

**AMARILLO INDEPENDENT
SCHOOL DISTRICT**
Amarillo, Texas

ANNUAL FINANCIAL REPORT
Year Ended June 30, 2019

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CERTIFICATE OF BOARD

Amarillo Independent School District
Name of School District

Potter
County

188-901
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial report of the above-named school district was reviewed and approved (X)/disapproved () for the year ended June 30, 2019, at a meeting of the board of trustees of such school district on the 14th day of November, 2019.

Susan Hoyl
Signature of Board Secretary

Robin Malone
Signature of Board President

If the annual financial report was checked above as disapproved, the reason(s) therefore is/are (attach list if necessary):

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Independent Auditor's Report

The Board of Trustees
Amarillo Independent School District
Amarillo, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Amarillo Independent School District (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2019, and the respective changes in financial position, where applicable, and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedule-General Fund, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of the District's Contributions, Schedule of the District's Proportionate Share of the Net Other Post-Employment Benefits (OPEB) Liability, Schedule of District's Contributions to the OPEB Plan, and Notes to Required Supplemental Information on pages 7 through 14 and 78 through 84 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining statements and other schedules listed in the table of contents 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 is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the Schedule of Expenditures of Federal Awards 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 combining and individual nonmajor fund financial statements and schedules and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Connor McMillon Mitchell & Shennum PLLC

Amarillo, Texas
November 14, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Amarillo Independent School District's (the District's) annual financial report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2019. Please read this section in conjunction with the District's financial statements, which follow this section.

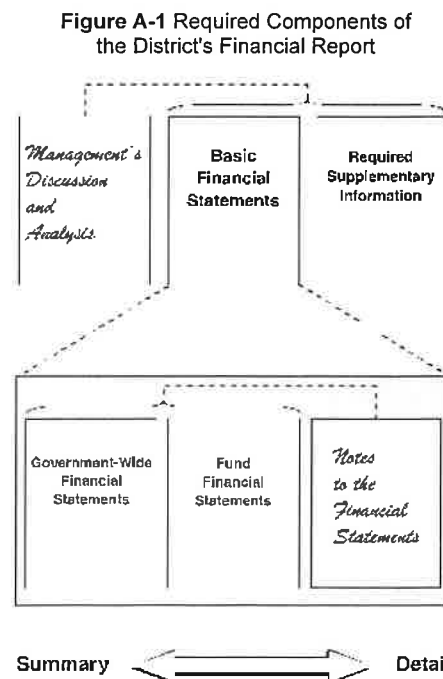
FINANCIAL HIGHLIGHTS

- The District's combined net position was \$87,544,806 as of June 30, 2019.
- During the year, the District's expenses were \$32,228,195 less than the \$350,522,336 generated in taxes and other revenues.
- The general fund reported a fund balance this year of \$138,797,606 of which \$20,000,000 was committed and \$7,000,000 was assigned for future capital acquisition. The capital projects fund reported a fund balance of \$103,653,576 that is restricted for capital acquisition.
- In the District's business-type activities, revenue exceeded expenses by \$369,915.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$111,756,652 or 41% of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the government, reporting the District's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.
- Proprietary fund statements offer short- and long-term financial information about the activities the government operates like businesses, such as the Office Park Fund.
- Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements

<i>Type of Statements</i>	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
<i>Scope</i>	Entire District's government (except fiduciary funds) and the Agency's component units	The activities of the District that are not proprietary or fiduciary	Activities the District operates similar to private businesses; self insurance	Instances in which the District is the trustee or agent for someone else's resources
<i>Required financial statements</i>	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, & changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses, and changes in fund net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net position — the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources — is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's tax base.

The government-wide financial statements of the District include the governmental activities and business-type activities. Most of the District's basic services are included in the governmental activities, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration. Property taxes and grants finance most of these activities. The business-type activities of the District primarily relate to the operations of its office complex and an extended day program.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has three kinds of funds:

- **Governmental funds** – Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- **Proprietary funds** – Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information.
- **Fiduciary funds** – The District is trustee, or fiduciary, for certain funds. It is also responsible for other assets that – because of a trust arrangement – can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The following tables are reported in thousands and, accordingly, reflect rounding differences when compared to the Basic Financial Statements.

Net position. The District's combined net position was approximately \$87.5 million at June 30, 2019. (See Table A-1.)

Table A-1
Amarillo Independent School District's Net Position
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 350.9	\$ 329.5	\$ 5.5	\$ 5.4	\$ 356.4	\$ 334.9
Capital	247.0	231.9	1.2	1.1	248.2	233.0
Total Assets	597.9	561.4	6.7	6.5	604.6	567.9
Deferred outflows of resources	63.6	21.7	-	-	63.6	21.7
Current liabilities	61.8	50.0	0.1	0.2	61.9	50.2
Long-term liabilities	475.2	432.8	-	-	475.2	432.8
Total Liabilities	537.0	482.8	0.1	0.2	537.1	483.0
Deferred inflows of resources	43.6	51.3	-	-	43.6	51.3
Net position:						
Invested in capital assets	75.9	70.0	1.2	1.1	77.1	71.1
Restricted	19.4	18.1	-	-	19.4	18.1
Unrestricted	(14.4)	(39.1)	5.4	5.2	(9.0)	(33.9)
Net Position	\$ 80.9	\$ 49.0	\$ 6.6	\$ 6.3	\$ 87.5	\$ 55.3

Approximately \$9.0 million of the District's restricted net position represents proceeds from local taxes. These proceeds when spent are restricted for debt service. The \$(9.0) million of unrestricted net position does not reflect the resources available to fund the programs of the District next year.

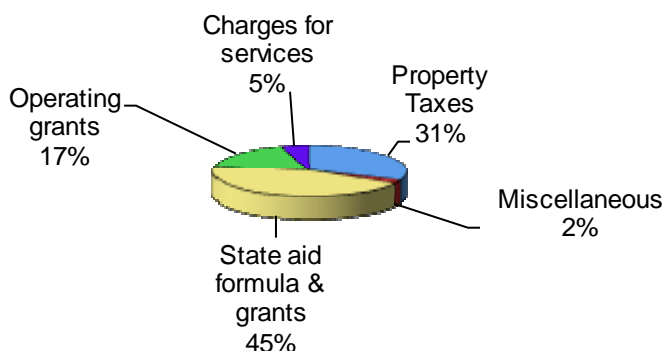
Changes in net position. The District's total revenues, before extraordinary items, were \$350.5 million. This is an increase of approximately \$71.2 million from the prior year, which is primarily the result of an increase in property tax revenue, a decrease in state aid and a significant increase in operating grants and contributions mainly due to the accounting for the TRS pension plan and TRS Care postemployment benefits. A significant portion, 31%, of the District's revenue comes from taxes. (See Figure A-3.) State aid formula and operating grants provide 45% and 17%, respectively, while only 5% relates to charges for services and 2% for miscellaneous sources. The District reported an extraordinary net sources related to settlement of \$25 million, which represents the settlement of a lawsuit and costs related to repairs and pursuing the settlement for hail damage to buildings that occurred in May 2013.

As a result of implementing GASB 68, *Accounting and Financial Reporting for Pensions*, there are three categories on the Statement of Net Position – deferred resource outflow related to TRS of \$47.6 million, deferred resource inflow related to TRS of \$6.0 million, and net pension liability of \$95.6 million that represents the District's proportionate share of the Teacher Retirement System pension liability.

As a result of implementing the new GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, there are three categories on the Statement of Net Position – deferred resource outflow related to TRS of \$14.2 million, deferred resource inflow related to TRS of \$37.6 million, and net liability of \$119.0 million that represents the District's proportionate share of the Teacher Retirement System health insurance liability.

The total cost of all programs and services was approximately \$343.3 million; 84% of these costs are for instructional and instructional related, instructional and campus leadership, and student services.

Figure A-3
District Sources of Revenue for Fiscal Year 2019



Governmental Activities

- Property tax rates increased in 2019 by \$.05 per \$100 valuation for operating costs and debt service requirements due to the issuance of the new bonds in 2018.
- Property values increased by \$226.2 million or 2.5%.
- State formula aid decreased 3% due to a decrease in student enrollment.

Table A-2
Changes in Amarillo Independent School District's Net Position
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
<u>Program revenues:</u>						
Charges for services	\$ 15.0	\$ 17.8	\$ 1.8	\$ 1.8	\$ 16.8	\$ 19.6
Operating grants & contributions	60.9	(6.6)	-	-	60.9	(6.6)
Capital grants & contributions	-	0.1	-	-	-	0.1
<u>General revenues:</u>						
Property taxes	109.3	102.8	-	-	109.3	102.8
State aid formula & grants	156.1	160.9	-	-	156.1	160.9
Other	7.3	2.4	-	-	7.3	2.4
Total Revenues	348.6	277.4	1.8	1.8	350.4	279.2
Expenses						
Instruction	200.4	128.2	-	-	200.4	128.2
Instructional resources and media services	4.1	2.7	-	-	4.1	2.7
Curriculum and instructional staff development	10.6	7.3	-	-	10.6	7.3
Instructional leadership	3.7	2.3	-	-	3.7	2.3
School leadership	18.2	10.9	-	-	18.2	10.9
Guidance, counseling, and evaluation services	13.2	7.9	-	-	13.2	7.9
Social work services	1.1	0.7	-	-	1.1	0.7
Health services	4.2	2.7	-	-	4.2	2.7
Student transportation	4.1	4.0	-	-	4.1	4.0
Food services	18.8	16.2	-	-	18.8	16.2
Cocurricular/extracurricular activities	8.8	7.3	-	-	8.8	7.3
General administration	5.9	4.1	-	-	5.9	4.1
Plant maintenance and operations	29.2	22.9	-	-	29.2	22.9
Security and monitoring services	1.3	1.4	-	-	1.3	1.4
Data processing services	5.0	4.7	-	-	5.0	4.7
Community services	1.2	0.7	-	-	1.2	0.7
Debt service	10.1	8.5	-	-	10.1	8.5
Payments to fiscal agent/member districts of shared svc arrangements	0.7	0.6	-	-	0.7	0.6
Intergovernmental charges	1.1	1.0	-	-	1.1	1.0
Other	-	-	1.5	1.5	1.5	1.5
Total Expenses	341.7	234.1	1.5	1.5	343.2	235.6
Excess before special items -						
Governmental activities	6.9	43.3	-	-	6.9	43.3
Business-type activities	-	-	0.3	0.3	0.3	0.3
Total government	6.9	43.3	0.3	0.3	7.2	43.6
Extraordinary gain (loss) on settlement	25.0	(3.1)	-	-	25.0	(3.1)
Increase in net position	31.9	40.2	0.3	0.3	32.2	40.5
Net position, beginning of year, restated	49.0	184.4	6.3	6.0	55.3	190.4
Prior period adjustment	-	(175.6)	-	-	-	(175.6)
Net position, end of year	\$ 80.9	\$ 49.0	\$ 6.6	\$ 6.3	\$ 87.5	\$ 55.3

Table A-3 presents the cost of each of the District's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues and local tax dollars.

- The cost of all governmental activities this year was \$341.7 million.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$109.3 million.
- Some of the cost was paid by those who directly benefited from the programs, \$15.0 million, or by grants and contributions, \$60.9 million.

Table A-3
Net Cost of Selected District Functions
(in millions of dollars)

	Total Cost of			Net Cost of		
	Services		%	Services		%
	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>2019</u>	<u>2018</u>	<u>Change</u>
Instruction	200.4	128.2	56.3%	160.4	132.6	21.0%
School leadership	18.2	10.9	67.0%	16.3	13.3	22.6%
Guidance, counseling & evaluation services	13.2	7.9	67.1%	10.3	8.1	27.2%
Food services	18.8	16.2	16.0%	0.2	-2.5	-108.0%
Plant maintenance & operations	29.2	22.9	27.5%	26.9	25.3	6.3%

Business-type Activities

The District's business-type activities in the current year represent two different enterprises. The operations of the office park the District owns are shown in business activity one, the net income of which increased by \$3,907 from the prior year. The reason for this increase is a slight decrease in operating costs. Business activity two reflects the operations of the District's extended school day activities with an emphasis on tutoring and reinforcing the regular classroom teaching. Profit for this activity increased by \$15,700 due to a slight decrease in payroll expense.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$339.3 million. The increase in local revenues is a result of increases in property tax revenue and investment earnings. The state revenue decrease was due to a decrease in student enrollment. The increase in federal revenue is the result of higher Medicaid claims for the current year.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget 10 times. After these adjustments, actual expenditures were \$10.9 million or 3.8% below final budget amounts. The most significant positive variances were in instruction, plant maintenance and operations, and facilities acquisition and construction. The variance in the instructional area was predominantly caused by the reduction in staff due to the loss of student enrollment during the year. In the plant maintenance and operations and the facilities acquisition and construction functional areas, the positive variance was due to several large repair and construction projects not being complete by year-end. The Board of Trustees designated a portion of the fund balance to provide for the completion of these projects. Conservative spending by budget managers is also a large factor for the positive variance in all areas.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2019, the District had invested \$503.9 million in a broad range of capital assets, including land, buildings, equipment, vehicles, and construction in progress. (See Table A-4.) This amount represents a \$27.3 million increase from the previous year.

Table A-4
District's Capital Assets
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	15.4	15.4	0.2	0.2	15.6	15.6
Buildings and improvements	415.1	406.1	3.4	3.3	418.5	409.4
Furniture and equipment	30.8	28.9	-	-	30.8	28.9
Equipment purchased under capital lease	1.5	1.5	-	-	1.5	1.5
Other depreciable capital assets	15.4	13.9	-	-	15.4	13.9
Construction in progress	22.0	7.3	0.1	-	22.1	7.3
	500.2	473.1	3.7	3.5	503.9	476.6
Less accumulated depreciation	(253.2)	(241.2)	(2.5)	(2.4)	(255.7)	(243.6)
	247.0	231.9	1.2	1.1	248.2	233.0

The District's taxpayers approved a bond issue in May 2013 for \$99.45 million and issued the first installment in July 2013. The District issued refunded debt in August 2014 and issued the second installment of the approved bond issue in April 2015. The final installment of the approved bond issue was sold in July, 2016. A new elementary school is scheduled to be built in southeast Amarillo with these proceeds as soon as there are a sufficient number of homes built in the area. More detailed information about the District's capital assets is presented in the notes to the financial statements.

The District's taxpayers approved an additional bond issue in November, 2017 for \$100 million. The District issued three installments during the 2017-18 year for the entire \$100 million. The 2018 bonds were issued in January, 2018 for \$51.2 million; the 2018A bonds were issued in February, 2018 for \$2.0 million; and the 2018B bonds were issued in May, 2018 for \$36.4 million.

Long-Term Debt

At the end of the year the District had \$245.8 million in bonds outstanding as shown in Table A-5. This balance represents a 2.8% decrease from the previous year. One rating agency, Standard & Poor's, moved the District's bond rating up in 2009 to AA+ from AA. Moody's Investor Services rates the District as Aa. However, due to the guarantee of school district bonds by the Texas Permanent School Fund, the District's underlying bond rating is Aaa and AAA from Moody's Investor Services and Standard & Poor's, respectively. More detailed information about the District's debt is presented in the notes to the financial statements. Also included in long-term debt is premium on bonds, compensated absences, and capital lease obligations.

Table A-5
District's Bonds Payable
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Bonds payable	245.8	252.9	-	-	245.8	252.9
Less amounts due within one year	6.4	7.2	-	-	6.4	7.2
	<u>239.4</u>	<u>245.7</u>	<u>-</u>	<u>-</u>	<u>239.4</u>	<u>245.7</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised property values used for the 2019-20 budget preparation were up \$298.7 million, or about 3.2% from the previous year.
- General operating fund expenditures increased in the 2019-20 budget by 7% over the original 2018-19 budget. Among the larger increases in the budget was a 4% raise for all professional employees, a 5.5% raise for all paraprofessional employees, and an increase in staff for special populations of students and the newly-required full-day prekindergarten of \$5.4 million.

These indicators were taken into account when adopting the general fund budget for 2019-20. Amounts available for appropriation in the general fund budget are \$289.3 million.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Office at (806) 326-1121.

BASIC FINANCIAL STATEMENTS

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AMARILLO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2019

Data Control Codes		Primary Government		
		Governmental Activities	Business Type Activities	Total
ASSETS				
1110	Cash and cash equivalents	\$ 219,291,936	\$ 5,640,181	\$ 224,932,117
1120	Investments	85,035,118	-	85,035,118
	Receivables:			
1220	Property taxes receivable	4,529,359	-	4,529,359
1230	Allowance for uncollectible taxes	(2,458,365)	-	(2,458,365)
1240	Due from other governments	41,520,973	-	41,520,973
1250	Accrued interest	476,748	-	476,748
1290	Other receivables	1,702,346	6,743	1,709,089
1300	Inventories, at cost	165,422	-	165,422
1410	Prepayments	534,699	20,743	555,442
	Capital assets:			
1510	Land	15,358,872	224,455	15,583,327
1520	Buildings and improvements (net)	193,922,864	804,028	194,726,892
1530	Furniture and equipment (net)	4,951,391	-	4,951,391
1540	Other depreciable capital assets (net)	10,729,165	19,125	10,748,290
1580	Construction in progress	22,069,162	115,908	22,185,070
1000	Total assets	597,829,690	6,831,183	604,660,873
DEFERRED OUTFLOWS OF RESOURCES				
1701	Deferred charge on refunding	1,790,693	-	1,790,693
1705	Deferred resource outflow related to TRS	47,597,969	-	47,597,969
1706	Deferred resource outflow related to TRS Care OPEB	14,219,884	-	14,219,884
1700	Total deferred outflows of resources	63,608,546	-	63,608,546
LIABILITIES				
2110	Accounts payable	11,823,718	33,201	11,856,919
2150	Payroll deductions and withholdings payable	1,653,865	-	1,653,865
2160	Accrued wages payable	30,932,202	73,335	31,005,537
2180	Due to other governments	506,427	681	507,108
2200	Accrued expenses	8,079,726	-	8,079,726
2300	Unearned revenues	822,932	29,685	852,617
	Non-current liabilities:			
2501	Due within one year	7,972,557	-	7,972,557
2502	Due in more than one year	260,563,362	-	260,563,362
2540	Net pension liability	95,634,192	-	95,634,192
2545	Net liability for other post employment benefits	119,005,971	-	119,005,971
2000	Total liabilities	536,994,952	136,902	537,131,854
DEFERRED INFLOWS OF RESOURCES				
2605	Deferred resource inflow related to TRS	5,960,204	-	5,960,204
2606	Deferred resource inflow related to TRS Care OPEB	37,632,555	-	37,632,555
2600	Total deferred inflows of resources	43,592,759	-	43,592,759
NET POSITION				
3200	Net investment in capital assets	75,918,971	1,163,516	77,082,487
	Restricted for:			
3820	Federal and state programs	3,919,380	-	3,919,380
3850	Debt service	9,012,503	-	9,012,503
3860	Construction	4,057,834	-	4,057,834
3890	Campus activities	2,513,911	-	2,513,911
3900	Unrestricted	(14,572,074)	5,530,765	(9,041,309)
3000	Total net position	\$ 80,850,525	\$ 6,694,281	\$ 87,544,806

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

AMARILLO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

Data Control Codes		1	Charges for Program Revenues		
			3	4	5
		Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES					
11	Instruction	\$ 200,434,237	\$ 8,616,737	\$ 31,391,446	\$ -
12	Instructional resources and media services	4,077,669	90,852	464,978	-
13	Curriculum and instructional staff development	10,630,117	187,137	3,672,890	-
21	Instructional leadership	3,704,728	385,292	433,036	-
23	School leadership	18,152,003	190,721	1,666,662	-
31	Guidance, counseling, and evaluation services	13,228,861	1,008,746	1,945,399	-
32	Social work services	1,069,603	19,013	740,576	-
33	Health services	4,236,601	39,072	673,159	-
34	Student transportation	4,126,252	542,227	10,547	-
35	Food services	18,803,173	2,692,775	15,874,632	-
36	Cocurricular/extracurricular activities	8,791,136	873,327	426,056	-
41	General administration	5,949,986	3,598	496,763	-
51	Plant maintenance and operations	29,229,514	191,006	2,167,002	7,730
52	Security and monitoring services	1,330,228	3,452	60,408	-
53	Data processing services	4,957,640	-	226,005	-
61	Community services	1,236,931	8,432	650,134	-
72	Debt service - interest on long-term debt	10,051,595	-	-	-
73	Debt service - bond issuance and servicing fees	3,750	-	-	-
93	Payments to fiscal agent/member districts of shared services arrangements	678,883	190,674	-	-
95	Payments to juvenile justice alternative education programs	46,428	-	-	-
99	Intergovernmental charges	1,120,680	-	-	-
TG	TOTAL GOVERNMENTAL ACTIVITIES	341,860,015	15,043,061	60,899,693	7,730
BUSINESS-TYPE ACTIVITIES					
01	Office Park rental activities	499,542	535,730	-	-
02	Extended Day School activities	958,132	1,291,859	-	-
TB	TOTAL BUSINESS-TYPE ACTIVITIES	1,457,674	1,827,589	-	-
TP	TOTAL PRIMARY GOVERNMENT	\$ 343,317,689	\$ 16,870,650	\$ 60,899,693	\$ 7,730

Data Control Codes	
GENERAL REVENUES	
Taxes	
MT	Property taxes, levied for general purposes
DT	Property taxes, levied for debt service
SF	State aid - formula grants
IE	Investment earnings
MI	Miscellaneous
Total general revenues	
EXTRAORDINARY ITEMS	
E1	Settlement proceeds
E2	Costs related to settlement
Total extraordinary items	
TR	Total general revenues and extraordinary items
CN	CHANGE IN NET POSITION
NB	NET POSITION, BEGINNING OF YEAR
NE	NET POSITION, END OF YEAR

Net (Expense) Revenue and Changes in Net Position		
6	7	8
Governmental Activities	Business Type Activities	Total
\$ (160,426,054)	\$ -	\$ (160,426,054)
(3,521,839)	-	(3,521,839)
(6,770,090)	-	(6,770,090)
(2,886,400)	-	(2,886,400)
(16,294,620)	-	(16,294,620)
(10,274,716)	-	(10,274,716)
(310,014)	-	(310,014)
(3,524,370)	-	(3,524,370)
(3,573,478)	-	(3,573,478)
(235,766)	-	(235,766)
(7,491,753)	-	(7,491,753)
(5,449,625)	-	(5,449,625)
(26,863,776)	-	(26,863,776)
(1,266,368)	-	(1,266,368)
(4,731,635)	-	(4,731,635)
(578,365)	-	(578,365)
(10,051,595)	-	(10,051,595)
(3,750)	-	(3,750)
(488,209)	-	(488,209)
(46,428)	-	(46,428)
(1,120,680)	-	(1,120,680)
(265,909,531)	-	(265,909,531)
-	36,188	36,188
-	333,727	333,727
-	369,915	369,915
\$ (265,909,531)	\$ 369,915	\$ (265,539,616)
\$ 95,330,493	\$ -	\$ 95,330,493
14,001,980	-	14,001,980
156,122,972	-	156,122,972
6,538,519	-	6,538,519
750,299	-	750,299
272,744,263	-	272,744,263
32,754,388	-	32,754,388
(7,730,840)	-	(7,730,840)
25,023,548	-	25,023,548
297,767,811	-	297,767,811
31,858,280	369,915	32,228,195
48,992,245	6,324,366	55,316,611
\$ 80,850,525	\$ 6,694,281	\$ 87,544,806

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

**AMARILLO INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019**

Data Control Codes		10	60	98	
		General Fund	Capital Projects Fund	Other Funds	Total Governmental Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Assets:					
1110	Cash and cash equivalents	\$ 87,486,528	\$ 74,734,194	\$ 17,398,217	\$ 179,618,939
1120	Investments	44,040,488	34,998,290	-	79,038,778
Receivables:					
1225	Taxes receivable, net	1,817,567	-	253,427	2,070,994
1240	Due from other governments	36,174,958	-	5,346,015	41,520,973
1250	Accrued interest	223,715	196,896	-	420,611
1260	Due from other funds	2,804,900	-	2	2,804,902
1290	Other receivables	725,612	-	345,885	1,071,497
1300	Inventories, at cost	40,954	-	124,468	165,422
1410	Other current assets	529,844	-	4,855	534,699
1000	Total assets	<u>\$ 173,844,566</u>	<u>\$109,929,380</u>	<u>\$ 23,472,869</u>	<u>\$ 307,246,815</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
2110	Accounts payable	\$ 3,095,529	\$ 6,270,860	\$ 1,278,432	\$ 10,644,821
2150	Payroll deductions and withholdings payable	1,653,865	-	-	1,653,865
2160	Accrued wages payable	28,053,260	4,400	2,874,512	30,932,172
2170	Due to other funds	-	337	2,718,358	2,718,695
2180	Due to other governments	411,399	207	94,754	506,360
2300	Unearned revenue	15,340	-	807,592	822,932
2000	Total liabilities	<u>33,229,393</u>	<u>6,275,804</u>	<u>7,773,648</u>	<u>47,278,845</u>
Deferred Inflows of Resources:					
2601	Unavailable revenue - property taxes	1,817,567	-	253,427	2,070,994
2600	Total deferred inflows of resources	<u>1,817,567</u>	<u>-</u>	<u>253,427</u>	<u>2,070,994</u>
Fund Balances:					
Nonspendable fund balance:					
3410	Investment in inventories	40,954	-	124,468	165,422
Restricted fund balance:					
3450	Food service	-	-	3,794,912	3,794,912
3470	Capital acquisition program	-	103,653,576	-	103,653,576
3480	Retirement of long-term debt	-	-	9,012,503	9,012,503
3490	Campus activities	-	-	2,513,911	2,513,911
Committed fund balance:					
3510	Capital acquisition	20,000,000	-	-	20,000,000
3570	Assigned fund balance	7,000,000	-	-	7,000,000
3600	Unassigned fund balance	111,756,652	-	-	111,756,652
3000	Total fund balances	<u>138,797,606</u>	<u>103,653,576</u>	<u>15,445,794</u>	<u>257,896,976</u>
4000	Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 173,844,566</u>	<u>\$109,929,380</u>	<u>\$ 23,472,869</u>	<u>\$ 307,246,815</u>

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

AMARILLO INDEPENDENT SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position
June 30, 2019

Total fund balances - governmental funds (from Exhibit C-1)	<u>\$257,896,976</u>
1 The District uses an internal service fund to charge the costs of self-insurance and the District's motor coach transportation pool to appropriate functions in other funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.	42,001,144
2 Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. The net effect of including the balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to decrease net position.	(235,356,448)
3 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. Long-term liabilities related to compensated absences payable were adjusted to reflect the net change accrued during the year. The net effect of including the 2019 capital outlays, debt principal payments and changes in other long-term liabilities was to increase net position.	36,017,442
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$40,126,224, a deferred resource inflow related to TRS in the amount of \$3,426,848, and a deferred resource outflow related to TRS in the amount of \$29,310,177. This amounted to a decrease in net position in the amount of \$7,392,259.	(7,392,259)
5 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75 in the amount of \$18,934,701. The net position related to TRS OPEB included a deferred resource outflow in the amount of \$12,821,077, and a deferred resource inflow in the amount of \$4,227,447. This amounted to a decrease in net position in the amount of \$1,886,177.	(1,886,177)
6 The 2019 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(12,501,147)
7 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	2,070,994
19 Net position of governmental activities (see Exhibit A-1)	<u><u>\$ 80,850,525</u></u>

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

AMARILLO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2019

Data Control Codes		10	60	98
		General Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
5700	Local and intermediate sources	\$100,402,034	\$ 2,930,024	\$ 21,549,608
5800	State program revenues	165,984,100	-	5,932,377
5900	Federal program revenues	8,065,762	-	34,485,970
5020	Total revenues	274,451,896	2,930,024	61,967,955
EXPENDITURES				
0011	Instruction	166,491,575	-	19,732,825
0012	Instructional resources and media services	3,486,887	44,627	243,918
0013	Curriculum and instructional staff development	6,887,275	-	3,267,194
0021	Instructional leadership	3,275,764	-	286,574
0023	School leadership	16,640,221	-	273,756
0031	Guidance, counseling, and evaluation services	11,543,506	-	870,011
0032	Social work services	417,972	-	618,191
0033	Health services	3,669,649	-	346,894
0034	Student transportation	4,115,621	-	9,734
0035	Food services	71,945	-	18,109,279
0036	Cocurricular/extracurricular activities	6,703,642	-	337,080
0041	General administration	5,678,339	-	4,972
0051	Plant maintenance and operations	27,741,333	-	549,982
0052	Security and monitoring services	1,226,316	-	61,689
0053	Data processing services	4,904,399	-	-
0061	Community services	528,354	-	630,631
0071	Debt service - principal on long-term debt	226,869	-	7,171,782
0072	Debt service - interest on long-term debt	11,769	-	10,857,335
0073	Debt service - bond issuance & carrying costs	-	-	3,750
0081	Facilities acquisition and construction	8,688,725	17,445,995	30,730
0093	Payments to fiscal agent/member districts of shared services arrangements	678,883	-	-
0095	Payments to juvenile justice alternative education programs	46,428	-	-
0099	Intergovernmental charges	1,120,680	-	-
6030	Total expenditures	274,156,152	17,490,622	63,406,327
1100	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	295,744	(14,560,598)	(1,438,372)
OTHER FINANCING SOURCES (USES)				
7912	Sale of real or personal property	251	-	-
7913	Proceeds from capital leases	14,333	-	-
7080	Total other financing sources (uses)	14,584	-	-
SPECIAL ITEMS				
7919	Extraordinary items (resources)	32,754,388	-	-
8913	Extraordinary items (uses)	(7,730,840)	-	-
1200	NET CHANGE IN FUND BALANCE	25,333,876	(14,560,598)	(1,438,372)
0100	FUND BALANCES AT BEGINNING OF YEAR	113,463,730	118,214,174	16,884,166
3000	FUND BALANCES AT END OF YEAR	\$138,797,606	\$103,653,576	\$ 15,445,794

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

AMARILLO INDEPENDENT SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2019

Total net change in fund balances - governmental funds (from Exhibit C-3)	<u>\$ 9,334,906</u>
The District uses an internal service fund to charge the costs of self-insurance and the District's motor coach transportation pool to appropriate functions in other funds. The net income (loss) of the internal service fund is included in the governmental activities in the Statement of Activities. The net effect of this consolidation is to increase net position. (See Exhibit D-2)	8,206,083
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. There were also changes in the long-term liabilities with changes in compensated absences. The net effect of including the 2019 capital outlays and debt principal payments is to increase net position.	36,017,442
Depreciation is not recognized as an expense in the governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(12,501,147)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, and recognizing the liabilities associated with maturing, long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	79,432
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$5,097,933. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liabilities, causing a decrease in net position totaling \$4,988,947. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$7,501,245. The net results is a decrease in the change in position of \$7,392,259.	(7,392,259)
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$1,393,239. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability, causing a decrease in net position of \$1,383,144. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the net position by \$1,896,272. The net result is an decrease in the net position of \$1,886,177.	(1,886,177)
Change in net position of governmental activities (see Exhibit B-1)	<u><u>\$ 31,858,280</u></u>

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

AMARILLO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2019

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise</u>	<u>Internal Service</u>
	<u>Fund</u>	<u>Funds</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 5,640,181	\$ 39,672,997
Investments	-	5,996,340
Receivables:		
Accrued interest	-	56,137
Other receivables	6,743	625,953
Prepayments	20,743	-
Total current assets	<u>5,667,667</u>	<u>46,351,427</u>
Land, buildings and equipment:		
Land	224,455	-
Buildings and improvements, net	804,028	-
Furniture and equipment (net)	-	441,699
Other depreciable capital assets, net	19,125	-
Construction in progress	115,908	-
Total assets	<u>6,831,183</u>	<u>46,793,126</u>
LIABILITIES		
Current Liabilities		
Accounts payable	26,496	1,178,897
Accrued wages payable	73,335	30
Due to other funds	6,705	81,311
Due to other governments	681	67
Accrued expenditures or expenses	-	3,531,677
Unearned revenues	29,685	-
Total current liabilities	<u>136,902</u>	<u>4,791,982</u>
Total liabilities	<u>136,902</u>	<u>4,791,982</u>
NET POSITION		
Net investment in capital assets	1,163,516	441,699
Unrestricted net position	5,530,765	41,559,445
Total net position	<u>\$ 6,694,281</u>	<u>\$ 42,001,144</u>

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

AMARILLO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2019

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise</u>	<u>Internal Service</u>
	<u>Fund</u>	<u>Funds</u>
OPERATING REVENUES		
Charges for services	\$ 1,770,254	\$ 39,739,560
Total operating revenues	<u>1,770,254</u>	<u>39,739,560</u>
OPERATING EXPENSES		
Payroll costs	908,538	50,561
Purchased and contracted services	386,885	27,575,128
Supplies and materials	9,209	105,095
Other operating costs	79,664	4,847,936
Depreciation	<u>73,378</u>	<u>-</u>
Total operating expenses	<u>1,457,674</u>	<u>32,578,720</u>
Operating income	<u>312,580</u>	<u>7,160,840</u>
NONOPERATING REVENUES		
Interest and investment income	<u>57,335</u>	<u>1,045,243</u>
Total nonoperating revenues	<u>57,335</u>	<u>1,045,243</u>
CHANGE IN NET POSITION	369,915	8,206,083
NET POSITION - BEGINNING OF YEAR	<u>6,324,366</u>	<u>33,795,061</u>
NET POSITION - END OF YEAR	<u>\$ 6,694,281</u>	<u>\$ 42,001,144</u>

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

AMARILLO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2019

	Business- Type Activities	Governmental Activities
	Enterprise Fund	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 1,777,128	\$ 9,987,216
Payments to suppliers	(488,287)	(6,194,996)
Claims paid	-	(26,878,704)
Payments to employees	(895,311)	(50,509)
Internal activity - payments from other funds	-	29,868,903
Net cash provided by operating activities	<u>393,530</u>	<u>6,731,910</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(162,997)	-
Net cash used by capital and related financing activities	<u>(162,997)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	-	(3,072,900)
Interest on investments	57,335	1,045,243
Net cash provided (used) by investing activities	<u>57,335</u>	<u>(2,027,657)</u>
Net increase in cash and cash equivalents	287,868	4,704,253
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>5,352,313</u>	<u>34,968,744</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 5,640,181</u></u>	<u><u>\$ 39,672,997</u></u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 312,580	\$ 7,160,840
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	73,378	115,442
Change in assets and liabilities:		
(Increase) decrease in accrued interest receivable	-	(40,849)
(Increase) decrease in other receivables	7,289	(185,325)
(Increase) decrease in due from other funds	-	144,084
(Increase) decrease in other current assets	2,938	-
Increase (decrease) in accounts payable	(12,255)	(187,553)
Increase (decrease) in accrued wages payable	13,227	3
Increase (decrease) in due to other funds	(3,220)	81,311
Increase (decrease) in due to other governments	8	50
Increase (decrease) in accrued expenses	(415)	(356,093)
Net cash provided by operating activities	<u><u>\$ 393,530</u></u>	<u><u>\$ 6,731,910</u></u>

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

AMARILLO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2019

	Agency Funds	Private Purpose Trust Funds
ASSETS		
Cash and cash equivalents	\$ 175,631	\$ 658,195
Investments - current	-	1,306,587
Receivables:		
Due from other funds	136	1,673
Total assets	<u>\$ 175,767</u>	<u>\$ 1,966,455</u>
LIABILITIES		
Due to other governments	\$ -	\$ 12
Due to student groups	175,767	-
Total liabilities	<u>\$ 175,767</u>	<u>\$ 12</u>
NET POSITION		
Restricted for:		
Scholarships		\$ 1,937,446
Unrestricted net position		28,997
Total net position		<u>\$ 1,966,443</u>

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

**AMARILLO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
Year Ended June 30, 2019**

ADDITIONS

Miscellaneous local sources	\$ 85,048
Memorial contributions	44,249
Investment income	<u>119,447</u>
Total additions	<u>248,744</u>

DEDUCTIONS

Payroll costs	15,264
Purchased and contracted services	21,470
Supplies and materials	10,547
Other operating costs	<u>100,769</u>
Total deductions	<u>148,050</u>
Change in net position	100,694

NET POSITION - BEGINNING OF YEAR	<u>1,865,749</u>
NET POSITION - END OF YEAR	<u><u>\$1,966,443</u></u>

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

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Amarillo Independent School District (District) is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees that are elected by registered voters of the District. The District prepares its basic financial statements in conformity with Generally Accepted Accounting Principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB). Additionally, the District complies with the requirements of the appropriate version of the Texas Education Agency (TEA) *Financial Accountability System Resource Guide* (FASRG) and the requirements of contracts and grants of agencies from which it receives funds.

Reporting Entity

The Board of the District is elected by the public; has the authority to make decisions, appoint administrators and managers, significantly influence operations, and has the primary accountability for fiscal matters. Therefore, the District is not included in any other governmental "reporting entity" as defined by the GASB. There are no component units included within the reporting entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. The *governmental activities* are supported by tax revenues, grants and intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Since Internal Service Funds support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the District as a whole.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State of Texas are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered earned to the extent of the expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until the related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

The District reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund. Major revenue sources include local property taxes, state funding and interest earnings. Expenditures include all costs associated with the daily operations of the District except for specific programs funded by the federal or state government, food service, debt service, and capital projects that are funded by the issuance of bonds.

The *capital projects fund* is used to account for proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions.

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

Additionally, the District reports the following nonmajor governmental fund types:

Special Revenue Funds - The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most federal and some state and local financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Debt Service Fund - The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

The District reports the following proprietary funds:

The *internal service funds* account for the District's self-funded workers' compensation plan, medical insurance plan and dental insurance plan provided for the benefit of eligible employees. The plans are intended to be self-supporting and contributions for premiums are increased periodically to cover the cost of claims, insurance premiums and administrative fees. The internal service fund also accounts for the operations of the District's motor coach pool. These motor coaches are used primarily for extracurricular travel. This fund is also intended to be self-supporting through charges to users.

The *enterprise fund* accounts for the District's business-type activities, which consist primarily of the operations of an office complex owned by the District for the purpose of making a profit to offset the District's costs. The extended school day fund is used to account for the charges to parents for after-school care, the focus of which is reinforcing classroom instruction with coordination of the campus teachers.

Additionally, the District reports the following fiduciary funds:

Private Purpose Trust Funds - These funds are used to account for resources legally held in trust related to donations for scholarships.

Agency Funds - The District accounts for resources held for others in a custodial capacity in agency funds. The District's agency fund is the student activity fund.

Private-sector standards of accounting and financial reporting generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB.

Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund and internal service funds are charges to customers for rent, services, and user charges. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance

Deposits and Investments

The District'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 date of acquisition. Investments for the District are reported at fair value.

The funds of the District must be deposited and invested under the terms of a depository contract, contents of which are set out in the Depository Contract Law. The depository bank may either place approved pledged securities for safekeeping and trust with the District's agent bank or file a corporate surety bond in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of FDIC insurance.

Interfund Balances and Transfers

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Transfers are used to move revenue from the General Fund to other funds to assist with payment of expenditures in various funds.

Inventories and Prepaid Items

Inventories of supplies on the balance sheet are stated at lower of cost or market and they

**AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance (Continued)

Inventories and Prepaid Items (Continued)

include consumable maintenance and cafeteria items. Inventories of governmental funds are recorded as expenditures when they are consumed rather than when purchased.

Capital Assets

Capital assets, which include land, buildings, furniture and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

When assets are retired or otherwise disposed of, the related costs or other recorded amounts are removed.

Land, buildings, furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and building improvements	35
Site improvements	10-15
Furniture, fixtures & equipment	5-10
Information systems (computer equipment)	3
Automobiles	5
Buses	10

Compensated Absence

The District employees are entitled to one paid leave day per contract month. The District's vested obligations under this policy are accrued and are reflected as liabilities in government-wide financial statements.

Risks and Uncertainties

The District is exposed to various risks of loss related to torts; theft of, damage to and

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance (Continued)

Risks and Uncertainties (Continued)

destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the current fiscal year, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three years. The District offers its employees the option of participating in its self-insured health plan or an "opt out" health plan. The District is self-insured for workers' compensation.

Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of GASB pronouncements are met. Claims and judgments that mature or become due are recorded during the year as expenditures in the governmental funds. If they have not matured, no liability is recognized in the governmental fund statements. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

Arbitrage Payable

The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury for investment income received at yields that exceed the issuer's tax exempt borrowing rates. The Treasury requires payment for each issue every five years. The estimated liability is updated annually for all tax-exempt issuances or changes in yields until such time payment of the calculated liability is due. The District did not have an arbitrage liability due and payable as of June 30, 2019.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance (Continued)

Long-Term Obligations (Continued)

Interest on capital appreciation bonds is accreted over the term of the bonds and paid at maturity. Interest expense is not recognized in debt service until paid. The annual amount of accreted interest is recorded as an increase in bonds payable and is included in outstanding principal.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Teacher Retirement System of Texas (TRS) and additions to/deductions from TRS' fiduciary net position have been determined using the flow of economic resources measurement focus and full accrual basis of accounting. For this purpose, 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 Post-Employment Benefits (OPEB)

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan 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 resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities, and additions to/deductions from TRS Care'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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes 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/expenditure) until then. The District has three items totaling \$63,608,546 that qualify for reporting in this category—a deferred charge on refunding of bonds in the amount of \$1,790,693, a deferred outflow related to the District's net pension liability in the amount of \$47,597,969 and a deferred outflow related to the District's net OPEB liability of \$14,219,884.

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

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance (Continued)

Deferred Outflows/Inflows of Resources (Continued)

not be recognized as an inflow of resources (revenue) until that time. The District has two items totaling \$43,592,759 that qualify for reporting in this category—a deferred inflow related to the District's net pension liability in the amount of \$5,960,204 and a deferred inflow related to the District's net OPEB liability \$37,632,555.

Net Position

In the government-wide financial statements, the difference between the District's total assets, deferred outflows of resources and liabilities and deferred inflows of resources represents net position. Net position displays the following three components:

Net investment in capital assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted net position – This amount is restricted by creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted net position – This amount is the net position that does not meet the definition of "net investment in capital assets" or "restricted net position." It represents the amount available for future operations.

Fund Balances

In the governmental funds financial statements, fund balances are classified as follows:

Nonspendable fund balance – Includes amounts that cannot be spent because they are not in spendable form or they are legally or contractually required to be maintained intact.

Restricted fund balance – Includes amounts that are restricted to specific purposes because of state or federal laws or externally imposed conditions by grantors or creditors.

Committed fund balance – Includes amounts that can only be used for specific purposes as pursuant to official action by the Board of Trustees prior to the end of the reporting period.

Assigned fund balance – Comprises amounts the District intends to use for a specific purpose but is neither restricted nor committed. The superintendent has authority to assign fund balance.

Unassigned fund balance – Represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances (Continued)

When restricted and other fund balance resources are available for use, it is the District's policy to use restricted resources first, followed by committed, assigned and unassigned amounts, respectively.

Use of Estimates

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

Data Control Codes

The data control codes refer to the account code structure prescribed by TEA in the FASRG. The TEA requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a statewide database for policy development and funding plans.

Budgetary Data

The Board of Trustees adopts an "appropriated budget" for the General Fund, the Debt Service Fund and the National School Breakfast & Lunch Program, which is included in the Special Revenue Funds. At a minimum, the District is required to present the final amended budgeted revenues and expenditures compared to actual revenues and expenditures for these three funds in Exhibits G-1, J-4 and J-5.

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

1. Prior to June 19, the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year.

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year-end.

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits

The District's total cash and cash equivalents at year-end primarily consisted of deposits with the contracted depository bank and amounts invested in uninsured public fund investment pools (Investment Pools). Investment Pools invest in certain eligible investments, including obligations of the United States and the State of Texas and fully collateralized direct repurchase agreements.

Cash and cash equivalents included on the statement of net position consists of the following:

Deposits	\$ 74,451,321
TexPool	16,882,771
Lone Star Investment Pool	101,520,328
Texas CLASS	<u>32,077,697</u>
Total cash and cash equivalents	<u>\$224,932,117</u>

Legal and Contractual Provisions Governing Deposits

The District's policy states that the depository selected shall be a bank located in the state of Texas and it cannot be at any bank where the deposits are not insured by the Federal Deposit Insurance Corporation. The District must secure public funds by eligible securities to the extent and in the manner required by the Public Funds Collateral Act. The District is in compliance with applicable legal and contractual provisions.

Policies Governing Deposits

Custodial Credit Risk: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's cash deposits at June 30, 2019, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank and, therefore, were not exposed to custodial credit risk.

Participation in External Investment Pools

As of June 30, 2019, the carrying amount of amounts invested in Investment Pools was \$150,843,056 in all funds. The Investment Pools are recorded at cost, which approximated market value at June 30, 2019. 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.

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits (Continued)

The District's investment in Investment Pools includes Lone Star Investment Pool, TexPool Participant Services, and Texas CLASS. Lone Star Investment Pool's regulatory oversight agent is the Texas Association of School Boards and their credit risk rating is AAf. Their financial reports may be obtained by writing TASB, Inc., P.O. Box 400, Austin, Texas 78767-0400. 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 Companies, Federated Investors Tower, 1001 Liberty Avenue, Pittsburgh, PA 15222-3779. Texas CLASS's regulatory oversight agent is the Public Trust Advisors, LLC and their credit risk rating is AAAM. Their financial reports may be obtained in writing, 717 17th Street, Suite 1850, Denver, Colorado 80202.

Investments

Investment Type	Market Value	Percent	Maturity Date	Security Rating
Municipal Bonds				
Houston TX Utility System Rev	\$ 3,045,030	3.58%	05/15/2021	AA
New Hope Cultural (TAMU)	747,293	0.88%	04/01/2021	AA+
TX St Wtr Dev Brd Rev Bond	251,615	0.30%	10/15/2022	AAA
Total Municipal Bonds	<u>\$ 4,043,938</u>	<u>4.76%</u>		
U.S. Government Agency				
FHLMC (Quarterly Call)	\$ 2,999,670	3.53%	03/29/2021	AA+
FHLMC (Quarterly Call)	6,000,540	7.06%	04/27/2021	AA+
FHLMC (Quarterly Call)	2,992,680	3.52%	12/29/2021	AA+
FHLMC (Quarterly Call)	2,992,680	3.52%	12/29/2021	AA+
FHLMC Multi Step Cpn	3,003,660	3.53%	08/23/2022	AA+
FHLMC Multi Step Cpn	3,003,660	3.53%	08/23/2022	AA+
FHLB	10,003,100	11.76%	09/13/2019	AA+
IBRD	9,975,800	11.73%	09/30/2019	AAA
FFCB	7,015,610	8.25%	04/13/2020	AA+
FHLB (Quarterly Call)	7,003,780	8.24%	10/30/2020	AA+
Total U.S. Government Agency	<u>\$ 54,991,180</u>	<u>64.67%</u>		
Certificates of Deposit				
Discovery Bank - CD	\$ 246,000	0.29%	04/19/2021	FDIC Insured
Sallie Mae Bank - CD	246,000	0.29%	04/19/2021	FDIC Insured
Morgan Stanley Bank - CD	246,000	0.29%	04/19/2021	FDIC Insured
Ally Bank - CD	246,000	0.29%	04/19/2021	FDIC Insured
Citibank - CD	16,000	0.02%	04/26/2021	FDIC Insured
Happy State Bank - CD	25,000,000	29.39%	04/26/2020	Securities Pledged
Total Certificates of Deposit	<u>26,000,000</u>	<u>30.57%</u>		
Total investments	<u><u>\$ 85,035,118</u></u>	<u><u>100.00%</u></u>		

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

The District records investments at fair value as determined by quoted market prices except for short-term, highly liquid debt instruments with a remaining maturity at time of purchase of one year or less. These instruments are recorded at amortized cost, which approximates fair value.

Legal and Contractual Provisions Governing Investments

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. Management believes the District is in compliance with all significant limitations and restrictions of the Act and with local policies.

Policies Governing Investments

In compliance with the **Public Funds Investment Act**, the District has adopted an investment policy.

Custodial Credit Risk: For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District is not exposed to custodial credit risk for its investments as all are insured, registered and held by the District or by its agent in the District's name.

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. The District's policy generally states that the maximum allowable stated maturity of individual investments owned by the District shall not exceed one to two years from the time of purchase, within legal limits. The District uses the specific identification method to disclose interest-rate risk.

Credit Risk: State law limits investments in commercial paper to those rated not less than A-1 or P-1 and no-load money market mutual funds to those rated not less than AAA.

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

Concentration of Credit Risk: Concentration risk is defined as positions of 5% or more in the securities of a single issuer. The District's policy regarding concentration states that the investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from overconcentration of assets in a specific class of investments, specific maturity, or specific issuer.

NOTE 3 - FAIR VALUE MEASUREMENTS

GASB Statement No. 72, *Fair Value Measurement and Application* established a three-level valuation hierarchy for disclosure based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). An asset's fair value measurement level within the hierarchy is based on the lowest level of input that is significant to the valuation.

The three levels are defined as follows:

- Level 1 – Quoted prices for identical assets or liabilities in active markets.
- 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 District uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the District measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were used only when Level 1 or Level 2 inputs were not available.

Assets Measured at Fair Value on a Recurring Basis

		Fair Value Measurements Using:		
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>June 30, 2019:</u>				
U.S. government and agency obligations	\$ 54,991,180	\$ -	\$ 54,991,180	\$ -
Municipal bonds	4,043,938	-	4,043,938	-

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

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

		Fair Value Measurements Using:		
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>June 30, 2019</u> (Continued):				
Certificate of deposit	<u>26,000,000</u>	<u>-</u>	<u>26,000,000</u>	<u>-</u>
Total	<u>\$ 85,035,118</u>	<u>\$ -</u>	<u>\$ 85,035,118</u>	<u>\$ -</u>

For the valuation of certain U.S. government and agency obligations, municipal bonds and certificates of deposits at June 30, 2019, the District used significant other observable inputs as of the valuation date, particularly dealer market price for comparable investments as of the valuation date (Level 2).

Assets Measured at Fair Value on a Nonrecurring Basis

There were no fair values of assets and liabilities measured on a nonrecurring basis at June 30, 2019.

NOTE 4 - PROPERTY TAXES

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. 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. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

The appraisal and recording of all property within the District is the responsibility of the Potter/Randall County Appraisal District (PRAD), an independent governmental unit with a board of directors appointed by the taxing jurisdictions within the county and funded from assessments against those taxing jurisdictions. PRAD is required by law to assess property at 100% of its appraised value. Real property must be reappraised at least every two years. Under certain circumstances taxpayers and taxing units, including the District, may challenge orders of the PRAD Review Board through various appeals and, if necessary, legal action.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

In the fund financial statements, interfund receivables and payables at June 30, 2019, consisted of the following:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund:		
Special Revenue Fund	\$ 2,725,063	\$ -
Debt Service Fund	(2)	-
Internal Service Fund	81,311	-
Trust and Agency Fund	(1,809)	-
Capital Projects Fund	337	-
Enterprise Fund	-	-
Total general fund	<u>2,804,900</u>	<u>-</u>
Special Revenue Fund:		
General Fund	-	2,725,063
Enterprise Fund	-	(6,705)
Total special revenue fund	<u>-</u>	<u>2,718,358</u>
Debt Service Fund:		
General Fund	<u>2</u>	<u>-</u>
Total debt service fund	<u>2</u>	<u>-</u>
Capital Projects Fund:		
General Fund	<u>-</u>	<u>337</u>
Total capital projects fund	<u>-</u>	<u>337</u>
Enterprise Fund:		
General Fund		
Special Revenue Fund	<u>-</u>	<u>6,705</u>
Total enterprise fund	<u>-</u>	<u>6,705</u>
Internal Service Fund:		
General Fund	<u>-</u>	<u>81,311</u>
Total internal service fund	<u>-</u>	<u>81,311</u>
Private Purpose Trust Funds:		
General Fund	<u>1,673</u>	<u>-</u>
Total private purpose trust funds	<u>1,673</u>	<u>-</u>
Agency Funds:		
General Fund	<u>136</u>	<u>-</u>
Total agency funds	<u>136</u>	<u>-</u>
Total	<u><u>\$ 2,806,711</u></u>	<u><u>\$2,806,711</u></u>

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

All transactions between funds represent "due to/from other funds" caused by cash from one fund paying for expenditures or expenses of another. The District did not incur transactions between funds that would represent lending/borrowing arrangements outstanding at the end of the fiscal year. At June 30, 2019, there were no interfund transfers.

NOTE 6 - DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables as of June 30, 2019, were as follows:

	<u>Property Taxes</u>	<u>Other Governments</u>	<u>Accrued Interest</u>	<u>Other</u>	<u>Total Receivables</u>
Governmental Activities:					
General Fund	\$ 4,054,932	\$ 36,174,958	\$ 223,715	\$ 723,803	\$ 41,177,408
Capital Projects Fund	-	-	196,896	-	196,896
Nonmajor Governmental Funds	474,427	5,346,015	-	352,590	6,173,032
Governmental Activities:					
Internal Service Funds	-	-	56,137	625,953	682,090
Total governmental activities	<u>\$ 4,529,359</u>	<u>\$ 41,520,973</u>	<u>\$ 476,748</u>	<u>\$ 1,702,346</u>	<u>\$ 48,229,426</u>
Amounts not scheduled for collection in subsequent year					
General Fund	\$ (2,237,365)	\$ -	\$ -	\$ -	\$ (2,237,365)
Nonmajor Governmental Funds	(221,000)	-	-	-	(221,000)
Total governmental activities	<u>\$ (2,458,365)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,458,365)</u>
Business-Type Activities:					
Office Park rental activities	\$ -	\$ -	\$ -	\$ 6,743	\$ 6,743
Extended School Day activities	-	-	-	-	-
Total business-type activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,743</u>	<u>\$ 6,743</u>

Payables as of June 30, 2019, were as follows:

	<u>Accounts Payable</u>	<u>Payroll Deductions</u>	<u>Accrued Wages</u>	<u>Due to Other Governments</u>	<u>Total Payables</u>
Governmental Activities:					
General Fund	\$ 3,095,529	\$ 1,653,865	\$ 28,053,260	\$ 411,399	\$ 33,214,053
Capital Projects Fund	6,270,860	-	4,400	207	6,275,467
Nonmajor Governmental Funds	1,278,432	-	2,874,512	94,754	4,247,698
Internal Service Funds	1,178,897	-	30	67	1,178,994
Total governmental activities	<u>\$ 11,823,718</u>	<u>\$ 1,653,865</u>	<u>\$ 30,932,202</u>	<u>\$ 506,427</u>	<u>\$ 44,916,212</u>
Amounts not scheduled for payment during the subsequent year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 6 - DISAGGREGATION OF RECEIVABLES AND PAYABLES (CONTINUED)

	<u>Accounts Payable</u>	<u>Payroll Deductions</u>	<u>Accrued Wages</u>	<u>Due to Other Governments</u>	<u>Total Payables</u>
Business-Type Activities:					
Office Park rental activities	\$ 26,220	\$ -	\$ -	\$ -	\$ 26,220
Extended School Day activities	6,981	-	73,335	681	80,997
Total business-type activities	<u>\$ 33,201</u>	<u>\$ -</u>	<u>\$ 73,335</u>	<u>\$ 681</u>	<u>\$ 107,217</u>

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended June 30, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 15,358,872	\$ -	\$ -	\$ 15,358,872
Construction in progress	7,323,061	18,071,485	(3,325,384)	22,069,162
Total capital assets not being depreciated	<u>22,681,933</u>	<u>18,071,485</u>	<u>(3,325,384)</u>	<u>37,428,034</u>
Capital assets being depreciated:				
Depreciable site improvements	13,848,048	1,737,878	(218,032)	15,367,894
Buildings & improvements	406,149,215	9,177,638	(201,679)	415,125,174
Furniture & equipment	28,857,492	2,240,468	(329,963)	30,767,997
Equipment purchased under capital lease	1,530,863	14,334	-	1,545,197
Total capital assets being depreciated	<u>450,385,618</u>	<u>13,170,318</u>	<u>(749,674)</u>	<u>462,806,262</u>
Less accumulated depreciation for:				
Depreciable site improvements	(4,373,832)	(1,136,439)	166,246	(5,344,025)
Buildings & improvements	(212,047,349)	(9,317,109)	162,148	(221,202,310)
Furniture & equipment	(24,178,852)	(1,930,874)	293,120	(25,816,606)
Equipment purchased under capital lease	(607,734)	(232,167)	-	(839,901)
Total accumulated depreciation	<u>(241,207,767)</u>	<u>(12,616,589)</u>	<u>621,514</u>	<u>(253,202,842)</u>
Total capital assets being depreciated, net	<u>209,177,851</u>	<u>553,729</u>	<u>(128,160)</u>	<u>209,603,420</u>
Governmental activities capital assets, net	<u>\$ 231,859,784</u>	<u>\$ 18,625,214</u>	<u>\$ (3,453,544)</u>	<u>\$ 247,031,454</u>

Capital asset activity for the business-type activities for the year ended June 30, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 224,455	\$ -	\$ -	\$ 224,455
Construction in process	-	115,908	-	115,908
Total capital assets not being depreciated	<u>224,455</u>	<u>115,908</u>	<u>-</u>	<u>340,363</u>
Capital assets being depreciated:				
Buildings & improvements	3,242,463	47,089	-	3,289,552
Site Improvements	22,500	-	-	22,500
Furniture & equipment	27,452	-	-	27,452
Total capital assets being depreciated	<u>3,292,415</u>	<u>47,089</u>	<u>-</u>	<u>3,339,504</u>

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 7 - CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Less accumulated depreciation for:				
Buildings & improvements	(2,413,396)	(72,128)	-	(2,485,524)
Site Improvements	(2,125)	(1,250)	-	(3,375)
Furniture & equipment	(27,452)	-	-	(27,452)
Total accumulated depreciation	(2,442,973)	(73,378)	-	(2,516,351)
Total capital assets being depreciated, net	849,442	(26,289)	-	823,153
Business-type activities capital assets, net	\$ 1,073,897	\$ 89,619	\$ -	\$ 1,163,516

Depreciation expense was charged to functions/programs as follows:

11	Instruction	\$ 6,984,774
12	Instructional resources and media sources	163,186
13	Curriculum and instructional staff development	56,035
21	Instructional leadership	18,724
23	School leadership	383,985
31	Guidance, counseling and evaluation services	268,053
32	Social work services	15,197
33	Health services	125,440
35	Food services	1,040,206
36	Cocurricular/extracurricular activities	1,556,096
41	General administration	25,423
51	Plant maintenance and operations	751,337
52	Security and monitoring services	111,143
53	Data processing services	935,457
61	Community services	66,091
		<u>12,501,147</u>
Capital assets held by the District's internal service funds are charged to the various functions based on their usage of the asset		<u>115,442</u>
Total depreciation expense – governmental activities		<u>\$ 12,616,589</u>
Total depreciation expense – business like activities		<u>\$ 73,378</u>

NOTE 8 - LONG-TERM LIABILITIES

A summary of the changes in long-term liability activity for the year ended June 30, 2019, is as follows:

	<u>Balance 07/01/18</u>	<u>Accretion of Discount</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/19</u>	<u>Due Within One Year</u>
Bonds payable	\$ 252,940,000	\$ -	\$ -	\$ 7,170,000	\$ 245,770,000	\$ 6,395,000
Premium on bonds	22,679,484	-	-	1,212,530	21,466,954	1,212,530
Obligation under capital leases	927,977	-	14,333	228,395	713,915	231,855

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)

	<u>Balance 07/01/18</u>	<u>Accretion of Discount</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/19</u>	<u>Due Within One Year</u>
Compensated absences payable	612,406		105,816	133,172	585,050	133,172
Total governmental activity long-term liabilities	<u>\$ 277,159,867</u>	<u>\$ -</u>	<u>\$ 120,149</u>	<u>\$ 8,744,097</u>	<u>\$ 268,535,919</u>	<u>\$ 7,972,557</u>
Net Pension Liability	<u>\$ 55,507,968</u>	<u>\$ -</u>	<u>\$ 45,979,298</u>	<u>\$ 5,853,074</u>	<u>\$ 95,634,192</u>	<u>\$ -</u>
Net OPEB Liability	<u>\$ 100,071,270</u>	<u>\$ -</u>	<u>\$ 20,578,915</u>	<u>\$ 1,644,214</u>	<u>\$ 119,005,971</u>	<u>\$ -</u>

NOTE 9 - LONG-TERM DEBT

A detail of the District's bonds payable at June 30, 2019, is as follows:

Unlimited Tax Refunding Bonds, Series 2012 - due in varying annual installments of \$2,405,000 to \$3,110,000 for the years 2020 through 2026; interest varies from 3.00% to 5.00%, payable semi-annually; callable on February 1, 2022	\$ 19,095,000
Unlimited Tax School Building Bonds, Series 2013 - due in varying annual installments of \$1,115,000 to \$6,235,000 for the years 2027 through 2043; interest varies from 4.38% to 5.00%, payable semi-annually; callable on August 1, 2023	55,970,000
Unlimited Tax Refunding Bonds Series 2014 - due in varying annual installments of \$1,295,000 to \$2,315,000 for the years 2020 through 2034; interest varies from 2.00% to 5.00%, payable semi-annually; callable on August 1, 2023	26,335,000
Unlimited Tax Refunding Bonds, Series 2014A - due in varying annual installments of \$1,065,000 to \$1,880,000 for the years 2020 through 2035; interest varies from 3.00% to 5.00%, payable semi-annually; callable on February 1, 2024	23,380,000
Unlimited Tax School Building Bonds, Series 2015 - due in varying annual installments of \$65,000 to \$2,805,000 for the years 2027 through 2043; interest varies from 3.00% to 5.00%, payable semi-annually; callable on February 1, 2025	20,730,000
Unlimited Tax School Building Bonds, Series 2016 – due in varying annual installments of \$410,000 to \$635,000 for the years 2020 through 2043; interest varies from 2.00% to 5.00%, payable semi-annually; callable on August 1, 2026	12,550,000

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 9 - LONG-TERM DEBT (CONTINUED)

Unlimited Tax School Building Bonds, Series 2018 – due in varying annual installments of \$690,000 to \$3,620,000 for the years 2020 through 2043; interest varies from 4.00% to 5.00%, payable semi-annually; callable on February 1, 2028	49,510,000
Unlimited Tax School Building Bonds, Series 2018A – due in varying annual installments of \$180,000 to \$225,000 for the years 2020 through 2028; interest varies from 2.00% to 3.00%, payable semi-annually; non-callable	1,800,000
Unlimited Tax School Building Bonds, Series 2018B – due in varying annual installments of \$240,000 to \$2,850,000 for the years 2020 through 2043; interest varies from 3.00% to 5.00%, payable semi-annually; callable on February 21, 2028	<u>36,400,000</u>
Total bonds payable	<u>\$ 245,770,000</u>

The current portion of bonds payable at June 30, 2019, is as follows:

Unlimited Tax Refunding Bonds, Series 2012	\$ 2,405,000
Unlimited Tax Refunding Bonds, Series 2014	1,295,000
Unlimited Tax Refunding Bonds, Series 2014A	1,065,000
Unlimited Tax School Building Bonds, Series 2016	485,000
Unlimited Tax School Building Bonds, Series 2018	690,000
Unlimited Tax School Building Bonds, Series 2018A	180,000
Unlimited Tax School Building Bonds, Series 2018B	<u>275,000</u>
Total	<u>\$ 6,395,000</u>

On July 1, 2012, the District issued \$32,865,000 in Unlimited Tax Refunding Bonds, Series 2012 (2012 Bonds) for a refunding of \$35,595,000 of outstanding Unlimited School Building Bonds, Series 2005A. The bonds were issued at a premium of \$3,884,756. Accumulated amortization for 2019 was \$2,001,960. The refunding was undertaken to reduce total debt service payments by approximately \$6,243,000 and resulted in an economic gain of approximately \$4,684,000. At June 30, 2019, the deferred charge on the refunding was \$761,569, net of accumulated amortization of \$809,768. For financial reporting purposes, the 2005A debt was considered defeased and, therefore, removed as a liability from the District's government-wide financial statements. The defeased debt was called for full redemption on February 1, 2013.

In May 2013, the District's constituents approved, through a general bond election, a bond issuance of approximately \$99.5 million. The proceeds from the issuance of the bonds were used to construct several new campuses within the District.

On July 15, 2013, the District issued \$56,795,000 in Unlimited Tax School Building Bonds, Series 2013 (2013 Bonds). The 2013 Bonds are payable as to principal and interest from the proceeds

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 9 - LONG-TERM DEBT (CONTINUED)

of an ad valorem tax levied, without legal limit as to rate or amount, against all taxable property located within the District. The bonds were issued at a premium of \$3,777,736. Accumulated amortization for 2019 was \$714,415. Proceeds from the sale of the 2013 Bonds were used to (i) acquire, construct, renovate, and equip school buildings in the District and to acquire sites for school buildings and (ii) pay the cost of issuing the Bonds. The 2013 Bonds consist of both serial bonds and term bonds.

On December 1, 2013 the District issued \$30,155,000 in Unlimited Tax Refunding Bonds, Series 2014 (2014 Bonds) for a refunding of \$30,305,000 of the outstanding Unlimited Tax School Building Bonds Series 2004. The bonds were issued at a premium of \$1,475,195. Accumulated amortization for 2019 was \$408,421. The refunding was undertaken to reduce total debt service payments over the next 21 years by approximately \$3,838,000 and resulted in an economic gain of approximately \$2,723,000. At June 30, 2019, the deferred charge on the refunding was \$518,600, net of amortization of \$198,549. For financial reporting purposes, the 2004 debt has been considered defeased and, therefore, removed as a liability from the District's government-wide financial statements. The defeased debt was called for a full redemption on February 1, 2014.

On August 13, 2014, the District issued \$26,855,000 in Unlimited Tax Refunding Bonds, Series 2014A (2014A Bonds) for a refunding of the Series 2005 Bonds. The bonds were issued at a premium of \$1,942,105. Accumulated amortization for 2019 was \$462,783. The refunding was undertaken to reduce total debt service payments over the next 20 years by approximately \$6,628,000 and resulted in an economic gain of approximately \$4,881,000. At June 30, 2019, the deferred charge on the refunding was \$510,524, net of amortization of \$159,710. For financial reporting purposes, the 2005 debt has been considered defeased, and therefore, removed as a liability from the District's government-wide financial statements. The defeased debt was called for a full redemption on February 1, 2015.

On April 15, 2015, the District issued \$20,730,000 in Unlimited Tax School Building Bonds, Series 2015 (2015 Bonds). The 2015 Bonds are payable as the principal and interest from the proceeds of an ad valorem tax levied, without legal limit as to rate or amount, against all taxable property located within the District. The bonds were issued at a premium of \$3,208,371. Accumulated amortization for 2019 was \$485,826. Proceeds from the sale of the 2015 Bonds will be used to: (i) acquire, construct, renovate, and equip school buildings in the District and to acquire sites for school buildings and (ii) pay the cost of issuing the Bonds. The 2015 Bonds consist of both serial bonds and term bonds.

On August 1, 2016, the District issued \$15,245,000 in Unlimited Tax School Building Bonds, Series 2016 (2016 Bonds). The 2016 Bonds are payable as principal and interest from the proceeds of an ad valorem tax levied, without legal limit as to rate or amount, against all taxable property located within the District. The bonds were issued at a premium of \$999,687. Accumulated amortization for 2019 was \$110,028. Proceeds from the sale of the 2016 Bonds will be used to (i) acquire, construct, renovate, and equip school buildings in the District and to acquire sites for school buildings and (ii) pay the cost of issuing the Bonds. The 2016 Bonds consist of both serial bonds and term bonds.

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 9 - LONG-TERM DEBT (CONTINUED)

On November 7, 2017, the District's taxpayers approved a bond issue for \$100 million. The bond proceeds will be used for safety and security, classroom additions, facility update and restoration and replacement. The District issued the following bonds in fiscal year 2018. The District's bond rating was Aaa and AAA from Moody's Investor Services, and Standard & Poor's, respectively.

On January 15, 2018, the District issued \$51,235,000 in Unlimited Tax School Building Bonds, Series 2018 (2018 Bonds). The 2018 Bonds are payable as principal and interest from the proceeds of an ad valorem tax levied, without legal limit as to rate or amount, against all taxable property located within the District and are guaranteed by the corpus of the Permanent School Fund (PSF) of the state pursuant to the bond guarantee program administered by TEA. The bonds were issued at a premium of \$7,046,212. Accumulated amortization for 2019 was \$410,346. Proceeds from the sale of the 2018 Bonds will be used to (i) acquire, construct, renovate, and equip school buildings in the District, including providing school facility security improvements and the purchase of necessary sites for school buildings, and (ii) to pay the costs of issuing the Bonds. The 2018 Bonds consist of serial bonds.

On February 15, 2018, the District issued \$1,975,000 in Unlimited Tax School Building Bonds, Series 2018A (2018A Bonds). The 2018A Bonds are payable as principal and interest from the proceeds of an ad valorem tax levied, without legal limit as to rate or amount, against all taxable property located within the District and are guaranteed by the corpus of the PSF. The bonds were issued at a premium of \$65,877. Accumulated amortization for 2019 was \$9,096. Proceeds from the sale of the 2018A Bonds will be used to (i) acquire, construct, renovate, and equip school buildings in the District, including providing school facility security improvements and the purchase of necessary sites for school buildings, and (ii) to pay the costs of issuing the Bonds. The 2018A Bonds consist of serial bonds.

On May 1, 2018, the District issued \$36,400,000 in Unlimited Tax School Building Bonds, Series 2018B (2018B Bonds). The 2018B Bonds are payable as principal and interest from the proceeds of an ad valorem tax levied, without legal limit as to rate or amount, against all taxable property located within the District payments of principal and interest will be further secured by the corpus of the PSF. The bonds were issued at a premium of \$3,888,524. Accumulated amortization for 2019 was \$218,632. Proceeds from the sale of the 2018B Bonds will be used to (i) acquire, construct, renovate, and equip school buildings in the District, including providing school facility security improvements and the purchase of necessary sites for school buildings, and (ii) to pay the costs of issuing the Bonds. The 2018B Bonds consist of serial and term bonds.

The District is required to create a special sinking fund for paying the interest on and the principal of the bonds which is to be kept separate and apart from all other funds. Annual ad valorem taxes sufficient to provide for the payment of the interest on and principal of the District's bonds are irrevocably pledged without limit as to rate or amount. The District is subject to arbitrage provisions under the Internal Revenue Code (IRC), which requires that excess earnings on invested proceeds from tax-exempt bond sales over interest expense paid to bond holders be remitted to the Internal Revenue Service (IRS). The District did not have an arbitrage liability due and payable at June 30, 2019.

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 9 - LONG-TERM DEBT (CONTINUED)

Total interest expenditures related to the bonds for the year ended June 30, 2019, was \$10,857,335.

Following is a summary of bonds payable principal maturities and interest requirements excluding accretion:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 6,395,000	\$ 10,915,318	\$ 17,310,318
2021	6,650,000	10,698,570	17,348,570
2022	6,925,000	10,410,768	17,335,768
2023	7,240,000	10,128,720	17,368,720
2024	7,575,000	9,778,517	17,353,517
2025-2029	41,185,000	43,712,021	84,897,021
2030-2034	49,065,000	34,617,856	83,682,856
2035-2039	60,655,000	23,419,850	84,074,850
2040-2043	<u>60,080,000</u>	<u>7,551,100</u>	<u>67,631,100</u>
Totals	<u>\$ 245,770,000</u>	<u>\$ 161,232,720</u>	<u>\$ 407,002,720</u>

NOTE 10 - UNEARNED REVENUE

In the fund financial statements, governmental funds report *unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

As of June 30, 2019, the various components of unavailable revenue and unearned revenue were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable (general fund)	\$ 1,817,567	\$ -
Delinquent property taxes receivable (debt service fund)	253,427	-
Miscellaneous local grants	-	3,300
Prepaid student cafeteria accounts	-	257,348
Miscellaneous state grant revenues	-	337,855
Miscellaneous local revenues	<u>-</u>	<u>254,114</u>
Total unavailable revenue	<u>\$ 2,070,994</u>	<u>\$ 852,617</u>

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 11 - LEASES

The District leases certain office space to unrelated third parties under noncancelable operating leases. The following reflects the carrying amount and accumulated depreciation of assets held for lease at June 30, 2019:

Land	\$ 224,455
Buildings and improvements	3,317,004
Other depreciable capital assets	22,500
Construction in progress	115,908
Accumulated depreciation	<u>(2,516,351)</u>
Assets under operating lease	<u>\$ 1,163,516</u>

The following is a schedule by years of minimum future rentals to be received from such noncancelable operating leases as of June 30, 2019:

<u>Year Ending June 30,</u>	
2020	\$ 336,905
2021	146,980
2022	94,093
2023	14,742
2024	<u>-</u>
Total minimum future rentals	<u>\$ 592,720</u>

The District has various leases for copiers, educational and storage facilities classified as operating leases. Total rent expense for all operating leases for 2019 was approximately \$140,000.

Future minimum lease payments under the noncancelable operating leases with initial or remaining terms of one year or more are as follows:

<u>Year Ending June 30,</u>	
2020	\$ 77,796
2021	49,190
2022	24,282
2023	20,532
2024	<u>15,066</u>
Total future minimum lease payments	<u>\$ 186,866</u>

Capital Leases

The District has entered into noncancelable lease agreements for certain equipment totaling \$1,545,197 which have been capitalized for financial reporting purposes. Following is a summary of future minimum lease payments remaining under these capital leases as of June 30, 2019:

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 11 - LEASES (CONTINUED)

Capital Leases (Continued)

<u>Year Ending June 30,</u>	
2020	\$ 240,672
2021	234,488
2022	228,305
2023	26,963
2024	<u>253</u>
	730,681
Less: imputed interest	<u>(16,766)</u>
Present value of capital leases	713,915
Less: Current maturities of capital lease obligations	<u>(231,855)</u>
Long-term capital lease obligations	<u>\$ 482,060</u>

NOTE 12 - EMPLOYEE BENEFITS AND RISK FINANCING

The District participates in the Texas Association of School Board's public entity risk pool for general, professional and auto liability. Claims and judgments are accounted for in accordance with GASB Statement No. 10, *Accounting and Financial Reporting Principles for Risk Financing and Related Insurance Issues*. Property and casualty risks are insured through insurance contracts.

The District sponsors a self-insurance health and prescription plan and an "opt out" health plan to provide health and prescription benefits to eligible employees and their dependents. Participation in one of the plans is mandatory for full-time and half-time employees. The "opt out" plan is a fixed indemnity/limited benefit that is provided to employees who have health coverage through other sources. Transactions related to these plans are accounted for in the Health Insurance Fund (the Fund), an internal service fund of the District. The District obtained stop-loss insurance for specific claims in excess of \$250,000 in the self-insured health plan with no aggregate specific deductible. The total aggregate benefit maximum is unlimited.

The District sponsors a self-insured workers' compensation insurance plan. Transactions related to the plan are accounted for in the Workers' Compensation Fund, an internal service fund of the District. The District funded 100% of the premium. Stop-loss insurance was obtained for dollars paid in excess of \$4,000,000 over a two-year period. Individual employee claims in excess of \$400,000 in one year are also covered by stop-loss insurance.

The District hires an actuary to determine the liability for the self-insured medical and workers' compensation plans. Estimates of claims payable and of claims incurred, but not reported at June 30, 2019, are reflected as accounts and claims payable of the Fund. The plan is funded to discharge liabilities of the Fund as they become due. Claim payments based on actual claims ultimately filed could differ materially from this estimate.

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 12 - EMPLOYEE BENEFITS AND RISK FINANCING (CONTINUED)

Changes in the balances of claims liabilities during the years ended June 30 are as follows:

	<u>2019</u>	<u>2018</u>
Workers' Compensation Plan Liability		
Unpaid claims, beginning of year	\$ 1,510,718	\$ 1,608,476
Incurred claims (including incurred but not reported)	102,193	483,309
Claims payments	<u>(458,546)</u>	<u>(581,067)</u>
Unpaid claims, end of year	<u>\$ 1,154,365</u>	<u>\$ 1,510,718</u>
Dental Insurance Plan Liability		
Unpaid claims, beginning of year	\$ 99,000	\$ 99,000
Incurred claims (including incurred but not reported)	1,231,765	1,237,089
Claims payments	<u>(1,231,765)</u>	<u>(1,237,089)</u>
Unpaid claims, end of year	<u>\$ 99,000</u>	<u>\$ 99,000</u>
Medical Insurance Plan Liability		
Unpaid claims, beginning of year	\$ 2,278,052	\$ 2,084,601
Incurred claims (including incurred but not reported)	25,188,653	23,703,599
Claims payments	<u>(25,188,393)</u>	<u>(23,510,148)</u>
Unpaid claims, end of year	<u>\$ 2,278,312</u>	<u>\$ 2,278,052</u>
Combined Liability		
Unpaid claims, beginning of year	\$ 3,887,770	\$ 3,792,077
Incurred claims (including incurred but not reported)	26,522,611	25,423,997
Claims payments	<u>(26,878,704)</u>	<u>(25,328,304)</u>
Unpaid claims, end of year	<u>\$ 3,531,677</u>	<u>\$ 3,887,770</u>

District employees earn one paid leave day per contract month, of which a maximum of five days can be used for personal business. There is no maximum vested amount of paid leave, which is paid only upon retirement. All full-year, non-maintenance employees receive unpaid discretionary leave with a fifteen day maximum accrual. Payment for accumulated discretionary leave is made only to non-exempt employees. All maintenance employees receive between five to fifteen paid vacation days per year that accumulate to a maximum of 15 days at the end of the work year. Days above the maximum are forfeited at the end of the work year. Unused vacation days are forfeited at termination. Compensated absences are accrued as earned in the government-wide financial statements.

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 13 - GENERAL INFORMATION ABOUT THE PENSION PLAN

Plan Description

The District participates in TRS, a cost-sharing, multiple-employer defined benefit pension plan (the Plan) that has a special funding situation. TRS administers retirement and disability annuities and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Section 67, and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the IRC. The Texas Legislature has the authority to establish and amend benefit provisions of the pension plan. 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.texas.gov/TRS%20Documents/cafr2018.pdf>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 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 post-employment benefit changes, including automatic COLAs. Ad hoc postemployment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

Contributions

Contribution requirements are established or amended pursuant to 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

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 13 - GENERAL INFORMATION ABOUT THE PENSION PLAN (CONTINUED)

Contributions (Continued)

during the fiscal year. Texas Government Code Section 821.006 prohibits benefit improvements if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The 85th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2018 and 2019.

Contribution rates for Plan fiscal year (September to August) 2018 and 2019 follow:

		Contribution Rates	
		<u>Plan Fiscal Year</u>	
		<u>2018</u>	<u>2019</u>
Member		7.7%	7.7%
Non-Employer Contributing Entity (State)		6.8%	6.8%
Employer		6.8%	6.8%
		<u>Contributions</u>	
		<u>Required and Made</u>	
2019 District (Employer)		\$ 5,962,060	
2019 Member (Employee)		15,087,167	
2019 Non-employer contributing agency (State)		9,580,437	

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

As the non-employer contributing entity, 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 public schools are required to pay the employer contribution rate in the following instances:

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

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 13 - GENERAL INFORMATION ABOUT THE PENSION PLAN (CONTINUED)

Contributions (Continued)

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to.

- When employing a retiree of the Teacher Retirement System in a TRS eligible position, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of salary up to statutory minimum for certain instructional or administrative employees; and 1.5% of total salaries for all other employees.

Actuarial Assumptions

The total pension liability in the August 31, 2017 actuarial valuation rolled forward to August 31, 2018. The actuarial valuation was determined using the following actuarial assumptions:

The following assumptions were applied to this measurement period:

Valuation date	August 31, 2017, rolled forward to August 31, 2018
Actuarial cost method	Individual entry age normal
Asset valuation method	Market Value
Single Discount rate	6.907%
Long-term expected investment rate of return	7.25%
Municipal Bond Rate as of August 2018*	3.69%
Last year ending August 31, in Projection	
Period (100 years)	2116
Inflation	2.30%
Salary increases	3.05% to 9.05% including inflation
Ad hoc postemployment benefit changes	None

**Source: Fixed Income Municipal Bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20- Year Municipal GO AA Index".*

The actuarial methods and assumptions are based primarily on a study of actual experience for the three-year period ending August 31, 2017 and were adopted in July 2018.

Changes of Assumptions Since the Prior Measurement Date

The following were changes to the actuarial assumptions that significantly increased the Net Pension Liability since the prior measurement date:

1. The total pension liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 13 - GENERAL INFORMATION ABOUT THE PENSION PLAN (CONTINUED)

Changes of Assumptions since the Prior Measurement Date (Continued)

2. Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
3. Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
4. The discount rate changed from 8.0 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.
5. The long term assumed rate of return changed from 8.0 percent to 7.25 percent.
6. The change in long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the net pension liability.

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

Discount Rate

The single discount rate used to measure the total pension liability was 6.907%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.69%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the Legislature during the 2013 legislative session. It is assumed that future employer and state contributions will be 7.76% of payroll. This includes a factor for the rehired retirees and the Non-OASDI surcharge. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date.

The long-term rate of return on pension plan investments is 7.25%. 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, 2018, are summarized below:

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 13 - GENERAL INFORMATION ABOUT THE PENSION PLAN (CONTINUED)

Discount Rate (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Return Geometric Basis</u>	<u>Long-Term Expected Portfolio Real Rate of Return *</u>
Global Equity			
U.S.	18.00%	5.70%	1.04%
Non-U.S. developed	13.00%	6.90%	0.90%
Emerging markets	9.00%	8.95%	0.80%
Directional hedge funds	4.00%	3.53%	0.14%
Private equity	13.00%	10.18%	1.32%
Stable Value			
U.S. treasuries	11.00%	1.11%	0.12%
Absolute return	0.00%	0.00%	0.00%
Stable value hedge funds	4.00%	3.09%	0.12%
Cash	1.00%	(0.30)%	0.00%
Real Return			
Global inflation linked bonds	3.00%	0.70%	0.02%
Real assets	14.00%	5.21%	0.73%
Energy and natural resources	5.00%	7.48%	0.37%
Commodities	0.00%	0.0%	0.00%
Risk Parity			
Risk parity	<u>5.00%</u>	<u>3.70%</u>	<u>0.18%</u>
Inflation Expectation			2.30%
Volatility Drag			<u>(0.79)%</u>
Total	<u>100.00%</u>		<u>7.25%</u>

*The Expected Contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.

Sensitivity of the District'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 (6.907%) in measuring the 2018 Net Pension Liability.

	<u>1% Decrease Discount Rate</u> <u>5.907%</u>	<u>Current Discount Rate</u> <u>6.907%</u>	<u>1% Increase Discount Rate</u> <u>7.907%</u>
District's proportionate share of the net pension liability	\$144,334,928	\$ 95,634,192	\$ 56,208,058

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

At June 30, 2019, the District reported a liability of \$95,634,192 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 13 - GENERAL INFORMATION ABOUT THE PENSION PLAN (CONTINUED)

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

the District. The amount recognized by the District 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 District were as follows:

District's proportionate share of the net pension liability	\$ 95,634,192
State's proportionate share of the net pension liability associated with the District	<u>156,633,604</u>
Total	<u>\$ 252,267,796</u>

The net pension liability was measured as of August 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2017 that was rolled forward to August 31, 2018. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all participating entities to the Plan for the period September 1, 2017, through August 31, 2018.

At August 31, 2018 the District's proportion of the collective net pension liability was 0.1737463213% which was an increase of 0.0001461966% from its proportion measured as of August 31, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$27,992,744 and revenue of \$15,502,552 for support provided by the State in the Government Wide Statement of Activities.

At June 30, 2019, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 596,105	\$ 2,346,485
Changes in actuarial assumptions	34,480,733	1,077,524
Net difference between projected and actual earnings on pension plan investments	-	1,814,590
Changes in proportion and differences between District contributions and proportionate share of contributions	7,423,198	721,605
District contributions subsequent to the measurement date	<u>5,097,933</u>	<u>-</u>
Total	<u>\$47,597,969</u>	<u>\$ 5,960,204</u>

The \$5,097,933 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 13 - GENERAL INFORMATION ABOUT THE PENSION PLAN (CONTINUED)

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

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

Year ended June 30,

2020	\$ 10,014,136
2021	6,195,472
2022	5,105,678
2023	5,763,714
2024	5,676,499
Thereafter	<u>3,784,333</u>
Total	<u>\$ 36,539,832</u>

NOTE 14 - DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined benefit Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the TRS Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.texas.gov/TRS%20Documents/cafr2018.pdf>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2018 are as follows:

<u>Net OPEB Liability</u>	<u>Total</u>
Total OPEB Liability	\$ 50,729,490,103
Less: plan fiduciary net position	<u>(798,574,633)</u>
Net OPEB liability	<u>\$ 49,930,915,470</u>
Net position as a percentage of total OPEB liability	1.57%

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 14 - DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (CONTINUED)

Benefits Provided

The 85th Legislature, Regular Session, passed the following statutory changes in HB 3976 which became effective on September 1, 2017. These are described below under the section "Changes in Benefit Terms".

These new premium rates for retirees became effective January 1, 2018. (See the TRS CAFR page 70 for plan rates effective from September 1, 2016 – December 31, 2017.)

TRS-Care Monthly Premium Rates
Effective January 1, 2018 - December 31, 2018

	<u>Medicare</u>	<u>Non- Medicare</u>
Retiree*	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree* and Children	468	408
Retiree and Family	1,020	999

** or surviving spouse*

Contributions

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act which is 0.75% of each active employee's pay for fiscal year 2018. The following table shows contributions to the TRS-Care plan by type of contributor.

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 14 - DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (CONTINUED)

Contributions (Continued)

Contribution Rates

	<u>2018</u>	<u>2019</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
 District's - 2019 Employer Contributions	 \$	 1,654,309
District's - 2019 Member Contributions	\$	1,273,033
District's - 2018 NECE On-behalf Contributions	\$	2,264,763

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (*regardless of whether or not they participate in the TRS Care OPEB program*). When employers hire a TRS retiree in a TRS eligible position, they are required to pay to TRS Care, a monthly surcharge of \$535 per retiree.

With Senate Bill 1, 85th Legislature, Regular Session, TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$182.6 million in fiscal year 2018. House Bill 30 of the 85th Legislature provided an additional \$212 million in a one-time supplemental funding for the FY 2018-2019 biennium. One-time supplemental contributions during fiscal 2018 totaled \$394.6 million.

Actuarial Assumptions

The total OPEB liability in the August 31, 2017 actuarial valuation was rolled forward to August 31, 2018. The actuarial valuation was determined using the following actuarial assumptions:

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 14 - DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (CONTINUED)

Actuarial Assumptions (Continued)

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2017 TRS pension actuarial valuation that was rolled forward to August 31, 2018:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability Incidence	

Additional Actuarial Methods and Assumptions:

Valuation date	August 31, 2017 Rolled forward to August 31, 2018
Actuarial cost method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate*	3.69%
Aging factors	Based on Plan Specific Experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected salary increases	3.05% - 9.05%
Election rates	Normal retirement: 70% participation prior to age 65 and 75% participation after age 65.
Ad hoc postemployment benefit changes	None

**Source: Fixed Income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2018.*

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 14 - DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (CONTINUED)

Actuarial Assumptions (Continued)

In this valuation the impact of the Cadillac Tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.50 percent.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

Results indicate that the value of the excise tax would be reasonably represented by a 25 basis point addition to the long term trend rate assumption.

Discount Rate

A single discount rate of 3.69% was used to measure the total OPEB liability. There was an increase of 0.27 percent in the discount rate since the previous year. The Discount Rate can be found in the 2018 TRS CAFR on page 71. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active 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 OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability:

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.69%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.69%)	Current Discount Rate (3.69%)	1% Increase in Discount Rate (4.69%)
District's proportionate share of the net OPEB liability	\$141,657,993	\$119,005,971	\$101,086,761

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 14 - DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (CONTINUED)

Healthcare Cost Trend Rates Sensitivity Analysis

The following presents the 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 trend rate that is 1% less than or 1% higher than the assumed healthcare cost trend rate.

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the Net OPEB Liability	\$98,836,397	\$119,005,971	\$145,569,736

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

At June 30, 2019, the District reported a liability of \$119,005,971 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District 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 District were as follows:

District's proportionate share of the collective Net OPEB Liability	\$119,005,971
State's proportionate share that is associated with the District	<u>164,154,391</u>
Total	<u>\$283,160,362</u>

The Net OPEB Liability was measured as of August 31, 2018 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The District's proportion of the Net OPEB Liability was based on the District's contributions to the OPEB plan relative to the contributions of all Districts to the plan for the period September 1, 2017 thru August 31, 2018.

At August 31, 2018 the District's proportion of the collective Net OPEB Liability was 0.2383412559% compared to 0.2301216445% as of August 31, 2017. This is an increase of 0.0082196114%.

Changes in Actuarial Assumptions Since the Prior Actuarial Valuation – The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period:

1. Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the Total OPEB liability.
2. The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the Total OPEB liability.

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 14 - DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (CONTINUED)

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

3. Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the Total OPEB liability.
4. The discount rate changed from 3.42 percent as of August 31, 2017 to 3.69 percent as of August 31, 2018. This change lowered the total OPEB liability \$2.3 billion.

Changes in Benefit Terms: The 85th Legislature, Regular Session passed the following statutory changes which became effective on September 1, 2017:

1. Created a high-deductible health plan that provides a zero cost for generic prescriptions for certain preventive drugs and provides a zero premium for disability retirees who retired as a disability retiree on or before January 1, 2017 and are not eligible to enroll in Medicare.
2. Created a single Medicare Advantage plan and Medicare prescription drug plan for all Medicare-eligible participants.
3. Allowed the System to provide other, appropriate health benefit plans to address the needs of enrollees eligible for Medicare.
4. Allowed eligible retirees and their eligible dependents enroll in TRS-Care when the retiree reaches 65 years of age, rather than waiting for the next enrollment period.
5. Eliminated free coverage under TRS-Care, except for certain disability retirees enrolled during Plan Years 2018 through 2021, requiring members to contribute \$200 per month toward their health insurance premiums.

For the year ended June 30, 2019, the District recognized OPEB expense of \$9,250,367 and revenue of \$5,970,951 for support provided by the State.

At June 30, 2019, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 6,315,204	\$ 1,878,089
Changes in actuarial assumptions	1,985,887	35,754,466
Net difference between projected and actual earnings	20,813	-

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 14 - DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (CONTINUED)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between District contributions and proportionate share of contributions	4,504,741	-
District contributions subsequent to the measurement date	<u>1,393,239</u>	<u>-</u>
Total	<u>\$ 14,219,884</u>	<u>\$ 37,632,555</u>

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

Year ended June 30,

2020	\$ (4,123,402)
2021	(4,123,402)
2022	(4,123,402)
2023	(4,127,338)
2024	(4,129,589)
Thereafter	<u>(4,178,777)</u>
Total	<u>\$(24,805,910)</u>

NOTE 15 - DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita programs. Amounts due from federal, state, and other governments as of June 30, 2019, are summarized below:

	<u>State Entitlements</u>	<u>Federal Grants</u>	<u>Other Government</u>	<u>Total</u>
General Fund	\$ 36,174,958	\$ -	\$ -	\$ 36,174,958
Special Revenue Fund	<u>93,832</u>	<u>4,859,498</u>	<u>392,685</u>	<u>5,346,015</u>
Total	<u>\$ 36,268,790</u>	<u>\$ 4,859,498</u>	<u>\$ 392,685</u>	<u>\$ 41,520,973</u>

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 16 - REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

During the current year, revenues from local and intermediate sources in governmental funds consisted of the following:

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Special Revenue Service</u>	<u>Debt Service Fund</u>	<u>Total</u>
Tax revenues including					
penalties and interest	\$ 95,322,249	\$ -	\$ -	\$ 13,930,792	\$ 109,253,041
Revenues from services to other districts	7,500	-	939,308	-	946,808
Tuition and fees	232,158	-	-	-	232,158
Investment and miscellaneous income	3,288,014	2,930,024	102,783	217,698	6,538,519
Athletic, food service, extra-curricular, co-curricular, and enterprising activities	676,525	-	2,692,925	-	3,369,450
Other	875,588	-	3,666,102	-	4,541,690
Total	<u>\$ 100,402,034</u>	<u>\$ 2,930,024</u>	<u>\$ 7,401,118</u>	<u>\$ 14,148,490</u>	<u>\$ 124,881,666</u>

NOTE 17 - COMMITMENTS AND CONTINGENCIES

The District had commitments for capital improvement projects of approximately \$41,979,301 at June 30, 2019.

The District participates in numerous 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; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the District's administration, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants. The District participates in the school nutrition program and contracts with a Food Service Management Company (FSMC). The contract is in effect for a period of one year ending June 30, 2018 and may be renewed for two additional terms of one year. The contract is a Cost-Reimbursable contract, direct costs incurred plus fees, and provides for a guaranteed return to the District of \$455,505, subject to certain conditions as identified in the contract. The District may charge the food services budget for certain identified direct and allocated expenses not to exceed \$1,672,326.

At June 30, 2019, the District had no known or threatened pending litigation, which would materially affect the District's financial condition.

NOTE 18 - SPECIAL AND EXTRAORDINARY ITEMS

On May 28, 2013, a severe hail storm damaged forty-six of the District's facilities and other assets that are covered under a property insurance policy at Replacement Cost. The District and the insurance company reached a settlement for a total of \$42 million. The District replaced roofs at

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 18 - SPECIAL AND EXTRAORDINARY ITEMS (CONTINUED)

four locations in 2017-2018, with additional roof repair or replacement work at five additional locations expected to be bid in December, 2019. The District estimates the cost of replacing or repairing the remaining damaged properties will require an additional \$5-\$12 million, based on current replacement/repair estimates. These excess costs will be paid using the District's unrestricted fund balance.

On June 8, 2017, another hail storm damaged four additional campuses that were not damaged in the 2013 hail storm. These facilities are covered under a property insurance policy at Replacement Cost. Claims have been filed with the insurance carrier for the damages and an inspection has been done of all affected campuses. The District expects the policy to cover the damage incurred from the hail storm with the exception of the \$1,000,000 deductible. The District received approximately \$2.6 million on an Actual Cash Value basis in January, 2019. The roof work will not be started until the bond projects are completed at some of these schools in spring of 2021.

NOTE 19 - GENERAL FUND FEDERAL SOURCE REVENUES

Federally financed programs are generally accounted for in the Special Revenue Funds of the District, except for indirect costs charged to federal programs which are accounted for in the General Fund as prescribed by the TEA. The District recognized in the General Fund such revenues for the year ended June 30, 2019, from various federal sources as follows:

<u>Program or source</u>	<u>CFDA number</u>	<u>Total grant or entitlement</u>	<u>Amount</u>
ROTC salaries and other	12.000	\$ 219,917	\$ 219,917
ESEA, Title I, Part A	84.010A	9,952,427	276,772
ESEA, Title I, Part C, Migrant	84.011A	582,465	7,124
IDEA, Part B, Formula	84.027A	6,227,789	186,950
IDEA Part B Discretionary	84.027A	126,268	3,660
Carl D. Perkins Basic Grant Formula for CATE	84.048A	449,385	12,431
IDEA, Part B, Preschool	84.173A	243,214	5,480
McKinney-Vento Texas Support for Homeless	84.196A	7,776	169
Texas Education for Homeless Children & Youth	84.196A	169,425	4,974
ESEA, Title III, Part A, English Language Acquisition and Enhancement	84.365A	628,362	10,842
ESEA, Title II, Part A, Teacher/Principal Training and Recruiting	84.367A	1,644,998	37,366
ESEA, Title IV, Part A, Subpart 1	84.424A	661,762	18,751
Americorps Literacy	94.006	325,720	9,550
Medicaid Reimbursement	NA	7,238,356	7,238,356
Texas Workforce Commission Apprenticeship Program	NA	75,863	33,420
Total		<u>\$ 28,553,717</u>	<u>\$ 8,065,762</u>

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 20 - SHARED SERVICE ARRANGEMENTS

The District is the fiscal agent for a shared service arrangement (SSA) that provides education to deaf students of area school districts. This program is called the Regional Education Program for the Deaf (REPD) and is funded by a grant from the TEA, reimbursements received from Medicaid and from billings to the home school districts of the students participating in the program. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in the following Special Revenue Funds: 315, 340, and 435, depending upon the type of revenue received for the regional program for the deaf. The REPD bills its member districts for their pro rata share of the program costs that exceed the state grant and for all administrative costs. In addition, the District has accounted for this SSA using Model 2 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

<u>District</u>	<u>District ID</u>	<u>Fund 435</u>	<u>Fund 315</u>	<u>Fund 340</u>	<u>Total</u>
Amarillo	188901	\$ 921,114	\$ 81,049	\$ 750	\$ 1,002,913
Bovina	185901	24,718	2,217	-	26,935
Bushland	188904	1,944	174	-	2,118
Canyon	191901	95,541	8,570	-	104,111
Channing	103901	2,916	262	-	3,178
Dumas	171901	93,874	8,420	-	102,294
Friona	185903	2,638	237	-	2,875
Highland Park	188903	24,718	2,217	-	26,935
Pampa	090904	555	50	-	605
River Road	188902	78,738	7,062	-	85,800
Tulia	219903	24,718	2,217	-	26,935
Total		<u>\$ 1,271,474</u>	<u>\$ 112,475</u>	<u>\$ 750</u>	<u>\$ 1,384,699</u>

NOTE 21 - NEW GASB PRONOUNCEMENTS

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

Recently Issued Accounting Pronouncements

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

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 21 - NEW GASB PRONOUNCEMENTS (CONTINUED)

Recently Issued Accounting Pronouncements (Continued)

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 District implemented this statement in 2019.

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 District is currently evaluating the effect of this statement on their financial statements.

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

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 21 - NEW GASB PRONOUNCEMENTS (CONTINUED)

Recently Issued Accounting Pronouncements (Continued)

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 District implemented this statement in 2019.

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 District 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

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 21 - NEW GASB PRONOUNCEMENTS (CONTINUED)

Recently Issued Accounting Pronouncements (Continued)

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 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 District is currently evaluating the effect of this statement on their financial statements.

GASB Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required not disclosures. This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The District is currently evaluating the effect of this statement on their financial statements.

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 22 - SUBSEQUENT EVENT

The District has evaluated for inclusion as a subsequent event disclosure only those events that occurred prior to November 14, 2019, the date the financial statements were available to be issued.

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

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REQUIRED SUPPLEMENTARY INFORMATION

**AMARILLO INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2019**

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance with Final Budget Positive (Negative)
		Original	Final		
REVENUES:					
5700	Local and intermediate sources	\$ 100,167,955	\$ 100,609,952	\$100,402,034	\$ (207,918)
5800	State program revenues	157,261,414	165,637,251	165,984,100	346,849
5900	Federal program revenues	7,600,000	8,254,966	8,065,762	(189,204)
	Total revenues	265,029,369	274,502,169	274,451,896	(50,273)
EXPENDITURES:					
Current:					
0011	Instruction	161,447,796	168,922,641	166,491,575	2,431,066
0012	Instructional resources and media services	3,260,858	3,552,029	3,486,887	65,142
0013	Curriculum and instructional staff development	6,863,436	7,230,448	6,887,275	343,173
0021	Instructional leadership	3,079,368	3,441,094	3,275,764	165,330
0023	School leadership	15,730,665	16,914,008	16,640,221	273,787
0031	Guidance, counseling, and evaluation services	11,355,008	11,805,871	11,543,506	262,365
0032	Social work services	396,604	426,122	417,972	8,150
0033	Health services	3,560,717	3,765,420	3,669,649	95,771
0034	Student transportation	4,415,416	4,526,234	4,115,621	410,613
0035	Food services	-	78,000	71,945	6,055
0036	Cocurricular/extracurricular activities	5,906,082	7,031,205	6,703,642	327,563
0041	General administration	5,529,362	6,053,441	5,678,339	375,102
0051	Plant maintenance and operations	30,919,309	29,956,307	27,741,333	2,214,974
0052	Security and monitoring services	1,133,757	1,295,721	1,226,316	69,405
0053	Data processing services	4,027,710	6,114,702	4,904,399	1,210,303
0061	Community services	605,664	536,985	528,354	8,631
0071	Debt service - principal on long-term debt	225,872	226,872	226,869	3
0072	Debt service - interest on long-term debt	11,769	11,769	11,769	-
0081	Facilities acquisition and construction	1,012,000	11,271,436	8,688,725	2,582,711
0093	Payments to fiscal agent/member districts of shared services arrangements	646,630	679,630	678,883	747
0095	Payments to juvenile justice alternative education programs	46,500	46,500	46,428	72
0099	Intergovernmental charges	1,247,000	1,121,200	1,120,680	520
6030	Total expenditures	261,421,523	285,007,635	274,156,152	10,851,483
1100	Excess (deficiency) of revenues over (under) expenditures	3,607,846	(10,505,466)	295,744	10,801,210
OTHER FINANCING SOURCES (USES):					
7912	Sale of real or personal property	-	251	251	-
7913	Proceeds from capital leases	-	-	14,333	14,333
7080	Total other financing sources (uses)	-	251	14,584	14,333
SPECIAL AND EXTRAORDINARY ITEMS:					
7919	Sources from extraordinary items	-	32,754,400	32,754,388	(12)
8913	Uses for extraordinary items	-	(38,473,709)	(7,730,840)	30,742,869
1200	Net change in fund balance	3,607,846	(16,224,524)	25,333,876	41,558,400
0100	BUDGETARY FUND BALANCE, JULY 1	113,463,730	113,463,730	113,463,730	-
3000	BUDGETARY FUND BALANCE, JUNE 30	\$ 117,071,576	\$ 97,239,206	\$138,797,606	\$ 41,558,400

**AMARILLO INDEPENDENT SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT SYSTEM OF TEXAS
For the Year Ended June 30, 2019**

	Measurement Year Ended August 31,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportionate share of the net pension liability	0.1737463%	0.1736001%	0.1746997%	0.1856328%	0.1196745%
District's proportionate share of the net pension liability	\$ 95,634,192	\$ 55,507,968	\$ 66,016,422	\$ 65,618,724	\$ 31,966,714
State's proportionate share of the net pension liability associated with the District	156,633,604	94,293,742	115,123,996	111,117,238	97,866,761
Total	<u>\$252,267,796</u>	<u>\$149,801,710</u>	<u>\$181,140,418</u>	<u>\$176,735,962</u>	<u>\$129,833,475</u>
District's covered payroll	\$195,269,530	\$191,335,167	\$188,171,306	\$183,927,857	\$179,348,201
District's proportionate share of the net pension liability as a percentage of its covered payroll	48.98%	29.01%	35.08%	35.68%	17.82%
Plan's fiduciary net pension as a percentage of the total pension liability	73.74%	82.17%	78.00%	78.43%	83.25%

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2018, 2017, 2016, 2015 and 2014 for the District's Fiscal Year 2019, 2018, 2017, 2016 and 2015.

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

AMARILLO INDEPENDENT SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
TEACHERS RETIREMENT SYSTEM OF TEXAS
For the Year Ended June 30, 2019

	Fiscal Year Ended June 30,				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 5,962,060	\$ 5,826,210	\$ 5,673,220	\$ 5,556,939	\$ 5,098,196
Contributions in relation to the contractually required contributions	(5,962,060)	(5,826,210)	(5,673,220)	(5,556,939)	(5,098,196)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$195,937,232	\$194,702,778	\$191,469,031	\$187,505,819	\$183,520,154
Contributions as a percentage of covered payroll	3.04%	2.99%	2.96%	2.96%	2.78%

Note: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of District's respective fiscal years as opposed to the time periods covered as of the measurement dates of August 31, 2018, 2017, 2016, 2015 and 2014 for the District's Fiscal Year 2019, 2018, 2017, 2016 and 2015.

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

**AMARILLO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY
TEACHERS RETIREMENT SYSTEM OF TEXAS
For the Year Ended June 30, 2019**

	<u>Measurement Year Ended August 31,</u>	
	<u>2018</u>	<u>2017</u>
District's proportion of the net liability (asset) for other postemployment benefits	0.2383413%	0.2301216%
District's proportionate share of net postemployment benefit liability (asset)	\$ 119,005,971	\$ 100,071,270
State's proportionate share of the net postemployment benefit liability (asset) associated with the District	<u>164,154,391</u>	<u>147,183,000</u>
Total	<u>\$ 283,160,362</u>	<u>\$ 247,254,270</u>
District's covered payroll	\$ 195,269,530	\$ 191,335,167
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	60.94%	52.30%
Plan fiduciary net position as a percentage of the total OPEB liability	1.57%	0.91%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore the amounts reported for FY 2019 and 2018 are based on the August 31, 2018 and 2017 measurement dates.

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

**AMARILLO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO THE OPEB PLAN
TEACHERS RETIREMENT SYSTEM OF TEXAS
For the Year Ended June 30, 2019**

	<u>Fiscal Year Ended June 30,</u>	
	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 1,654,309	\$ 1,572,730
Contribution in relation to the contractually required contribution	<u>(1,654,309)</u>	<u>(1,572,730)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 195,851,235	\$ 194,647,917
Contributions as a percentage of covered payroll	0.84%	0.81%

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

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

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2019

A. NOTES TO SCHEDULES FOR THE TRS PENSION

Changes of Benefit terms.

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

Changes of Assumptions.

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

1. The total pension liability as of August 31, 2018 was developed using a roll-forward method from August 31, 2017 valuation.
2. Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
3. Economic assumptions including rates of salary increase for individual participants were updated based on the same experience study.
4. The discount rate changed from 8.0 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.
5. The long term assumed rate of return changed from 8.0 percent to 7.25 percent.
6. The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the net pension liability.

B. NOTES TO SCHEDULES FOR THE TRS OPEB PLAN

Changes in Benefit Terms.

The 85th Legislature, Regular Session passed the following statutory changes which became effective on September 1, 2017:

1. Created a high-deductible health plan that provides a zero cost for generic prescriptions for certain preventive drugs and provides a zero premium for disability retirees who retired as a disability retiree on or before January 1, 2017 and are not eligible to enroll in Medicare.
2. Created a single Medicare Advantage plan and Medicare prescription drug plan for all Medicare-eligible participants.

AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2019

B. NOTES TO SCHEDULES FOR THE TRS OPEB PLAN (CONTINUED)

Changes in Benefit Terms. (Continued)

3. Allowed the System to provide other, appropriate health benefit plans to address the needs of enrollees eligible for Medicare.
4. Allowed eligible retirees and their eligible dependents to enroll in TRS-Care when the retiree reaches 65 years of age, rather than waiting for the next enrollment period.
5. Eliminated free coverage under TRS-Care, except for certain disability retirees enrolled during Plan Years 2018 through 2021, requiring members to contribute \$200 per month toward their health insurance premiums.

Changes in Assumptions.

The following were changes to the actuarial assumptions or other inputs that affected measurement of Total OPEB liability since the prior measurement period:

1. Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the Total OPEB liability.
2. The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the Total OPEB liability.
3. Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the Total OPEB liability.
4. The discount rate changed from 3.42 percent as of August 31, 2017 to 3.69 percent as of August 31, 2018. This change lowered the total OPEB liability \$2.3 billion.

In this valuation the impact of the Cadillac tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.50 percent.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

Results indicate that the value of the excise tax would be reasonably represented by a 25 basis point addition to the long term trend rate assumption.

OTHER SCHEDULES

**AMARILLO INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2019**

Data Control Codes		205 Head Start	206 ESEA Title III, B Education for Homeless	211 ESEA Title I, A Improving Basic Programs
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
	Assets:			
1110	Cash and cash equivalents	\$ (2,655)	\$(20,511)	\$ 1,277,689
1120	Investments	-	-	-
	Receivables:			
1225	Property taxes (net)	-	-	-
1240	Due from other governments	2,655	40,995	2,079,781
1250	Accrued interest	-	-	-
1260	Due from other funds	-	-	-
1290	Other receivables	-	-	359
1300	Inventory, at cost	-	-	-
1410	Prepayments	-	-	1,165
1000	Total assets	<u>\$ -</u>	<u>\$ 20,484</u>	<u>\$ 3,358,994</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
	Liabilities:			
2110	Accounts payable	\$ -	\$ -	\$ 32,949
2160	Accrued wages payable	-	19,807	1,096,432
2170	Due to other funds	-	-	2,192,215
2180	Due to other governments	-	677	37,398
2300	Unearned revenue	-	-	-
2000	Total liabilities	<u>-</u>	<u>20,484</u>	<u>3,358,994</u>
	Deferred Inflows of Resources:			
2601	Unavailable revenue - property taxes	-	-	-
2600	Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
	Fund Balances:			
	Nonspendable fund balance			
3410	Investment in inventory	-	-	-
	Restricted fund balance			
3450	Food service	-	-	-
3480	Retirement of long-term debt	-	-	-
3490	Campus activities	-	-	-
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total liabilities, deferred inflows of resources, and fund balances	<u>\$ -</u>	<u>\$ 20,484</u>	<u>\$ 3,358,994</u>

Special Revenue Funds				
212 ESEA Title I, C Education of Migrants	224 IDEA Part B Formula	225 IDEA Part B Preschool	240 Nat'l School Breakfast and Lunch Program	244 Vocational Education Basic Grant
\$ (21,245)	\$ (626,369)	\$ (18,224)	\$ 4,377,384	\$ (7,783)
-	-	-	-	-
-	-	-	-	-
34,746	1,539,472	41,895	278,114	18,624
-	-	-	-	-
-	-	-	-	-
-	-	-	32,102	-
-	-	-	124,468	-
-	-	-	-	3,690
<u>\$ 13,501</u>	<u>\$ 913,103</u>	<u>\$ 23,671</u>	<u>\$ 4,812,068</u>	<u>\$ 14,531</u>
\$ -	\$ 3,137	\$ -	\$ 160,540	\$ 1,577
12,845	875,336	21,541	101,669	12,478
-	-	-	399,839	-
656	34,630	2,130	2,977	476
-	-	-	227,663	-
<u>13,501</u>	<u>913,103</u>	<u>23,671</u>	<u>892,688</u>	<u>14,531</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	124,468	-
-	-	-	3,794,912	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>3,919,380</u>	<u>-</u>
<u>\$ 13,501</u>	<u>\$ 913,103</u>	<u>\$ 23,671</u>	<u>\$ 4,812,068</u>	<u>\$ 14,531</u>

**AMARILLO INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2019**

Data Control Codes		<u>255</u> ESEA Title II, A Teacher & Principal Trng & Recruiting	<u>263</u> Title III, A English Language Acquisition & Enhancement
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
	Assets:		
1110	Cash and cash equivalents	\$ (210,472)	\$ (49,209)
1120	Investments	-	-
	Receivables:		
1225	Property taxes (net)	-	-
1240	Due from other governments	379,030	199,753
1250	Accrued interest	-	-
1260	Due from other funds	-	-
1290	Other receivables	-	-
1300	Inventory, at cost	-	-
1410	Prepayments	-	-
1000	Total assets	<u>\$ 168,558</u>	<u>\$ 150,544</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
	Liabilities:		
2110	Accounts payable	\$ 16,635	\$ -
2160	Accrued wages payable	146,411	147,882
2170	Due to other funds	-	(160)
2180	Due to other governments	5,512	2,822
2300	Unearned revenue	-	-
2000	Total liabilities	<u>168,558</u>	<u>150,544</u>
	Deferred Inflows of Resources:		
2601	Deferred inflows	-	-
2600	Total deferred inflows of resources	<u>-</u>	<u>-</u>
	Fund Balances:		
	Nonspendable fund balance		
3410	Investment in inventory	-	-
	Restricted fund balance		
3450	Food service	-	-
3480	Retirement of long-term debt	-	-
3490	Campus activities	-	-
3000	Total fund balances	<u>-</u>	<u>-</u>
4000	Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 168,558</u>	<u>\$ 150,544</u>

Special Revenue Funds			
272 Medicaid Administrative Claims	289 Other Federal Special Revenue Funds	315 IDEA Part B Discretionary SSA	340 IDEA Part C Deaf SSA
\$ (156,284)	\$ (149,820)	\$ (14,622)	\$ (750)
-	-	-	-
-	-	-	-
156,284	333,326	32,187	750
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ 183,506</u>	<u>\$ 17,565</u>	<u>\$ -</u>
\$ -	\$ 9,128	\$ 226	\$ -
-	145,562	16,746	-
-	21,603	-	-
-	3,222	593	-
-	3,991	-	-
<u>-</u>	<u>183,506</u>	<u>17,565</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ 183,506</u>	<u>\$ 17,565</u>	<u>\$ -</u>

**AMARILLO INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2019**

Data Control Codes		397	410	429
		Advanced Placement Incentives	Instructional Materials Allotment	Other State Funded Special Rev. Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
	Assets:			
1110	Cash and cash equivalents	\$ 21,752	\$ 1,637,786	\$ (73,449)
1120	Investments	-	-	-
	Receivables:			
1225	Property taxes (net)	-	-	-
1240	Due from other governments	-	-	91,232
1250	Accrued interest	-	-	-
1260	Due from other funds	-	-	-
1290	Other receivables	-	-	-
1300	Inventory, at cost	-	-	-
1410	Prepayments	-	-	-
1000	Total assets	<u>\$ 21,752</u>	<u>\$ 1,637,786</u>	<u>\$ 17,783</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
	Liabilities:			
2110	Accounts payable	\$ -	\$ 1,034,176	\$ 13,514
2160	Accrued wages payable	-	-	1,047
2170	Due to other funds	-	-	-
2180	Due to other governments	-	-	-
2300	Unearned revenue	21,752	-	3,222
2000	Total liabilities	<u>21,752</u>	<u>1,034,176</u>	<u>17,783</u>
	Deferred Inflows of Resources:			
2601	Deferred inflows	-	-	-
2600	Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
	Fund Balances:			
	Nonspendable fund balance			
3410	Investment in inventory	-	-	-
	Restricted fund balance			
3450	Food service	-	-	-
3480	Retirement of long-term debt	-	-	-
3490	Campus activities	-	603,610	-
3000	Total fund balances	<u>-</u>	<u>603,610</u>	<u>-</u>
4000	Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 21,752</u>	<u>\$ 1,637,786</u>	<u>\$ 17,783</u>

Special Revenue Funds

435 Regional Day School for Deaf SSA	461 Campus Activity Funds	499 Locally Funded Special Rev. Funds	599 Debt Service Fund	Total (See C-1)
\$ 129,818	\$ 2,016,557	\$ 172,651	\$ 9,115,973	\$ 17,398,217
-	-	-	-	-
-	-	-	253,427	253,427
114,571	-	2,600	-	5,346,015
-	-	-	-	-
-	-	-	2	2
-	-	148,331	165,093	345,885
-	-	-	-	124,468
-	-	-	-	4,855
<u>\$ 244,389</u>	<u>\$ 2,016,557</u>	<u>\$ 323,582</u>	<u>\$ 9,534,495</u>	<u>\$ 23,472,869</u>
\$ -	\$ 1,900	\$ 4,650	\$ -	\$ 1,278,432
201,778	-	74,978	-	2,874,512
46	104,356	459	-	2,718,358
2,240	-	1,421	-	94,754
40,325	-	242,074	268,565	807,592
<u>244,389</u>	<u>106,256</u>	<u>323,582</u>	<u>268,565</u>	<u>7,773,648</u>
-	-	-	253,427	253,427
-	-	-	253,427	253,427
-	-	-	-	124,468
-	-	-	-	3,794,912
-	-	-	9,012,503	9,012,503
-	1,910,301	-	-	2,513,911
<u>-</u>	<u>1,910,301</u>	<u>-</u>	<u>9,012,503</u>	<u>15,445,794</u>
<u>\$ 244,389</u>	<u>\$ 2,016,557</u>	<u>\$ 323,582</u>	<u>\$ 9,534,495</u>	<u>\$ 23,472,869</u>

AMARILLO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2019

Data Control Codes		205	206 ESEA Title III, B Education for Homeless	211 ESEA Title I, A Improving Basic Programs
		<u>Head Start</u>		
	REVENUES			
5700	Local and intermediate sources	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-
5900	Federal program revenues	2,655	158,048	8,505,621
5020	Total revenues	<u>2,655</u>	<u>158,048</u>	<u>8,505,621</u>
	EXPENDITURES			
	Current:			
0011	Instruction	2,655	169	5,158,458
0012	Instructional resources and media service	-	-	133,003
0013	Curriculum and instructional staff development	-	-	2,301,418
0021	Instructional leadership	-	-	37,508
0023	School leadership	-	-	39,989
0031	Guidance, counseling, and evaluation services	-	-	110,932
0032	Social work services	-	156,529	259,580
0033	Health services	-	-	-
0034	Student transportation	-	1,350	8,384
0035	Food services	-	-	-
0036	Cocurricular/extracurricular activities	-	-	535
0041	General administration	-	-	-
0051	Plant maintenance and operations	-	-	-
0052	Security and monitoring services	-	-	-
0061	Community services	-	-	455,814
0071	Debt service - principal on long-term debt	-	-	-
0072	Debt service - interest on long-term debt	-	-	-
0073	Debt service - bond servicing fees	-	-	-
0081	Facilities acquisition and construction	-	-	-
0095	Payments to juvenile justice alternative education programs	-	-	-
6030	Total expenditures	<u>2,655</u>	<u>158,048</u>	<u>8,505,621</u>
1200	NET CHANGE IN FUND BALANCE	-	-	-
0100	FUND BALANCES - BEGINNING OF YEAR	-	-	-
3000	FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue Funds				
212 ESEA Title I, C Education of Migrants	224 IDEA Part B Formula	225 IDEA Part B Preschool	240 Nat'l School Breakfast and Lunch Program	244 Vocational Education Basic Grant
\$ -	\$ -	\$ -	\$ 2,771,516	\$ -
-	-	-	93,561	-
218,921	5,745,235	228,389	16,272,112	381,998
218,921	5,745,235	228,389	19,137,189	381,998
56,321	5,159,813	168,389	-	261,351
-	-	-	-	-
102	45,133	-	-	110,717
48,562	15,755	-	-	9,930
-	-	-	-	-
10,071	522,144	59,454	-	-
53,624	-	-	-	-
-	2,390	-	-	-
-	-	-	-	-
-	-	-	18,108,735	-
18,340	-	-	-	-
-	-	-	-	-
-	-	-	549,769	-
-	-	-	-	-
31,901	-	546	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
218,921	5,745,235	228,389	18,658,504	381,998
-	-	-	478,685	-
-	-	-	3,440,695	-
\$ -	\$ -	\$ -	\$ 3,919,380	\$ -

AMARILLO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2019

Data Control Codes		<u>255</u> ESEA, Title II, A Teacher & Principal Training & Recruiting	<u>263</u> Title III, A English Language Acquisition & Enhancement
REVENUES			
5700	Local and intermediate sources	\$ -	\$ -
5800	State program revenues	-	-
5900	Federal program revenues	1,148,328	542,104
5020	Total revenues	<u>1,148,328</u>	<u>542,104</u>
EXPENDITURES			
	Current:		
0011	Instruction	680,298	468,516
0012	Instructional resources and media service	-	-
0013	Curriculum and instructional staff development	425,572	73,588
0021	Instructional leadership	2,147	-
0023	School leadership	28,399	-
0031	Guidance, counseling, and evaluation services	112	-
0032	Social work services	-	-
0033	Health services	-	-
0034	Student transportation	-	-
0035	Food services	-	-
0036	Cocurricular/extracurricular activities	-	-
0041	General administration	-	-
0051	Plant maintenance and operations	-	-
0052	Security and monitoring services	-	-
0061	Community services	11,800	-
0071	Debt service - principal on long-term debt	-	-
0072	Debt service - interest on long-term debt	-	-
0073	Debt service - bond servicing fees	-	-
0081	Facilities acquisition and construction	-	-
0095	Payments to juvenile justice alternative education programs	-	-
6030	Total expenditures	<u>1,148,328</u>	<u>542,104</u>
1200	NET CHANGE IN FUND BALANCE	-	-
0100	FUND BALANCES - BEGINNING OF YEAR	-	-
3000	FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>

Special Revenue Funds			
272	289	315	340
Medicaid Administrative Claims	Other Federal Special Rev. Funds	IDEA Part B Discretionary SSA	IDEA Part C Deaf SSA
\$ -	\$ -	\$ -	\$ -
-	-	-	-
156,284	983,558	112,475	750
156,284	983,558	112,475	750
-	791,633	104,832	750
-	-	-	-
-	16,633	4,422	-
-	80,459	2,903	-
-	30,767	-	-
156,284	480	318	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	899	-	-
-	-	-	-
-	57,803	-	-
-	4,884	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
156,284	983,558	112,475	750
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

AMARILLO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2019

Data Control Codes		<u>397</u>	<u>410</u>	<u>429</u>
		Advanced Placement Incentives	Instructional Materials Allotment	Other State Funded Special Rev. Funds
REVENUES				
5700	Local and intermediate sources	\$ -	\$ -	\$ -
5800	State program revenues	-	2,785,133	280,889
5900	Federal program revenues	-	-	29,492
5020	Total revenues	<u>-</u>	<u>2,785,133</u>	<u>310,381</u>
EXPENDITURES				
Current:				
0011	Instruction	-	3,180,009	165,814
0012	Instructional resources and media service	-	15,128	25
0013	Curriculum and instructional staff development	-	108,750	61,784
0021	Instructional leadership	-	-	-
0023	School leadership	-	-	-
0031	Guidance, counseling, and evaluation services	-	-	-
0032	Social work services	-	-	-
0033	Health services	-	-	-
0034	Student transportation	-	-	-
0035	Food services	-	-	-
0036	Cocurricular/extracurricular activities	-	-	9,297
0041	General administration	-	-	-
0051	Plant maintenance and operations	-	-	-
0052	Security and monitoring services	-	-	-
0061	Community services	-	-	73,461
0071	Debt service - principal on long-term debt	-	-	-
0072	Debt service - interest on long-term debt	-	-	-
0073	Debt service - bond servicing fees	-	-	-
0081	Facilities acquisition and construction	-	-	-
0095	Payments to juvenile justice alternative education programs	<u>-</u>	<u>-</u>	<u>-</u>
6030	Total expenditures	<u>-</u>	<u>3,303,887</u>	<u>310,381</u>
1200	NET CHANGE IN FUND BALANCE	-	(518,754)	-
0100	FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>1,122,364</u>	<u>-</u>
3000	FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 603,610</u>	<u>\$ -</u>

Special Revenue Funds				
435 Regional Day School for Deaf SSA	461 Campus Activity Funds	499 Locally Funded Special Rev. Funds	599 Debt Service Fund	Total (See C-3)
\$ 939,308	\$ 2,807,666	\$ 882,628	\$ 14,148,490	\$ 21,549,608
332,166	-	8,863	2,431,765	5,932,377
-	-	-	-	34,485,970
1,271,474	2,807,666	891,491	16,580,255	61,967,955
1,164,912	2,089,807	279,098	-	19,732,825
-	95,189	573	-	243,918
1,879	104,352	12,844	-	3,267,194
86,193	439	2,678	-	286,574
-	174,461	140	-	273,756
7,920	-	2,296	-	870,011
-	107	148,351	-	618,191
-	48	344,456	-	346,894
-	-	-	-	9,734
-	544	-	-	18,109,279
466	277,738	30,704	-	337,080
-	-	4,073	-	4,972
-	213	-	-	549,982
-	3,886	-	-	61,689
10,104	625	41,496	-	630,631
-	-	1,782	7,170,000	7,171,782
-	-	-	10,857,335	10,857,335
-	-	-	3,750	3,750
-	7,730	23,000	-	30,730
-	-	-	-	-
1,271,474	2,755,139	891,491	18,031,085	63,406,327
-	52,527	-	(1,450,830)	(1,438,372)
-	1,857,774	-	10,463,333	16,884,166
\$ -	\$ 1,910,301	\$ -	\$ 9,012,503	\$ 15,445,794

**AMARILLO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2019**

	751	771	772	773	
	Transportation	Workers' Compensation Plan	Dental Insurance Plan	Medical Insurance Plan	Total (See D-1)
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 751,631	\$ 7,053,631	\$ 1,328,022	\$ 30,539,713	\$ 39,672,997
Investments	-	-	-	5,996,340	5,996,340
Accrued interest	-	-	-	56,137	56,137
Other receivables	-	1,833	-	624,120	625,953
Total current assets	<u>751,631</u>	<u>7,055,464</u>	<u>1,328,022</u>	<u>37,216,310</u>	<u>46,351,427</u>
Noncurrent Assets					
Furniture and equipment	2,161,598	-	-	-	2,161,598
Depreciation on furniture and equipment	<u>(1,719,899)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,719,899)</u>
Total noncurrent assets	<u>441,699</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>441,699</u>
Total assets	<u>1,193,330</u>	<u>7,055,464</u>	<u>1,328,022</u>	<u>37,216,310</u>	<u>46,793,126</u>
LIABILITIES					
Current Liabilities					
Accounts payable	25,219	5,940	63	1,147,675	1,178,897
Accrued wages payable	-	-	-	30	30
Due to other funds	-	80,140	-	1,171	81,311
Due to other governments	-	-	18	49	67
Accrued expenditures or expenses	-	1,154,365	99,000	2,278,312	3,531,677
Total current liabilities	<u>25,219</u>	<u>1,240,445</u>	<u>99,081</u>	<u>3,427,237</u>	<u>4,791,982</u>
Total liabilities	<u>25,219</u>	<u>1,240,445</u>	<u>99,081</u>	<u>3,427,237</u>	<u>4,791,982</u>
NET POSITION					
Net investment in capital assets	441,699	-	-	-	441,699
Unrestricted net position	<u>726,412</u>	<u>5,815,019</u>	<u>1,228,941</u>	<u>33,789,073</u>	<u>41,559,445</u>
Total net position	<u>\$ 1,168,111</u>	<u>\$ 5,815,019</u>	<u>\$ 1,228,941</u>	<u>\$ 33,789,073</u>	<u>\$ 42,001,144</u>

**AMARILLO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
Year Ended June 30, 2019**

	751	771	772	773	
	Transportation	Workers' Compensation Plan	Dental Insurance Plan	Medical Insurance Plan	Total (See D-2)
REVENUES					
Charges for services	\$ 701,087	\$ 1,158,278	\$ 1,319,946	\$ 36,560,249	\$ 39,739,560
Total revenues	<u>701,087</u>	<u>1,158,278</u>	<u>1,319,946</u>	<u>36,560,249</u>	<u>39,739,560</u>
EXPENSES					
Payroll costs	-	-	21,341	29,220	50,561
Professional and contracted services	151,743	180,228	1,231,766	26,011,391	27,575,128
Supplies and materials	105,095	-	-	-	105,095
Other operating costs	<u>442,185</u>	<u>81,778</u>	<u>-</u>	<u>4,323,973</u>	<u>4,847,936</u>
Total expenses	<u>699,023</u>	<u>262,006</u>	<u>1,253,107</u>	<u>30,364,584</u>	<u>32,578,720</u>
Operating income	<u>2,064</u>	<u>896,272</u>	<u>66,839</u>	<u>6,195,665</u>	<u>7,160,840</u>
NONOPERATING REVENUES					
Interest and investment income	-	155,546	30,135	859,562	1,045,243
Income before operating transfers	<u>2,064</u>	<u>1,051,818</u>	<u>96,974</u>	<u>7,055,227</u>	<u>8,206,083</u>
CHANGE IN NET POSITION	<u>2,064</u>	<u>1,051,818</u>	<u>96,974</u>	<u>7,055,227</u>	<u>8,206,083</u>
NET POSITION - BEGINNING OF YEAR	<u>1,166,047</u>	<u>4,763,201</u>	<u>1,131,967</u>	<u>26,733,846</u>	<u>33,795,061</u>
NET POSITION - END OF YEAR	<u>\$ 1,168,111</u>	<u>\$ 5,815,019</u>	<u>\$ 1,228,941</u>	<u>\$ 33,789,073</u>	<u>\$ 42,001,144</u>

**AMARILLO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2019**

	751 Transportation	771 Workers' Compensation Plan	772 Dental Insurance Plan	773 Medical Insurance Plan	Total (See D-3)
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers/user charges	\$ -	\$ -	\$ 1,320,009	\$ 8,667,207	\$ 9,987,216
Payments to suppliers	(681,157)	(155,706)		(5,358,133)	(6,194,996)
Claims paid	-	(458,546)	(1,231,765)	(25,188,393)	(26,878,704)
Payments to employees	-	-	(21,368)	(29,141)	(50,509)
Internal activity - payments from other funds	820,426	1,348,612	-	27,699,865	29,868,903
Net cash provided by operating activities	139,269	734,360	66,876	5,791,405	6,731,910
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of investments	-	-	-	(3,072,900)	(3,072,900)
Interest on investments	-	155,546	30,135	859,562	1,045,243
Net cash provided (used) by investing activities	-	155,546	30,135	(2,213,338)	(2,027,657)
Net increase (decrease) in cash and cash equivalents	139,269	889,906	97,011	3,578,067	4,704,253
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	612,362	6,163,725	1,231,011	26,961,646	34,968,744
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 751,631</u>	<u>\$ 7,053,631</u>	<u>\$ 1,328,022</u>	<u>\$ 30,539,713</u>	<u>\$ 39,672,997</u>
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	\$ 2,064	\$ 896,272	\$ 66,839	\$ 6,195,665	\$ 7,160,840
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	115,442	-	-	-	115,442
Changes in assets and liabilities:					
(Increase) decrease in accrued interest receivable	-	-	-	(40,849)	(40,849)
(Increase) decrease in due from other funds	3,897	110,194	-	29,993	144,084
(Increase) decrease in other receivables	-	(1,833)	-	(183,492)	(185,325)
Increase (decrease) in accounts payable	17,866	5,940	63	(211,422)	(187,553)
Increase (decrease) in accrued wages payable	-	-	(27)	30	3
Increase (decrease) in due to other funds	-	80,140	-	1,171	81,311
Increase (decrease) in due to other governments	-	-	1	49	50
Increase (decrease) in accrued expenses	-	(356,353)	-	260	(356,093)
Net cash provided by operating activities	<u>\$ 139,269</u>	<u>\$ 734,360</u>	<u>\$ 66,876</u>	<u>\$ 5,791,405</u>	<u>\$ 6,731,910</u>

**AMARILLO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
June 30, 2019**

	711 Office Park	712 Extended School Day	Total (See D-1)
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 2,428,850	\$ 3,211,331	\$ 5,640,181
Other receivables	6,743	-	6,743
Other assets	20,743	-	20,743
Total current assets	<u>2,456,336</u>	<u>3,211,331</u>	<u>5,667,667</u>
Noncurrent Assets			
Land	224,455	-	224,455
Buildings and improvements	3,317,004	-	3,317,004
Other depreciable capital assets	22,500		22,500
Construction in progress	115,908		115,908
Accumulated depreciation	<u>(2,516,351)</u>	<u>-</u>	<u>(2,516,351)</u>
Total noncurrent assets	<u>1,163,516</u>	<u>-</u>	<u>1,163,516</u>
Total assets	<u>3,619,852</u>	<u>3,211,331</u>	<u>6,831,183</u>
LIABILITIES			
Current Liabilities			
Accounts payable	26,220	276	26,496
Accrued wages payable	-	73,335	73,335
Due to other funds	-	6,705	6,705
Due to other governments	-	681	681
Unearned revenue	<u>-</u>	<u>29,685</u>	<u>29,685</u>
Total current liabilities	<u>26,220</u>	<u>110,682</u>	<u>136,902</u>
Total liabilities	<u>26,220</u>	<u>110,682</u>	<u>136,902</u>
NET POSITION			
Net investment in capital assets	1,163,516	-	1,163,516
Unrestricted net position	<u>2,430,116</u>	<u>3,100,649</u>	<u>5,530,765</u>
Total net position	<u>\$ 3,593,632</u>	<u>\$ 3,100,649</u>	<u>\$ 6,694,281</u>

**AMARILLO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
Year Ended June 30, 2019**

	711 Office Park	712 Extended School Day	Total (See D-2)
REVENUES			
Local and intermediate sources	\$ 478,395	\$ 1,291,859	\$ 1,770,254
Total revenues	<u>478,395</u>	<u>1,291,859</u>	<u>1,770,254</u>
EXPENSES			
Payroll costs	-	908,538	908,538
Professional and contracted services	386,816	69	386,885
Supplies and materials	275	8,934	9,209
Other operating costs	39,073	40,591	79,664
Depreciation	<u>73,378</u>	<u>-</u>	<u>73,378</u>
Total expenses	<u>499,542</u>	<u>958,132</u>	<u>1,457,674</u>
Operating income	(21,147)	333,727	312,580
NONOPERATING REVENUES			
Interest income	<u>57,335</u>	<u>-</u>	<u>57,335</u>
Total nonoperating revenues	<u>57,335</u>	<u>-</u>	<u>57,335</u>
CHANGE IN NET POSITION	36,188	333,727	369,915
NET POSITION - BEGINNING OF YEAR	<u>3,557,444</u>	<u>2,766,922</u>	<u>6,324,366</u>
NET POSITION - END OF YEAR	<u><u>\$ 3,593,632</u></u>	<u><u>\$ 3,100,649</u></u>	<u><u>\$ 6,694,281</u></u>

**AMARILLO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
Year Ended June 30, 2019**

	711 Office Park	712 Extended Day School	Total (See D-3)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers/user charges	\$ 485,684	\$ 1,291,444	\$ 1,777,128
Payments to suppliers	(435,783)	(52,504)	(488,287)
Payments to employees	-	(895,311)	(895,311)
Net cash provided by operating activities	<u>49,901</u>	<u>343,629</u>	<u>393,530</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	<u>(162,997)</u>	<u>-</u>	<u>(162,997)</u>
Net cash used by capital and related financing activities	<u>(162,997)</u>	<u>-</u>	<u>(162,997)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments	-	-	-
Purchases of investments	-	-	-
Interest on investments	<u>57,335</u>	<u>-</u>	<u>57,335</u>
Net cash provided (used) by investing activities	<u>57,335</u>	<u>-</u>	<u>57,335</u>
Net increase (decrease) in cash and cash equivalents	(55,761)	343,629	287,868
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>2,484,611</u>	<u>2,867,702</u>	<u>5,352,313</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 2,428,850</u></u>	<u><u>\$ 3,211,331</u></u>	<u><u>\$ 5,640,181</u></u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ (21,147)	\$ 333,727	\$ 312,580
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	73,378	-	73,378
Changes in assets and liabilities:			
(Increase) decrease in accrued interest receivable	-	-	-
(Increase) decrease in other receivables	7,289	-	7,289
(Increase) decrease in due from other funds	-	-	-
(Increase) decrease in other current assets	2,938	-	2,938
Increase (decrease) in accounts payable	(12,531)	276	(12,255)
Increase (decrease) in accrued wages payable	-	13,227	13,227
Increase (decrease) in due to other funds	(26)	(3,194)	(3,220)
Increase (decrease) in due to other governments	-	8	8
Increase (decrease) in unearned revenue	-	(415)	(415)
Net cash provided by operating activities	<u><u>\$ 49,901</u></u>	<u><u>\$ 343,629</u></u>	<u><u>\$ 393,530</u></u>

**AMARILLO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
Year Ended June 30, 2019**

Last Ten Years	1	2	3	10
	Tax rate		Net assessed/appraised value	Balance
	<u>Maintenance</u>	<u>Debt service</u>		
			<u>for school tax purposes</u>	<u>July 1, 2018</u>
2010 and prior	Various	Various	Various	\$ 760,975
2011	1.080	.090	7,260,884,701	161,147
2012	1.080	.090	7,397,553,333	142,151
2013	1.080	.090	7,547,772,479	156,890
2014	1.080	.109	7,757,488,310	187,491
2015	1.080	.109	7,972,500,673	239,594
2016	1.080	.109	7,926,792,178	290,960
2017	1.080	.109	8,230,816,232	492,597
2018	1.080	.109	8,625,620,774	1,891,757
2019 (School year under audit)	1.080	.159	8,803,344,794	-
1000 Totals				<u>\$ 4,323,562</u>

EXHIBIT J-1

20 Current year's <u>total levy</u>	31 Maintenance <u>collections</u>	32 Debt service <u>collections</u>	40 Entire year's <u>adjustments</u>	50 Balance <u>June 30, 2019</u>
\$ -	\$ 24,198	\$ 2,535	\$ (40,973)	\$ 693,269
-	5,030	419	(492)	155,206
-	8,601	717	(295)	132,538
-	11,054	921	(369)	144,546
-	23,050	2,327	1,595	163,709
-	36,933	3,728	503	199,436
-	70,276	7,093	3,588	217,179
-	141,429	14,274	(43,604)	293,290
-	1,093,562	110,369	(174,524)	513,302
<u>109,073,442</u>	<u>93,047,401</u>	<u>13,698,632</u>	<u>(313,890)</u>	<u>2,013,519</u>
<u>\$ 109,073,442</u>	<u>\$ 94,461,534</u>	<u>\$ 13,841,015</u>	<u>\$ (568,461)</u>	<u>\$ 4,525,994</u>

Amount receivable relating to the abolished
County Education District 3,365

Total delinquent taxes receivable \$ 4,529,359

AMARILLO INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
NATIONAL SCHOOL BREAKFAST & LUNCH PROGRAM FUND
Year Ended June 30, 2019

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance with Final Budget
		Original	Final	(GAAP Basis)	Positive (Negative)
REVENUES:					
5700	Local and intermediate sources	\$ 3,109,578	\$ 3,109,578	\$ 2,771,516	\$ (338,062)
5800	State program revenues	95,515	95,515	93,561	(1,954)
5900	Federal program revenues	16,359,703	16,428,203	16,272,112	(156,091)
5020	Total revenues	19,564,796	19,633,296	19,137,189	(496,107)
EXPENDITURES:					
Current:					
0011	Instruction	-	-	-	-
0012	Instructional resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	-	-	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling, and evaluation services	-	-	-	-
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food services	18,642,591	18,711,091	18,108,735	602,356
0036	Cocurricular/extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Plant maintenance and operations	466,700	611,700	549,769	61,931
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	-
0071	Debt service	-	-	-	-
0081	Facilities acquisition and construction	-	160,000	-	160,000
0093	Payments to fiscal agent/member districts of shared services arrangements	-	-	-	-
0095	Payments to juvenile justice alternative education programs	-	-	-	-
6030	Total expenditures	19,109,291	19,482,791	18,658,504	824,287
1200	Net change in fund balance	455,505	150,505	478,685	328,180
0100	Budgetary fund balance, July 1	3,440,695	3,440,695	3,440,695	-
3000	Budgetary fund balance, June 30	\$ 3,896,200	\$ 3,591,200	\$ 3,919,380	\$ 328,180

EXHIBIT J-5

**AMARILLO INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
Year Ended June 30, 2019**

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance with Final Budget Positive (Negative)
		Original	Final		
REVENUES:					
5700	Local and intermediate sources	\$ 9,424,564	\$ 14,246,919	\$ 14,148,490	\$ (98,429)
5800	State program revenues	2,767,418	2,432,640	2,431,765	(875)
5900	Federal program revenues	-	-	-	-
5020	Total revenues	12,191,982	16,679,559	16,580,255	(99,304)
EXPENDITURES:					
Current:					
0011	Instruction	-	-	-	-
0012	Instructional resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	-	-	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling, and evaluation services	-	-	-	-
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food services	-	-	-	-
0036	Cocurricular/extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	-
0071	Debt service - principal on long-term debt	5,095,000	7,170,000	7,170,000	-
0072	Debt service - interest on long-term debt	7,343,519	10,857,336	10,857,335	1
0073	Debt service - bond servicing fees	10,000	10,000	3,750	6,250
0081	Facilities acquisition and construction	-	-	-	-
0093	Payments to fiscal agent/member districts of shared services arrangements	-	-	-	-
0095	Payments to juvenile justice alternative education programs	-	-	-	-
6030	Total expenditures	12,448,519	18,037,336	18,031,085	6,251
1100	Excess (deficiency) of revenues over (under) expenditures	(256,537)	(1,357,777)	(1,450,830)	(93,053)
OTHER FINANCING SOURCES:					
7901	Refunding bonds issued	-	-	-	-
7916	Premium or discount on issuance of bonds	-	-	-	-
7917	Prepaid interest	-	-	-	-
8940	Payment to bond refunding escrow agent	-	-	-	-
7080	Total other financing sources (uses)	-	-	-	-
1200	Net change in fund balance	(256,537)	(1,357,777)	(1,450,830)	(93,053)
0100	Budgetary fund balance, July 1	10,463,333	10,463,333	10,463,333	-
3000	Budgetary fund balance, June 30	\$10,206,796	\$ 9,105,556	\$ 9,012,503	\$ (93,053)

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FEDERAL AWARDS SECTION

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

The Board of Trustees
Amarillo Independent School District
Amarillo, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Amarillo Independent School District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 14, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of

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laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Connor McMellon Mitchell, Shexnum PLLC

Amarillo, Texas
November 14, 2019

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**Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

The Board of Trustees
Amarillo Independent School District
Amarillo, Texas

Report on Compliance for Each Major Federal Program

We have audited Amarillo Independent School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

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Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2019-001. Our opinion of each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weakness or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2019-001, that we consider to be a significant deficiency.

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

Connor McMillon Mitchell & Shumway PLLC

Amarillo, Texas
November 14, 2019

**AMARILLO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019**

Section I—Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200.516(a)? X yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	USDA Child Nutrition Cluster
10.553	National School Breakfast Program
10.555	National School Lunch Program - Combined
10.555	National School Lunch Program - Cash in Lieu of Commodities Program
84.367A	Improving Teacher Quality State Grants
84.424A	Student Support and Academic Enrichment Program

Dollar threshold used to distinguish between type A and type B programs: \$1,059,401

Auditee qualified as low-risk auditee? X yes no

**AMARILLO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019**

Section II—Financial Statement Findings

None.

Section III—Major Federal Award Findings and Questioned Costs

Finding 2019-001

Program: National School Lunch Program – Combined 10.555

Program
Requirement: Eligibility

Condition: One application out of a sample of sixty selected for testing was processed as receiving meals at a reduced rate. However, based on review of the application, the student was eligible for free meals.

Criteria: AISD Child Nutrition processes applications for free, paid, and reduced-price meals, and determines each application's eligibility based on income eligibility guidelines set by the Texas Department of Agriculture. Applications can be submitted in paper or electronically to the District.

Cause: Applications can be submitted in paper or electronically to AISD. The paper application was handwritten and was processed incorrectly.

Effect: The applicants received an incorrect determination on their application when compared to the Income Eligibility Guidelines for Determining Free and Reduced Price Benefits published by the Texas Department of Agriculture.

Repeat Finding No

Recommendation: The District should maintain proper review and approval of the processing of paper applications.

Views of Responsible
Officials: The District agreed with the recommendation and will continue to maintain proper review and approval of the processing of paper applications.

**SCHEDULE OF CORRECTIVE ACTION
FOR AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019**

Finding 2019-001

Condition: One application out of a sample of sixty selected for testing was processed as receiving meals at a reduced rate, however, based on review of the application, the student was eligible for free meals.

Corrective
Action Plan: The District agreed with the recommendation and will continue to maintain proper review and approval of the processing of paper applications. See the District's Corrective Action Plan on page 127.

**AMARILLO INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2019**

None.

Amarillo Independent School District
Schedule of Expenditures of Federal Awards
Year ended June 30, 2019

(1)	(2)	(3)	(4)
Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through Texas Education Agency:			
Title I, Part A-Improving Basic Programs*	84.010A	18610101188901	\$ 2,298
Title I, Part A-Improving Basic Programs*	84.010A	19610101188901	8,780,095
Total CFDA No. 84.010A			8,782,393
Title I, Part C, Migrant	84.011A	19615001188901	226,045
Total CFDA No. 84.011A			226,045
IDEA-B, Discretionary Deaf*	84.027A	196600111889016673	116,135
IDEA-B Discretionary	84.027A	176600021889016674	60,000
IDEA- B Formula*	84.027A	186600011889016600	330,235
IDEA- B Formula*	84.027A	196600011889016600	5,601,950
Total CFDA No. 84.027A			6,108,320
Title I, Part C, Carl D Perkins Career and Technical Education Act Grant	84.048A	1842006188901	2,148
Title I, Part C, Carl D Perkins Career and Technical Education Act Grant	84.048A	1942006188901	392,281
Total CFDA No. 84.048A			394,429
IDEA B, Preschool*	84.173A	186610011889016610	76,050
IDEA B, Preschool*	84.173A	196610011889016610	97,819
Total CFDA No. 84.173A			173,869
IDEA- C ECI*	84.181A	193911011889013911	750
Total CFDA No. 84.181A			750
Title III, Part A - ELA	84.365A	19671001188901	552,946
Total CFDA No. 84.365A			552,946
Title II, Part A Teacher & Principal Training & Recruiting	84.367A	18694501188901	4,956
Title II, Part A Supporting Effective Instruction	84.367A	19694501188901	1,180,738
Total CFDA No. 84.367A			1,185,694
Title IV, Part A SubPart 1	84.424A	18680101188901	10,532
Title IV, Part A SubPart 1	84.424A	19680101188901	584,466
Total CFDA No. 84.424A			594,998
ESEA, Title VI, Part A, Summer School LEP	84.369A	069551802	45,886
Total CFDA No. 84.369A			45,886
2018-2019 Texas Education for Homeless Children & Youth	84.196A	194600057110005	157,818
Total CFDA No. 84.196A			157,818
2018-2020 Texas Hurricane Homeless Youth	84.938B	19513701188901	151
Total CFDA No. 84.938B			151
Total Passed Through Texas Education Agency			18,223,299
Passed Through Education Service Center, Region X:			
McKinney-Vento/TEXSHEP (Texas Support for Homeless Education)	84.196A	18-004	5,373
Total Passed Through Education Service Center, Region 10			5,373
Total U.S. Department of Education			18,228,672
			Continued

Amarillo Independent School District
Schedule of Expenditures of Federal Awards
Year ended June 30, 2019

(1)	(2)	(3)	(4)
Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>ACTION</u>			
Passed Through OneStar National Service Commission:			
Amarillo ISD AmeriCorps	94.006	13AFHTX0010008	119
Amarillo ISD AmeriCorps	94.006	16AFHTX0010013	308,266
Total CFDA No. 94.006			308,385
National Service Criminal History Surge Augmentation Grant	94.009	19TAHTX003	4,636
Total CFDA No. 94.009			4,636
Total Passed Through OneStar National Service Commission			313,021
Total Action			313,021
<u>U.S. Department of Agriculture</u>			
Direct:			
Cash in Lieu of Commodities Program*	10.555	-	1,250,601
Total Direct			1,250,601
Passed Through Texas Education Agency:			
National School Breakfast Program*	10.553	-	4,609,892
National School Lunch Program-Combined*	10.555	-	10,411,619
Total Passed Through Texas Education Agency			15,021,511
Total U.S. Department of Agriculture			16,272,112
<u>U.S. Department of Health & Human Services</u>			
Direct:			
Medicaid Admin Cost Reimbursement	93.778	-	156,284
Total CFDA 93.778			156,284
Total Direct			156,284
Passed Through Education Service Center, Region XVI:			
Head Start	93.600	06CH10104-03-01	2,655
Total Passed Through ESC, Region XVI			2,655
Total U.S. Department of Health & Human Services			158,939
			Continued

Amarillo Independent School District
Schedule of Expenditures of Federal Awards
Year ended June 30, 2019

(1)	(2)	(3)	(4)
Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Defense</u>			
Direct:			
ROTC salaries & other (Note A)	12.000	-	219,917
Total U.S. Department of Defense			<u>219,917</u>
<u>U.S. Department of Justice</u>			
Direct:			
STOP School Violence Prevention & Mental Health Training Program	16.839	2018-YS-BX-0156	57,803
Total U.S. Department of Justice			<u>57,803</u>
<u>U.S. Department of Labor</u>			
Passed Through Texas Workforce Commission			
WIOA Disl Worker Formula Grants	17.278	0119ATP000	52,200
Total CFDA 17.278			<u>52,200</u>
Temporary Asst Needy Families	93.558	0119ATP000	10,712
Total CFDA 93.558			<u>10,712</u>
Total Passed Through Texas Workforce Commission			<u>62,912</u>
Total U.S. Department of Labor			<u>62,912</u>
Total Expenditures of Federal Awards			<u>\$35,313,376</u>
Medicaid Reimbursement accounted for in the general fund as revenue from federal sources but not considered "federal financial assistance" for inclusion in the Schedule of Expenditures of Federal Awards			<u>7,238,356</u>
Revenue from federal sources per Exhibit C-3			<u>\$ 42,551,732</u>

Note A:

These programs are accounted for in the general fund. Expenditures for these programs are not specifically attributable to this revenue source and are shown on this schedule in an amount equal to revenue for balancing purposes only.

*Clustered programs as required by Compliance Supplement

**AMARILLO INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019**

NOTE 1 - GENERAL

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal awards programs of Amarillo Independent School District (the District) for the year ended June 30, 2019. The District's reporting entity is defined in Note 1 - Summary of Significant Accounting Policies to the District's basic financial statements. Federal financial assistance received directly from federal agencies as well as assistance passed through other government agencies is included on the Schedule. The District did not elect to use the 10% de minimis indirect cost rate. The District did not provide pass-through funds to subrecipients for the year ended June 30, 2019.

NOTE 2 - BASIS OF ACCOUNTING

The accompanying Schedule is presented using the modified accrual basis of accounting, which is described in Note 1 - Summary of Significant Accounting Policies to the District's basic financial statements.

NOTE 3 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying Schedule agree with the amounts reported in the related federal financial reports considering timing differences of cash receipts.

NOTE 4 - COMMITMENTS AND CONTINGENCIES

The District participates in numerous 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; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the District's administration, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grant.



Pati Buchenau
Chief Financial Officer

November 14, 2019

Federal Fiscal Monitoring Division
Texas Education Agency
1701 North Congress Avenue
Austin, TX 78701-1494

Re: Amarillo I.S.D. Finding 2019-001

In response to Finding 2019-001 issued by our auditors, Connor McMillon Mitchell & Shennum, PLLC, I am presenting the following Corrective Action Plan.

Program: 10.555 – National School Lunch Program

Contact
Person: Matt Buck, Chartwells Resident District Manager

Condition: One application out of a sample of sixty selected for testing was processed as receiving meals at a reduced rate. However, based on review of the application, the student was eligible for free meals.

Corrective

Action Plan: The application that contained the error resulted from a mistake made during the process of listing household members. The Meal Application Supervisor did not find this error. To correct this, and help ensure that this issue does not arise in the future; AISD is implementing the following procedural changes:

- 1). Meal Applications were reformatted in August 2019. The new applications have more detailed instructions regarding how to list enrolled students and non-student household members.
- 2). Amarillo ISD has, and continues, to promote online applications. We provide computers, iPads, and staff to assist parents in the process and alleviate any human error.
- 3). Any physical application that has a household size over 5 members, or has multiple individuals with the same name, will be reviewed by a second staff member as these applications could be prone to errors.



Amarillo Independent School District

7200 West Interstate 40 • Amarillo, TX 79106 • (806)326-1121 • Fax • (806)354-4292

Pati Buchenau
Chief Financial Officer

Amarillo Independent School District
Summary schedule of prior audit finding
Year ended June 30, 2019

N/A – There were no findings to report in FY 2018.