subject

to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the District has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

LEGAL OPINIONS AND NO LITIGATION CERTIFICATE

The District will furnish to the Underwriters a complete transcript of proceedings incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinions of the Attorney General of the State of Texas to the effect that the Bonds are valid and legally binding obligations of the District, and based upon examination of such transcript of proceedings, the approving legal opinion of Underwood Law Firm, P.C., Bond Counsel, with respect to the Bonds being issued in compliance with the provisions of applicable law and the interest on the Bonds being excludable from gross income for purposes of federal income tax. The form of Bond Counsel's opinion is attached hereto as Appendix C.

Though it may represent the Financial Advisor and the Underwriters from time to time in matters unrelated to the issuance of the Bonds, Bond Counsel was engaged by, and only represents, the District. Except as noted below, Bond Counsel did not take part in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained herein except that in its capacity as Bond Counsel, such firm has reviewed the information appearing under captions and subcaptions "PLAN OF FINANCING" (excluding the information under the subcaption "Sources and Uses of Proceeds"), "THE BONDS" (excluding the information under the subcaptions "Book-Entry-Only System" and "Bondholders' Remedies"), "TAX INFORMATION - Tax Rate Limitations", "TAX MATTERS", "CONTINUING DISCLOSURE OF INFORMATION" (excluding the information under the subcaption "Compliance with Prior Undertakings"), "OTHER INFORMATION - Registration and Qualification of Bonds for Sale", "OTHER INFORMATION - Legal Investments and Eligibility to Secure Public Funds in Texas", and "OTHER INFORMATION - Legal Matters" (excluding the last sentence of the second paragraph thereof) in the Official Statement and such firm is of the opinion that the information relating to the Bonds and the legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the provisions of the Order. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. Certain legal matters will be passed upon for the Underwriters by Norton Rose Fulbright US LLP, counsel for the Underwriters, whose legal fees are contingent upon the sale and delivery of the Bonds.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgments of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

The financial data and other information contained herein have been obtained from District records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

UNDERWRITING

The Underwriters has agreed, subject to certain conditions, to purchase the Bonds from the District, at an underwriting discount of $_____. The Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Bonds, and such public offering prices may be changed, from time to time, by the Underwriters.

Frost Bank and Raymond James have provided the following information for inclusion in this Official Statement. Frost Bank and Raymond James are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, Frost Bank and Raymond James may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). Frost Bank and Raymond James may engage in transactions for its own accounts involving the securities and instruments made the subject of this securities offering or other offerings of the District. Frost Bank and Raymond James may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the District. Frost Bank and Raymond James may make a market in credit default swaps with respect to municipal securities in the future.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

FINANCIAL ADVISOR

Hilltop Securities Inc. is employed as Financial Advisor to the District in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. Hilltop Securities Inc., in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies. In the normal course of business, the Financial Advisor may also from time to time sell investment securities to the District or act as bidding agent to solicit the purchase of investment securities for the investment of bond proceeds or other funds of the District upon the request of the District.

The Financial Advisor to the District has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

FORWARD-LOOKING STATEMENTS DISCLAIMER

The statements contained in this Official Statement, and in any other information provided by the District, that are not purely historical, are forward-looking statements, including statements regarding the District's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the District on the date hereof, and the District assumes no obligation to update any such forward-looking statements. The District's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the District. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

MISCELLANEOUS

The financial data and other information contained herein have been obtained from District records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and orders contained in this Official Statement are made subject to all of the provisions of such statutes, documents and orders. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

In the Order, the Board of the District will authorize the form and content of this Official Statement, and any addenda, supplemental, or amendment thereto, and authorize the Underwriters' use of this Official Statement in connection with the public offering and sale of the Bonds.

_____

Chair Person, Board of Regents
Amarillo Junior College District

APPENDIX A

GENERAL INFORMATION REGARDING THE DISTRICT

THIS PAGE INTENTIONALLY LEFT BLANK

THE DISTRICT

STUDENT LOAD

FALL HEADCOUNT ENROLLMENT

Year	Credit Programs	Continuing Education	Total Enrollment	Full-Time Equivalents
2014	10,333	10,703	21,036	5,774
2015	9,936	10,440	20,376	5,597
2016	10,195	7,882	18,077	5,678
2017	10,282	8,574	18,856	5,711
2018	9,915	7,910	17,825	5,564

One Full-Time Equivalent = 15 Credit Hours
Academic FTE only

HEADCOUNT ENROLLMENT - SEMESTER-LENGTH PROGRAMS[1]

Fiscal Year Ended 8/31	Washington Street Campus			West Campus			East Campus		
	Fall Semester	Spring Semester	Summer Session	Fall Semester	Spring Semester	Summer Session	Fall Semester	Spring Semester	Summer Session
2014	5,481	4,655	1,232	1,625	1,393	506	478	434	60
2015	5,023	4,396	1,189	1,584	1,185	427	406	371	23
2016	4,906	4,459	1,190	1,232	1,070	335	352	286	24
2017	4,874	4,213	1,318	1,238	1,073	373	263	239	48
2018	4,642	4,322	1,250	1,164	1,105	352	253	217	54

Fiscal Year Ended 8/31	Moore County Branch Campus			Hereford Campus			Off Campus			Total All Campuses
	Fall Semester	Spring Semester	Summer Session	Fall Semester	Spring Semester	Summer Session	Fall Semester	Spring Semester	Summer Session	
2014	376	339	85	268	270	0	6,021	5,585	1,753	30,561
2015	399	337	52	267	228	16	5,634	5,125	1,935	28,597
2016	370	317	56	232	231	31	5,599	2,461	1,900	28,051
2017	412	340	96	283	227	41	6,026	5,818	2,211	29,093
2018	348	353	112	225	270	55	5,897	5,762	2,208	28,589

(1) Enrollment may be duplicated for students taking courses on more than one campus.

ENROLLMENT (FTE) AND SEMESTER CREDIT HOURS

Fiscal Year Ended 8/31	Full-Time Equivalent Students				Semester Credit Hours
	Fall Semester[1]	Spring Semester[1]	Summer Session[2]	Total	
2014	6119	5271	2710	14,100	187,109
2015	5,776	5,032	2,756	13,564	178,656
2016	5,678	5,090	2,779	13,547	178,194
2017	5,711	5,038	2,994	13,743	179,199
2018	5,564	5,132	2,993	13,689	178,385

(1) 1 FTE (Full-time Equivalent Student) = 15 semester credit hours.
(2) 1 FTE = 6 semester credit hours.

ENROLLMENT SUMMARY

Semester Hour Load	Fall 2018	Fall 2017	Fall 2016	Fall 2015	Fall 2014	Fall 2013	Fall 2012	Fall 2011	Fall 2010
18 Semester Hours and Over	121	139	124	98	91	117	143	159	137
15-17 Semester Hours	504	429	526	435	353	396	434	428	444
12-14 Semester Hours	2,403	2,418	2,278	2,363	2,623	2,662	2,803	3,230	3,467
9-11 Semester Hours	1,729	1,901	1,895	2,029	2,119	2,330	2,334	2,300	2,127
6-8 Semester Hours	2,822	3,011	3,046	2,937	2,930	3,080	3,235	3,232	3,186
1-5 Semester Hours	2,336	2,384	2,326	2,074	2,220	2,288	2,581	2,267	2,517
	9,915	10,282	10,195	9,936	10,336	10,873	11,530	11,616	11,878

Semester Hour Load	Spring 2018	Spring 2017	Spring 2016	Spring 2015	Spring 2014	Spring 2013	Spring 2012	Spring 2011	Spring 2010
18 Semester Hours and Over	160	143	149	92	87	101	130	183	133
15-17 Semester Hours	454	480	515	347	331	333	368	401	448
12-14 Semester Hours	2,032	1,874	1,847	2,038	2,098	2,309	2,650	2,949	2,911
9-11 Semester Hours	1,656	1,718	1,843	1,987	2,089	2,225	2,227	2,227	2,036
6-8 Semester Hours	2,830	2,837	2,714	2,643	2,846	2,839	2,978	3,089	3,090
1-5 Semester Hours	2,215	2,165	2,126	2,141	2,294	2,548	2,382	2,470	2,449
	9,347	9,217	9,194	9,248	9,745	10,355	10,735	11,319	11,067

Type of Student	Fall 2018	Fall 2017	Fall 2016	Fall 2015	Fall 2014	Fall 2013	Fall 2012	Fall 2011	Fall 2010
Freshman	5,807	6,090	7,411	6,033	6,615	7,000	7,525	6,600	7,959
Sophomore	2,993	2,891	1,616	3,115	2,410	2,632	2,618	3,341	2,594
Unclassified	1,115	1,301	1,168	788	1,311	1,241	1,387	1,675	1,325

Student Classification	Fall 2018	Fall 2017	Fall 2016	Fall 2015	Fall 2014	Fall 2013	Fall 2012	Fall 2011	Fall 2010
Texas Resident (in-District)	7,026	7,379	7,325	7,158	7,484	7,789	8,132	8,188	8,325
Texas Resident (Out-of-District)	2,535	2,565	2,595	2,539	2,612	2,854	3,094	3,110	3,231
Non-Resident Tuition	354	338	275	239	240	230	304	318	322

TUITION SCHEDULE (EFFECTIVE FALL SEMESTER, 2018)

TUITION AND BASIC FEE SCHEDULE

Semester Hours	Resident of District	Non-Resident of District	Non-Resident of State & Foreign
1	$ 112.50	$ 155.50	$ 305.00
2	201.50	287.50	392.00
3	267.00	396.00	588.00
4	356.00	528.00	784.00
5	445.00	660.00	980.00
6	534.00	792.00	1,176.00
7	623.00	924.00	1,372.00
8	712.00	1,056.00	1,568.00
9	801.00	1,188.00	1,764.00
10	890.00	1,320.00	1,960.00
11	979.00	1,452.00	2,156.00
12	1,068.00	1,584.00	2,352.00
13	1,157.00	1,716.00	2,548.00
14	1,246.00	1,848.00	2,744.00
15	1,335.00	1,980.00	2,940.00
16	1,424.00	2,112.00	3,136.00
17	1,513.00	2,244.00	3,332.00
18	1,602.00	2,376.00	3,528.00

TUITION:

Residence of the State of Texas:

Tuition per semester hour	$ 47.00	
Minumum tuition for 1 hour	$ 70.50	
Minumum tuition for 2 hours	$117.50	

Non-Resident of the State of Texas/Country:

Tuition per semester hour	$111.00	
Minimum tuition for up to 2 hrs	$220.00	

Basic fees: All students	$ 42.00	per semester hour which includes the following
Student Activity Fee	$ 2.00	per semester hour
General Fee	$ 29.00	per semester hour
Technology Fee	$ 11.00	per semester hour
Plus:		
Out of District or State	$ 43.00	per semester hour (if applicable)

GENERAL INFORMATION REGARDING THE CITY OF AMARILLO

AMARILLO METROPOLITAN STATISTICAL AREA LABOR FORCE

	Average Annual				
	2019[1]	2018	2017	2016	2015
Total Civilian Labor Force	132,752	132,063	131,342	131,816	130,405
Total Employment	129,182	128,427	127,408	127,699	126,384
Total Unemployment	3,570	3,636	3,934	4,117	4,021
% Unemployed	2.7%	2.8%	3.0%	3.1%	3.1%

Source: Texas Workforce Commission, Labor Market Information.
(1) Averages as of April 2019.

AMARILLO METROPOLITAN STATISTICAL AREA EMPLOYMENT BY INDUSTRY

	May 2019	May 2018	Variance
Total Non-agricultural	121,500	120,700	800
Mining, Logging & Construction	7,400	7,100	300
Manufacturing	13,400	13,500	(100)
Wholesale Trade	5,500	5,400	100
Retail Trade	14,600	14,900	(300)
Trans., Ware., & Utilities	5,200	5,000	200
Information	1,300	1,300	-
Financial Activities	6,600	6,600	-
Profes., & Business Services	8,700	8,700	-
Education & Health Services	17,000	17,000	-
Leisure & Hospitality	14,600	14,200	400
Other Services	5,000	4,900	100
Government	22,200	22,100	100

Source: Texas Workforce Commission, Labor Market Information.

MAJOR COUNTY EMPLOYERS

Employer	Type of Business	Number Of Employees
Amarillo Independent School System	Education	5,364
Tyson Foods, Inc.	Meat Supplier	4,400
CNS Pantex	Nuclear Weapons Assembly and Disasembly Plant	3,203
BSA Health System/Don & Sybil Harrington Cancer Center	Healthcare	3,200
Northwest Texas Healthcare System	Healthcare	1,860
United Supermarkets	Grocery/Retail	1,604
City of Amarillo	City Employees	1,439
Walmart Supercenters	Grocery/Retail	1,359
Amarillo VA Health Care System	Healthcare	1,215
Affiliated Foods/TriState Baking/Plains Dairy	Grocery Wholesale	1,205

APPENDIX B

EXCERPTS FROM THE

AMARILLO JUNIOR COLLEGE DISTRICT

ANNUAL FINANCIAL REPORT

For the Year Ended August 31, 2018

The information contained in this Appendix consists of excerpts from the Amarillo Junior College District Annual Financial Report for the Year Ended August 31, 2018, and is not intended to be a complete statement of the District's financial condition. Reference is made to the complete Report for further information.

Set forth in Appendix B "Excerpts from the Amarillo Junior College District Annual Financial Report" hereto is a copy of the report of the independent auditors for the District with respect to the financial statements of the District included in that appendix. The report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix B. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix B and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

THIS PAGE INTENTIONALLY LEFT BLANK

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 year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

801 South Fillmore, Suite 600, Amarillo, Texas 79101 ◆ PO Box 15650, Amarillo, Texas 79105 ◆ (806) 373.6661 ◆ FAX (806) 372.1237 ◆ www.cmmscpa.com

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, 2018, and the changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As described in Note 2 to the financial statements, in 2018, the College adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of the College's Proportionate Share of the Net Pension Liability, the Schedule of the College's Contributions, Schedule of Proportionate Share of the Net OPEB Liability (ERS), Schedule of College's Contributions to the OPEB Plan, and Notes to Required Supplementary Information on pages 8-15 and pages 62-66 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 Uniform Grants Management Standards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards, the Schedule of Expenditures of State of Texas Awards, and the Other Supplemental Information are the responsibility of management and were

derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 November 27, 2018, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Connor, McMillon, Mitchell & Shennum, PLLC

Amarillo, Texas
November 27, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

AMARILLO COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended August 31, 2018, 2017 and 2016

INTRODUCTION

The 2018 fiscal year was the seventeenth 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 sixteenth year that the College has prepared these financial statements in the GASB 34/35 format. Following are the comparative financial statements for fiscal years 2018, 2017, and 2016:

CONDENSED COMPARATIVE FINANCIAL INFORMATION (CONTINUED)

	2018	2017	2016
Total Assets - Capital Net	$ 126,622,265	$ 128,373,739	$ 129,894,233
Total Assets - Noncapital	58,000,180	53,229,494	53,300,661
Total Assets	184,622,445	181,603,233	183,194,894
Deferred Outflows	6,266,212	5,647,350	4,959,716
Total Liabilities - Long Term	141,904,048	76,360,383	80,424,295
Total Liabilities - Other	22,205,600	21,390,237	20,709,757
Total Liabilities	164,109,648	97,750,620	101,134,052
Deferred Inflows	20,126,920	2,821,593	1,137,072
Net Position - Capital	66,289,681	64,725,434	62,423,152
Net Position - Restricted	12,097,855	10,657,174	12,833,830
Net Position - Unrestricted	(71,735,447)	11,295,762	10,626,504
Total Net Position	$ 6,652,089	$ 86,678,370	$ 85,883,486
Operating Revenues			
Tuition and Fees (Net of Discounts)	$ 14,416,526	$ 14,318,157	$ 15,371,596
Grants and Contracts	6,467,853	7,818,442	9,639,424
Other Operating Revenues	6,034,113	699,471	505,826
Auxiliary Enterprises (Net of Discounts)	5,561,365	5,581,766	5,605,806
Total Operating Revenues	32,479,857	28,417,836	31,122,652
Operating Expenses			
Instruction	38,152,241	31,740,215	33,752,218
Public Service	3,891,530	3,595,580	3,670,915
Academic Support	3,607,041	2,616,756	2,825,582
Student Services	5,060,578	4,358,923	4,655,940
Institutional Support	15,376,170	16,143,212	17,227,362
Operation and Maintenance of Plant	7,156,333	6,705,112	6,802,743
Scholarships and Fellowships	8,475,841	9,219,231	8,322,474
Auxiliary Enterprises	6,280,735	6,015,033	5,980,078
Depreciation	5,827,295	5,785,031	5,832,644
Total Operating Expenses	93,827,764	86,179,093	89,069,956
Operating Loss	(61,347,907)	(57,761,257)	(57,947,304)
Nonoperating Revenues (Expenses)			
State Allocations	21,454,694	18,254,726	18,091,989
Ad Valorem Taxes	25,846,242	24,509,246	23,466,261
Federal Revenue, Nonoperating	16,805,032	16,288,132	15,205,083
Investment Income (Net)	931,259	642,405	395,807
Interest on Capital-Related Debt	(2,191,051)	(2,432,294)	(2,660,893)
Other Nonoperating Revenue (Expenses)	355,335	1,293,926	2,143,677
Net Nonoperating Revenues	63,201,511	58,556,141	56,641,924
Nonoperating Revenues (Expenses)			
Insurance proceeds	1,502,788	-	-

CONDENSED COMPARATIVE FINANCIAL INFORMATION (CONTINUED)

	2018	2017	2016
Increase (Decrease) in Net Position	3,356,392	794,884	(1,305,380)
Beginning Net Position	86,678,370	85,883,486	87,188,866
Prior Period Adjustment	(83,382,673)	-	-
Ending Net Position	$ 6,652,089	$ 86,678,370	$ 85,883,486

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

REVENUES

State Appropriations – State appropriations for educational and general state support have continually decreased over the past 5 years by 11.92%. State appropriations for educational and general state support for 2017-18 is $13.48 million which is in the first year of the current biennium is 2.41% less than the previous year.

Year	State Appropriations	Change from Prior Year	% Change
2014	15,307,049	209,361	+1.4%
2015	15,289,482	(17,567)	-0.1%
2016	13,792,946	(1,496,536)	-9.8%
2017	13,815,609	22,663	+0.2%
2018	13,483,127	(332,482)	-2.41%

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. In 2017 there was an increase in investment income due to improvement in the national economy that has continued through 2018.

Ad Valorem Tax Base – The Amarillo Junior College District (the District) property appraisal increased $368 million or 2.85% from the 2017 tax year to the 2018 tax year, $839 million or 5.9% from the 2016 tax year to the 2017 tax year, $531 million or 4.56% from the 2015 tax year to the 2016 tax year. The increase is made up of new properties, improvements to existing properties, and increased valuations.

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

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 2017 tax year remained the same at $.20750 per $100 valuation; however, the maintenance and operations portion of the tax rate decreased $0.0105 from the previous year and the interest and sinking portion was increased by the same 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 2017-18, 2016-17, and 2015-16, was $119,988, $107,872, and $110,401 respectively.

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

Economic Outlook – The Amarillo and regional economy continues to grow at a steady pace. The August, 2018 local unemployment rate of 3.7% is below the state and national averages of 3.9% and 3.9%, respectively. State appropriations for the upcoming biennium will be $27.0 million which is slightly lower than the $27.5 million from the 2016/2017 biennium or the $30.5 million from the 2014/2015 biennium.

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 $3.9 million, $3.47 million, and $3.24 million for fiscal years 2018, 2017, and 2016, respectively.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

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

	2018	2017	2016	Percent Change
Land	$ 5,335,103	$ 5,397,795	$ 5,397,795	-1.2%
Construction in progress	440,970	97,317	727,008	353.1%
Buildings and building improvements	160,991,802	158,963,312	155,515,212	1.3%
Other real estate improvements	9,288,982	7,444,788	6,936,846	24.8%
Library books	1,119,060	1,120,601	1,187,925	-0.1%
Furniture, machinery, vehicles, and other equipment	34,894,742	35,421,578	34,487,952	-1.5%
Assets held pending sale	62,692	-	-	100.0%
Total capital assets	$ 212,133,351	$ 208,445,391	$ 204,252,738	1.8%

Certain buildings on the College's East Campus were determined to be obsolete. Impairment loss recognized for 2018, 2017, and 2016 are $-0-, $-0-, and $-0-, respectively. The College has entered into various construction contracts of which one contract was not fully completed at year end. Total current commitment is $509,371 of which $309,434 was expended at August 31, 2018.

At August 31, 2018, 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, 2018, on each of the issues is $920,000, $15,110,000, $3,365,000, $13,670,000, $8,520,000 and $17,515,000 for Series 2009, 2010, 2011, 2012, 2015, and 2016, respectively.

In July of 2015, $8,705,000 of the Series 2008 issue was re-funded 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.

In September of 2016, $6,080,000 of the Series 2008 and $11,745,000 of the Series 2009 issue were refunded in order to lower the overall debt service requirements of the College. The Series 2016 issue resulted in an overall savings of approximately $1,997,289.

The 2011 revenue bond has an outstanding balance of $3,365,000.

Total long-term debt, excluding current portion, at August 31, 2018, is $59,100,000.

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 2015, the GASB issued Statement No. 75 which established new accounting and financial reporting requirements for governments that provide their employees with postemployment benefits other than pensions (OPEB). The guidance contained in the Statement changes how governments recognize and measure liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. GASB 75 provides specific guidance dependent on whether the OPEB pension plan the government participates in is considered a single-employer plan, multiple-employer plan or cost-sharing multiple-employer plan.

Amarillo College provides OPEB benefits to its employees and retirees through its participation in the Employers Retirement System of Texas (ERS) health insurance plan. ERS is considered to be a multiple-employer, cost-sharing pension plan. A cost-sharing employer that has a special funding situation is required to recognize a liability for its proportionate share of the net OPEB liability. The prior period adjustment to record the net OPEB liability was ($83,482,673) in 2018.

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.

OTHER MATTERS AT THE COLLEGE (CONTINUED)

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

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

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 Parcells 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 Parcells 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 as of August 31, 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 2018, 2017 or 2016.

SUBSEQUENT EVENTS

On January 23, 2018 the Amarillo College Board of Regents at its regular board meeting approved the sale of a 6.2588-acre tract of land to the City of Hereford at fair market value ($218 thousand). The citizens of Hereford voted on November 6, 2018 to approve the joint use of funds from the Hereford Economic Development Corporation ($2.5 million) and reserve funds from the City of Hereford ($4 million) to be used toward acquiring land and constructing a new civic center that would be adjacent to the Amarillo College Campus.

This page left blank intentionally.

FINANCIAL STATEMENTS

AMARILLO COLLEGE
STATEMENT OF NET POSITION
AUGUST 31, 2018
Exhibit 1

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 9,166,930
Short-term investments	20,215,267
Accounts receivable, net	9,625,795
Inventories	1,156,326
Other assets	739,660
Total current assets	40,903,978
NONCURRENT ASSETS	
Restricted cash and cash equivalents	3,192,633
Restricted investments	10,340,877
Endowment investments	2,500,000
Long-term grant receivable	1,000,000
Capital assets, net	126,622,265
Capital assets held for sale, net	62,692
Total noncurrent assets	143,718,467
TOTAL ASSETS	$ 184,622,445
DEFERRED OUTFLOW OF RESOURCES	
Deferred outflows on net pension liability	$ 2,340,372
Deferred outflows related to OPEB	2,015,167
Deferred charge on refunding	1,910,673
TOTAL DEFERRED OUTFLOWS	$ 6,266,212
LIABILITIES AND NET POSITION	
CURRENT LIABILITIES	
Accounts payable	$ 1,202,758
Accrued compensable absences - current portion	418,222
Retainage payable	15,472
Funds held for others	5,576,658
Unearned revenues	10,883,782
Bonds payable - current portion	3,585,000
Capital lease payable - current portion	23,708
Loans payable - current	500,000
Total current liabilities	22,205,600
NONCURRENT LIABILITIES	
Accrued compensable absences	769,212
Deposits payable	152,281
Bonds payable	55,515,000
Loans payable - noncurrent	1,000,000
Unamortized debt premium	2,710,032
Net pension liability	10,237,600
Net OPEB liability	71,519,923
Total noncurrent liabilities	141,904,048
TOTAL LIABILITIES	$ 164,109,648

AMARILLO COLLEGE
STATEMENT OF NET POSITION, CONTINUED
AUGUST 31, 2018
Exhibit 1, Continued

LIABILITIES AND NET POSITION, CONTINUED

DEFERRED INFLOWS OF RESOURCES	
Deferred inflows on net pension liability	$ 4,313,522
Deferred inflows related to OPEB	15,813,398
TOTAL DEFERRED INFLOWS	$ 20,126,920
NET POSITION	
Net investment in capital assets	$ 66,289,681
Restricted for:	
Nonexpendable:	
Endowment - True	2,500,000
Expendable:	
Capital projects	386,800
Debt service	2,858,088
Other, primarily donor restrictions	6,352,967
Unrestricted	(71,735,447)
TOTAL NET POSITION (Schedule D)	$ 6,652,089

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

AMARILLO COLLEGE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED AUGUST 31, 2018
Exhibit 2

OPERATING REVENUES	
Tuition and fees (net of discounts of $10,377,004)	$ 14,416,526
Federal grants and contracts	6,467,853
State grants and contracts	1,548,297
Local grants and contracts	1,981,312
Nongovernmental grants and contracts	1,503,071
Sales and services of educational activities	505,553
Auxiliary enterprises (net of discounts)	5,561,365
Other operating revenues	495,880
Total operating revenues (Schedule A)	32,479,857
OPERATING EXPENSES	
Instruction	38,152,241
Public service	3,891,530
Academic support	3,607,041
Student services	5,060,578
Institutional support	15,376,170
Operation and maintenance of plant	7,156,333
Scholarships and fellowships	8,475,841
Auxiliary enterprises	6,280,735
Depreciation	5,827,295
Total operating expenses (Schedule B)	93,827,764
Operating loss	(61,347,907)
NONOPERATING REVENUES (EXPENSES)	
State appropriations	21,454,694
Maintenance ad valorem taxes	
Taxes for maintenance and operations	19,433,980
Taxes for general obligation bonds	6,412,262
Federal revenue, non-operating	16,805,032
Gifts	235,209
Investment income, net of investment expenses	931,259
Interest on capital-related debt	(2,191,051)
Gain on disposal of fixed assets	120,126
Net nonoperating revenues (Schedule C)	63,201,511
Increase (Decrease) before special and extraordinary items	1,853,604
EXTRAORDINARY ITEM	
Insurance proceeds	1,502,788
Increase (Decrease) in net position	3,356,392
NET POSITION - BEGINNING OF YEAR	86,678,370
PRIOR PERIOD ADJUSTMENT	(83,382,673)
NET POSITION - BEGINNING OF YEAR, RESTATED	3,295,697
NET POSITION - END OF YEAR	$ 6,652,089

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

AMARILLO COLLEGE
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2018
Exhibit 3

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from students and other customers	$ 20,590,872
Receipts from grants and contracts	10,246,576
Payments to suppliers for goods or services	(18,137,210)
Payments to or on behalf of employees	(58,543,122)
Payments of scholarships	(8,779,165)
Other cash receipts (payments)	389,026
Net cash used by operating activities	(54,233,023)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Receipts from state appropriations	21,492,354
Receipts from ad valorem taxes	25,804,585
Receipts from nonoperating federal revenue	16,797,369
Receipts from gift or grants	139,985
Student organization and other agency transactions	22,059
Extraordinary item - insurance proceeds	1,502,788
Net cash provided by noncapital financing activities	65,759,140
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from sale of capital assets	260,928
Proceeds on notes payable	1,500,000
Purchases of capital assets	(4,157,724)
Payments on capital debt principal	(3,365,000)
Payments on capital debt interest	(2,238,349)
Net cash used by capital and related financing activities	(8,000,145)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale and maturity of investments	24,096,018
Purchases of investments	(23,632,645)
Investment earnings	678,715
Net cash provided by investing activities	1,142,088
INCREASE IN CASH AND CASH EQUIVALENTS	4,668,060
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR (RESTRICTED AND UNRESTRICTED)	7,691,503
CASH AND CASH EQUIVALENTS, END OF YEAR (RESTRICTED AND UNRESTRICTED)	$ 12,359,563

AMARILLO COLLEGE
STATEMENT OF CASH FLOWS, CONTINUED
YEAR ENDED AUGUST 31, 2018
Exhibit 3, Continued

Reconciliation of net operating loss to net cash used by operating activities:	
Operating loss	$ (61,347,907)
Adjustments to reconcile net operating loss to net cash used by operating activities:	
Depreciation expense	5,827,295
Bad debt	479,927
Changes of deferred inflows of financial resources	17,305,327
Changes of defered outflows of financial resources	(831,159)
Changes in assets and liabilities:	
Accounts receivable, net	(673,907)
Inventories	166,085
Other assets	(8,109)
Accounts payable	(373,218)
Accrued compensable absences	112,073
Unearned revenue	256,016
Net pension liability	(3,192,702)
Net OPEB liability	(11,962,750)
Deposits payable	10,006
Net cash used by operating activities	$ (54,233,023)
Non-Cash Transactions	
Donation of capital assets	$ 36,500
Net change in fair value investments	326,872
Amortization of bond premiums and discounts	259,595

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

NOTE 1 - REPORTING ENTITY

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

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

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tuition Discounting (Continued)

Other Tuition Discounts

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

If the amount is 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 and the OPEB liability.

Deferred Outflows

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

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

Restricted Cash

Restricted cash consists of restricted funds from donors, 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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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 2018.

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 $-0- in 2018.

Unearned Revenues

Tuition, fees, and other revenues received and related to the periods after August 31, 2018, have been deferred. Tuition and fees of $9,373,349 have been reported as unearned revenue at August 31, 2018.

Pensions

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

Other Postemployment Benefits

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

Estimates

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

During fiscal year 2018, the College adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* which was effective for financial statements for periods beginning after June 15, 2017. This Statement improves financial reporting by enhancing the reporting of the other postemployment benefits (OPEB) and a more comprehensive measure of OPEB expense. With GASB 75, the College must assume their proportionate share of the Net OPEB of the Employee Retirement System of Texas (ERS). Adoption of GASB 75 required a prior period adjustment to report the effect of GASB 75 retroactively. There is added information available through new note disclosure and required supplementary information.

Restatement of Beginning Net Position

The College restated its Beginning Net Position by $83,382,673. The decrease in net position was due to the following items:

Decrease in net position due to the implementation of GASB 75	$ (83,482,673)
Increase in net position due to the addition of fixed assets not recorded properly	100,000
Beginning Net Position, restated	$ (83,382,673)

Beginning net position was $86,678,370 and has been restated to $3,295,697.

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

NOTE 3 - AUTHORIZED INVESTMENTS (CONTINUED)

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, as of August 31, 2018, are reported below:

Cash and cash equivalents	
Demand deposits	$ (34,927)
TexPool	9,154,969
Petty cash on hand	46,888
Restricted TexPool	3,173,704
Restricted cash and cash equivalents	18,929
Total cash and cash equivalents (restricted, and unrestricted)	$ 12,359,563

The following represents a reconciliation of deposits and investments as of August 31, 2018, to Exhibit 1:

Type of Security	Market Value
Savings/mutual funds	$ 10,442,056
Certificates of deposit/CDARs	22,614,088
Total investments (Exhibit 1)	$ 33,056,144
Cash and cash equivalents (Exhibit 1)	$ 12,359,563
Investments (Exhibit 1)	33,056,144
Total deposits and investments	$ 45,415,707

Investments as of August 31, 2018, are classified as follows:

Short-term investments	$ 20,215,267
Restricted investments	10,340,877
Endowment investments	2,500,000
Total investments	$ 33,056,144

NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)

As of August 31, 2018, the College had the following investments and maturities:

Investment Type	Market Value	Percent	Investment Maturities (Years)	Security Rating
Endowed savings/mutual funds	10,442,056	32%	Less than 1 year	Unrated - BBB
Certificates of deposit	22,614,088	68%	Less than 1 year	Unrated
Total investments	$ 33,056,144	100%		

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

Concentration of Credit Risk - Concentration risk is defined as positions of 5% or more in the securities of a single issuer. The College's investment policy states that the balance in external investment pools shall not exceed 35% of the total College investment portfolio unless approved by the Investment Committee of the Board of Regents. The College had no concentration of more than 5% as of August 31, 2018.

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, 2018, $-0- of the College's bank balances of $5,213,951 were exposed to custodial risk.

Participation in External Investment Pools

As of August 31, 2018, the carrying amount of amounts invested in investment pools was $12,328,673. Investment pools are recorded at cost, which approximated market value at August 31, 2018. All investment pools are uninsured and are not registered with the Securities and Exchange Commission. Investment pools are not subject to custodial credit risk as they are not evidenced by securities that exist in physical or book entry form.

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

NOTE 5 - FAIR VALUE MEASUREMENTS

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

The three levels are defined as follows:

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

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)
August 31, 2018:				
Money market mutual funds	$ 317,433	$ 317,433	$ -	$ -
CDARS and certificates of deposit	22,614,088	-	22,614,088	-
Mutual funds	10,124,623	10,124,623	-	-
Total	$ 33,056,144	$ 10,442,056	$ 22,614,088	$ -

For the valuation of money market funds, TexPool Investments and mutual funds, at August 31, 2018, the College used quoted prices in principal active markets for identical assets as of the valuation date (Level 1).

NOTE 5 - FAIR VALUE MEASUREMENTS (CONTINUED)

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

For the valuation of CDARS and certificates of deposit at August 31, 2018, 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, 2018 is as follows:

Unrestricted investments	$ 20,215,267
Restricted investments:	
Temporarily restricted	10,340,877
Permanently restricted	2,500,000
Total restricted investments	12,840,877
Total investments	$ 33,056,144

There were no fair values of assets and liabilities measured on a nonrecurring basis at August 31, 2018.

NOTE 6 - CAPITAL ASSETS

Capital assets activity for the year ended August 31, 2018, was as follows:

	Balance September 1, 2017	Increases	Decreases	Balance August 31, 2018
Not depreciated:				
Land	$ 5,397,795	$ -	$ 62,692	$ 5,335,103
Construction in progress	97,317	440,970	97,317	440,970
Assets held pending sale	-	62,692	-	62,692
Total not depreciated	5,495,112	503,662	160,009	5,838,765
Other capital assets:				
Buildings and building improvements	158,963,312	2,210,693	182,203	160,991,802
Other real estate improvements	7,444,788	1,844,194	-	9,288,982
Total buildings and other real estate improvements	166,408,100	4,054,887	182,203	170,280,784
Library books	1,120,601	44,639	46,180	1,119,060
Furniture, machinery, vehicles and other equipment	35,421,578	1,672,528	2,199,364	34,894,742
Total other capital assets	202,950,279	5,772,054	2,427,747	206,294,586
Accumulated depreciation:				
Buildings and building improvements	48,674,999	3,218,179	87,489	51,805,689
Other real estate improvements	3,289,423	468,723	-	3,758,146
Total buildings and other real estate improvements	51,964,422	3,686,902	87,489	55,563,835

NOTE 6 - CAPITAL ASSETS (CONTINUED)

	Balance September 1, 2017	Increases	Decreases	Balance August 31, 2018
Library books	1,041,486	18,147	46,180	1,013,453
Furniture, machinery, vehicles and other equipment	27,065,744	2,143,957	338,595	28,871,106
Total accumulated depreciation	80,071,652	5,849,006	472,264	85,448,394
Net other capital assets	122,878,627			120,846,192
Net capital assets	$ 128,373,739			$ 126,684,957

The College entered into construction contracts during the year. The total current commitments are $199,937 at August 31, 2018. Capital assets include gross assets acquired under capital leases of $93,222 as of August 31, 2018. Related amortization included in accumulated depreciation was $46,611. 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.

NOTE 7 - NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended August 31, 2018, was as follows:

	Balance September 1, 2017 (restated)	Additions	Deductions	Balance August 31, 2018	Due Within One Year
Bonds					
General obligation bonds	$ 58,905,000	$ -	$ 3,170,000	$ 55,735,000	$ 3,380,000
Revenue bonds	3,560,000	-	195,000	3,365,000	205,000
Subtotal	62,465,000		3,365,000	59,100,000	3,585,000
Accrued compensable absences	1,075,361	112,073	-	1,187,434	418,222
Deposits	142,275	49,328	39,322	152,281	-
Capital lease payable	46,581	-	22,873	23,708	23,708
Loans payable	-	1,500,000	-	1,500,000	500,000
Unamortized debt premium	2,969,627	-	259,595	2,710,032	-
Net pension liability	13,430,302	2,025	3,194,727	10,237,600	-
Net OPEB liability	85,451,100	3,828,332	17,759,509	71,519,923	-
	$ 165,580,246	$ 5,491,758	$ 24,641,026	146,430,978	$ 4,526,930
Current portion				(4,526,930)	
Noncurrent liabilities				$ 141,904,048	

NOTE 8 - DEBT OBLIGATIONS

Debt service requirements at August 31, 2018, were as follows (amounts in 000's):

NOTE 8 - DEBT OBLIGATIONS (CONTINUED)

For the Year Ended	General Obligation Bonds		Revenue Bonds		Total Bonds	
August 31,	Principal	Interest	Principal	Interest	Principal	Interest
2019	$ 3,380	$ 1,960	$ 205	$ 135	$ 3,585	$ 2,095
2020	3,775	1,816	210	126	3,985	1,942
2021	4,110	1,669	220	118	4,330	1,787
2022	4,410	1,513	230	109	4,640	1,622
2023	4,575	1,339	235	100	4,810	1,439
2024-2028	26,165	3,936	1,330	351	27,495	4,287
2029-2032	9,320	470	935	76	10,255	546
Total	$ 55,735	$ 12,703	$ 3,365	$ 1,015	$ 59,100	$ 13,718

Capital Leases

Obligations under capital leases at August 31, 2018, were as follows:

For the Year Ended August 31,	Total
2019	$ 24,573
Total minimum lease payments	24,573
Less: Amount representing interests costs	(865)
Present Value of minimum lease payment	$ 23,708

Operating Lease

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

NOTE 9 - NOTES PAYABLE

The College received a U.S. Department of Education Grant to fund a new building. The Title III Hispanic-Serving Institution (HSI) STEM Grant is funding the construction of a Greenhouse. Due to federal regulations and requirements, the College is not allowed to fund these projects up front and seek reimbursement for future years from the federal funding source. Therefore, a bank loan was required to complete the building project. The bank loan (including principal and interest) is being paid from federal grant sources and not by the College institutional funds.

Note payable for Title III HSI STEM Grant Contract

- Note will be used to pay for construction.

NOTE 9 - NOTES PAYABLE (CONTINUED)

- Note is due in annual installments of $500,000, plus interest with a rate of 3.65% , due May 11, 2021.

Debt service requirements at August 31, 2018, are as follows:

For the Year Ended August 31,	Title III HSI STEM Note Principal	Title III HSI STEM Note Interest
2019	$ 500,000	$ 18,503
2020	500,000	18,503
2021	500,000	18,503
Total	$1,500,000	$ 55,509

NOTE 10 - BONDS PAYABLE

General information related to bonds payable is summarized below:

Combined Fee Revenue Bonds, Series 2011

- To renovate and expand the Moore County Campus.
- Issued October 25, 2011.
- $4,470,000 originally issued; all authorized bonds have been issued.
- Source of revenue for debt service - Certain pledged revenues consisting primarily of a portion of tuition charges and other fees. Outstanding balance at August 31, 2018 and 2017, $3,365,000 and $3,560,000, respectively.
- The bonds are due in annual installments varying from $335,000 to $339,600, including interest at 4.0%, with the final installment due in 2031.

General Obligation Bonds, Series 2009

- General Obligation Bonds, Series 2009 will be used to construct and equip new buildings and renovate existing facilities. Refunding of bonds in September 2016 moved $11,745,000 to Series 2016 General Obligation Bonds.
- Issued June 15, 2009 – 2nd Issue.
- $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, 2018 and 2017: $920,000 and $1,805,000, respectively.
- The bonds have a final installment of $938,400, including interest with an interest rate of 4.00%, due in 2019.

NOTE 10 - BONDS PAYABLE (CONTINUED)

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, 2018 and 2017: $15,110,000 and $15,600,000, 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, 2018 and 2017: $13,670,000 and $14,200,000, respectively.
- The bonds are due in annual installments varying from $989,163 to $1,276,178, including interest with interest rates from 3.0% to 4.0%, with the final installment due in 2032.

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%

NOTE 10 - BONDS PAYABLE (CONTINUED)

- 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, 2018 and 2017: $8,520,000, respectively.
- The bonds are due in annual installments varying from $343,450 to $1,779,800, including interest with the interest rates from 4.00% to 4.50%, with the final installment due in 2028.

On July 2, 2015, Amarillo Junior College District 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, 2025. 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. The defeased bonds were paid off during 2018.

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 and an accounting gain of $1,011,941.

General Obligation Bonds, Series 2016

- Limited Tax Refunding Bonds, Series 2016, used to refund a portion of the General Obligations Bond Series 2008 and the General Obligation Bonds Series 2009.
- Issued September 1, 2016
- Average Interest rate of bonds: 3.1211%
- Proceeds from Series: $19,321,621 received, less cost of insurance of $148,080, of which the remainder, $19,173,541, was used in refunding part of the General Obligations Bonds Series 2008 and 2009.
- Source of revenue for the debt service – Ad Valorem tax levied by the District. Outstanding balance at August 31, 2018 and 2017 was $17,515,000 and $17,615,000, respectively.
- The bonds are due in annual installments varying from $690,613 to $2,720,713 including interest with the interest rates from 2.00% to 4.00%, with the final installment due in 2029.

On September 1, 2016, Amarillo Junior College District issued general obligation bonds in the amount of $17,720,000 with an interest rate from 2.00% to 4.00% to advance refund term bonds

NOTE 10 - BONDS PAYABLE (CONTINUED)

with an interest rate from 4.05% to 5.00% and a par value of $17,720,000. The term bonds mature on February 15, 2029 and are callable on February 15, 2026. The general obligation bonds were issued at par and, after paying issuance costs of $148,080 and including the reoffering premium of $1,601,621, the net proceeds were $19,173,541. The net proceeds from the issuance of the 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 for 2008 series and February 15, 2019 for 2009 series. The advance refunding met the requirements of an in-substance debt defeasance, and the term bonds were removed from the District's financial statements. The amount of the defeased bonds still outstanding at August 31, 2018 is $11,745,000.

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

NOTE 11 - EMPLOYEES' RETIREMENT PLANS

Plan Description

The College participates in a cost-sharing, multiple-employer defined benefit pension plan (the Plan) that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67, and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code (IRC). The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefits.

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

Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable

NOTE 11 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Benefits Provided (Continued)

salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, whose formulas use the three highest annual salaries. The normal service retirement is at age 65 with 5 years of service credit or when the sum of the member's age and years of credited service equals 80 or more years.

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

Contributions

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. The Texas Legislature, General Appropriations Act (GAA) establishes the employer contribution rates for fiscal years 2017 and 2018. Contribution amounts are as follows:

	Contributions Required and Made
2018 Member (Employee) Contributions	$ 2,114,870
2018 College (Employer) Contributions	1,154,173
2017 Non-employer contributing agency (State)	642,044

Contribution rates for Plan fiscal years (September to August) 2017 and 2018 follow:

	Contribution Rates Plan Fiscal Year	
	2017	2018
Member	7.7%	7.7%
Non-Employer Contributing Entity	6.8%	6.8%
Employer	6.8%	6.8%

NOTE 11 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Contributions (Continued)

Contributors to the plan include members, employers, and the State of Texas as the only non-employer contributing entity.

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

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

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

Actuarial Assumptions

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

The total pension liability in the August 31, 2017 actuarial valuation, was determined using the following actuarial assumptions:

Valuation date	August 31, 2017
Actuarial cost method	Individual Entry Age Normal
Asset valuation method	Market Value
Actuarial assumptions:	
Single discount rate	8.00%
Long-term expected investment rate of return	8.00%
Inflation	2.50%
Salary increases including inflation	3.50% to 9.50%
Payroll growth rate	2.50%
Benefit changes during the year	None
Ad hoc postemployment benefit changes	None

NOTE 11 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Changes Since the Prior Actuarial Valuation

There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

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

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. The long-term 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 Systems target asset allocation as of August 31, 2017, are summarized below:

Asset Class	Target Allocation	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return*
Global Equity			
U.S.	18.0%	4.6%	1.0%
Non-U.S. developed	13.0%	5.1%	0.8%
Emerging markets	9.0%	5.9%	0.7%
Directional hedge funds	4.0%	3.2%	0.1%
Private equity	13.0%	7.0%	1.1%
Stable Value			
U.S. treasuries	11.0%	0.7%	0.1%
Absolute return	0.0%	1.8%	0.0%
Stable value hedge funds	4.0%	3.0%	0.1%
Cash	1.0%	-0.2%	0.0%

NOTE 11 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Discount Rate (Continued)

Asset Class	Target Allocation	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return*
Real Return			
Global inflation linked bonds	3.0%	0.9%	0.0%
Real assets	16.0%	5.1%	1.1%
Energy and natural resources	3.0%	6.6%	0.2%
Commodities	0.0%	1.2%	0.0%
Risk Parity			
Risk parity	5.0%	6.7%	0.3%
Inflation Expectations			2.2%
Alpha			1.0%
Total	100.0%		8.7%

* *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 2017 Net Pension Liability:

	1% Decrease in Discount Rate 7%	Current Discount Rate 8%	1% Increase in Discount Rate 9%
College's proportionate share of the net pension liability	$ 17,258,571	$ 10,237,600	$ 4,391,502

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

At August 31, 2018, the College reported a liability of $10,237,600 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the College. The amount recognized by the College as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the College were as follows:

College's proportionate share of the net pension liability	$ 10,237,600
State's proportionate share of the net pension liability associated with the College	6,276,976
Total	$ 16,514,576

NOTE 11 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

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

The net pension liability was measured as of August 31, 2017, 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, 2016, through August 31, 2017.

At August 31, 2017, the College's proportion of the collective net pension liability was 0.0320179026%, which is a decrease of 0.0035227968% from its proportion measured as of August 31, 2016.

For the year ended August 31, 2018, the College recognized pension expense of $478,783 and revenue of $478,783 for support provided by the State.

At August 31, 2018, the College reported its proportionate share of the TRS's deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 149,781	$ 552,100
Changes of assumptions	466,339	266,968
Net difference between projected and actual earnings on pension plan investments	-	746,094
Changes in proportion and differences between College contributions and proportionate share of contributions	570,079	2,748,360
College contributions subsequent to the measurement date	1,154,173	-
Total	$ 2,340,372	$ 4,313,522

The $1,154,173 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, 2019. 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,	
2019	$ (726,926)
2020	(73,433)
2021	(777,121)
2022	(946,288)

NOTE 11 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

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

Year ended August 31,	
2023	(456,446)
Thereafter	(147,109)
Total	$ (3,127,323)

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 2018 and 2017. The participant contribution rate is 6.65% for both 2018 and 2017. The College contributes 1.31% for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment.

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

The ORP expense to the state for the College was $244,507, $205,009, and $225,761 for the fiscal years ended August 31, 2018, 2017, and 2016, 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 $7,598,734, $7,051,864, and $7,867,546 for fiscal years 2018, 2017, and 2016, 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, 2018, 2017,

NOTE 11 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)

College-Sponsored Benefit Plans

and 2016, there were 953, 916, and 923, respectively, plan participants. The related expense was $2,037,912, $1,565,122, and $1,575,633 for the years ended August 31, 2018, 2017, and 2016, respectively.

The College sponsors the Amarillo College Benefit Plan (the Plan) which provides disability and survivorship benefits. The Plan is a non-trusted benefit program and currently has $5,267,982 in assets with a liability of $5,267,982 recorded in Funds Held for Others. The Colleges contributions to the Plan for August 31, 2018, 2017, and 2016 were $217,592, $198,875, and $200,348.

Part-time employees that are not covered by the defined contribution employee benefit plan are covered by a plan established pursuant to IRC Section 457. As a result of the passage of the Small Business Job Protection Act of 1996, beginning January 1, 1999, part-time plan funds are held by a third party custodian in individual trust accounts for the exclusive benefit of the participants. Investments are directed by the investment manager of the plan. The College is responsible for selecting the investment manager. The related expense was $138,012, $138,796, and $222,310, for the years ended August 31, 2018, 2017, and 2016, respectively.

NOTE 12 - DEFERRED COMPENSATION PROGRAM

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

NOTE 13 - COMPENSABLE ABSENCES

Full-time employees earn annual leave from eight to twelve hours per month depending on the number of years employed with the College. The College's policy is that an employee may carry his accrued leave forward from one fiscal year to another fiscal year with a maximum number of hours up to 160 for those employees with five or less years of service, up to 200 hours for those employees with more than five years but under ten years of service, and up to 240 hours for those employees with more than ten years of service. Employees with at least six months of service who terminate their employment are entitled to payment for all accumulated annual leave up to the maximum allowed. The College recognized the accrued liability for the unpaid annual leave in the amount of $1,187,434 as of August 31, 2018. Sick leave, which can be accumulated up to 120 days, is earned at the rate of eight hours per month; however, sick leave is not paid at termination. The College's policy is to recognize the cost of sick leave when utilized by employees.

NOTE 14 - ENDOWMENTS

KACV-TV (the Station) is part of and is operated by the College. In 1999, the Station received $1,000,000 from the Sybil B. Harrington Living Trust (Harrington Trust) which was specified as an endowment. In 2005, the Station received an additional $500,000 gift from an anonymous donor that was to be held as an endowment. The College also received a $1,000,000 endowment from the Harrington Trust for the Harrington Library Consortium.

NOTE 15 - COMMITMENTS, CONTINGENCIES AND LAWSUITS

The College participates in various state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. In the opinion of the College's management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Additionally, the College’s students participate in the Federal Direct Loan Program for which the proceeds are used for tuition and education-related costs. Regulations require that default rates pertaining to loans to persons attending the College not exceed certain levels at the College. In the event that specific levels were exceeded, the program could be discontinued at the College; however, the College does not anticipate this occurring. The total amount of Direct Loans made during 2018 was $12,246,820.

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

On August 31, 2018, various claims involving the College were pending. While the ultimate liability with respect to litigation and other claims asserted against the College cannot be reasonably estimated at this time, this liability, if any, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the College.

NOTE 16 - DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Accounts Receivable

Accounts receivable at August 31, 2018 were as follows:

Student receivables	$ 6,972,716
Taxes receivable	802,006
Government grants and contracts	1,634,493

NOTE 16 - DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Accounts Receivable (Continued)

Other receivables	755,276
Total accounts receivable	10,164,491
Allowance for doubtful accounts	(538,696)
Total accounts receivable, net	$ 9,625,795

Accounts Payable

Accounts payable at August 31, 2018, were as follows:

Vendors payable	$ 470,228
Salaries and benefits payable	702,866
Interest payable	29,664
Total accounts payable	$ 1,202,758

NOTE 17 - CONTRACT AND GRANT AWARDS

Contract and grant awards are accounted for in accordance with the requirements of the American Institute of Certified Public Accountants (AICPA) Industry Audit Guide, *Audits of Colleges and Universities*. Revenues are recognized on Exhibit 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 year 2018 for which monies have not been received nor funds expended, totaled $7,871,834. Of these amounts, $2,590,514 were from federal contracts and grant awards, $4,079,568 were from state contract and grant awards, and $1,201,752 were from private contract and grant awards for the fiscal year ended 2018.

NOTE 18 - SELF-INSURED PLANS

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

NOTE 19 - HEALTH CARE AND LIFE INSURANCE BENEFITS

Certain healthcare and life insurance benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The state recognizes the cost of providing these benefits by expending the annual insurance premiums. The state's contribution per full-time employee was approximately $622 per month for the year ended August 31, 2018, ($617 per month for the year ended August 31, 2017) and totaled $3,906,122 for the year ended August 31, 2018, ($3,475,404 for the year ended August 31, 2017). The cost of providing those benefits for retirees in the year ended 2018 was $1,745,845 (retiree benefits for retirees cost $1,702,008 in 2017). For active employees, the cost of providing benefits was $2,160,277 for the year ended 2018 (active employee benefits for employees cost $1,773,396 for the year ended 2017).

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

NOTE 20 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN

Plan Description

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

OPEB Plan Fiduciary Net Position

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

NOTE 20 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

Benefits Provided

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

Contributions

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

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

Maximum Monthly Employer Contribution
Retiree Health and Basic Life Premium
Fiscal Year 2017

Employer Contribution Rates	
Retiree only	$ 617.30
Retiree and spouse	$ 970.98
Retiree and children	$ 854.10
Retiree and family	$ 1,207.78

NOTE 20 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

Contributions (Continued)

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

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

	2018
Current fiscal year employer contributions	$ 1,993,992
Current fiscal year member contributions	-
2017 measurement year NECE on-behalf contributions	1,702,008

Actuarial Assumptions

The total OPEB liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Additional Actuarial Methods and Assumptions:	
Valuation date	August 31, 2017
Actuarial cost method	Entry Age
Amortization	Level percent of pay, open
Discount rate	3.51%
Remaining Amortization	30 Years
Asset Valuation Method	Not Applicable
Projected salary increases (includes inflation)	2.5% to 9.5%
Healthcare trend rates	8.5% for FY 2019, decreasing 0.5% per year to 4.5% for FY 2027 and later years
Inflation assumption rate	2.5%
Ad hoc postemployment benefit changes	None
Mortality assumptions:	
Service retirees, survivors and other inactive members	Tables based on TRS experience with full generational projection using Scale BB from Base Year 2014
Disability retirees	Tables based on TRS experience with full generational projection using Scale BB from Base Year 2014 using a 3-year set forward

NOTE 20 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

Actuarial Assumptions (Continued)

	and minimum mortality rates of four per male members and two per 100 female members
Active members	Sex District RP-2014 Employee Mortality multiplied by 90% with full generational projection using Scale BB

Many actuarial assumptions used in this valuation were based on the results of actuarial experience studies performed by the ERS and TRS retirement plan actuaries for the period September 1, 2010 to August 31, 2014 for higher education members.

Changes Since the Prior Actuarial Valuation

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

- New demographic assumptions, assumed aggregate payroll increases and rate of general inflation were updated to reflect an experience study;
- The percentage of current and future retirees and retiree's spouses not yet eligible to participate in the HealthSelect Medicare Advantage plan who will elect to participate at the earliest date at which coverage can commence has been updated to reflect recent plan experience and expected trends.
- The proportions of future retirees covering dependent children and future retirees assumed to be earned and electing coverage
- Assumptions for administrative expenses, assumed per Capita Health Benefit Costs, Health Benefit Cost and Retiree Contribution trends to reflect recent health plan experience; and it's effects in short-term expectations and revised assumed rate of general inflation.
- The discount rate was lowered from 5.5% to 3.51% as a result of requirements of GASB 74 to utilize the yield or index rate for 20-year, tax exempt general obligation bonds rated AA/Aa (or equivalent or higher).

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

- An increase in the out-of-pocket cost applicable to services obtained at a free-standing emergency facility;
- An elimination of the copayment for virtual visits;

NOTE 20 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

Changes Since the Prior Actuarial Valuation (Continued)

- A copay reduction for Airrosti and for out-of-state participants;
- Elimination of the deductible for in-network services and application of a copayment rather than coinsurance to certain services like primary care and specialist visits.

These minor benefit changes have been reflected in the fiscal year 2018 Assumed Per Capita Health Benefit Costs.

Investment Policy

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

Discount Rate

Because the GBP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bonds rate. The discount rate in the prior fiscal year was 5.5%. The discount rate assumption was lowered as a result of requirements by GASB No. 74. At the beginning of the measurement year the discount rate was 2.84%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 3.51%, which amounted to an increase of 0.67% from the beginning of the year. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp's AA rating. Projected cash flows into the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you-go (PAYGO) basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets and therefore the years of projected benefit payments to which the long-term expected rate of return is applicable to zero years.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the College's proportionate share of the collective Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.51%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate 2.51%	Current Single Discount Rate 3.51%	1% Increase in Discount Rate 4.51%
Proportionate share of the Net OPEB Liability	$85,373,890	$71,519,923	$60,788,786

NOTE 20 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

Healthcare Cost Trend Rates Sensitivity Analysis

The initial healthcare trend rate is 8.5% and the ultimate rate is 4.5%. The following presents the College's proportionate share of the collective net OPEB Liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB Liability would be if it were calculated using a healthcare cost trend rate that is one-percentage point lower or one-percentage point higher than healthcare cost trend rate that was used (8.5% decreasing to 4.5%) in measuring the Net OPEB Liability.

	1% Decrease in Healthcare Trend Cost (7.5% decreasing to 3.5%)	Current Healthcare Cost Trend Rate (8.5% decreasing to 4.5%)	1% Increase in Healthcare Cost Trend (9.5% decreasing to 5.5%)
Proportionate share of the Net OPEB Liability	$ 60,124,656	$ 71,519,923	$86,305,939

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

At August 31, 2018, the College reported a liability of $71,519,923 for its proportionate share of the ERS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the College. The amount recognized by the College as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the College were as follows:

College's proportionate share of the collective Net OPEB Liability	$ 71,519,923
State's proportionate share that is associated with the College	60,737,347
Total	$132,257,270

The net OPEB liability was measured as of August 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The College's portion of the net OPEB liability was based on the College's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2016 through August 31, 2017.

At the measurement date August 31, 2017, the College's proportion of the collective net OPEB liability was 0.20990197%. Since this is the first year of implementation, the College does not have the proportion measured as of August 31, 2016. The Notes to the Financial Statements for August 31, 2016 for ERS stated that the change in proportion was immaterial and, therefore, disregarded this year.

NOTE 20 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

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

For the year ended August 31, 2018, the College recognized total OPEB expense of $5,146,833 and revenue for support provided by state and federal sources of $3,311,352.

At August 31, 2018, the College reported its proportionate share of the ERS's collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	$ -	$ 859,440
Changes in actuarial assumptions	-	14,953,958
Differences between projected and actual investment earnings	21,175	-
Changes in proportion and differences between the employer's contributions and proportionate share of contributions	-	-
Total as of August 31, 2017 measurement date	$ 21,175	$ 15,813,398
Contributions paid to ERS subsequent to the measurement date	1,993,992	-
Total as of fiscal year end	$ 2,015,167	$ 15,813,398

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

Year ended August 31,	
2019	$ (3,556,282)
2020	(3,556,282)
2021	(3,556,282)
2022	(3,556,282)
2023	(1,567,095)
Thereafter	-
Total	$ (15,792,223)

NOTE 21 - AD VALOREM TAX

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

NOTE 21 - AD VALOREM TAX (CONTINUED)

At August 31, 2018:

Assessed valuation of the District	$ 15,082,945,038
Less: exemptions	2,168,266,027
Net assessed valuation of the District	$ 12,914,679,011

	Current Operations	Debt Service	Total
Tax rate per $100 valuation for authorized (maximum per enabling legislation)	$ .20000	$ .50000	$ .70000
Tax rate per $100 valuation for assessed	.15619	.05131	.20750

Taxes levied for the year ended August 31, 2018, were $25,813,763 (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.

Taxes Collected	Current Operations	Debt Service	Total
Current taxes collected	$ 19,218,948	$ 6,312,063	$ 25,531,011
Delinquent taxes collected	142,142	36,737	178,879
Penalties and interest collected	170,087	44,415	214,502
Total collections	$ 19,531,177	$ 6,393,215	$ 25,924,392

Tax collections for the year ended August 31, 2018, were 98.90% of the current tax levy. Allowance for uncollectible taxes is based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to either maintenance and operations or interest and sinking fund expenditures.

NOTE 22 - TAX ABATEMENTS

The College receives reduced property tax revenues as a result of exemptions granted by the City of Amarillo. The exemptions are intended to promote economic development in the Amarillo area. For the fiscal year ended August 31, 2018, the College's property tax revenues were reduced by $388,838 under these exemptions. There are no significant abatements made by the College.

NOTE 23 - BRANCH CAMPUS MAINTENANCE TAX

A branch campus maintenance tax that is established by election is levied by Moore County and Hereford Independent School District. It is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District. Collections are transferred to the College to be used for operation of a branch campus in Dumas, Texas, and Hereford, Texas. This revenue is reported under local grant contracts. Collections in fiscal year 2018 (including penalties and interest) from Moore County totaled approximately $1,073,000, and from Hereford Independent School District totaled approximately $743,000.

NOTE 24 - INCOME TAXES

The College is exempt from income taxes under IRC Section 115, *Income of States, Municipalities, Etc*., although unrelated business income may be subject to income taxes under IRC Section 511(a)(2)(B), *Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations.* The College had no significant unrelated business income for the year ended August 31, 2018.

NOTE 25 - RELATED PARTIES

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

The Foundation remitted restricted gifts of approximately $66,000 to the College during the year ended August 31, 2018. During the fiscal year, the College furnished certain services, such as office space, utilities and some staff assistance, to the Foundation. The amount of such services provided by the College has not been determined.

NOTE 26 - BLENDED COMPONENT UNIT

Amarillo Foundation for Education and Business

On November 14, 2012, the Board of Regents entered into an agreement with an independent foundation entitled Amarillo Foundation for Education and Business (AFEB) for the sole purpose of selling land on East Campus. The land is held by the College which, in turn, sells the land to AFEB when AFEB has found a buyer. The board of directors consists of five members, two of whom are appointed by PRANA Development Group, LLC, and three members who are appointed by the College. AFEB is considered a blended component unit of the College. There were no sales during the fiscal year ended August 31, 2018.

NOTE 26 - BLENDED COMPONENT UNIT (CONTINUED)

Amarillo Foundation for Education and Business (Continued)

Condensed Statements of Net Position
August 31, 2018

Assets	
Current assets	$ 8,230
Total assets	8,230
Liabilities	-
Net position	
Restricted	8,230
Total net position	$ 8,230

Condensed Statements of Revenues, Expenses and Changes in Net Position
August 31, 2018

Operating revenues	$ -
Total revenues	-
Operating expenses	175
Total expenses	175
Decrease in net position	(175)
Net position	
Net position, beginning of year	8,405
Net position, end of year	$ 8,230

Condensed Statements of Cash Flows
August 31, 2018

Net cash used by operating activities	$ (175)
Net decrease in cash and cash equivalents	(175)
Cash and cash equivalents, beginning of year	8,405
Cash and cash equivalents, end of year	$ 8,230

NOTE 27 - 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.

NOTE 27 - NEW GASB PRONOUNCEMENTS (CONTINUED)

Recently Issued Accounting Pronouncements

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 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 implemented this statement in 2018.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (AROs). It requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred and requires that a deferred outflow of resources associated with an ARO to be measured at the amount of the corresponding liability upon initial measurement. In addition, this statement requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation, at least annually, and requires a government to evaluate all relevant factors, at least annually, and requires a government to evaluate all relevant factors, at least annually, to determine whether the effects of one or more of the factors are expected to significantly change the estimated asset retirement outlays. In cases where governments are legally required to provide funding or other financial assurance for their performance of asset retirement activities, this statement requires disclosure of how those funding and assurance requirements are being met, as well as the amount of any assets restricted for payment of the government's AROs, if not separately displayed in the financial statements. This statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. GASB 83 is effective for financial statements for reporting periods beginning after June 15, 2018. The College implemented this statement in 2018.

GASB Statement No. 84, *Fiduciary Activities*, the objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement establishes criteria for identifying fiduciary activities of all state and local governments. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. GASB No. 84 is effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The College is currently evaluating the effect of this statement on their financial statements.

GASB Statement No. 85, *Omnibus 2017,* the objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB

NOTE 27 - NEW GASB PRONOUNCEMENTS (CONTINUED)

Recently Issued Accounting Pronouncements (Continued)

statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). GASB 85 is effective for reporting periods beginning after June 15, 2017. The College implemented this statement in 2018.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, the primary objective of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance debt that is extinguished and notes to financial statements for debt that is defeased in substance. GASB 86 is effective for reporting periods beginning after June 15, 2017. The College implemented this statement in 2018.

GASB Statement No. 87, *Leases,* the objective of this statement is to better meet the information needs of the financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB 87 is effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The College is currently evaluating the effect of this statement on their financial statements.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Borrowing and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The College is currently evaluating the effect of this statement on their financial statements.

NOTE 27 - NEW GASB PRONOUNCEMENTS (CONTINUED)

Recently Issued Accounting Pronouncements (Continued)

GASB Statement No. 89, *Accounting For Interest Cost Incurred Before the End of a Construction Period.* The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of *Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The College is currently evaluating the effect of this statement on their financial statements.

GASB Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition. The requirements of this Statement are effective for reporting periods

NOTE 27 - NEW GASB PRONOUNCEMENTS (CONTINUED)

Recently Issued Accounting Pronouncements (Continued)

beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. The College is currently evaluating the effect of this statement on their financial statements.

NOTE 28 - SUBSEQUENT EVENTS

The College evaluated for inclusion as a subsequent event disclosure those events that occurred prior to November 27, 2018, the date the financial statements were issued.

On January 23, 2018 the Amarillo College Board of Regents at its regular board meeting approved the sale of a 6.2588-acre tract of land to the City of Hereford at fair market value ($218 thousand). The citizens of Hereford voted on November 6, 2018 to approve the joint use of funds from the Hereford Economic Development Corporation ($2.5 million) and reserve funds from the City of Hereford ($4 million) to be used toward acquiring land and constructing a new civic center that would be adjacent to the Amarillo College Campus in Hereford.

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

THIS PAGE INTENTIONALLY LEFT BLANK

UNDERWOOD

GERALD BYBEE
Phone: 806.379.0380
Fax: 806.379.0316
www.uwlaw.com
Gerald.Bybee@uwlaw.com

ADDRESS:
500 S. Taylor Street
Suite 1200, LB 233
Amarillo, TX 79101-2446
MAILING ADDRESS:
P.O. Box 9158
Amarillo, TX 79105-9158

September 5, 2019

$27,690,000 AMARILLO JUNIOR COLLEGE DISTRICT
GENERAL OBLIGATION BONDS
SERIES 2019

WE HAVE represented Amarillo Junior College District (the "District") as its bond counsel, in connection with an issue of bonds (the "Bonds") described as follows:

AMARILLO JUNIOR COLLEGE DISTRICT GENERAL
OBLIGATION BONDS, SERIES 2019, dated August 1, 2019

> The Bonds mature, bear interest, are subject to redemption prior to maturity and may be transferred and exchanged as set out in the Bonds and in the order adopted by the Board of Regents of the District authorizing their issuance (the "Order").

WE HAVE represented the District as bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and rendering an opinion with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the District or the disclosure thereof in connection with the sale of the Bonds. Our role in connection with the District's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein. We have also examined applicable provisions of the Internal Revenue Code of 1986 as amended (the "Code"), court decisions, Treasury Regulations, and published rulings of the Internal Revenue Service as we have deemed relevant.

IN OUR CAPACITY as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Bonds, on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the District, customary certificates of officers, agents, and representatives of the District and other public officials and other certified showings relating to the authorization and issuance of the Bonds. We have also examined executed Bond No. T-1.

BASED ON SUCH EXAMINATION, IT IS OUR OPINION THAT:

(A) The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective and that therefore, the Order and the Bonds constitute valid and legally binding obligations of the District; and

(B) The Bonds are payable, both as to principal and interest, from the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property located within the District; and

(C) Interest on the Bonds is excludable from gross income for federal income tax purposes under existing law; and

(D) Interest on the Bonds will not be included in the owner's alternative minimum taxable income under section 55 of the Internal Revenue Code of 1986.

THE RIGHTS OF THE OWNERS of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

In providing such opinions, we have relied on legal opinions of the Attorney General of the State of Texas regarding the legality and validity of the Bonds under the Constitution and laws of the State of Texas and representations of the District and the Purchaser with respect to matters solely within the knowledge of the District and the Purchaser, respectively, which we have not independently verified. In addition, we have assumed for purposes of this opinion continuing compliance with the covenants in the Order pertaining to those sections of the Code that affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. In the event that such representations are determined to be inaccurate or incomplete or the District fails to comply with the foregoing covenants of the Order, interest on the Bonds could become includable in gross income from the date of their original delivery, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, we express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or the acquisition, ownership or disposition of, the Bonds.

Owners of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, taxpayers owning an interest in a FASIT that holds tax-exempt obligations and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively-connected earnings and profits (including tax-exempt interest such as interest on the Bonds).

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective.

Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the District as the taxpayer. We observe that the District has covenanted in the Order not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

Sincerely,

THIS PAGE INTENTIONALLY LEFT BLANK

Financial Advisory Services
Provided By