

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

fiscal years

2016
2017

FOR THE FISCAL YEARS ENDED AUGUST 31, 2017 & 2016
AUSTIN COMMUNITY COLLEGE DISTRICT • TEXAS



Austin Community College District
Austin, Texas

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Years Ended August 31, 2017 and 2016

Prepared by
Finance and Administration
Austin Community College District

THIS PAGE IS INTENTIONALLY LEFT BLANK

INTRODUCTORY SECTION

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

TABLE OF CONTENTS
August 31, 2017

	PAGE	EXHIBIT
INTRODUCTORY SECTION		
Table of Contents	i	
Board of Trustees and Key Officers.....	v	
Organizational Chart	vi	
Letter of Transmittal	vii	
Certificate of Achievement for Excellence in Financial Reporting	xiii	
FINANCIAL SECTION		
Independent Auditor’s Report.....	1	
Management’s Discussion and Analysis (Unaudited)	7	
<u>Basic Financial Statements</u>		
Statements of Net Position	22	1
Statements of Financial Position – ACC Foundation	24	1A
Statements of Revenues, Expenses and Changes in Net Position	25	2
Statements of Activities – ACC Foundation	26	2A
Statements of Cash Flows.....	27	3
Notes to the Basic Financial Statements	29	
<u>Required Supplemental Information</u>		
Schedule of Share of Net Pension Liability	94	
Schedule of Contributions to the Teacher Retirement System.....	95	
Schedule of Funding Progress, Other Postemployment Benefits.....	96	
Notes to Required Supplemental Information	97	
<u>Supplemental Information</u>		
Schedule of Operating Revenues	100	A
Schedule of Operating Expenses by Object	101	B
Schedule of Non-Operating Revenues and Expenses.....	102	C
Schedule of Net Position by Source and Availability.....	103	D

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

TABLE OF CONTENTS
August 31, 2017

	<u>PAGE</u>	<u>SCHEDULE</u>
STATISTICAL SECTION (Unaudited)	105	
Net Position by Component	106	
Revenues by Source	107	
Program Expenses by Function	108	
Tuition and Fees	109	
State Appropriations per FTSE and Contact Hour	110	
Assessed Value and Taxable Assessed Value of Property	111	
Principal Taxpayers	112	
Property Tax Levies and Collections	114	
Ratios of Outstanding Debt	115	
Legal Debt Margin Information	116	
Pledged Revenue Coverage	118	
Demographic and Economic Statistics	119	
Principal Employers.....	120	
Faculty, Staff, and Administrators Statistics.....	122	
Enrollment Details	128	
Student Profile.....	126	
Transfers to Senior Institutions	128	
Capital Asset Information	129	

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

TABLE OF CONTENTS
August 31, 2017

	PAGE	SCHEDULE
FEDERAL SINGLE AUDIT SECTION		
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	131	
Independent Auditor’s Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	135	
Schedule of Expenditures of Federal Awards	139	E
Notes to the Schedule of Expenditures of Federal Awards	141	
Schedule of Federal Findings and Questioned Costs	142	
STATE SINGLE AUDIT SECTION		
Independent Auditor’s Report on Compliance For Each Major State Program and Report on Internal Control Over Compliance as Required by the State of Texas <i>Single Audit Circular</i>	145	
Schedule of Expenditures of State Awards.....	151	F
Notes to the Schedule of Expenditures of State Awards.....	152	
Schedule of State Findings and Questioned Costs.....	153	

THIS PAGE IS INTENTIONALLY LEFT BLANK

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

BOARD OF TRUSTEES AND KEY OFFICERS
August 31, 2017

BOARD OF TRUSTEES

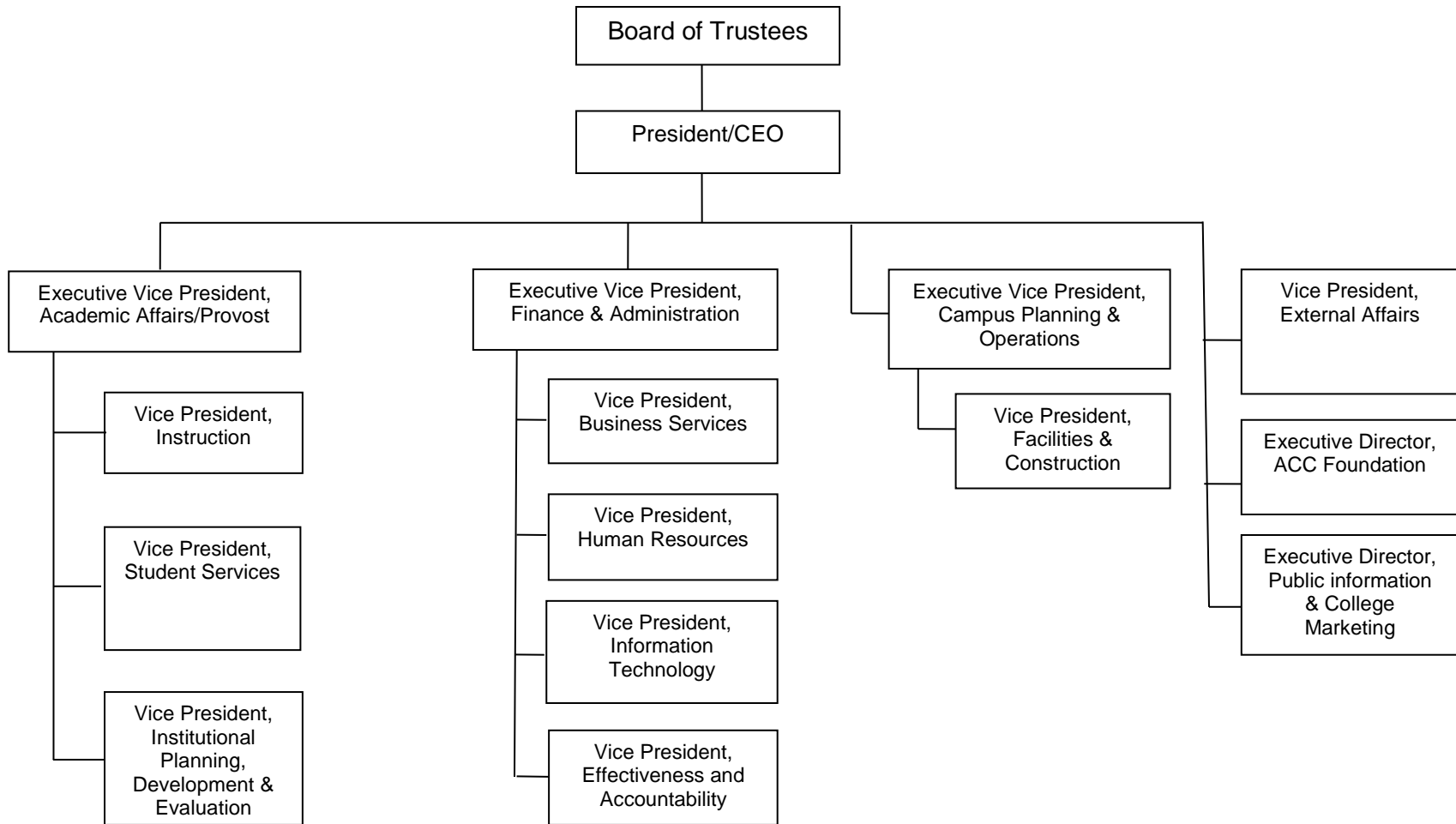
<u>Place #</u>	<u>Members</u>	<u>Term Expires</u>
1	Mr. Mark J. Williams, Secretary	November 2020
2	Ms. Gigi Edwards Bryant, Vice Chair	November 2020
3	Dr. Nan McRaven	November 2020
4	Mr. Sean Hassan	November 2022
5	Ms. Nicole Eversmann	November 2022
6	Dr. Nora de Hoyos Comstock	November 2022
7	Dr. Barbara P. Mink, Chair	November 2018
8	Dr. Betty W. Hwang	November 2018
9	Ms. Julie Ann Nitsch	November 2018

KEY OFFICERS

<u>Name</u>	<u>Title</u>
Dr. Richard Rhodes, CPA	President/CEO
Dr. Charles Cook	Executive Vice President for Academic Affairs, Provost
Mr. Neil Vickers, CPA	Executive Vice President, Finance and Administration
Vacant	Executive Vice President, Campus Planning & Operations
Dr. Molly Beth Malcolm	Vice President, External Affairs
Ms. Angela Hodge, MPA	Vice President, Business Services
Ms. Soon Merz Flynn	Vice President, Effectiveness and Accountability
Mr. Bill Mullane	Vice President, Facilities and Construction
Ms. Gerry Tucker	Vice President, Human Resources
Mr. Mike Midgley, CPA	Vice President, Instruction
Dr. Mary E. Harris	Vice President, Institutional Planning, Development and Eval.
Dr. Virginia Fraire	Vice President, Student Services
Vacant	Vice President, Information Technology
Ms. Brette Lea	Executive Director, Public Information & College Marketing
Ms. Stephanie Dempsey	Executive Director, ACC Foundation

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

ORGANIZATIONAL CHART
August 31, 2017





Dr. Richard M. Rhodes • President/CEO

Highland Business Center • 5930 Middle Fiskville Road • Austin, Texas 78752 • (512) 223.7000

December 15, 2017

Honorable Chair, Board of Trustees, and President
The Citizens of the Austin Community College District

Dear Board Members and President:

The following comprehensive annual financial report of the Austin Community College District (“the College”) for the fiscal year ended August 31, 2017, is hereby submitted. Responsibility for the preparation and integrity of the financial information, and the completeness and fairness of the presentation, including all disclosures, rests with the College. The College relies on a comprehensive framework of internal controls. Since the cost of controls should not exceed the benefits derived, the internal controls are designed to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements. The financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) as established by the Governmental Accounting Standards Board (GASB) and comply with Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges as set forth by the Texas Higher Education Coordinating Board (THECB). The Notes to the Basic Financial Statements are provided in the financial section and are considered essential to fair presentation and adequate disclosure for this financial report. The notes include the Summary of Significant Accounting Policies for the College and other necessary disclosures of important matters relating to the financial position of the College. The notes are treated as an integral part of the financial statements and should be read in conjunction with them. The Management’s Discussion and Analysis (MD&A) is provided to supplement the basic financial statements, related notes and this transmittal letter. The purpose of the MD&A is to provide an objective and readable analysis of the College’s financial activities.

The College is reported as a special-purpose governmental entity engaged solely in business type activity (BTA). In accordance with GASB Statements 34 and 35, this presentation of financial reporting combines all fund groups into a single column and resembles the format of the corporate presentation, thus facilitating comparison.

To the best of our knowledge, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the College. All disclosures necessary to enable the reader to gain an understanding of the College’s financial activities have been included.

The College is required to undergo an annual federal single audit to conform with the provisions of the Federal Single Audit Act, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements of Federal Awards*, and an annual state single audit in conformity with the Texas Governor's Office of Budget and Planning *Uniform Grant Management Standards Single Audit Circular*. Information related to these Single Audits, including the schedule of expenditures of federal awards, schedule of expenditures of state awards, and auditor's reports on compliance and internal controls, is included in the federal and state single audit sections of this report.

Governmental Structure

The Austin Community College District was established as a public community college in December 1972 and began operations in September 1973. The College operates as a community college district under the Texas Education Code. The College is governed by an elected nine-member Board of Trustees ("the Board"). At each election, three Trustees are elected to serve in a six-year, at-large position. The Board holds regularly scheduled meetings on the first Monday of each month, unless otherwise announced. Board meetings are held in the Boardroom at the College's administrative office building (Highland Business Center), unless otherwise provided in the notice of a meeting.

The Board has the final authority to determine and interpret the policies that govern the College and has oversight responsibility for the College's activities, limited only by the state legislature, the courts, and the will of the people as expressed in Board of Trustee elections. Official Board action is only taken in meetings that comply with the Texas Open Meetings Act.

In general, the Board provides policy direction and sets goals for the College consistent with the College's role and mission. Besides general Board business, trustees are charged with numerous statutory regulations, including appointing the tax assessor/collector, ordering elections, and issuing bonds. The Board is also responsible for appointing the President, setting the tax rate, and adopting the budget for the ensuing fiscal year.

Service Area

The Austin Community College District is dedicated to providing quality education that exceeds the expectations of its service area as defined by Texas Education Code 130.166. This service area includes all of Hays, Caldwell, and Blanco counties, most of Travis and Bastrop counties, and part of Williamson, Guadalupe, Lee, and Fayette counties.

Vision, Values, and Mission

Vision Statement: The Austin Community College District will be recognized as the preferred gateway to higher education and training and as the catalyst for social equity, economic development, and personal enrichment.

Value Statements: The Austin Community College District values and respects each student. In Austin Community College District's internal and external interactions with each other and our community, we value:

- Student success and equity in which all students have equal opportunity and support to achieve their academic goals.

- Student access to an affordable, challenging, and empowering higher education.
- Excellence, innovation, and relevance in all of our programs and services.
- Preparation of students for a globally competitive and technologically complex workplace.
- Open, honest, and respectful communication, collaboration, and teamwork in all of our operations.
- Promotion of diversity as a means to understanding, tolerance, an appreciation of cultural and individual differences, and a democratic society.
- Ongoing professional development by all faculty, staff, and administrators.
- The use of data and proven best practices in our evaluation processes, decision-making, and plans for continuous improvement.
- Ethical, effective/efficient, and accountable use of public resources.
- Partnerships with local, state, national and international entities that are respectful, engaging, and help us leverage our resources and expand our expertise.
- Creation and maintenance of a sustainable, safe, and healthy environment for students and employees, including freedom from all forms of discrimination and harassment.

Mission Statement: The Austin Community College District promotes student success and community development by providing affordable access, through traditional and distance learning modes, to higher education and workforce training in its service area. To fulfill its mission, the College will provide, within its available resources, the mission elements prescribed by the State of Texas:

1. Vocational and technical programs of varying lengths leading to certificates or degrees.
2. Freshman- and sophomore-level academic courses leading to an associate degree or serving as the base of a baccalaureate degree program at a four-year institution.
3. Continuing adult education for academic, occupational, professional, and cultural enhancement.
4. Special instructional programs and tutorial services to assist underprepared students and others who need special assistance to achieve their educational goals.
5. A continuing program of counseling and advising designed to assist students in achieving their individual educational and occupational goals.
6. A program of technology, library, media, and testing services to support instruction.
7. Contracted instruction programs and services for area employers that promote economic development.

Economic Condition and Outlook

The College's service area is located in Central Texas, about 150 miles inland from the Gulf of Mexico. According to the US Census Bureau, the estimated 2016 population of the Austin-Round Rock MSA was 2,056,405 and increase of 19.8 percent since 2010. Growth in these counties is expected to continue at this rate or faster in the future. Austin is the state capital, and consequently 22 percent of its workforce is employed by government agencies. The remainder of the counties' economic base consists of manufacturing, computer technology, and trade and service industries.

The Austin-Round Rock MSA continues to outpace the national averages in economic indicators. According to the Texas Workforce Commission, the Austin-Round Rock MSA labor force increased 1.8 percent from 1,112,643 in 2016 to 1,132,896 in 2017. The unemployment rate in 2017 was 3.1 percent, which is significantly lower than the statewide unemployment rate of 4.2 percent, and the national unemployment rate of 4.4 percent. According to the US Census, residents of the Austin-Round Rock-San Marcos MSA are typically well educated, with 41 percent of the workforce population age 25 or older possessing a bachelor's degree or higher.

During the past five years, the College weathered the Great Recession, state funding cuts, and extremely volatile enrollments, while maintaining a stable financial condition, including a \$26.9 million increase in net position in 2017. This stability is due to a commitment from the Board and administration to sound financial planning and budget performance. The College has increased its use of long-term planning and financial forecasting which has improved the decision-making process. Now, the local economy is in full economic recovery, including very low unemployment and a strong real estate market. While low unemployment usually has a negative impact on community college enrollments, any negative financial impacts for lower enrollments has been more than offset by increases in ad valorem taxes.

While recently stable, State funding continues to be a concern. The State reduced the College's formula appropriations by about 5% for the 2016-2017 biennium. The current funding rate is significantly less per contact hour than the College was receiving in 2000. The College is committed to the legislative process and will continue to work with State leaders to inform them of the crucial role of community colleges for the State's economic and social well-being. At the same time, the College will continue to take steps to mitigate the impact of State appropriations on the College's fiscal stability.

Financial Planning and Budgeting

The College's financial planning is comprised of three processes:

- Long-Term Facilities Plan
- Five Year Strategic Plan
- Annual Budget, including 10 year projections

The College developed a regional facilities master plan designed specifically to address the College's future enrollment projections. The facilities plan identifies potential expansions and needed renovations at each campus in order to meet future enrollment projections. In November 2014, the voters passed a \$386 million bond referendum which will provide funding to implement the of the projects identified in the plan.

The above recommendations, along with major instructional and operational initiatives, are incorporated into a five year strategic plan, which is driven by strategic goals developed by the President and approved by the Board. This strategic plan identifies the major initiatives that the College will focus on for the next five years, and therefore, it drives the annual budget decisions.

The annual budget is developed with a bottom-up approach, with the approved strategic plan serving as a guide. During the budget development cycle, departments are asked to identify the funds needed in their departmental budgets in order to accomplish the goals laid out in the strategic plan. After this information is collected from the departments, it is compiled into a proposed College-wide budget. That budget, accompanied by budget projections for the next ten

years, is then presented to the Board. The budget projections incorporate the proposed new initiatives and other operating increases to demonstrate the long-term impact of the current year funding decisions, and they also project future tuition rate increases.

The combined use of these three planning devices allows the College to develop funding strategies to meet its future expenditure needs and maintain a strong financial balance. Thanks to the College's commitment to planning, in the last five years the College has met the demands of both enrollment increases and increased programs and services for students, while nonetheless maintaining a balanced fiscal position.

Major Initiatives

The College has devoted significant time and effort to planning for the future. During 2017 the College developed a new strategic plan and continued progress with its current facilities master with a focus on increasing participation and success in higher education. The College has emerged as the regional leader in the effort to promote economic development through an educated workforce.

The College is moving ahead with significant plans for expansion, thanks to its community support, and it expects to maintain its role as a major source of post-secondary education and economic development in the Central Texas region. For 2018 the College plans to develop its strategic academic and facilities plan further.

Independent Audit

State statutes require an annual audit by independent certified public accountants. The College's Board of Trustees selected the accounting firm of RSM US LLP. In addition to meeting the requirements set forth in State statutes, their audit also was designed to meet the requirements of the Federal Single Audit Act, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements of Federal Awards* and the State of Texas *Single Audit Circular*. The Independent Auditors Report includes an "unmodified" opinion for the financial statements can be found on page 1. The auditor's reports explicitly related to the Single Audits are included in the Single Audit Sections.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Austin Community College District for its comprehensive annual financial report for the fiscal year ended August 31, 2016. It was the fourteenth consecutive year that the College received this prestigious award. To be awarded a Certificate of Achievement, a governmental entity must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

We are grateful to the Board of Trustees for its interest in planning and oversight of the financial operations of the College. We especially want to acknowledge the staff of Business Services for their hard work and dedicated service, for we could not have accomplished the preparation of this

report without their diligent efforts. We would also like to thank the accounting firm of RSM US LLP for their assistance with the audit.

Respectfully,

A handwritten signature in black ink, appearing to read "Neil Vickers", written over a horizontal line.

Neil Vickers, C.P.A.
Executive Vice President,
Finance & Administration



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Austin Community College District
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

August 31, 2016

Christopher P. Morill

Executive Director/CEO

THIS PAGE IS INTENTIONALLY LEFT BLANK



FINANCIAL **SECTION**



RSM US LLP

Independent Auditor's Report

To the Board of Trustees
Austin Community College District

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Austin Community College District (the College) as of and for the year ended August 31, 2017, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We did not audit the financial statements of Austin Community College Foundation, the discretely presented component unit of the College, as of and for the year ended August 31, 2017. Those financial statements, were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the component unit, is based solely on the reports of the other auditors. 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. The financial statements of the discretely presented component unit, Austin Community College Foundation, audited separately by other auditors, were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

THIS PAGE IS INTENTIONALLY LEFT BLANK

College's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College as of August 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The financial statements of the College as of and for the year ended August 31, 2016, were audited by other auditors, whose report dated December 16, 2016, expressed an unmodified opinion on those statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of College's Proportionate Share of Net Pension Liability, Schedule of Contributions to the Teacher Retirement System and Schedule of Funding Progress—Other Postemployment Benefits, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The Schedule of Operating Revenues; Schedule of Operating Expenses by Object; Schedule of Non-Operating Revenues and Expenses; Schedule of Net Position by Source and Availability; the Schedule of Expenditures of Federal Awards, 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 the Schedule of Expenditures of State Awards, as required by the State of Texas *Single Audit Circular*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

THIS PAGE IS INTENTIONALLY LEFT BLANK

The Schedule of Operating Revenues, Schedule of Operating Expenses by Object, Schedule of Non-Operating Revenues and Expenses, Schedule of Net Position by Source and Availability, Schedule of Expenditures of Federal Awards and the Schedule of Expenditures of State 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 Schedule of Operating Revenues, Schedule of Operating Expenses by Object, Schedule of Non-Operating Revenues and Expenses, Schedule of Net Position by Source and Availability, Schedule of Expenditures of Federal Awards and the Schedule of Expenditures of State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2017, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

RSM US LLP

Austin, Texas
December 20, 2017

THIS PAGE IS INTENTIONALLY LEFT BLANK

MANAGEMENT'S DISCUSSION AND ANALYSIS

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

Financial Statement Analysis and Overview

The following discussion and analysis of the Austin Community College District's ("the College") annual financial statements provides an overview of the College's financial activities for the years ended August 31, 2017 (Fiscal Year 2017), 2016 (Fiscal Year 2016), and 2015 (Fiscal Year 2015), and identifies changes in its financial position for these years. In conformity with Government Accounting Standards Board (GASB) Statement No. 34, the discussion focuses on currently known facts, decisions, and conditions that have an impact on the financial activities of the College, and is intended to assist the reader in the interpretation of the financial statements. The financial statements should be read in conjunction with the Notes to the Basic Financial Statements.

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), and comply with reporting requirements as set by the Texas Higher Education Coordinating Board (THECB). Three primary statements are required: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

Financial statements for the College's discrete component unit, Austin Community College Foundation ("the Foundation"), are issued independently from the College. The Foundation's financial information for fiscal years 2017 and 2016 is shown on separate pages behind the College's basic financial statements. Refer to Notes 1 and 24 in the Notes to the Basic Financial Statements for more detail on the Foundation.

The College formed the Austin Community College District Public Facility Corporation ("the PFC"), which was incorporated on December 21, 2007, as a non-profit corporation formed under the Texas Public Facility Corporation Act. The PFC was formed to assist the College in financing, refinancing, providing, or otherwise facilitating the acquisition of public facilities. The PFC is reported as a blended component unit in the financial statements of the College; therefore, its activities are blended with those of the College. Refer to Note 1 in the Notes to the Basic Financial Statements for more detail on the PFC.

The following management discussion and analysis is intended to provide readers with an overview of the basic financial statements.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

Statement of Net Position

The Statement of Net Position includes assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of the end of the year. The College had both current and non-current assets and liabilities and deferred inflows and outflows of resources. Current assets are those assets that are available to satisfy current liabilities or liabilities that are due within one year. Non-current assets include capital assets, restricted investments, and other assets not classified as current. Non-current liabilities include bonds payable and other long-term commitments. Net position equals assets plus deferred outflows of resources, minus liabilities, minus deferred inflows of resources. Net position is one indicator of whether the overall financial condition has improved or deteriorated during the year, when considered with other factors such as enrollment, contact hours of instruction, student retention and other non-financial information. Finally, the Statement of Net Position is useful in determining the assets available to continue operations as well as how much the College owes to vendors, bondholders, and other entities at the end of the year.

Additional detail regarding the basis of accounting and major categories of net position can be found in Note 2 in the Notes to the Basic Financial Statements.

	<u>August 31</u>			<u>Change</u>	
	<u>2017</u>	<u>2016</u>	<u>(a)</u> <u>2015</u>	<u>2016</u> <u>to</u> <u>2017</u>	<u>2015</u> <u>to</u> <u>2016</u>
Assets					
Current Assets	\$ 161.1	\$ 139.7	\$ 99.2	\$ 21.4	\$ 40.5
Capital Assets, Net of Accumulated Depreciation	571.6	500.5	476.7	71.1	23.8
Other Noncurrent Assets	153.5	219.7	197.4	(66.2)	22.3
Total Assets	<u>886.2</u>	<u>859.9</u>	<u>773.3</u>	<u>26.3</u>	<u>86.6</u>
Deferred Outflows of Resources	17.9	21.2	18.9	(3.3)	2.3
Liabilities					
Current Liabilities	97.8	83.3	80.1	14.5	3.2
Noncurrent Liabilities	721.2	738.4	665.5	(17.2)	72.9
Total Liabilities	<u>819.0</u>	<u>821.7</u>	<u>745.6</u>	<u>(2.7)</u>	<u>76.1</u>
Deferred Inflows of Resources	6.2	7.4	12.3	(1.2)	(4.9)
Net Position					
Net Investment in Capital Assets	62.2	45.5	42.9	16.7	2.6
Restricted: Expendable	16.1	15.8	14.2	0.3	1.6
Unrestricted (Deficit)	0.6	(9.3)	(22.8)	9.9	13.5
Total Net Position	<u>\$ 78.9</u>	<u>\$ 52.0</u>	<u>\$ 34.3</u>	<u>\$ 26.9</u>	<u>\$ 17.7</u>

Note:

(a) To reflect the adoption of GASB 68, beginning net position was restated to record the beginning net pension liability and related deferred outflows for contributions made after measurement date of the beginning net pension liability and the beginning of the fiscal year.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

Since 2015, the College has increased its total assets before considering liabilities by \$112.9 million, most of which is related to real estate acquisitions and facility construction. Total assets increased from 2016 to 2017 by \$26.3 million. Most of which is related to real estate acquisitions and facility construction, plus the increase in Net Position of \$26.9 million. Unrestricted cash and investments increased by \$7.8 million, which reflects the College's positive operating results, on a cash basis.

Total liabilities decreased from 2016 to 2017 by \$2.7 million. This decrease was primarily due to principal payments made during the year for bonds and capital lease payables, partly offset by increases in accounts payable due to several ongoing construction projects. Additionally in 2015, the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* resulted in a \$40.1 million increase in TRS Pension Liability (Refer to Note 12 in the Notes to the Basic Financial Statements for more detail). This increase in liabilities was partially offset by principal payments on outstanding bonds and capital leases.

The College's net position was \$78.9 million in 2017, \$52.0 in 2016, and \$34.3 million in 2015. This year's \$26.9 million increase was due to the positive operating performance of the College, which included an increase in Unrestricted Net Position of \$9.9 million and a reduction of \$17.2 million in noncurrent liabilities resulting from principal payments made during the year for bonds and capital lease payables. The \$17.7 million increase in 2016 was similarly due to positive operating performance.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the College's overall results of operations. The statement is divided into Operating Revenues, Operating Expenses, and Non-Operating Revenues and Expenses. The College is dependent primarily upon three sources of revenue: state appropriations; tuition and fees; and advalorem taxes(property taxes). Since state appropriations and property taxes are classified as Non-operating Revenues (per the GASB requirement), Texas community colleges will generally display an operating deficit before taking into account other support. Therefore, total revenues and total expenses should be considered in assessing the change in the College's financial position.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

Condensed Statement of Revenues, Expenses and Changes in Net Position

(in Millions)

	Fiscal Year			Change	
			(a)	2016	2015
	2017	2016	2015	to 2017	to 2016
Operating Revenues					
Tuition and Fees, net	\$ 69.3	\$ 64.3	\$ 64.2	\$ 5.0	\$ 0.1
Grants and Contracts	15.7	16.9	13.9	(1.2)	3.0
Auxiliary Enterprises	1.6	1.4	1.5	0.2	(0.1)
Other Operating Revenues	7.3	9.5	8.9	(2.2)	0.6
Total Operating Revenues	93.9	92.1	88.5	1.8	3.6
Operating Expenses	318.0	303.8	287.1	14.2	16.7
Operating Loss	(224.1)	(211.7)	(198.6)	(12.4)	(13.1)
Non-Operating Revenues (Expenses)					
State Appropriations	61.8	62.5	62.0	(0.7)	0.5
Ad Valorem Taxes	182.7	159.2	131.1	23.5	28.1
Federal Revenue, Non Operating	30.9	32.7	32.5	(1.8)	0.2
Investment Income	3.2	1.9	0.4	1.3	1.5
Interest on Capital-Related Debt	(27.7)	(26.9)	(22.7)	(0.8)	(4.2)
Other Non-Operating Revenue (Expense)	0.0	0.0	2.7	-	(2.7)
Net Non-Operating Revenues	250.9	229.4	206.0	21.5	23.4
Increase In Net Position	26.8	17.7	7.4	9.1	10.3
Net Position					
Net Position, Beginning of Year	52.0	34.3	26.9	17.7	7.4
Net Position, End of Year	\$ 78.8	\$ 52.0	\$ 34.3	\$26.8	\$17.7

Note:

(a) To reflect the adoption of GASB 68, beginning net position was restated to record the beginning net pension liability and related deferred outflows for contributions made after measurement date of the beginning net pension liability and the beginning of the fiscal year.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

Key Factors impacting total revenues:

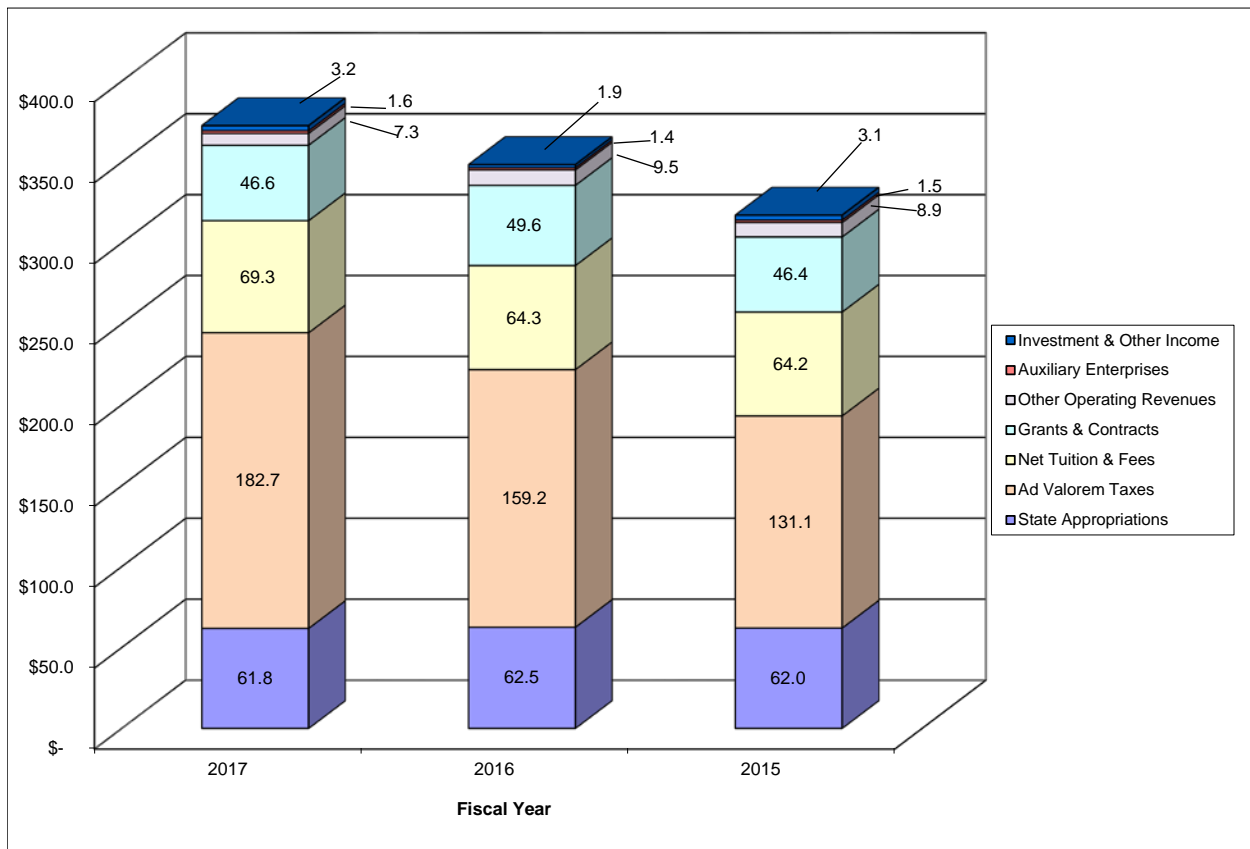
- State appropriations, which are categorized as non-operating revenues, were \$61.8 million in 2017, decrease of \$0.7 million over 2016. In 2016, state appropriations were \$62.5, increase of \$0.5 million over 2015. Over the last three years, enrolments have been relatively unchanged and as such state appropriation have also been unchanged.
- Tuition and Fees, net of discounts, were up \$5.0 million in 2017. This increase was due to an increase in the Out of District Fee of \$56 per credit hour. In 2016, Tuition and Fees, net of discounts, were basically unchanged compared to 2015. Gross Tuition and Fees increased due to a \$20 per credit hour increase in the Out of District Fee and a \$17 increase in the Out of State tuition rate; however, this increase was offset by a \$2 million increase in tuition and fee discounts. Tuition and Fees accounted for 18.6% of total revenue in the current year, compared to 18.5 % in 2016 and 20.2% in 2015.
- Grants and Contracts revenue increased from 2015 to 2017 by \$1.8 million due to the College being awarded additional grants.
- Other Operating Revenue, which includes interest income, continuing education programs, miscellaneous fees, property rental, and testing fees, totaled \$7.3 million in 2017 which was a decrease of \$2.2 million over 2016. This decrease was partly due to the reclassification of a program from Sales and Services of Educational Activities to Non-Governmental Grants. As such Non-Governmental Grant revenues increased in 2017. The remainder of the decrease was due to reduced enrollment in non-credit, continuing education programs.
- Ad valorem taxes, which are categorized as non-operating revenues, increased by \$23.5 million in 2017 and increased by \$28.1 million in 2016. Specifically, the College recognized \$182.7 million of ad valorem tax revenue in 2017, \$159.2 million in 2016, and \$131.1 million in 2015. The 2017 increase was due to a growing local economy and therefore increases in the taxable value of existing real estate properties and the addition of new properties. The increase in 2016 is partly due to the increases in the debt service tax rate resulting from the November 2014 tax bond referendum approved by College voters, but also due to valuation and new property growth in the local tax base. Ad valorem taxes in 2017 were 49% of total revenues compared to 45.7% in 2016 and 41.3% in 2015. See graphical illustration on next page.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

Total Revenue by Source
(In Millions)

Revenue Sources:	Fiscal Year			Change	
	2017	2016	2015	2016 to 2017	2015 to 2016
	State Appropriations	\$ 61.8	\$ 62.5	\$ 62.0	\$ (0.7)
Ad Valorem Taxes	182.7	159.2	131.1	23.5	28.1
Net Tuition & Fees	69.3	64.3	64.2	5.0	0.1
Grants & Contracts	46.6	49.6	46.4	(3.0)	3.2
Other Operating Revenues	7.3	9.5	8.9	(2.2)	0.6
Auxiliary Enterprises	1.6	1.4	1.5	0.2	(0.1)
Investment & Other Income	3.2	1.9	3.1	1.3	(1.2)
Total Revenue	\$372.5	\$348.4	\$317.2	\$24.1	\$31.2

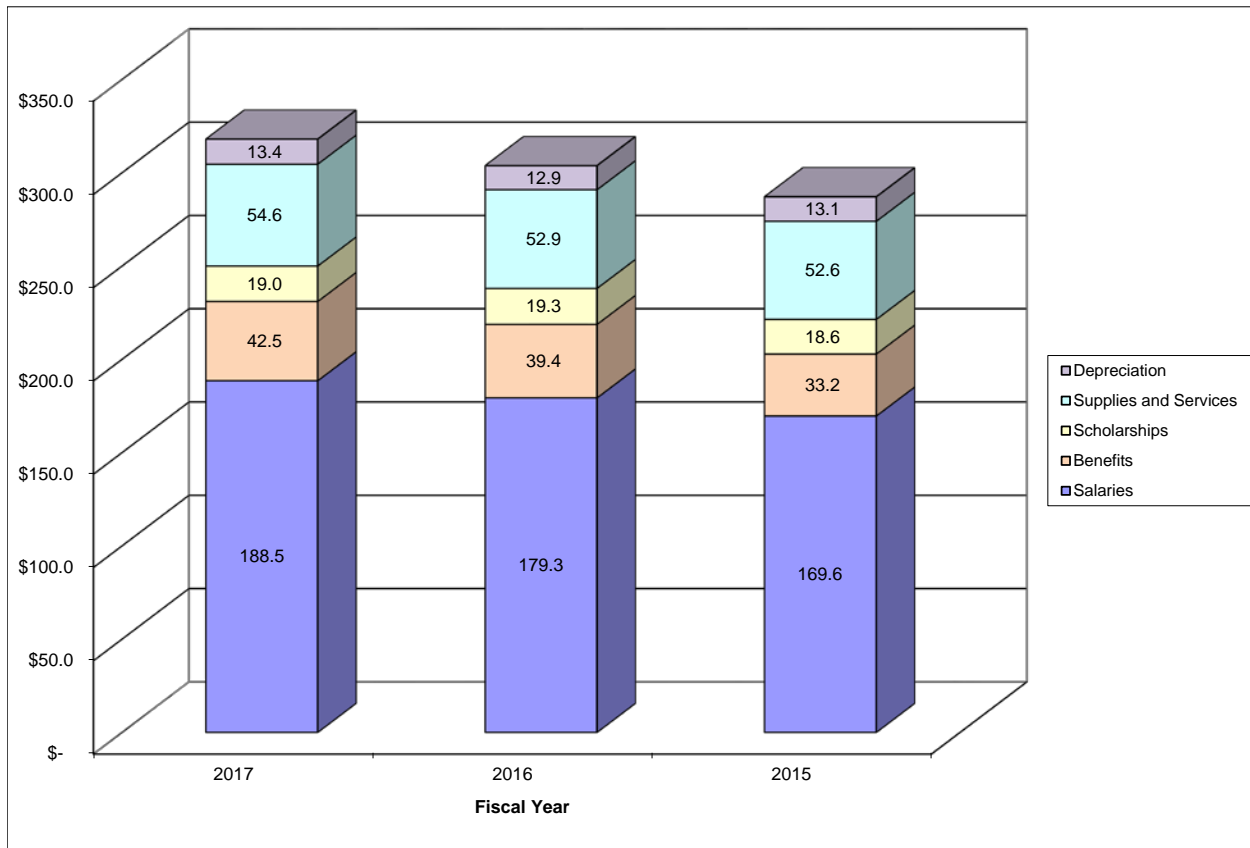


AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

Operating Expenses - Natural Classification
(In Millions)

	Fiscal Year			Change	
	2017	2016	2015	2016 to 2017	2015 to 2016
Operating Expenses:					
Salaries	\$ 188.5	\$ 179.3	\$ 169.6	\$ 9.2	\$ 9.7
Benefits	42.5	39.4	33.2	3.1	6.2
Scholarships	19.0	19.3	18.6	(0.3)	0.7
Supplies and Services	54.6	52.9	52.6	1.7	0.3
Depreciation	13.4	12.9	13.1	0.5	(0.2)
Total Operating Expenses	\$ 318.0	\$ 303.8	\$ 287.1	\$ 14.2	\$ 16.7



AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

Factors impacting operating expenses by natural classification include the following:

- Salary expenses increased by \$9.2 million in 2017: this increase was primarily due to employee salary raises of 3-4% approved for 2017. Additionally, the College added staff in support of various student success initiatives, including expansions in student academic advising. In 2016, salary expense increased by \$9.7 million mostly due to 3% raise for all employees. Additionally, the College completed a comprehensive review of its compensation structure which resulted in various salary adjustments totaling about \$2.7 million.
- In 2017 and 2016, benefits expense increased by \$3.1 million and \$6.2 million, respectively. This increase is due to increased premiums for health insurance, increased contribution rates for the College's retirement program, and benefits costs related to the increased salaries noted above.
- Total scholarship costs for 2017 were \$19.0 million, compared to \$19.3 million in 2016 and \$18.6 million in 2015. This expense has stayed relatively unchanged with only a \$0.4 million increase since 2015.
- Supplies and services increased slightly by \$2.0 million or 3.8% since 2015.
- In 2017 and 2016, depreciation expense was relatively unchanged with an increase of only \$0.3 million since 2015.

In 2017 and 2016, the functional expense increases were due to salary increases and higher benefits costs.

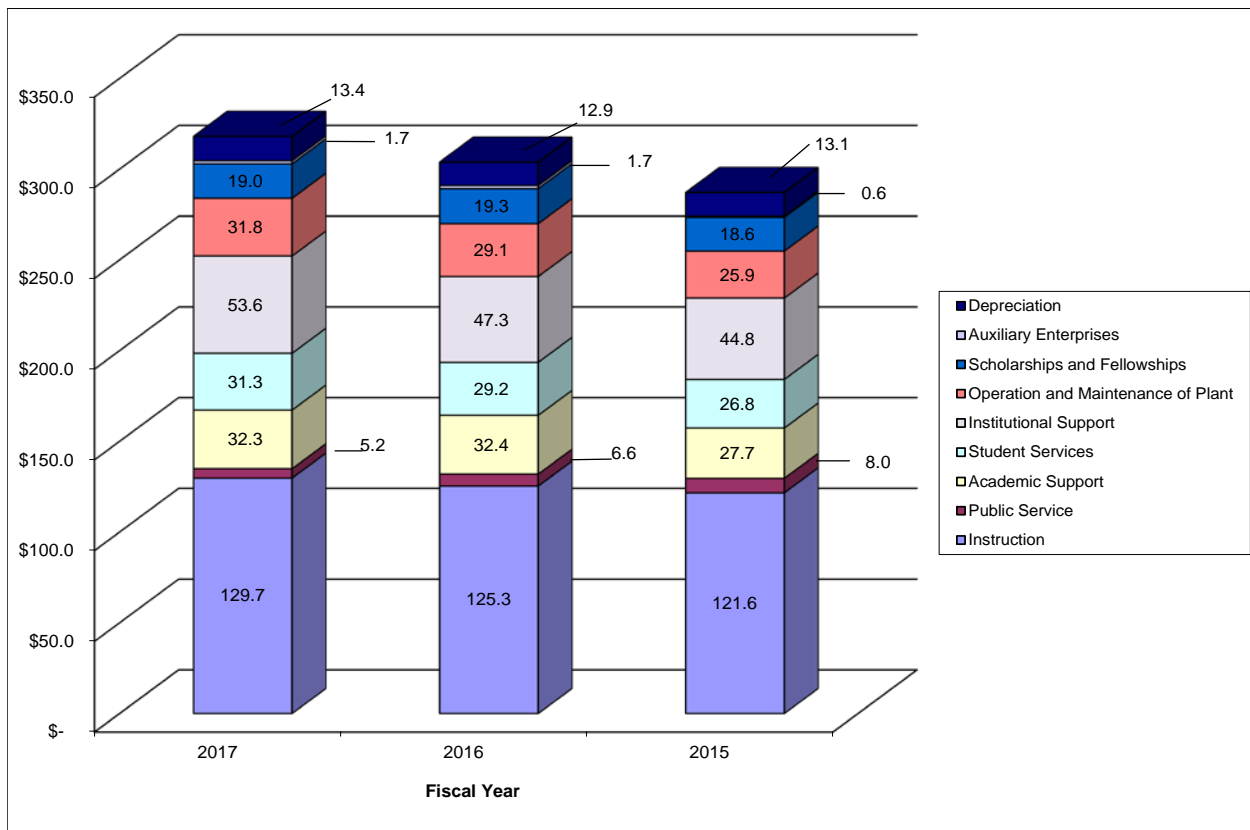
AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

Operating Expenses - Functional Classification

(In Millions)

	<u>Fiscal Year</u>			<u>Change</u>	
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
				<u>to</u>	<u>to</u>
Operating Expenses:					
Instruction	\$ 129.7	\$ 125.3	\$ 121.6	\$ 4.4	\$ 3.7
Public Service	5.2	6.6	8.0	(1.4)	(1.4)
Academic Support	32.3	32.4	27.7	(0.1)	4.7
Student Services	31.3	29.2	26.8	2.1	2.4
Institutional Support	53.6	47.3	44.8	6.3	2.5
Operation and Maintenance of Plant	31.8	29.1	25.9	2.7	3.2
Scholarships and Fellowships	19.0	19.3	18.6	(0.3)	0.7
Auxiliary Enterprises	1.7	1.7	0.6	-	1.1
Depreciation	13.4	12.9	13.1	0.5	(0.2)
Total Operating Expenses	<u>\$318.0</u>	<u>\$303.8</u>	<u>\$287.1</u>	<u>\$14.2</u>	<u>\$16.7</u>



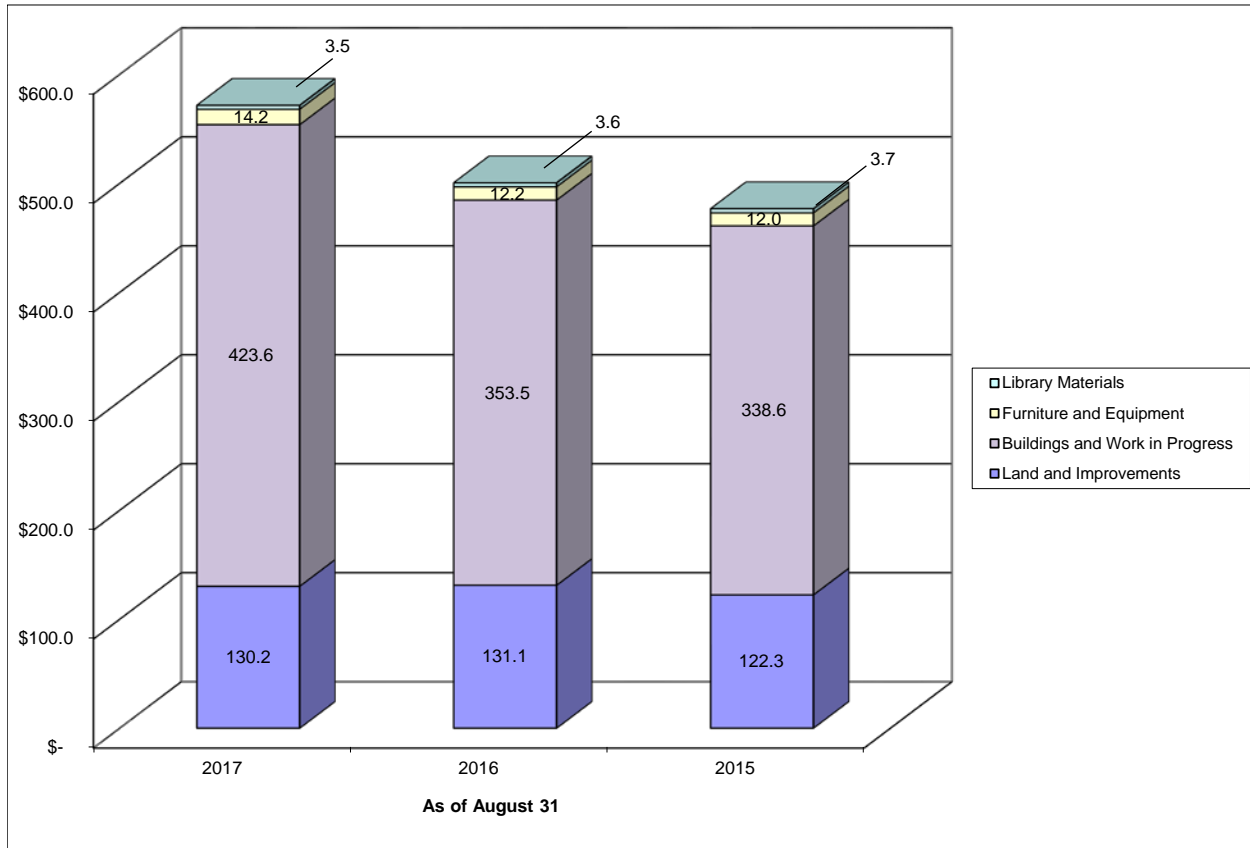
AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets, Net, at Year End
(In Millions)

	August 31			Change	
				2016	2015
	2017	2016	2015	to 2017	to 2016
Capital Assets:					
Land and Improvements	\$130.2	\$131.1	\$122.3	\$ (0.9)	\$ 8.8
Buildings and Work in Progress	423.6	353.5	338.6	70.1	14.9
Furniture and Equipment	14.2	12.2	12.0	2.0	0.2
Library Materials	3.5	3.6	3.7	(0.1)	(0.1)
Works of Art	0.1	0.1	0.1	-	-
Total Capital Assets	\$571.6	\$500.5	\$476.7	\$ 71.1	\$23.8



The College had \$571.6 million, \$500.5 million, and \$476.7 million net capital assets, at August 31, 2017, 2016, and 2015, respectively. The amount of accumulated depreciation was \$128.7

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

million, \$117.3 million and \$105.0 million for fiscal years 2017, 2016, and 2015, respectively. Depreciation charges totaled \$13.4 million, \$12.9 million and \$13.1 for fiscal years 2017, 2016, and 2015, respectively.

Changes in net capital assets are the result of acquisitions, improvements, disposals, and changes in accumulated depreciation. In 2017 and 2016, the College began construction on several major projects as part of the voter approved 2014 bond referendum. As such, there was an increase in Construction in Progress (CIP) of \$76.8 million in 2017 and \$21.3 million in 2016. Additionally the College completed the acquisition of 124 acres of land in Southeast Travis County for a total cost of \$10.5 million.

In accordance with GASB Statements No. 34 and 35, the College does not record the cost of its capital assets as an expense at the time of acquisition/completion of the asset, but rather shows the expense systematically over the expected life of the asset as depreciation expense. The amount shown in the accounting records for the value of the asset decreases each year until the asset is fully depreciated or removed from service. As a result, the amount of net investment in capital assets shown in the Statement of Net Position may decrease from one year to another even though new assets have been acquired. Capital assets subject to depreciation include improvements to land (such as parking lots and signage), buildings, equipment, and library books. Land is not depreciated.

More detailed information about the College's capital assets is presented in Note 7 of the Basic Financial Statements.

Debt Administration

On August 31, 2017, the College had approximately \$680.4 million in outstanding debt, compared to \$701.2 million in 2016; and \$637.4 million in 2015. The decrease of \$20.8 million in 2017 resulted from payments applied towards the principal of the debt. This debt reduction was offset, in part, by an increase in Capital Leases of \$1.6 million resulting from a new capital lease purchase in 2017. The increase in 2016 primarily resulted from the \$75 million Series 2016 Limited Tax Bonds, which was offset, in part, by principal payments made during the year. The increase in 2015 mostly resulted from the \$165.2 million Series 2015 Limited Tax Bonds, which was partially offset by principal payments made during the year.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

Outstanding Debt at Year End
(In Millions)

	August 31			Change	
	2017	2016	2015	2015 to 2016	2015 to 2016
Outstanding Debt:					
Revenue Bonds	\$172.8	\$178.6	\$178.3	(5.8)	\$ 0.3
General Obligation Bonds	323.7	334.7	265.6	(11.0)	69.1
Lease Revenue Bonds - PFC	182.1	187.7	192.7	(5.6)	(5.0)
Capital Leases	1.8	0.2	0.8	1.6	(0.6)
Total Outstanding Debt	\$680.4	\$701.2	\$637.4	\$(20.80)	\$ 63.8

The College did not issue any long-term debt in 2017, except for the aforementioned capital lease for \$2.4 million used to acquire telecommunication equipment.

On July 20, 2016, the College issued \$65,260,000 in Limited Tax Bonds, Series 2016A and \$11,230,000 in Limited Tax Refunding Bonds, Series 2016B. The Series 2016A bonds were the second tranche of the 2014 bond referendum and shall be used for the construction, renovation, and equipment of College buildings district-wide. The Series 2016B bonds were issued to refund certain outstanding bonds issued in 2006 and to pay for the costs of issuing the Bonds.

On April 12, 2016, the College issued \$26,640,000 in Combined Fee Revenue Refunding Bonds, Series 2016A and \$21,870,000 in Combined Fee Revenue Refunding Bonds, Taxable Series 2016B. The Bonds were issued to refund certain outstanding Revenue Bonds issued in 2009 and 2011, respectively, and to pay for the costs of the bond issuance.

On May 19, 2015, the College issued \$165,195,000 in Limited Tax Bonds, Series 2015. The Bonds were issued for the construction, renovation, and equipment for College buildings district-wide. Among other projects, the bonds were issued for the renovation and repurposing of Highland Mall, the construction of a northwest campus in Leander, the acquisition of real property for the southeast Travis County regional workforce training center, the expansion of the Hays, Round Rock, and Elgin campuses and to pay for the bond issuance costs.

On May 4, 2015, the PFC issued \$105,580,000 in Lease Revenue Refunding Bonds, Series 2015. The Bonds were issued to refund certain outstanding Lease Revenue Bonds issued in 2008 and to pay the costs of issuance related to the Bonds.

On December 1, 2014, the College issued \$13,685,000 in Combined Fee Revenue Refunding Bonds, Series 2014A and \$23,085,000 in Combined Fee Revenue Refunding Bonds, Taxable Series 2014B. The Bonds were issued to refund certain outstanding Revenue Bonds issued in 2005 and 2011 and to pay for the costs of issuing the Bonds.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

For 2017, the College's bond ratings, assigned by Moody's Investors Service and Standard and Poor's Rating Services, are "Aa1" and "AA+" for general obligation bonds, "Aa2" and "AA" for lease revenue bonds, and "A1" and "AA-" for combined fee revenue bonds, respectively. Prior to 2006, the College purchased financial guaranty insurance to get a higher rating on all the outstanding bond issues. However, due to upgrades in the College's bond ratings and other market conditions, the College has not purchased insurance on any bonds since 2006.

More detailed information about the College's long-term liabilities is presented in Notes 8, 9, and 10 of the Basic Financial Statements.

Economic Factors That Will Affect the Future

The economic position of the College is influenced in part by the economic position of the State of Texas and the Austin-Round Rock Metropolitan Statistical Area. State appropriations for fiscal year 2018 are expected to be approximately \$62 million, in accordance with the funding awarded for the State's 2018-2019 biennium. This is unchanged from the appropriation received in 2017.

Ad valorem tax revenues in 2018 are projected to increase by \$14.0 million or 7.7% to \$196.7 million from \$182.7 million in 2017, and \$159.2 million in 2016. The expected increase in 2018 is a reflection of the strong local economy and due to valuation and new property growth in the local tax base.

Tuition and fee revenue for 2018 is projected to be approximately \$69 million which is unchanged compared to in 2017. The College did not increase tuition rates for 2018, and is not expecting changes in total enrollment and therefore is projecting flat tuition and fee revenues year over year.

These projected increases in revenue, specifically ad valorem tax revenues shall be necessary to fund new or increased expenses in instructional, and support functions as the College continues to achieve the College's Student Success Goals. The College's 2018 budget is balanced and structurally sound; however the College shall continue to face challenges in the future to fund anticipated increases in demands for services provided by community colleges.

BASIC FINANCIAL STATEMENTS

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATEMENTS OF NET POSITION
August 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 74,205,158	\$ 54,360,445
Restricted Cash & Cash Equivalents	34,530,864	20,944,269
Investments	22,340,916	34,300,983
Accounts Receivable (Net) (See Note 18)	21,840,695	21,278,180
Other Assets	5,799,410	6,779,119
Prepaid Expenses	2,369,056	2,077,354
Total Current Assets	<u>161,086,099</u>	<u>139,740,350</u>
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	13,440,384	11,830,833
Restricted Investments	140,085,421	207,865,662
Capital Assets (Net) (See Note 7)	571,599,146	500,478,719
Total Noncurrent Assets	<u>725,124,951</u>	<u>720,175,214</u>
Total Assets	<u>886,211,050</u>	<u>859,915,564</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charge on Refunding Debt	6,421,555	12,368,473
Deferred Outflow on Pension Liability	11,524,111	8,918,459
Total Deferred Outflows	<u>17,945,666</u>	<u>21,286,932</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	21,403,751	7,326,341
Accrued Liabilities	9,817,971	6,870,750
Accrued Compensable Absences - Current Portion	3,625,071	3,453,938
Funds Held for Others	348,146	235,769
Unearned Revenues	45,210,624	49,710,178
Capital Leases - Current Portion	314,866	275,816
Bonds Payable - Current Portion	17,028,745	15,457,038
Total Current Liabilities	<u>97,749,174</u>	<u>83,329,830</u>

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

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATEMENTS OF NET POSITION (Continued)
August 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Noncurrent Liabilities:		
Accrued Compensable Absences	2,890,493	2,828,716
Unearned Revenues	39,583	134,583
OPEB Payable	3,456,743	2,960,132
TRS Pension Liability	52,331,529	47,029,919
Capital Leases	924,097	-
Bonds Payable	661,587,986	685,480,540
Total Noncurrent Liabilities	<u>721,230,431</u>	<u>738,433,890</u>
Total Liabilities	<u>818,979,605</u>	<u>821,763,720</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflow on Pension Liability	<u>6,295,301</u>	<u>7,425,414</u>
NET POSITION		
Net Investment in Capital Assets	62,173,261	45,476,227
Restricted for:		
Expendable		
Scholarships	1,387,589	1,292,648
Departmental Activities	135,506	113,265
Debt Service	14,582,569	14,428,600
Unrestricted	602,885	(9,297,378)
Total Net Position (Schedule D)	<u>\$ 78,881,810</u>	<u>\$ 52,013,362</u>

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

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATEMENTS OF FINANCIAL POSITION OF ACC FOUNDATION
(A Component Unit of Austin Community College District)
May 31, 2017 and 2016

	2017	2016
ASSETS		
Cash and Cash Equivalents	\$ 1,259,105	\$ 1,393,217
Investments (Note 24C)	7,575,284	6,294,785
Accrued Interest/Dividends Receivable	19,422	20,442
Promises to Give (Note 24D)	580,113	772,370
Total Assets	9,433,924	8,480,814
 LIABILITIES AND NET ASSETS		
 Liabilities	-	-
 Net Assets		
Unrestricted	701,561	601,261
Temporarily Restricted (Note 24G)	2,851,596	2,561,104
Permanently Restricted (Note 24F)	5,880,767	5,318,449
Total Net Assets	9,433,924	8,480,814
 Total Liabilities and Net Assets	\$ 9,433,924	\$ 8,480,814

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

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For The Years Ended August 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
OPERATING REVENUES		
Tuition and Fees (Net of Discounts of \$36,114,006 and \$38,069,482, Respectively)	\$ 69,290,590	\$ 64,354,364
Federal Grants and Contracts	6,758,161	6,302,994
State Grants and Contracts	5,602,947	7,665,315
Local Grants and Contracts	178,004	198,770
Non-Governmental Grants and Contracts	3,201,805	2,735,151
Sales and Services of Educational Activities	3,444,197	6,472,144
Auxiliary Enterprises	1,613,027	1,385,572
General Operating Revenues	3,864,334	2,988,588
Total Operating Revenues (Schedule A)	<u>93,953,065</u>	<u>92,102,898</u>
OPERATING EXPENSES		
Instruction	129,651,186	125,340,680
Public Service	5,206,910	6,624,700
Academic Support	32,310,227	32,368,500
Student Services	31,317,498	29,205,130
Institutional Support	53,603,494	47,261,001
Operation and Maintenance of Plant	31,787,284	29,104,224
Scholarships and Fellowships	19,073,033	19,265,966
Auxiliary Enterprises	1,687,040	1,734,452
Depreciation	13,386,150	12,886,750
Total Operating Expenses (Schedule B)	<u>318,022,822</u>	<u>303,791,403</u>
Operating Loss	(224,069,757)	(211,688,505)
NON-OPERATING REVENUES (EXPENSES)		
State Appropriations	61,795,929	62,494,165
Ad Valorem Taxes	182,762,021	159,229,502
Federal Revenue, Non Operating	30,916,377	32,723,899
Gifts	11,415	8,967
Investment Income	3,156,531	1,919,049
Interest on Capital Related Debt	(27,705,934)	(26,922,459)
Gains (Losses) on Disposal of Capital Assets	1,866	(36,125)
Net Non-Operating Revenues (Schedule C)	<u>250,938,205</u>	<u>229,416,998</u>
Increase in Net Position	26,868,448	17,728,493
NET POSITION		
Net Position, Beginning of Year	<u>52,013,362</u>	<u>34,284,869</u>
Net Position, End of Year	<u>\$ 78,881,810</u>	<u>\$ 52,013,362</u>

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

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATEMENTS OF ACTIVITIES OF ACC FOUNDATION
(A Component Unit of Austin Community College District)
For The Years Ended May 31, 2017 and 2016

	2017	2016
CHANGES IN UNRESTRICTED NET ASSETS:		
Revenues		
Contributions	\$ 321,162	\$ 303,912
Interest and Dividend Income	41,390	48,085
Investment Gains (Losses)	66,307	(45,807)
Net Assets Released from Restrictions	908,027	902,671
Total Unrestricted Revenues	1,336,886	1,208,861
Expenses		
Program Services	985,397	980,499
General and Administrative	194,609	180,963
Fundraising	56,580	48,338
Total Expenses	1,236,586	1,209,800
Increase (Decrease) in Unrestricted Net Assets	100,300	(939)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:		
Contributions	590,735	744,590
Interest and Dividend Income	238,869	273,427
Investment Gains	368,915	(244,686)
Net Assets Released from Restrictions	(908,027)	(902,671)
Increase in Temporarily Restricted Net Assets	290,492	(129,340)
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS:		
Contributions	562,101	294,414
Interest and dividends	217	264
Increase in Permanently Restricted Net Assets	562,318	294,678
Change in Net Assets	953,110	164,399
Net Assets, Beginning of Year	8,480,814	8,316,415
Net Assets, End of Year	\$ 9,433,924	\$ 8,480,814

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

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATEMENTS OF CASH FLOWS
For The Years Ended August 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Students and Other Customers	\$ 68,602,267	\$ 70,782,790
Receipts from Grants and Contracts	15,934,538	17,175,027
Other Receipts	6,446,174	6,722,319
Payments to or On-Behalf of Employees	(213,459,223)	(200,148,389)
Payments to Suppliers for Goods and Services	(53,620,919)	(54,762,953)
Payments for Scholarships and Fellowships	(18,093,324)	(19,707,878)
Net Cash Used by Operating Activities	<u>(194,190,488)</u>	<u>(179,939,084)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Receipts from Ad Valorem Taxes	182,724,783	159,386,162
Receipts from State Appropriations	45,220,369	50,165,062
Receipts from Title IV Federal Financial Aid Programs	30,838,113	31,994,771
Receipts from Student Organizations and Other Agencies	177,963	-
Payments to Student Organizations and Other Agencies	(65,586)	(433,335)
Net Cash Provided by Non-Capital Financing Activities	<u>258,895,642</u>	<u>241,112,660</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from Issuance of Capital Debt	-	76,497,197
Proceeds from the Sale of Capital Assets	29,252	25,380
Other Payments Associated with Issuance of Capital Debt	-	(1,924,946)
Purchases of Capital Assets	(68,394,576)	(36,017,272)
Payments on Capital Debt and Leases - Principal	(16,806,390)	(13,718,743)
Payments on Capital Debt and Leases - Interest	(27,943,920)	(26,205,317)
Net Cash Used by Capital and Related Financing Activities	<u>(113,115,634)</u>	<u>(1,343,701)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from Sales and Maturities of Investments	97,025,250	58,893,312
Interest on Investments	2,377,930	1,895,761
Purchase of Investments	(15,951,840)	(133,040,007)
Net Cash Provided by (Used by) Investing Activities	<u>83,451,340</u>	<u>(72,250,934)</u>
Increase (Decrease) in Cash and Cash Equivalents	35,040,859	(12,421,059)
Cash and Cash Equivalents, Beginning of Year	87,135,547	99,556,606
Cash and Cash Equivalents, End of Year	<u>\$ 122,176,406</u>	<u>\$ 87,135,547</u>

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

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATEMENTS OF CASH FLOWS
For The Years Ended August 31, 2017 and 2016

RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:	<u>2017</u>	<u>2016</u>
Operating Loss	\$ (224,069,757)	\$ (211,688,505)
Adjustments to Reconcile Net Operating Loss to Net Cash Used in Operating Activities		
State On-Behalf Payments	14,076,232	14,829,102
Depreciation Expense	13,386,150	12,886,750
Changes in Assets and Liabilities:		
Receivables (Net)	(683,211)	(282,605)
Other Assets (PrePaid Expenses)	(201,363)	(207,413)
Deferred Charges (Other Assets)	979,709	(441,911)
Deferred Outflows	929,755	(10,987,705)
Accounts Payable	1,300,049	1,078,647
Accrued Liabilities	765,064	(179,513)
Compensated Absences	232,910	563,589
OPEB Payable	496,611	380,459
TRS Pension Liability	5,301,610	6,899,378
Unearned Revenues	(2,028,018)	2,862,131
Deferred Inflows	(4,676,230)	4,348,512
Net Cash Used in Operating Activities	<u>\$ (194,190,488)</u>	<u>\$ (179,939,084)</u>
SCHEDULE OF NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:	<u>2017</u>	<u>2016</u>
Non-Cash Gifts	\$ 11,415	\$ 8,967
Change in Fair Value of Investments	\$ (92,356)	\$ (61,798)

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

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 1. REPORTING ENTITY

The Austin Community College District (“the College”) was established in December 1972, in accordance with the laws of the State of Texas, to serve the educational needs of Austin and the surrounding communities, and began operation in September 1973. The College is considered to be a special purpose, primary government according to the definition found in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. While the College receives funding from local, state, and federal sources and must comply with the spending, reporting, and record keeping requirements of these entities, it is not a component unit of any other governmental entity.

The College is a comprehensive, public, two-year institution offering academic, general, occupational, developmental, and continuing adult education programs through a network of campuses. The College is governed by a nine-member Board of Trustees (“the Board”), which has governance responsibilities over all activities related to the College.

Blended Component Unit

Using the criteria established by GASB Statement No. 14, *The Financial Reporting Entity*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, the College’s management has determined that the Austin Community College District Public Facility Corporation (“the PFC”) should be blended with the activities of the College. Its sole purpose is to assist the College in financing or otherwise facilitating in the acquisition of public facilities and because the College’s management has operational responsibility for the PFC.

The PFC was incorporated on December 21, 2007, as a non-profit corporation formed under the Texas Public Facility Corporation Act. The PFC was formed for the purpose of assisting the College in financing, refinancing, providing, or otherwise assisting in the acquisition of public facilities. The PFC is governed by a nine-member Board of Directors that is the same nine-member Board of Trustees of the College. The PFC does not have authority to levy taxes. Although the PFC is legally separate from the College, the PFC is reported as if it were part of the College because its sole purpose is to assist the College in the acquisition of public facilities. Therefore, the PFC is reported as a blended component unit in the Basic Financial Statements of the College. Financial information for the PFC may be obtained from the College’s business office.

Discrete Component Unit

Using the criteria established by GASB Statement No. 14, *The Financial Reporting Entity*, GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units - an amendment of GASB Statement No. 14*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, the College’s management has determined that the Austin Community College Foundation (“the Foundation”) should be reported as a discrete component unit of the College because of the nature and significance of its financial relationship with the College.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 1. REPORTING ENTITY (Continued)

The Foundation is a Texas nonprofit corporation chartered in 1991 to provide supplemental financial resources to advance the institutional goals and expand the educational services of the College. The College is not the sole corporate member of the Foundation. The Foundation intends to support educational initiatives that enhance the quality of facilities and instruction, increase and diversify educational services, and improve access to educational opportunities for students, faculty, staff, and residents of the geographic areas served by the College. The Foundation is governed by up to thirty board members with each member serving a three-year term. It is accounted for separately in the Basic Financial Statements of the College and has a May 31, 2017 fiscal year end. The Foundation's Notes to Financial Statements are disclosed in Note 24. The Austin Community College Foundation's financial statements are prepared using the Financial Accounting Standards Board (FASB) guidance model, and copies, are available at the Business office of the College.

Other Organizations

The College has a financial relationship with the Austin Community College Center for Public Policy and Political Studies ("the Center"). The Center is a not-for-profit organization created to enable students to gain practical experience in learning how government policies are created and enacted, and to improve communications between public entities and the people they serve. Using the criteria established by GASB Statement No. 14, *The Financial Reporting Entity*, GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units - an amendment of GASB Statement No. 14*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, the College's management has determined that the Center shall not be reported as a component unit because the relationship with the College is not financially significant, and its exclusion does not cause the College's financial statements to be misleading.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Guidelines

The significant accounting policies followed by the College in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. Additionally, the College complies with *Texas Higher Education Coordinating Board's Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges*.

The College applies all applicable GASB pronouncements. The College is reported as a special-purpose government engaged in business-type activities (BTA).

Basis of Accounting

The financial statements of the College have been prepared using the flow of economic resources measurement focus and the accrual basis of accounting, whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Tuition and fees are recognized as revenue when the educational services are delivered. Grants, contracts and state aid are recognized as revenue when all eligibility requirements imposed by the provider are met and qualifying expenditures, if required, have been incurred. Sales and services of educational activities, activity charges and merchandise sales are recognized as revenue as the related goods and services are rendered. Ad valorem property taxes are recognized as revenue in the year the tax is levied and budgeted for.

Tuition Discounting

Texas Public Education Grants (TPEG):

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

Title IV, Higher Education Act (HEA) Program Funds:

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

Tuition Remissions and Exemptions:

Various State or College programs provide full or partial tuition and fee exemptions to students who qualify; these remissions and exemptions are recorded as a tuition discount.

Budgetary Data

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

Cash and Cash Equivalents

The College's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments (including investment pools and mutual funds) with original maturities of three months or less from the date of acquisition. Cash and cash equivalents that are externally restricted as to their use are classified as noncurrent assets in the Statement of Net Position, unless they are considered to offset maturing debt and payables that have been set up as a current liability. In which case, they are recorded as current assets in the Statement of Net Position.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Board policy requires the College to maintain a minimum unrestricted, unallocated cash and investments level of 16.7% of budgeted total annual expenses plus total accounts payable. The College complied with this policy as of August 31, 2017 and 2016.

Investments

The College reports investments in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, and GASB Statement No. 72, Fair Value Measurement and Application. The College reports investment in debt securities at fair value using other observable significant inputs including but not limited to third party provided fixed-income pricing models. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Non-participating certificates of deposit are reported at cost plus accrued interest. The College reports its investment in local government investment pools and SEC registered money market mutual funds at published net asset values per share which are based on amortized cost.

Capital Assets

Capital assets are recorded based on cost on the date of acquisition. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. Equipment with an estimated useful life less than one year is not capitalized. Land, construction in progress and works of art are capitalized but not depreciated. Renovations to buildings and infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the useful life of the asset are charged to operating expense in the year in which the expense is incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

The following represents the capitalization threshold and useful lives for the capital asset types:

<u>Capital Asset Type</u>	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings and Building Improvements	\$ 100,000	50 Years
Infrastructure	100,000	30 Years
Other Real Estate Improvements	100,000	20 Years
Library Books	N/A	15 Years
Furniture, Machinery, Vehicles and Other Equipment	5,000	10 Years
Leasehold Improvements	100,000	Lease Tenure

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Governments are only permitted to report deferred outflows in circumstances specifically authorized by the GASB. Typically deferred outflows for community colleges are related to pensions and deferred charges on refunding debt.

Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Governments are only permitted to report deferred inflows in circumstances specifically authorized by the GASB. Typical deferred inflows for community colleges are related to pensions.

Net Position

The College's net position is classified as follows:

Net Investment in Capital Assets: This category represents the College's total investment in capital assets, net of related outstanding debt, capital lease liability and accumulated depreciation. Net investment in capital assets excludes unspent bond proceeds.

Restricted Net Position, Nonexpendable: Net Position, such as endowments and similar type funds, which are subject to externally imposed stipulations requiring that the funds be maintained permanently by the College. The College has no restricted net position nonexpendable for fiscal year 2017 and 2016.

Restricted Net Position, Expendable: Net Position for which the College is legally or contractually obligated to spend in accordance with external restrictions.

Unrestricted Net Position: Unrestricted Net Position are resources that are not subject to any external restrictions and may be used at the discretion of the governing board for any lawful purpose of the College.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the College's policy is to first apply the expense towards restricted resources and then towards unrestricted resources.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unearned Revenues

Tuition, fees, and other revenues received and related to periods after August 31, 2017 or 2016, respectively, shall be recognized in subsequent fiscal years when services have been provided, or all eligibility requirements have been met.

Estimates

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

Operating and Non-Operating Revenue and Expense Policy

The College distinguishes operating revenues and expenses from non-operating items. The College reports as a BTA and as a single, proprietary fund. Operating revenues and expenses primarily result from providing services in connection with the College's principal ongoing operations. The principal operating revenues are tuition and related fees. The major non-operating revenues are State appropriations, property tax revenues, and Title IV Federal grants and contracts. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. The major non-operating expenses include interest on capital related debt.

In response to guidance provided by GASB, revenue received for Federal Title IV grant programs (e.g., Pell grants) is characterized as non-operating revenue as opposed to operating revenue.

Reclassification

Reclassifications have been made in the prior year's financial statements to conform to the current year's presentation.

Pensions

The College implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined based on the flow of economic resource measurement focus and full accrual basis of accounting. This includes, measuring the net pension liability: deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position.

Benefit payments (including refunds of employee contributions) are recognized when due and payable, in accordance with the benefit terms. Investments are reported at fair value.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New GASB Pronouncements

Effective September 1, 2016, the College implemented Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*. Statement No. 77 addresses the reporting issues related to tax abatement agreements. The College is not a party to any tax abatement agreements. The adoption of this standard did not have any impact on the College's financial statements.

The GASB approved Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans (OPEB)*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other post-employment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The net OPEB liability information, including ratios, offers an

up-to-date indication of the extent to which the total OPEB liability is covered by the fiduciary net position of the OPEB plan. The comparability of the reported information for similar types of OPEB plans will be improved by the changes related to the attribution method used to determine the total OPEB liability. The contribution schedule provides measures to evaluate decisions related to the assessment of contributions rates in comparison with actuarially determined rates, if such rates are determined. The requirements of this Statement are effective for financial statements beginning after June 15, 2016. This Statement was implemented for the fiscal year ending August 31, 2017. There was no impact on the College's financial statements due to the adoption of Statement No. 74.

Effective September 1, 2016, the College adopted GASB Statement No. 80, *Blending Requirements for Certain Component Units – an Amendment of GASB Statement 14*. The requirements of this Statement enhance the comparability of financial statements among governments. This statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement 39. There was no impact on the College's financial statements due to the adoption of Statement No. 80.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 82, *Pension Issues – an Amendment of GASB Statements 67, 68, and 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statement 67, *Financial Reporting for Pension Plans*, 68, *Accounting and Financial Reporting for Pensions*, 73, *Accounting and*

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement related to the selection of assumption and the treatment of deviations from the guidance in Actuarial Standards of Practice are effective for reporting periods beginning after June 15, 2017. The other provisions of this Statement were implemented for the fiscal year ending August 31, 2017. There was no impact to the College's financial statements due to the adoption of Statement No. 82.

Upcoming GASB Pronouncements

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement is effective for the College beginning with its year ending August 31, 2018. The College has not yet determined the impact this Statement will have on the financial statements, however, expects the impact to be material.

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The objective of this Statement is to address accounting and financial reporting for certain asset retirement obligations. An asset retirement obligation is defined as a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The College has not yet determined the impact this statement will have on the financial statements.

In January 2017, GASB issued 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. The Statement establishes criteria for identifying fiduciary activities and the focus of the criteria generally is on (1) whether the government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The College has not yet determined the impact this statement will have on the financial statements.

In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

postemployment benefits (pensions and postemployment benefits (OPEB) amongst other things. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The College has not yet determined the impact this statement will have on the financial statements.

In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt.

This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The College has not yet determined the impact this statement will have on the financial statements.

NOTE 3. AUTHORIZED INVESTMENTS

The College is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (PFIA) (Sec. 2256.001 Texas Government Code). The Board has adopted a written investment policy regarding the investment of its funds as defined in the PFIA. Such investments include (1) obligations of the United States or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than “A” by a national investment rating firm, (4) certificates of deposit, and (5) other instruments and obligations authorized by statute. During the years ended August 31, 2017 and 2016, the College was in compliance with the Public Funds Investment Act.

NOTE 4. DEPOSITS AND INVESTMENTS

At August 31, 2017 and 2016, the College had demand deposits with the carrying amount of \$50,441,805 and \$24,371,482, respectively, and total bank balances of \$48,694,423 and \$25,236,182, respectively.

Bank balances up to \$250,000 were covered under the Federal Deposit Insurance Corporation (FDIC) for the years ended August 31, 2017 and 2016. Demand deposits not covered under the FDIC require pledged collateral with a fair value of at least 102% of the par value of the deposit, as required by state statutes.

Monthly collateral reports reporting the pledged securities and their fair values are required from each financial institution. As of August 31, 2017 and 2016, the College had demand deposits not covered under the FDIC in the amount of \$49,691,805 and \$24,302,478, respectively, which were covered by pledged collateral.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

The College's investments in non-participating certificates of deposits require pledged collateral with a fair value of at least 102% of the par value of the deposit. In addition, monthly collateral reports, including the pledged securities and their fair values, are required from each financial institution. As of August 31, 2017 and 2016, the College had certificates of deposits in the amount of \$142,851,889 and \$195,306,782, respectively that were covered by pledged collateral.

NOTE 4. DEPOSITS AND INVESTMENTS

Deposits

The College had the following deposits as of August 31, 2017 and 2016:

	2017	2016
Petty Cash on Hand	\$ 9,131	\$ 21,265
Demand Deposits	50,441,805	24,371,482
Money Market Accounts	45,338,403	20,640,633
Investment Pools	24,274,005	39,212,012
Certificates of Deposit	142,851,889	195,306,782
Total Deposits	\$ 262,915,233	\$ 279,552,174

Investments

As of August 31, 2017 the College had the following investments:

Investment Type	2017	Weighted Average Maturity (Years)	Concentration of Credit Exposure	Exposure Permitted by Investment Policy
Mutual Funds	\$ 2,113,063	0.00	9.74%	80%
Municipal Bond	2,005,180	2.21	9.25%	25%
Federal Home Loan Mortgage Corp.	17,569,267	2.38	81.01%	80%
Total Investments	\$ 21,687,510	2.29		

As of August 31, 2016 the College had the following investments:

Investment Type	2016	Weighted Average Maturity (Years)	Concentration of Credit Exposure	Exposure Permitted by Investment Policy
Mutual Funds	\$ 2,890,154	0.00	5.81%	80%
Municipal Bonds	1,372,629	1.72	2.76%	25%
Federal Home Loan Mortgage Corp.	45,487,235	1.98	91.43%	80%
Total Investments	\$ 49,750,018	2.24		

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

Interest Rate Risk – Interest rate risk is the risk that the changes in interest rates will adversely affect the fair value of the investment. In accordance with state law and the College’s policy, the College does not purchase any investments with maturities greater than five years. The College manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio to a maximum of one and one-half years.

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk – Custodial Credit Risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the College will not be able to recover the value of its

investment of collateral securities that are in the possession of an outside third party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the College and are held by the counterparty, its trustor agent, but not in the College’s name. The College is not exposed to custodial credit risk because all securities held by the College’s custodial banks are on the College’s name.

Credit Risk and Concentration of Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the College. Concentration of credit risk is the risk of loss attributed to the magnitude of the District’s investment of a single issuer. In accordance with state law and the College’s investment policy, investments in investment pools must be rated at least “AAA” or “AAA-m” and investments in obligations from other states, municipalities, counties, etc. must be rated at least “A”. The College does not limit the amount it may invest in any one issuer.

As of August 31, 2017 and 2016, the College had an investment of \$17,569,267 and \$45,487,235, respectively, in U.S. Agency Securities. All of those securities had a Moody’s rating of Aaa. In addition, as of August 31, 2017 and 2016, the College had an investment of \$2,005,180 and \$1,372,629, respectively, in Municipal Bonds with a Moody’s rating of Aa2.

The College invests in an external investment pool, TexPool. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool, the Texas Local Government Investment Pool, pursuant to the Interlocal Cooperation Act, Chapter 791, of the Texas Government Code. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. TexPool invests in securities that meet the requirements of the Texas Public Funds Investment Act. Standard & Poor’s rates TexPool AAA-m. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor’s, as well as to the Office of Comptroller of Public Accounts, for review. As of August 31, 2017 and 2016, the College had an investment of \$24,274,005 and \$39,212,012, in TexPool. The weighted average maturity of TexPool was 51 days as of August 31, 2017.

TexPool operates in conformity with the requirements of GASB Statement No. 79. Accordingly, the TexPool reports its investments using the amortized cost method. The College reports investments in TexPool as cash and cash equivalents.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Reconciliation of Deposits and Investments to Statement of Net Position:

Type of Security	2017	2016
Total Deposits	\$ 262,915,233	\$ 279,552,174
Total Investments	21,687,510	49,750,018
Total Deposits and Investments	<u>\$ 284,602,743</u>	<u>\$ 329,302,192</u>
 <u>Per Statement of Net Position (Exhibit 1):</u>		
Cash and Cash Equivalents	\$ 74,205,158	\$ 54,360,445
Restricted Cash and Cash Equivalents (Current)	34,530,864	20,944,269
Restricted Cash and Cash Equivalents (Noncurrent)	13,440,384	11,830,833
Investments (Current)	22,340,916	34,300,983
Restricted Investments	140,085,421	207,865,662
Total Deposits and Investments	<u>\$ 284,602,743</u>	<u>\$ 329,302,192</u>

NOTE 5. FAIR VALUE OF FINANCIAL INSTRUMENTS

The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the government can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are valuations for which one or more significant inputs are unobservable and may include situations where there is minimal, if any, market activities for the asset.

If the fair value is measured using inputs from different levels in the fair value hierarchy, the measurement should be categorized based on the lowest priority level input that is significant to the valuation. The College's assessment of significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. Investments in mutual funds, measured at fair value using NAV per share as a practical expedient to fair value are not classified in the fair value hierarchy.

The College categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Fair value measurements were arrived at using the following inputs at August 31, 2017 and 2016:

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 5. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Description	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	2017
	Level 1	Level 2	Level 3	
Federal Home Loan Mortgage Corp.	\$ -	\$ 17,569,267	\$ -	\$ 17,569,267
Municipal Bonds	-	2,005,180	-	2,005,180
Total Investment by Level	<u>\$ -</u>	<u>\$ 19,574,447</u>	<u>\$ -</u>	<u>\$ 19,574,447</u>
Investment at Net Asset Value:				
First American Government Obligations Fund				2,113,063
Total				<u>\$ 21,687,510</u>

Description	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	2016
	Level 1	Level 2	Level 3	
Federal Home Loan Mortgage Corp.	\$ -	\$ 45,487,234	\$ -	\$ 45,487,234
Municipal Bonds	-	1,372,629	-	1,372,629
Total Investment by Level	<u>\$ -</u>	<u>\$ 46,859,863</u>	<u>\$ -</u>	<u>\$ 46,859,863</u>
Investment at Net Asset Value:				
First American Government Obligations Fund				2,890,155
Total				<u>\$ 49,750,018</u>

The First American Government Obligations Funds is a rule 2a-7 qualified money market mutual fund that is carried at net asset value as reported daily by the fund administrator. The College has no unfunded commitments to the fund and there are no significant redemption limitations.

NOTE 6. DERIVATIVES

Derivatives are investment products that may be a security or contract that derives its value from another security, currency, commodity, or index, regardless of the source of funds used. At August 31, 2017 and 2016, the College had not engaged in any derivative transactions either for investment purposes or as a risk management strategy.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 7. CAPITAL ASSETS

Capital assets activity for the year ended August 31, 2017, was as follows:

	Balance September 1, 2016	Additions	Reductions	Transfers	Balance August 31, 2017
Not Depreciated					
Land	\$ 102,263,331	\$ -	\$ -	\$ -	\$ 102,263,331
Artwork	95,004	-	-	-	95,004
Construction in Progress	40,589,959	78,577,601	-	(1,731,332)	117,436,228
Subtotal	142,948,294	78,577,601	-	(1,731,332)	219,794,563
Other Capital Assets					
Buildings	375,673,864	-	-	411,124	376,084,988
Infrastructure	2,913,746	-	-	-	2,913,746
Land Improvements	45,753,490	-	-	1,320,208	47,073,698
Library Books	6,001,102	219,117	(214,122)	-	6,006,097
Equipment	39,320,951	4,129,481	(1,077,802)	-	42,372,630
Subtotal	469,663,153	4,348,598	(1,291,924)	1,731,332	474,451,159
Accumulated Depreciation					
Buildings	62,800,379	7,127,780	-	-	69,928,159
Infrastructure	1,942,498	97,125	-	-	2,039,623
Land Improvements	17,886,671	2,104,917	-	-	19,991,588
Library Books	2,385,359	348,637	(214,122)	-	2,519,874
Equipment	27,566,535	3,081,851	(1,050,415)	-	29,597,971
Subtotal	112,581,442	12,760,310	(1,264,537)	-	124,077,215
Net Other Capital Assets	357,081,711	(8,411,712)	(27,387)	1,731,332	350,373,944
Assets Under Capital Leases					
Equipment	5,204,784	1,607,765	(770,732)	-	6,041,817
Accumulated Depreciation					
Equipment	4,756,070	625,840	(770,732)	-	4,611,178
Net Lease Capital Assets	448,714	981,925	-	-	1,430,639
Net Capital Assets	\$ 500,478,719	\$ 71,147,814	\$ (27,387)	\$ -	\$ 571,599,146

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 7. CAPITAL ASSETS (Continued)

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

	Balance September 1, 2015	Additions	Reductions	Transfers	Balance August 31, 2016
Not Depreciated					
Land	\$ 91,639,153	\$ -	\$ -	\$ 10,624,178	\$ 102,263,331
Artwork	95,004	-	-	-	95,004
Construction in Progress	19,261,146	32,965,479	-	(11,636,666)	40,589,959
Subtotal	110,995,303	32,965,479	-	(1,012,488)	142,948,294
Other Capital Assets					
Buildings	374,990,615	-	-	683,249	375,673,864
Infrastructure	2,913,746	-	-	-	2,913,746
Land Improvements	45,424,251	-	-	329,239	45,753,490
Library Books	6,051,384	266,089	(316,371)	-	6,001,102
Equipment	36,187,862	3,483,230	(350,141)	-	39,320,951
Subtotal	465,567,858	3,749,319	(666,512)	1,012,488	469,663,153
Accumulated Depreciation					
Buildings	55,692,776	7,107,603	-	-	62,800,379
Infrastructure	1,845,373	97,125	-	-	1,942,498
Land Improvements	15,852,233	2,034,438	-	-	17,886,671
Library Books	2,354,196	347,534	(316,371)	-	2,385,359
Equipment	25,078,252	2,771,344	(283,061)	-	27,566,535
Subtotal	100,822,830	12,358,044	(599,432)	-	112,581,442
Net Other Capital Assets	364,745,028	(8,608,725)	(67,080)	1,012,488	357,081,711
Assets Under Capital Leases					
Equipment	5204784	-	-	-	5,204,784
Accumulated Depreciation					
Equipment	4227365	528705	-	-	4,756,070
Net Lease Capital Assets	977,419	(528,705)	-	-	448,714
Net Capital Assets	<u>\$ 476,717,750</u>	<u>\$ 23,828,049</u>	<u>\$ (67,080)</u>	<u>\$ -</u>	<u>\$ 500,478,719</u>

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 8. LONG-TERM LIABILITIES

Long-term liability activity for the year ended August 31, 2017, was as follows:

	Balance September 1, 2016	Additions	Reductions	Balance August 31, 2017	Current Portion
Bonds					
2002 Revenue Bonds	\$ 8,744,598	\$ 691,136	(1) \$ (964,694)	\$ 8,471,039	\$ 404,780
2009A Revenue Bonds	672,325	7,314	(1) (125,172)	554,466	125,000
2009B Revenue Bonds	1,749,933	-	(326,190)	1,423,743	340,000
2010 Revenue Bonds	2,340,421	-	(366,590)	1,973,831	360,000
2012 Revenue Bonds	76,632,966	-	(411,213)	76,221,753	1,000,000
2014A Revenue Bonds	12,664,843	-	(2,467,241)	10,197,602	2,220,000
2014B Revenue Bonds	21,920,000	-	(1,310,000)	20,610,000	1,355,000
2016A Revenue Bonds	31,976,296	-	(492,470)	31,483,826	-
2016B Revenue Bonds	21,870,000	-	-	21,870,000	-
Total Combined Fee Revenue Bonds	<u>178,571,382</u>	<u>698,450</u>	<u>(6,463,570)</u>	<u>172,806,261</u>	<u>5,804,780</u>
2006 G.O. Bonds	5,350,601	476,668	(1) (3,152,499)	2,674,770	973,965
2011 G.O. Bonds	24,008,508	-	(970,771)	23,037,737	565,000
2013 G.O. Bonds	43,396,695	-	(237,645)	43,159,050	-
2015 G.O. Bonds	173,232,357	-	(3,726,724)	169,505,632	2,820,000
2016 G.O. Bonds	75,651,567	-	(3,254,607)	72,396,960	2,190,000
2016 G.O. Bonds -Tax Refund	13,019,347	-	(111,477)	12,907,870	-
Total G.O. Bonds	<u>334,659,076</u>	<u>476,668</u>	<u>(11,453,724)</u>	<u>323,682,020</u>	<u>6,548,965</u>
2010A Lease Revenue Bonds (PFC)	33,130,000	-	(295,000)	32,835,000	390,000
2012 Lease Revenue Bonds (PFC)	46,019,994	-	(307,714)	45,712,279	300,000
2015 Lease Revenue Bonds (PFC)	108,557,126	-	(4,975,957)	103,581,169	3,985,000
Total Lease Revenue Bonds (PFC)	<u>187,707,120</u>	<u>-</u>	<u>(5,578,671)</u>	<u>182,128,448</u>	<u>4,675,000</u>
Total Bonds	<u>700,937,578</u>	<u>1,175,118</u>	<u>(23,495,966)</u>	<u>678,616,731</u>	<u>17,028,745</u>
Other Long-Term Liabilities					
Capital Leases	275,816	1,708,393	(745,246)	1,238,963	314,865
Compensable Absences	6,282,654	3,857,981	(3,625,071)	6,515,564	3,625,071
OPEB Payable	2,960,132	496,611	-	3,456,743	-
Net Pension Liability	47,029,919	-	5,301,610	52,331,529	-
Unearned Revenue	229,583	-	(95,000)	134,583	95,000
Total Other Long-Term Liabilities	<u>56,778,104</u>	<u>6,062,985</u>	<u>836,293</u>	<u>63,677,382</u>	<u>4,034,936</u>
Total Long-Term Liabilities	<u>\$ 757,715,683</u>	<u>\$ 7,238,103</u>	<u>\$ (22,659,673)</u>	<u>\$ 742,294,113</u>	<u>\$ 21,063,681</u>

NOTE: (1) - Represents accretion of discount on zero coupon bonds.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 8. LONG-TERM LIABILITIES (Continued)

Long-term liability activity for the year ended August 31, 2016, was as follows:

	Balance September 1, 2015	Additions	Reductions	Balance August 31, 2016	Current Portion
Bonds					
2002 Revenue Bonds	\$ 9,434,685	\$ 274,913	(1) \$ (965,001)	\$ 8,744,598	\$ 432,344
2009A Revenue Bonds	29,954,930	-	(29,282,605)	672,325	125,000
2009B Revenue Bonds	2,061,887	-	(311,954)	1,749,933	325,000
2010 Revenue Bonds	2,701,830	-	(361,409)	2,340,421	345,000
2011A Revenue Bonds	18,960,000	-	(18,960,000)	-	-
2012 Revenue Bonds	77,041,948	-	(408,982)	76,632,966	150,000
2014A Revenue Bonds	15,092,274	-	(2,427,431)	12,664,843	2,110,000
2014B Revenue Bonds	23,085,000	-	(1,165,000)	21,920,000	1,310,000
2016A Revenue Bonds	-	32,134,476	(158,179)	31,976,296	-
2016B Revenue Bonds	-	21,870,000	-	21,870,000	-
Total Combined Fee Revenue Bonds	<u>178,332,555</u>	<u>54,279,389</u>	<u>(54,040,561)</u>	<u>178,571,382</u>	<u>4,797,344</u>
2006 G.O. Bonds	18,312,639	455,112	(1) (13,417,150)	5,350,601	1,069,694
2011 G.O. Bonds	27,527,541	-	(3,519,033)	24,008,508	540,000
2013 G.O. Bonds	43,627,217	-	(230,522)	43,396,695	-
2015 G.O. Bonds	176,119,216	-	(2,886,860)	173,232,357	2,710,000
2016 G.O. Bonds	-	75,693,490	(41,923)	75,651,567	2,250,000
2016 G.O. Bonds -Tax Refund	-	13,023,968	(4,620)	13,019,347	-
Total G.O. Bonds	<u>265,586,613</u>	<u>89,172,569</u>	<u>(20,100,107)</u>	<u>334,659,076</u>	<u>6,569,694</u>
2010A Lease Revenue Bonds (PFC)	33,340,000	-	(210,000)	33,130,000	295,000
2012 Lease Revenue Bonds (PFC)	46,133,708	46,830	(160,544)	46,019,994	190,000
2015 Lease Revenue Bonds (PFC)	113,219,450	577,413	(5,239,737)	108,557,126	3,605,000
Total Lease Revenue Bonds (PFC)	<u>192,693,158</u>	<u>624,243</u>	<u>(5,610,281)</u>	<u>187,707,120</u>	<u>4,090,000</u>
Total Bonds	<u>636,612,326</u>	<u>144,076,201</u>	<u>(79,750,950)</u>	<u>700,937,578</u>	<u>15,457,038</u>
Other Long-Term Liabilities					
Capital Leases	843,138	-	(567,322)	275,816	275,816
Compensable Absences	5,719,065	4,017,527	(3,453,938)	6,282,654	3,453,938
OPEB Payable	2,579,673	380,459	-	2,960,132	-
Net Pension Liability	40,130,541	-	6,899,378	47,029,919	-
Unearned Revenue	324,583	-	(95,000)	229,583	95,000
Total Other Long-Term Liabilities	<u>49,597,000</u>	<u>4,397,986</u>	<u>2,783,118</u>	<u>56,778,104</u>	<u>3,824,754</u>
Total Long-Term Liabilities	<u>\$ 686,209,326</u>	<u>\$ 148,474,187</u>	<u>\$ (76,967,832)</u>	<u>\$ 757,715,683</u>	<u>\$ 19,281,792</u>

NOTE: (1) - Represents accretion of discount on zero coupon bonds.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 9. DEBT AND LEASE OBLIGATIONS

The debt service requirement at August 31, 2017 is summarized below:

For Year Ended August 31,	General Obligation Bonds		Combined Fee Revenue Bonds		Lease Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest (1)
2018	\$ 6,548,965	\$ 14,952,434	\$ 5,804,780	\$ 6,347,923	\$ 4,675,000	\$ 7,927,763
2019	8,665,000	12,802,749	6,176,574	6,157,960	5,105,000	7,706,400
2020	9,045,000	12,414,699	6,236,637	5,946,061	5,560,000	7,467,112
2021	9,495,000	11,962,449	7,246,011	5,719,165	6,045,000	7,206,038
2022	9,970,000	11,487,699	5,618,772	7,745,884	6,570,000	6,920,228
2023 -2027	57,010,000	49,790,284	44,962,977	22,110,209	42,135,000	29,275,738
2028 - 2032	71,575,000	35,505,594	41,640,000	11,125,871	61,520,000	17,772,114
2033 - 2037	57,670,000	20,030,100	43,105,000	3,740,826	39,415,000	3,960,125
2038 - 2042	39,740,000	10,466,800	-	-	-	-
2043 - 2045	27,865,000	2,258,400	-	-	-	-
SubTotal	\$ 297,583,965	\$ 181,671,206	\$ 160,790,751	\$ 68,893,900	\$ 171,025,000	\$ 88,235,517
Net premium	24,410,478	-	7,219,405	-	11,103,450	-
Accreted Interest	1,687,578	-	4,796,104	-	-	-
Total	\$ 323,682,020	\$ 181,671,206	\$ 172,806,261	\$ 68,893,900	\$ 182,128,450	\$ 88,235,517

Note:

(1) Future interest amount is shown net of "Build America Bonds" Federal subsidy. As "Build America Bonds," the PFC will receive, in general, periodic Federal Payments from the United States Treasury equal to 35% of the interest payable on its Taxable Series 2010A bonds. However, these payments are subject to sequestration in accordance with the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985. As such, refund payments processed on or after October 1, 2016 until September 30, 2017 will be reduced by the fiscal year sequestration rate of 6.9 percent for an actual 32.62% payment from the United States Treasury.

General information related to general obligation, combined fee revenue bonds and lease revenue bonds payable is summarized below.

General Obligation Bonds

The General Obligation Bonds are direct obligations payable from ad valorem taxes levied, within the limitation prescribed by law, against all property located within the College's taxing district. Payment of the Bonds will be derived from taxes levied and collected on an annual basis in an amount sufficient to pay the principal and interest when due, full allowance being made for delinquencies and collection costs.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 9. DEBT AND LEASE OBLIGATIONS (Continued)

In November 2014, the College voters passed a bond referendum authorizing the College to issue up to \$386 million in General Obligation Bonds. In June 2015, the College issued \$165 million of that authorized amount in the Limited Tax Bonds, Series 2015 leaving a remaining authorized, unissued amount of \$221 million. In August 2016, the College issued the second tranche of bonds which was the Limited Tax Bond, Series 2016 for \$75 million. Therefore, the amount of authorized, unissued bonds remaining for the 2014 bond referendum is \$146 million.

- Limited Tax Bonds, Series 2016.
 - To construct, renovate and equipment of College buildings district-wide, including Highland Mall renovation and construction of the Leander Campus.
 - Issued August 17, 2016.
 - Total authorized \$65,260,000; all authorized bonds have been issued.
 - Source of revenue for debt service is ad valorem taxes.
 - Outstanding principal balance as of August 31, 2017 and 2016 is \$63,010,000 and \$65,260,000, respectively.
 - Interest rates varying from 3.0% to 5.0%.
- Limited Tax Refunding Tax Bonds, Series 2016.
 - To refund a portion of Series 2006 Bonds.
 - Issued August 17, 2016.
 - Total authorized \$11,230,000; all authorized bonds have been issued.
 - Source of revenue for debt service is ad valorem taxes.
 - Outstanding principal balance as of August 31, 2017 and 2016 is \$11,230,000 for both years.
 - Interest rates varying from 4.0% to 5.0%.
- Limited Tax Bonds, Series 2015.
 - To construct, renovate and equip College buildings district-wide, including Highland Mall renovation, construction of the Leander Campus, acquisition of southeast real property, and the expansion of the Hays, Round Rock, and Elgin campuses.
 - Issued June 1, 2015.
 - Total authorized \$165,195,000; all authorized bonds have been issued.
 - Source of revenue for debt service is ad valorem taxes.
 - Outstanding principal balance as of August 31, 2017 and 2016 is \$160,750,000 and \$163,460,000, respectively.
 - Interest rates varying from 3.0% to 5.0%.
- Limited Tax Bonds Refunding, Series 2013.
 - To refund a portion of Series 2003 and 2004 bonds.
 - Issued April 1, 2013.
 - Total authorized \$40,745,000; all authorized bonds have been issued.
 - Source of revenue for debt service is ad valorem taxes.
 - Outstanding principal balance as of August 31, 2017 and 2016 is \$40,240,000 for both years.
 - Interest rates varying from 3.125% to 5.0%.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 9. DEBT AND LEASE OBLIGATIONS (Continued)

- Limited Tax Bonds Refunding, Series 2011.
 - To refund a portion of Series 2003 and 2004 bonds.
 - Issued December 1, 2011.
 - Total authorized \$28,200,000; all authorized bonds have been issued.
 - Source of revenue for debt service is ad valorem taxes.
 - Outstanding principal balance as of August 31, 2017 and 2016 is \$21,380,000 and \$21,920,000, respectively.
 - Interest rates varying from 3.0% to 5.0%.

- Limited Tax Bonds Refunding, Series 2006.
 - To refund a portion of Series 2003 and 2004 bonds.
 - Issued December 12, 2006.
 - Total authorized \$17,573,659; \$15,530,000 Current Interest Bonds and \$2,043,659 Capital Appreciation Bonds; all authorized bonds have been issued.
 - Source of revenue for debt service is ad valorem taxes.
 - Outstanding principal balance as of August 31, 2017 and 2016 is \$973,965 and \$2,043,659, respectively.
 - Interest rates varying from 4.0% to 9.6%.

Combined Fee Revenue Bonds

Repayment of the Combined Fee Revenue Bonds indebtedness is collateralized by a first lien on a pledge of certain tuition and fees described below. The bond indentures for all outstanding Revenue Bonds require that the College deposit into an interest and sinking fund the following: 1) Tuition Fee pledged at the maximum amount permitted by Section 130.123 of the Texas Education Code, as amended. Section 130.123 currently limits the maximum pledge to an amount equal to 25% of all tuition collections; 2) the General Fee of \$15 per semester credit hour from all nonexempt students for each semester and summer term; and 3) investment income derived from any and all funds. Such pledged tuition and fees amounted to \$27,678,578 and \$27,138,388 for the years ended August 31, 2017 and 2016, respectively. The pledged amount equates to 37.0% and 37.0% of the above revenue streams, respectively. The actual debt service payment for those years was \$10,797,637 and \$10,968,079, respectively.

Compared to the minimum required pledge-to-debt service coverage ratio of 1.25, the actual coverage ratio was 2.47 and 2.47, respectively. Revenue bonds payable are due in annual installments varying from \$125,000 to \$8,725,000, with interest rates ranging from 0.512% to 5.767% and the final installment due in 2037. The College has complied with all significant bond covenants for the years ended August 31, 2017 and 2016

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 9. DEBT AND LEASE OBLIGATIONS (Continued)

- Combined Fee Revenue Refunding Bonds, Series 2016A.
 - To refund a portion of the outstanding Series 2009A Bonds.
 - Issued May 4, 2016.
 - Total authorized \$26,640,000; all authorized bonds have been issued.
 - Source of revenue for debt service is tuition and general fees.
 - Outstanding principal balance as of August 31, 2017 and 2016 is \$26,640,000 for both years.
 - Interest rates varying from 4.0% to 5.0%.
- Combined Fee Revenue Refunding Bonds Taxable, Series 2016B.
 - To refund a portion of the outstanding Series 2011A Bonds.
 - Issued May 4, 2016.
 - Total authorized \$21,870,000; all authorized bonds have been issued.
 - Source of revenue for debt service is tuition and general fees.
 - Outstanding principal balance as of August 31, 2017 and 2016 is \$21,870,000 for both years.
 - Interest rates varying from 1.9% to 4.1%.
- Combined Fee Revenue Refunding Bonds, Series 2014A.
 - To refund all the outstanding Series 2005 Bonds.
 - Issued December 1, 2014.
 - Total authorized \$13,685,000; all authorized bonds have been issued.
 - Source of revenue for debt service is tuition and general fees.
 - Outstanding principal balance as of August 31, 2017 and 2016 is \$9,590,000 and \$11,700,000, respectively.
 - Interest rates are 5.0%.
- Combined Fee Revenue Refunding Bonds, Series 2014B.
 - To refund all the outstanding Series 2011 Bonds.
 - Issued December 1, 2014.
 - Total authorized \$23,085,000; all authorized bonds have been issued.
 - Source of revenue for debt service is tuition and general fees.
 - Outstanding principal balance as of August 31, 2017 and 2016 is \$20,610,000 and \$21,920,000, respectively.
 - Interest rates varying from 0.51% to 3.9%.
- Combined Fee Revenue Building Bonds, Series 2012.
 - To pay for the acquisition, construction, and improvement of property, buildings and facilities for the College.
 - Issued November 1, 2012.
 - Total authorized \$74,790,000; all authorized bonds have been issued.
 - Source of revenue for debt service is tuition and general fees.
 - Outstanding principal balance as of August 31, 2017 and 2016 is \$74,490,000 and \$74,640,000, respectively.
 - Interest rates varying from 3.0% to 4.0%.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 9. DEBT AND LEASE OBLIGATIONS (Continued)

- Combined Fee Revenue Refunding Bonds, Series 2010.
 - To refund all the callable outstanding Series 2002 Bonds.
 - Issued October 15, 2010.
 - Total authorized \$3,860,000; all authorized bonds have been issued.
 - Source of revenue for debt service is tuition and general fees.
 - Outstanding principal balance as of August 31, 2017 and 2016 is \$1,935,000 and \$2,280,000, respectively.
 - Interest rates varying from 2.0% to 4.0%.

- Combined Fee Revenue Building Bonds, Series 2009A.
 - To acquire real property and renovate and improve College facilities.
 - Issued November 1, 2009.
 - Total authorized \$31,510,000; all authorized bonds have been issued.
 - Source of revenue for debt service is tuition and general fees.
 - Outstanding principal balance as of August 31, 2017 and 2016 is \$555,000 and \$680,000, respectively.
 - Interest rates varying from 3.3% to 3.8%.

- Combined Fee Revenue Refunding Bonds, Series 2009B.
 - To refund the remaining 1998 and 2000 Series bonds.
 - Issued November 1, 2009.
 - Total authorized \$9,300,000; all authorized bonds have been issued.
 - Source of revenue for debt service is tuition and general fees.
 - Outstanding principal balance as of August 31, 2017 and 2016 is \$1,425,000 and \$1,750,000, respectively.
 - Interest rates varying from 2.0% to 3.8%.

- Combined Fee Revenue Refunding Bonds, Series 2002.
 - To purchase, acquire, renovate, construct and equip College facilities and to refund the remaining 1992 Series bonds.
 - Issued April 3, 2002.
 - Total authorized \$10,389,516; \$5,805,000 Current Interest Bonds and \$4,584,516 Capital Appreciation Bonds; all authorized bonds have been issued.
 - Source of revenue for debt service is tuition and general fees.
 - Outstanding principal balance as of August 31, 2017 and 2016 is \$3,675,751 and \$4,108,095, respectively.
 - Interest rates varying from 3.0% to 4.0%.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 9. DEBT AND LEASE OBLIGATIONS (Continued)

Lease Revenue Bonds

The PFC pays Lease Revenue Bonds from the lease payments made by the College. The Lease payments are due at such times and in such amounts as will be required to timely pay the principal and interest on the Lease Revenue Bonds. The obligation of the College to make lease payments is a current expense, payable solely from funds annually appropriated by the College for such use. Remedies available upon a failure of the College to appropriate or pay lease payments are limited to termination of the College's leasehold interest, the right to take possession and control of the Project, and the right to sell or lease the Project upon foreclosure.

- Lease Revenue Refunding Bonds, Series 2015.
 - To refund all the outstanding Series 2008 bonds.
 - Issued May 1, 2015.
 - Total authorized \$105,580,000; all authorized bonds have been issued.
 - Source of revenue for debt service is lease payments in amounts required by lease purchase agreement between the College and the PFC.
 - Outstanding principal balance as of August 31, 2017 and 2016 is \$93,950,000 and \$97,555,000, respectively.
 - Interest rates varying from 1.0% to 5.0%.

- Lease Revenue Bonds, Series 2012.
 - To finance the cost of acquisition, construction and equipment of the Hays Campus.
 - Issued April 1, 2012.
 - Total authorized \$44,430,000; all authorized bonds have been issued.
 - Source of revenue for debt service is lease payments in amounts required by lease purchase agreement between the College and the PFC.
 - Outstanding principal balance as of August 31, 2017 and 2016 is \$44,240,000 and \$44,430,000, respectively.
 - Interest rates varying from 2.0% to 5.0%.

- Lease Revenue Bonds, Taxable Series 2010A (Build America Bonds – Direct Payment).
 - To finance the cost of acquisition, construction and equipment of the Elgin Campus.
 - Issued December 1, 2010.
 - Total authorized \$33,470,000; all authorized bonds have been issued.
 - Source of revenue for debt service is lease payments in amounts required by lease purchase agreement between the College and the PFC.
 - Outstanding principal balance as of August 31, 2017 and 2016 is \$32,835,000 and \$33,130,000 respectively.
 - Interest rates varying from 2.0% to 5.0%.

The PFC designated the Lease Revenue Bonds Taxable Series 2010A, as "Build America Bonds" for purposes of the American Recovery and Reinvestment Act of 2009 ("the Recovery Act"). In general, the PFC will receive periodic Federal Payments from the United States Treasury equal to 35% of the interest payable on these Bonds.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 9. DEBT AND LEASE OBLIGATIONS (Continued)

Balanced Budget and Emergency Deficit Control Act of 1985, these Federal payments are subject to sequestration. As a result, the refund payments for the fiscal year ended August 31, 2017, were reduced by the fiscal year 2017 sequestration rate of 6.8 percent that resulted in a 32.62% actual payment from the United States Treasury. In order to receive Federal Payments, the PFC is required to file a form with the Internal Revenue Service prior to each interest payment date for the Bonds. The Federal payments do not constitute a full faith and credit guarantee of the United States Government, but they are required to be paid by the United States Treasury under the Recovery Act. The Federal Payments will not be pledged to secure payment of the Bonds; however, the PFC has agreed to deposit all Federal Payments with respect to the Bonds in the Interest and Sinking Fund.

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. The College had no arbitrage liability for the years ended August 31, 2017 and 2016.

Capital Leases

As of August 31, 2017 and 2016, the College made annual lease payments for capital leased property of \$765,850 and \$579,876, respectively.

Obligations under capital leases at August 31, 2017, were as follows:

<u>For the year ended August 31,</u>	<u>Total</u>
2018	\$ 326,735
2019	326,735
2020	326,735
2021	<u>326,735</u>
Total Minimum Lease Payments	1,306,940
Less: Amount Representing Interest Costs	<u>(67,977)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 1,238,963</u></u>

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 9. DEBT AND LEASE OBLIGATIONS (Continued)

Interest Expense

For the year ended August 31, 2017, the College incurred \$29,551,972 in interest cost, of which \$27,705,935 was expensed and \$1,846,037 was capitalized. For the year ended August 31, 2016, the College incurred \$27,538,010 in interest cost, of which \$26,922,459 was expensed and \$615,551 was capitalized.

NOTE 10. REFUNDING AND DEFEASED BONDS OUTSTANDING

Bond Refunding:

- General Obligation Limited Tax Refunding Bonds, Series 2006.
 - Partially refunded \$12,800,000; all authorized bonds have been issued.
 - Issued August 17, 2016.
 - Refunded by General Obligation Limited Tax Refunding Bonds Series 2016.
 - The unrefunded bond debt service amount is \$3,639,384.
 - Average interest rate of bonds refunded 4.067%.
 - The College placed the proceeds of the Refunded Bonds in an escrow fund.
 - The escrow account assets and the liability for the defeased bonds are not included in the College's financial statements.
 - The total cash flow to service the refunded bonds and cash flows required to service the refunding bonds as of the effective date of the refunding were \$20,866,906 and \$17,736,440.
- Combined Fee Revenue Building Bonds, Taxable Series 2011A
 - Refunded \$18,960,000; all authorized bonds have been issued.
 - Issued May 4, 2016.
 - Refunded by Combined Fee Revenue Taxable Refunding, Series 2016B
 - The College placed the proceeds of the Refunded Bonds in an escrow fund.
 - The escrow account assets and the liability for the defeased bonds are not included in the College's financial statements.
 - Average interest rate of bonds refunded 3.592%.
 - The total cash flow to service the refunded bonds and cash flows required to service the refunding bonds as of the effective date of the refunding were \$33,459,384 and \$32,044,714.
- Combined Fee Revenue Building Bonds, Taxable Series 2009A
 - Refunded \$28,950,000; all authorized bonds have been issued.
 - Issued May 4, 2016.
 - Refunded by Combined Fee Revenue Taxable Refunding, Series 2016A.
 - The College placed the proceeds of the Refunded Bonds in an escrow fund.
 - The escrow account assets and the liability for the defeased bonds are not included in the College's financial statements.
 - Average interest rate of bonds refunded 2.87%.
 - The total cash flow to service the refunded bonds and cash flows required to service the refunding bonds as of the effective date of the refunding were \$42,825,073 and \$39,419,546.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 10. REFUNDING AND DEFEASED BONDS OUTSTANDING (Continued)

- Lease Revenue Bonds, Series 2008.
 - Refunded \$105,580,000 of Lease Revenue Bonds, Series 2008.
 - Issued May 1, 2015.
 - Refunded by Lease Revenue Refunding Bonds, Series 2015.
 - The College placed the proceeds of the refunding bond in an escrow fund.
 - The escrow account assets and the liability for the defeased bonds are not included in the College's financial statements.
 - The total cash flow to service the refunded bonds and cash flows required to service the refunding bonds as of the effective date of the refunding were \$175,427,013 and \$158,097,428.

Defeased Bonds

As of August 31, 2017 and 2016, the College had the following legally defeased bonds outstanding:

<u>Bond Issue</u>	<u>Year Refunded</u>	<u>2017 Par Value Outstanding</u>	<u>2016 Par Value Outstanding</u>
Lease Revenue Bonds, Series 2008	2015	\$101,175,000	\$104,865,000
Limited Tax Bonds Refunding, Series 2006	2016	\$ -	\$ 12,800,000
Combined Fee Revenue Building Bonds, Taxable Series 2011A	2016	\$ 18,960,000	\$ 18,960,000
Combined Fee Revenue Building Bonds, Taxable Series 2009A	2016	\$ 28,950,000	\$ 28,950,000

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 11. OPERATING LEASE COMMITMENTS AND RENTAL AGREEMENTS

The College leases various classrooms, offices, parking lots, and equipment under Rental Agreements. These agreements have clauses which allow the College to terminate the agreement if funding becomes unavailable or the Board does not approve funding. Rental payments during the fiscal year ended August 31, 2017 and 2016 were \$1,335,364 and \$1,177,855, respectively. The future minimum lease and rental payments are as follows:

For the Year Ending August 31,	Total
2018	\$482,384
2019	125,944
2020	57,456
Total Future Minimum Lease Payments	<u>\$665,784</u>

NOTE 12. EMPLOYEES' RETIREMENT PLANS

Defined Benefit Plan

Plan Description

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

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 TRS.

Pension Plan Fiduciary Net Position

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

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 12. EMPLOYEES' RETIREMENT PLANS (Continued)

Detailed information about TRS's fiduciary net position is available in a separately issued Comprehensive Annual Financial Report ("CAFR") that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/Pages/about_publications.aspx; 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% (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 credited service 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 the 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 post-employment 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 16, Section 67 of the Texas Constitution, which requires the Texas Legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of TRS 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, Section 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance ("OASDI") on certain employees effective for fiscal year 2015 as discussed in Note 1 of the TRS 2014 CAFR. The 83rd Texas Legislature, General Appropriations Act ("GAA") established the employer contribution rates for fiscal years 2014 and 2015. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

Contributors to the plan include members, the College, and the state of Texas as the only nonemployer contributing entity ("NECE"). The state is the employer for senior colleges, medical

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 12. EMPLOYEES' RETIREMENT PLANS (Continued)

schools, and state agencies, including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the GAA as follows:

	2017	2016
Contribution Rates:		
Member	7.7%	7.2%
NECE (State)	6.8%	6.8%
Employers	6.8%	6.8%
FY16 College Contributions		\$ 4,400,028
FY16 Member Contributions		\$ 8,219,238
FY16 NECE (State) Contributions		\$ 3,469,163

The District's contributions to the TRS pension plan in Fiscal Year 2017 were \$3,725,870 as reported in the Schedule of District Contributions in the Required Supplementary Information section of these financial statements. State of Texas on-behalf contributions for Fiscal Year 2017 were \$3,726,235.

As the NECE for public education and junior colleges, the state of Texas contributes to TRS 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 (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

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

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

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 12. EMPLOYEES' RETIREMENT PLANS (Continued)

Actuarial Assumptions

The total pension liability in the August 31, 2016 and 2015 actuarial valuation were determined using the following actuarial assumptions:

Valuation Date	2016	2015
Actuarial Cost Method	Individual Entry Age Normal	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Floating	Level Percentage of Payroll, Open
Remaining Amortization Period	33 years	29.8 years
Asset Valuation Method	Market Value	Market Value
Discount Rate	8.00%	8.00%
Long-term Expected Investment Rate of Return (1)	8.00%	8.00%
Salary Increases (1)	3.50% to 9.50%	3.50% to 9.50%
Payroll Growth Rate	2.50%	2.50%
Benefit Changes During the Year	None	None
Ad hoc Post-Employment Benefit Changes	None	None

Note:

(1) Includes Inflation of 2.5%

For the actuarial valuation for August 31, 2016, the actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2014 and adopted on September 24, 2015.

For the actuarial valuation for August 31, 2015 the actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2010 and adopted on April 8, 2011. With the exception of the post-retirement mortality rates for healthy lives and a minor change to the expected retirement age for inactive vested members stemming from the actuarial audit performed in the Summer of 2014, the assumptions and methods are the same as used in the prior valuation. When the mortality assumptions were adopted in 2011 they contained a significant margin for possible future mortality improvement. As of the date of the valuation there has been a significant erosion of this margin to the point that the margin has been eliminated. Therefore, the post-retirement mortality rates for current and future retirees was decreased to add additional margin for future improvement in mortality in accordance with the Actuarial Standards of Practice No. 35.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 12. EMPLOYEES' RETIREMENT PLANS (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 8%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the NECE are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investments is 8%. 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 TRS's target asset allocation as of August 31, 2016 are summarized below:

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 12. EMPLOYEES' RETIREMENT PLANS (Continued)

Asset Class	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>	<u>Expected Contribution to Long-Term Portfolio Returns (1)</u>
Global Equity:			
U.S.	18.0%	4.60%	1.0%
Non-U.S. Developed	13.0%	5.10%	0.8%
Emerging Markets	9.0%	5.90%	0.7%
Directional Hedge Funds	4.0%	3.20%	0.1%
Private Equity	13.0%	7.00%	1.1%
Stable Value:			
U.S. Treasuries	11.0%	0.70%	0.1%
Absolute Return	0.0%	1.80%	0.0%
Stable Value Hedge Funds	4.0%	3.00%	0.1%
Cash	1.0%	-0.20%	0.0%
Real Return:			
Global Inflation Linked Bonds	3.0%	0.90%	0.0%
Real Assets	16.0%	5.10%	1.1%
Energy and Natural Resources	3.0%	6.60%	0.2%
Commodities	0.0%	1.20%	0.0%
Risk Parity:			
Risk Parity	5.0%	6.70%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
Total	<u>100.0%</u>		<u>8.7%</u>

Note:

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

Source:

Teacher Retirement System of Texas 2016 Comprehensive Annual Financial Report

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 12. EMPLOYEES' RETIREMENT PLANS (Continued)

Discount Rate Sensitivity Analysis

The following schedule shows the impact on the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2017 Net Pension Liability.

Fiscal Year 2017 Net Pension Liability

	<u>1% Decrease in Discount Rate (7%)</u>	<u>Discount Rate (8%)</u>	<u>1% Increase in Discount Rate (9%)</u>
College's Proportionate Share of the Net Pension Liability	<u>\$ 80,991,578</u>	<u>\$ 52,331,529</u>	<u>\$ 28,022,013</u>

Fiscal Year 2016 Net Pension Liability

	<u>1% Decrease in Discount Rate (7%)</u>	<u>Discount Rate (8%)</u>	<u>1% Increase in Discount Rate (9%)</u>
College's Proportionate Share of the Net Pension Liability	<u>\$ 73,687,020</u>	<u>\$ 47,029,919</u>	<u>\$ 24,826,212</u>

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 12. EMPLOYEES' RETIREMENT PLANS (Continued)

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

At August 31, 2017 and 2016, the College reported a liability of \$52,331,529 and \$47,029,919, respectively, for its proportionate share of TRS's net pension liability. This liability reflects a reduction for State pension support provided to the College. The amount recognized by the College as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the College were as follows:

	2017	2016
College's Proportionate Share of the Collective Net Pension Liability	\$ 52,331,529	\$ 47,029,919
State's Proportionate Share that is Associated with the College	41,178,434	39,872,522
Total Net Pension Liability	\$ 93,509,963	\$ 86,902,441

The net pension liability for the fiscal years ended August 31, 2017 and August 31, 2016, were measured as of August 31, 2016 and August 31, 2015, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of these dates. The College's proportion of the net pension liability for 2016 and 2015 was based on the College's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2015 through August 31, 2016 and September 1, 2014 through August 31, 2015, respectively.

At August 31, 2016 the College's proportion of the collective net pension liability was 0.1384853%, which was an increase of 4.09% from its proportion of 0.001330458% in the previous year of August 31, 2015.

Changes Since the Prior Actuarial Valuation – There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

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

For the years ended August 31, 2017 and 2016, the College recognized pension expense of \$4,273,340 and \$5,681,193, respectively and revenue of \$4,273,340 and \$5,681,193, respectively for support provided by the State.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 12. EMPLOYEES' RETIREMENT PLANS (Continued)

At August 31, 2017, the College reported its proportionate share of TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences Between Expected and Actual Economic Experience	\$ 820,548	\$ 1,562,589
Changes in Actuarial Assumptions	1,594,971	1,450,560
Difference Between Projected and Actual Investment Earnings	4,431,326	- (1)
Changes in Proportion and Difference Between the College's Contributions and the Proportionate Share of Contributions	951,396	3,282,152
Contributions Paid to TRS Subsequent to the Measurement Date	3,725,870	-
Total	\$ 11,524,111	\$ 6,295,301

(1) Net adjustment of 2016 on Deferred Outflow on Pension Liability.

The \$3,725,870 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending August 31, 2018.

At August 31, 2016, the College reported its proportionate share of TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 12. EMPLOYEES' RETIREMENT PLANS (Continued)

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences Between Expected and Actual Economic Experience	\$ 516,159	\$ 1,807,402
Changes in Actuarial Assumptions	2,169,428	1,677,822
Difference Between Projected and Actual Investment Earnings	2,393,984	
Changes in Proportion and Difference Between the College's Contributions and the Proportionate Share of Contributions	(25)	3,940,190
Contributions Paid to TRS Subsequent to the Measurement Date	3,838,913	-
Total	\$ 8,918,459	\$ 7,425,414

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 12. EMPLOYEES' RETIREMENT PLANS (Continued)

The net amounts of the College's fiscal year 2017 balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended August 31,	Pension Expense Amount
2017	\$ (91,805)
2018	(91,805)
2019	2,734,711
2020	(308,935)
2021	(914,834)
Thereafter	175,608
	<u>\$ 1,502,940</u>

The net amounts of the College's fiscal year 2016 balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended August 31,	Pension Expense Amount
2016	\$ (885,222)
2017	(885,222)
2018	(885,222)
2019	2,181,161
2020	(746,628)
Thereafter	(1,124,735)
	<u>\$ (2,345,868)</u>

The deferred outflows and deferred inflows resulting from the difference between projected and actual earnings on pension plan investments will be recognized as a reduction of pension expense over five years. The other deferred inflows and outflows will be recognized in pension expense using the average expected remaining service lives of all members.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 12. EMPLOYEES' RETIREMENT PLANS (Continued)

Defined Contribution Retirement Plans

The State has also established an Optional Retirement Plan (ORP) for institutions of higher education that is subject to amendment by the Texas Legislature. Participation in the ORP is in lieu of participation in the TRS. The ORP provides for the purchase of annuity contracts as individual retirement accounts and is a defined contribution plan. For fiscal years 2017 and 2016, the employee contribution rate is 6.65% and the employer contribution rate is 6.60%. For those employees hired prior to September 1, 1995, the College contributes an additional 1.90% and 2.10%, respectively, for the fiscal years ended August 31, 2016 and 2015. For the years ended August 31, 2017 and 2016, ORP contributions made by employees were \$2,060,312 and \$2,096,498, respectively; contributions made by the State were \$977,444 and \$976,157, respectively; and the expense to the College was \$1,050,479 and \$1,435,236, respectively. Total payroll of employees participating in ORP for the fiscal years ended August 31, 2017 and 2016 was \$30,980,299 and \$31,460,209, respectively.

In addition, the College has established a defined contribution Money Purchase Plan for part-time employees, called the Part-Time Employees Retirement System (PTERS). To be eligible for participation in the PTERS, an employee must complete one hour of service in a service period.

Participation in this plan is in lieu of participation in the TRS or the ORP. Under the PTERS, the College is required to withhold from an employee's compensation 6% and match an amount equal to 1.5% of the employee's total compensation, for a combined contribution of 7.5% of the employee's total annual compensation. The College has contracted with Ohio National Life Insurance Company to administer the PTERS. The College maintains the authority to amend plan provisions and contributions of the PTERS. For the years ended August 31, 2017 and 2016, PTERS contributions made by employees were \$1,465,663 and \$1,592,434; and the expense to the College was \$365,449 and \$394,030, respectively. Total payroll of employees participating in PTERS for the fiscal years ended August 31, 2017 and 2016 are \$24,362,106 and \$26,540,844 respectively.

The College has no additional or unfunded liabilities for these plans.

NOTE 13. HEALTHCARE AND LIFE INSURANCE BENEFITS

In addition to the pension benefits described in Note 12, the State provides certain health care and life insurance benefits for most active and retired employees. The State appropriates a certain amount for these benefits to the College based on employee enrollments during the legislative cycle, and any additional expense must be funded by the College. These benefits are administered by the Employees Retirement System of Texas and provided through an insurance company whose premiums are based on benefits paid during the previous year.

For the year ended August 31, 2017, the employer's maximum contribution per full-time employee was \$617 per month for the year and totaled \$7,408 per employee for the year. The employer also paid a maximum amount for a spouse, child(ren), or family of \$1,325, \$1,091, and \$1,798

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 13. HEALTHCARE AND LIFE INSURANCE BENEFITS (Continued)

per month, respectively. The total cost of providing those benefits for the year was \$3,449,595 for 416 retirees and \$19,560,029 for 2,717 active employees.

For the year ended August 31, 2016, the employer's maximum contribution per full-time employee was \$577 per month for the year and totaled \$6,924 per employee for the year. The employer also paid a maximum amount for a spouse, child(ren), or family of \$1,237, \$1,019, and \$1,679 per month, respectively. The total cost of providing those benefits for the year was \$2,908,438 for 399 retirees and \$17,899,041 for 2,431 active employees.

Of the costs above, the health and life insurance expense to the State on behalf of the College was \$9,802,892 and \$9,147,910 for the fiscal years ended August 31, 2017 and 2016, respectively. The expense to the College was \$13,206,732 and \$11,659,570 for the fiscal years ended August 31, 2017 and 2016, respectively.

NOTE 14. ON-BEHALF PAYMENTS

For the fiscal years ended August 31, 2017 and 2016 the College recorded State on-behalf contributions for the Teacher's Retirement System of \$1,390,687 and \$1,435,236, respectively, and contributions for the Optional Retirement Program of \$1,059,898 and \$1,091,202, respectively. The Optional Retirement Program contributions are received as cash reimbursements from the State for payments made by the College to the respective investment funds on behalf of the employees.

The College recorded State on-behalf contributions for health insurance of \$9,802,892 and \$9,147,910 for the fiscal years ended August 31, 2017 and 2016, respectively. These were non-cash, on-behalf contributions.

The State's total on-behalf contributions for the fiscal years ended August 31, 2017 and 2016 of \$14,076,232 and \$14,829,102, respectively, were recorded as revenues and expenses in the accompanying basic financial statements.

NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Retiree Medical Insurance - Plan Description

The College contributes to the State Retiree Health Plan (SRHP), a cost sharing, multiple-employer, defined benefit postemployment healthcare plan administered by the Employees Retirement System of Texas (ERS). SRHP provides medical benefits to retired employees of participating universities, community colleges and state agencies in accordance with Chapter 1551, Texas Insurance Code. Benefit and contribution provisions of the SRHP are authorized by State law and may be amended by the Texas Legislature.

ERS issues a publicly available financial report that includes financial statements and required supplementary information for SRHP. That report may be obtained from ERS via their website at http://www.ers.state.tx.us/About_ERS/Reports/.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Retiree Medical Insurance - Funding Policy

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

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

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

The employer contribution for the retiree medical insurance is partially funded by the State as an on-behalf contribution and the remaining cost is paid by the College. The College and the State's on-behalf contributions to SRHP for the years ended August 31, 2017, 2016, and 2015, were \$3,446,014, \$2,908,438, and \$2,558,526, respectively.

Retiree Dental Care – Plan Description

The College has elected to reimburse retirees' cost of dental benefits received through the State's SRHP. The College refers to the reimbursement program as the "Retiree Dental Care Plan" and it is considered a single employer plan. Retirees who elect to receive dental benefits, make direct contributions to the SRHP. The College then reimburses the retirees quarterly for the cost of their contribution to the SRHP. There are no stand-alone reports associated with this plan.

Retiree Dental Care – Funding Policy Annual OPEB Cost

The College reimburses 100% of the retirees cost of the dental benefits provided by the SRHP. These costs are funded on a pay-as-you-go basis. A retired employee becomes eligible for dental benefits upon retirement from the College, assuming they meet the eligibility requirements for participation in the SRHP. The College's annual cost per retiree was \$319.32 for the year 2017, and \$291.36, and \$282.96 for the years ended 2017, 2016 and 2015, respectively. The total annual contributions made by the College were \$105,171, \$87,223, and \$80,192 for the years 2017, 2016, and 2015, respectively.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Retiree Dental Care – Net OPEB Obligation

The College's annual other post-employment benefits (OPEB) cost related to the "Retiree Dental Care Plan" is calculated based on the annual required contributions of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The

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

The College's annual OPEB cost for the years ended August 31, 2017, 2016, and 2015 is as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual Required Contribution (ARC)	\$ 598,724	\$ 459,149	\$ 445,776
Interest on OPEB Obligation	118,405	116,085	99,306
Adjustment to ARC	<u>(115,347)</u>	<u>(107,552)</u>	<u>(92,006)</u>
Annual OPEB Cost, End of Year	601,782	467,682	453,076
Employer Contributions	<u>(105,171)</u>	<u>(87,223)</u>	<u>(80,192)</u>
Increase in Net OPEB Obligation	496,611	380,459	372,884
Net OPEB Obligation, Beginning of Year	<u>2,960,132</u>	<u>2,579,673</u>	<u>2,206,789</u>
Net OPEB Obligation, End of Year	<u><u>\$ 3,456,743</u></u>	<u><u>\$ 2,960,132</u></u>	<u><u>\$ 2,579,673</u></u>

The College's annual OPEB cost, the amount contributed by the employer, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended August 31, 2017, 2016, and 2015 are as follows:

Fiscal Year Ended	Net OPEB Obligation Beginning of Year	Annual OPEB Cost	Employer Contributions	Net OPEB Obligation End of Year	Annual OPEB Cost Contributed
2017	\$ 2,960,132	\$ 601,782	\$ 105,171	\$ 3,456,743	17.48%
2016	2,579,673	467,682	87,223	2,960,132	18.65%
2015	2,206,789	453,076	80,192	2,579,673	17.70%

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Funding Status and Funding Progress

The funded status of the College's retiree dental care plan, under GASB Statement No. 45 as of the most recent valuation and the two preceding valuations is as follows:

Actuarial Valuation Date as of August 31,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll	UAAL as a Percentage of Covered Payroll
2017	-	\$ 6,435,744	\$ 6,435,744	0%	\$134,276,029	4.8%
2015	-	4,597,888	4,597,888	0%	137,326,406	3.3%
2013	-	3,538,156	3,538,156	0%	125,523,197	2.8%

Actuarial Methods and Assumptions

The Projected Unit Credit Cost Method is used to calculate the GASB ARC for the College's retiree dental care plan. Using the plan benefits, the present dental premiums and a set of actuarial assumptions, the anticipated future payments are projected. The actuarial cost method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of dental benefits are based on the plan as understood by the College and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the College and the College's employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions for the years ended August 31, 2017, 2016, and 2015 were as follows:

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Actuarial Methods and Assumptions

Rate of Inflation	2.5% per Year
Investment Rate of Return	4.00% Net of Expenses
Actuarial Cost Method	Individual Entry Age Normal Cost Method
Amortization Method	Level as a Percentage of Employee Payroll
Amortization Period	30 year, Open Amortization
Salary Growth Rate	3.0% per Year
Medical Trend	N/A (Dental Benefit Only)
Dental Trend	3.0% per Year

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the College's retiree dental plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 16. COMPENSABLE ABSENCES

Full-time employees earn annual leave from 10 to 13.34 hours per month, depending on the number of years employed with the College. The College's policy is that classified, professional-technical or administrative employees may accrue up to 240 hours of annual leave.

Sick leave, which is limited to a maximum of 1,200 hours, is earned at the rate of 8 hours per month. The maximum sick leave that may be paid to an employee when he retires or otherwise terminates employment is one-half of the employee's accumulated entitlement in excess of 960 hours. The College's policy is to recognize the cost of sick leave when earned, which provides for the College's maximum vested liability.

The College's reporting of accrued liabilities for compensable absences is in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*. The total amount accrued at August 31, 2017, is \$6,515,564; of that amount, \$1,172,902 is allocated to sick leave and \$5,342,662 to annual leave. The total amount accrued at August 31, 2016, is \$6,282,654; of that amount, \$1,212,054 is allocated to sick leave and \$5,070,600 to annual leave.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 17. PENDING LAWSUITS AND CLAIMS

On August 31, 2017 and 2016, various lawsuits and claims involving the College were pending. While the ultimate liability with respect to litigation and other claims asserted against the College cannot be reasonably estimated at this time, this liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the College.

The College receives federal, state and local grants that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. The College's management believes such disallowances, if any, will not have a material effect on the basic financial statements.

NOTE 18. DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables

Accounts Receivable at August 31, 2017 and 2016 were as follows:

	2017	2016
Tuition and Fees Receivable (Net of Allowance for Doubtful Accounts of \$12,275,608 and \$11,281,227)	\$ 15,889,840	\$ 15,464,745
Taxes Receivable (Net of Allowance for Doubtful Accounts of \$331,485 and \$327,348)	2,983,367	2,946,129
Contracts and Grants Receivable	1,834,500	2,086,198
Investment Income Receivable	-	168,989
Other Receivables	1,132,988	612,119
Total Receivables	\$ 21,840,695	\$ 21,278,180

Accounts Payables and Accrued Liabilities

Accounts payable and accrued liabilities balances at August 31, 2017 and 2016 were as follows:

	2017	2016
Payable to Vendors	\$ 20,987,312	\$ 7,326,341
Salaries and Benefits Payable	3,999,473	3,082,852
Payable to Students	1,389,310	1,124,428
Accrued Interest Payable	2,303,650	2,122,379
Construction Retainage	2,541,978	541,091
Total	\$ 31,221,722	\$ 14,197,091

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 19. FUNDS HELD FOR OTHERS

The College holds funds for certain student organizations and other agencies. These amounts are reflected in the basic financial statements as funds held for others in the amount of \$348,146 and \$235,769 for the fiscal years ended August 31, 2017 and 2016, respectively.

NOTE 20. CONTRACT AND GRANT AWARDS

Contract and grant awards are accounted for in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized on the *Statements of Revenues, Expenses and Changes in Net Position* (Exhibit 2), *Schedule of Operating Revenues* (Schedule A) and *the Schedule of Non-Operating Revenues and Expenses* (Schedule C). Contract and grant awards for which funds are expended but not yet collected are included in Accounts Receivable in the *Statement of Net Position* (See Contracts and Grants Receivable, Note 18). Contract and grant awards that are not yet funded or expended are not included in the financial statements. Contract and grant awards funds already committed, e.g., multi-year awards, or funds awarded during fiscal years ended August 31, 2017 and 2016, for which no expenses have been incurred totaled \$9,265,880 and \$12,491,113, respectively.

These amounts are comprised of the following:

	2017	2016
Federal Contracts and Grant Awards	\$ 4,593,319	\$ 6,119,790
State Contracts and Grant Awards	4,182,783	5,846,168
Local Contracts and Grant Awards	53,694	59,212
Private Contracts and Grant Awards	436,084	465,943
Total Contract and Grant Awards	\$ 9,265,880	\$ 12,491,113

NOTE 21. PROPERTY TAXES

The College's ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the College's taxing jurisdiction. The College's Taxable Assessed Values for the years ended August 31, 2017 and 2016, are as follows:

	2017	2016
Appraised Valuation	\$ 222,866,078,683	\$ 195,753,882,701
Less: Exemptions	(44,022,945,550)	(37,848,364,674) (1)
Taxable Assessed Value	\$ 178,843,133,133	\$ 157,905,518,027

(1) Adjustment on 2016 Exemptions

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 21. PROPERTY TAXES (Continued)

Tax rates for the years ended August 31, 2017 and 2016, are as follows:

Fiscal Year 2017:

	Current Operations	Debt Service	Total
Tax Rate per \$100 Valuation Authorized	\$ 0.0900	\$ 0.5000	\$ 0.5900
Tax Rate per \$100 Valuation Assessed	\$ 0.0900	\$ 0.0120	\$ 0.1020

Fiscal Year 2016:

	Current Operations	Debt Service	Total
Tax Rate per \$100 Valuation Authorized	\$ 0.0900	\$ 0.5000	\$ 0.5900
Tax Rate per \$100 Valuation Assessed	\$ 0.0900	\$ 0.0105	\$ 0.1005

Taxes levied for the years ended August 31, 2017 and 2016 were \$182,723,568 and \$158,404,401, respectively (which includes adjustments for the year, if applicable). In accordance with Texas statutes, the Board of the College approves a tax rate and an order to levy taxes in September of each year. Ad-valorem property taxes are billed by the county tax assessor collector in October of each year in accordance with Subtitle E, Texas Property Tax Code. Taxes are payable on receipt of the tax bill and are delinquent if not paid before February of the year following the year in which imposed. On January 1 of the year following the College's order to levy taxes (the assessment date), a tax lien attaches to property to secure payment of all taxes, penalties, and interest.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 21. PROPERTY TAXES (Continued)

Taxes collected for the years ended August 31, 2017 and 2016, are as follows:

<u>Fiscal Year 2017:</u>	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Current Taxes Collected	\$ 160,588,685	\$ 21,411,825	\$ 182,000,510
Delinquent Taxes Collected	(21,034)	(2,805)	(23,839)
Penalties & Interest Collected	612,018	81,602	693,620
Other Tax Related Collections	43,219	5,762	48,981
Total Collections	<u>\$ 161,222,887</u>	<u>\$ 21,496,385</u>	<u>\$ 182,719,272</u>

<u>Fiscal Year 2016:</u>	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Current Taxes Collected	\$ 141,765,878	\$ 16,539,352	\$ 158,305,230
Delinquent Taxes Collected	371,304	43,319	414,623
Penalties & Interest Collected	548,188	63,955	612,143
Other Tax Related Collections	40,985	4,782	45,766
Total Collections	<u>\$ 142,726,354</u>	<u>\$ 16,651,408</u>	<u>\$ 159,377,762</u>

Tax collections for the years ended August 31, 2017 and 2016, are 99.49% and 99.45%, respectively, of the current tax levy. The allowance for uncollectible property taxes amounted to \$331,485 and \$327,348 for the years ended August 31, 2017 and 2016, respectively. The use of debt service tax proceeds is restricted for the retirement of general obligation bonds

NOTE 22. INCOME TAXES

The College is exempt from income taxes under Internal Revenue Code Section 115, *Income of States, Municipalities, Etc.*, although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511(a)(2)(B), *Imposition of Tax on Unrelated Business Income of Charitable, etc., Organizations*. The College had no unrelated business income tax liability for the fiscal years ended August 31, 2017 and 2016.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 23. CONSTRUCTION COMMITMENTS

The College has entered into construction commitments for various projects, including the renovation of facilities and the construction of buildings. At August 31, 2017 and 2016, the outstanding commitments under construction contracts for facilities and other projects are \$80,107,095 and \$19,710,723, respectively.

NOTE 24. DISCRETE COMPONENT UNIT – AUSTIN COMMUNITY COLLEGE FOUNDATION

Complete financial statements of Austin Community College Foundation can be obtained from the College's Business Office.

Notes to the Foundation Financial Statements

The following footnotes are excerpted from the Foundation's audited financial statements for the year ended May 31, 2017:

A: ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

1. Organization and Nature of Activities

Austin Community College Foundation (Foundation) is a Texas non-profit corporation chartered in 1991 to provide supplemental financial resources to advance the institutional goals and expand the educational services of Austin Community College District (ACC). The mission of the Foundation is to support educational initiatives which will enhance the quality of facilities and instruction, increase and diversify educational services, and improve accessibility to educational opportunities for students, faculty, staff and residents of the geographic areas served by ACC.

The Foundation is organized exclusively to support ACC and its programs and is considered a component unit by ACC. As such, the financial statements of the Foundation are included within the financial statements of ACC.

2. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

3. Basis of Presentation

Financial statement presentation follows the guidance of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205, Not-for-Profit Entities: Presentation of Financial Statements. Under these standards, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 24. DISCRETE COMPONENT UNIT – AUSTIN COMMUNITY COLLEGE FOUNDATION
(Continued)

4. Cash Equivalents

The Foundation considers checking accounts, savings accounts, money market funds, and certificates of deposits with initial maturities of three months or less to be cash equivalents.

5. Investments

The Foundation records investments using the guidance of FASB ASC 958-320, Not-for-Profit Entities: Investments - Debt and Equity Securities. Investments are stated at their readily determinable fair values in the statements of financial position, except for certificates of deposits that are stated at cost. Unrealized gains and losses are included in the change in net assets.

6. Contributions

The Foundation records contributions using the guidance of FASB ASC 958-605, Not-for-Profit Entities: Revenue Recognition. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. As donor or time restrictions are satisfied, net assets are reclassified to unrestricted net assets. The Foundation's policy is to report restricted support that is satisfied in the year of receipt as restricted and then released in the same year.

7. Functional Expenses

Expenses are categorized by function as either (1) program services, (2) general and administrative, or (3) fundraising expenses. Expenses that are specifically identifiable to a function are allocated entirely to that function. Expenses that are not specifically identifiable to a function are allocated based upon management's estimate of time and resources devoted to the function.

8. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

B: TAX EXEMPT STATUS

The Foundation is generally exempt from federal income tax under Internal Revenue Code Section 501(a) as an organization described in Section 501(c)(3). The Foundation has also been determined not to be a private foundation within the meaning of Section 509(a) of the Code because it is an organization described in Sections 509(a)(1) and 170(b)(1)(A)(vi). Therefore, no provision for income taxes has been included in these financial statements.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 24. DISCRETE COMPONENT UNIT – AUSTIN COMMUNITY COLLEGE FOUNDATION
(Continued)

C: INVESTMENTS

Investments comprised the following at May 31,

	2017	2016
Mutual funds	\$ 4,745,497	\$ 4,292,677
Corporate bonds	1,190,049	1,224,216
Certificates of deposit	1,049,884	400,000
Exchange traded funds	532,362	318,209
Government securities	57,492	59,683
	<u>\$ 7,575,284</u>	<u>\$ 6,294,785</u>

Individual securities that represented 5% or more of the total investment balances comprised the following at May 31,

	2017	2016
Am. Funds Growth Fund of America (AGTHX)	\$ 1,523,051	\$ 1,344,702
Am. Funds Capital Income Builder Fund (CAIBX)	1,058,313	958,663
Am. Funds Invmt Company of America (AIVSX)	930,259	875,051
Oppenheimer Mid Cap Value Fund (QVSCX)	417,820	361,036

D: PROMISES TO GIVE

The promises to give balances as of May 31, 2017 and 2016 were considered fully collectible. Therefore, no allowances for uncollectible balances are reflected in these financial statements. Contributions receivable have been discounted to their present values at May 31, 2017 and 2016 using interest rates of 1.65% and 1.24%, respectively. Promises to give comprised the following at May 31,

	2017	2016
Collection expected in less than one year	\$ 61,113	\$ 189,770
Collection expected in one to five years	240,000	240,000
Collection expected in more than five years	330,000	390,000
Promises to give, gross	631,113	819,770
Less discounts to present value	(51,400)	(47,400)
Less allowances for uncollectible balances	-	-
Promises to give, net	<u>\$ 580,113</u>	<u>\$ 772,370</u>

E: RESTRICTIONS ON NET ASSETS

Following are descriptions of restrictions relating to selected permanently and temporarily restricted net asset balances.

ACC Counseling Services Endowed Scholarship

Provide recognition to ACC students who seek professional guidance in achieving their educational goals.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 24. DISCRETE COMPONENT UNIT– AUSTIN COMMUNITY COLLEGE FOUNDATION
(Continued)

E: RESTRICTIONS ON NET ASSETS (Continued)

AMD/Gary Heerssen Memorial Scholarship

Provide recognition and financial assistance to ACC students enrolled in the electronics program.

Denius/Schulman Music Business, Performance & Technology Endowed Scholarship

Provide recognition and financial assistance to ACC students enrolled in the Commercial Music Management program.

Denius/Schulman Recording Workshop Endowed Scholarship

Provide support for ACC's music business, performance, and technology summer workshop for high school students.

Drs. John and Suanne Roueche Endowed Scholarship

Provide recognition and financial assistance to ACC students who exhibit high academic standards.

Harvest Endowed Scholarship

Provide financial assistance to African American students pursuing a degree from ACC or planning to transfer to a four year university

Military Order of the Purple Heart Service Foundation, Inc. Endowed Scholarship

Provide scholarship opportunities for veterans and their spouses to pay for selected computer courses offered at ACC.

Dr. Paul Schreiber Endowed Scholarship

Provide financial assistance to students in nursing, radiology or sonography at ACC.

Robert W. Galvin Endowed Scholarship

Provide recognition and financial assistance to ACC students enrolled in the Semiconductor Manufacturing Technology program.

Roy F. and Joann Mitte Foundation Endowed Scholarship

Provide recognition and financial assistance to ACC students who exhibit high academic standards.

Royce & Donna Faulkner Family Endowed Scholarship

Provide recognition and financial assistance to ACC students enrolled in the Building Construction program.

St. David's Neal Kocurek ACC Endowed Scholarship

Provide financial assistance to ACC students enrolled in a health science program.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 24. DISCRETE COMPONENT UNIT– AUSTIN COMMUNITY COLLEGE FOUNDATION
(Continued)

Student Emergency Fund Endowment

Provide financial assistance to ACC students facing unforeseen financial emergencies and catastrophic events that may disrupt their education.

F: ENDOWMENT FUND

The Foundation's endowment comprised approximately 65 individual funds established for a variety of purposes. The Foundation does not have any Board designated endowment funds.

The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of original gift amounts of donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to a permanent endowment, (b) the original value of subsequent gifts to a permanent endowment, and (c) accumulations to a permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the endowment. The remaining portion of a donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

Funds with Deficiencies

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donors require the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature that are reported in unrestricted net assets were \$11,396 and \$13,475 at May 31, 2017 and 2016, respectively.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 24. DISCRETE COMPONENT UNIT– AUSTIN COMMUNITY COLLEGE FOUNDATION
(Continued)

F. ENDOWMENT FUND (Continued)

Return Objectives

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the Foundation's long-term investment goal will be to achieve a rate of return on invested assets that meets the annual rate of inflation, in order to maintain the fund's purchasing power, and generates sufficient income to cover the distributions for all endowed funds.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation has adopted the following strategic asset allocation ranges: 40%-60% equity; 30%-50% fixed income; and 5%-15% cash. The Foundation's Investment Committee reviews the performance of its investments and makes reports and/or recommendations to the Foundation's Board of Directors on at least an annual basis.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year a minimum of 3 percent of each endowment fund. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow in order to maintain the purchasing power of its endowments. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

Composition of Endowment

Endowment net asset composition (excludes promises to give) comprised the following at May 31, 2017 and 2016:

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 24. DISCRETE COMPONENT UNIT– AUSTIN COMMUNITY COLLEGE FOUNDATION
(Continued)

F. ENDOWMENT FUND (Continued)

Composition of Endowment

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board designated endowment funds	\$ 31,355	\$ -	\$ -	\$ 31,355
Donor restricted endowment funds	(11,396)	1,674,019	5,880,204	7,542,827
Total endowment	\$ 19,959	\$ 1,674,019	\$ 5,880,204	\$ 7,574,182

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board designated endowment funds	\$ -	\$ -	\$ -	\$ -
Donor restricted endowment funds	(13,475)	1,272,674	5,316,029	6,575,228
Total endowment	\$ (13,475)	\$ 1,272,674	\$ 5,316,029	\$ 6,575,228

Changes in Endowment Funds

Changes in the Foundation's endowment funds (excludes promises to give) were as follows for the years ended May 31, 2017 and 2016, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment, May 31, 2015	\$ (11,078)	\$ 1,437,475	\$ 5,018,021	\$ 6,444,418
Contributions	-	-	297,744	297,744
Return on investments	(2,397)	28,741	264	26,608
Appropriations	-	(193,542)	-	(193,542)
Endowment, May 31, 2016	\$ (13,475)	\$ 1,272,674	\$ 5,316,029	\$ 6,575,228
Contributions	30,000	-	563,958	593,958
Return on investments	3,434	607,784	217	611,435
Appropriations	-	(206,439)	-	(206,439)
Endowment, May 31, 2017	\$ 19,959	\$ 1,674,019	\$ 5,880,204	\$ 7,574,182

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 24. DISCRETE COMPONENT UNIT– AUSTIN COMMUNITY COLLEGE FOUNDATION
(Continued)

NOTE G – PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets comprised the following endowments as of May 31,

	2017	2016
A+ Federal Credit Union Endowed Scholarship	\$ 15,000	\$ 15,000
AAUW - Frances Malmberg Endowed Scholarship	78,455	78,455
ACC Counseling Services Endowed Scholarship	67,539	16,250
ACC Counseling Services Endowed Scholarship	100,025	100,025
AMD/Gary Heerssen Memorial Scholarship	155,516	155,516
Drs. Aileen and Walker Bumphus Endowed Scholarship	50,000	50,000
Amanda Hernandez Endowed Scholarship	44,154	37,874
Andres Alcantar Endowed Scholarship	25,000	25,000
Art Acevedo Endowed Scholarship	25,000	-
Asian American Endowed Scholarship	35,550	35,550
Assistance League Endowed Scholarship	15,000	15,000
Austin Hotel & Lodging Association Hospitality Mgmt Endowed Scholarship	55,000	45,000
Automotive Technology Endowed Scholarship	36,025	36,025
Barnes Gromatzky Kosarek Architects Endowed Scholarship	20,000	20,000
Dr. Belle Wheelan Endowed Scholarship	25,000	25,000
Benjamin Clough Endowed Scholarship	40,495	40,495
Ben F. Barnes Endowed Scholarship	25,500	25,500
Bill Waeltz Endowed Scholarship	29,161	20,904
Bob Lain Endowed Scholarship	44,195	43,945
Boone Baker Endowed Scholarship	4,504	4,504
Computer Studies Endowed Scholarship	15,750	13,250
ConnectTel Endowed Scholarship	40,000	40,000
Dr. Dan Arvizu Endowed Scholarship	25,000	25,000
Delco Endowed Scholarship	57,894	57,894
Denius/Schulman Music Business Performance & Technology Endowed Scholarship	150,000	150,000
Denius/Schulman Recording Workshop Endowed Scholarship	100,000	100,000
Diagnostic Radiology Endowed Scholarship	15,000	15,000
Didi Stuart Endowed Scholarship	16,510	16,510
Earl Maxwell Endowed Scholarship	30,050	30,050
Edwina Fredlund Traverso Endowed Scholarship	27,818	27,818
Eric Hanson Endowed Scholarship	39,000	39,000
Ethel Mae Hafernik Hummell Endowed Scholarship	17,000	17,000
Foley Social Services Endowed Scholarship	50,000	-
Greater Austin Hispanic Chamber of Commerce Endowed Scholarship	35,000	-
Greg Bourgeois Endowed Scholarship	30,300	26,300
Gus and Marina Garcia Endowed Scholarship	25,000	-
H.E. and Karla Bost Endowed Scholarship	15,625	15,625
Harvest Endowed Scholarship	100,000	-
James and Lillian Rhodes Endowed Scholarship	10,000	10,000
Subtotal (continued on next page)	\$ 1,691,066	\$ 1,373,490

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 24. DISCRETE COMPONENT UNIT– AUSTIN COMMUNITY COLLEGE FOUNDATION
(Continued)

NOTE G – PERMANENTLY RESTRICTED NET ASSETS - Continued

	<u>2017</u>	<u>2016</u>
Subtotal (continued from previous page)	1,691,066	1,373,490
James and Oda Thompson Memorial Endowed Scholarship	29,816	26,400
James Lee Williams Endowed Scholarship	15,237	15,237
Jo Frances Hill Endowed Scholarship	16,335	16,335
Drs. John and Suanne Roueche Endowed Scholarship	323,874	238,541
Judge David Phillips Endowed Scholarship	39,638	29,638
Madison and Janet Scholl Endowed Scholarship	16,100	15,100
Marc A. Wiesner Endowed Scholarship	30,000	30,000
Maxine Black Endowed Scholarship	16,734	16,734
McRaven Hahn Endowed Scholarship	10,000	10,000
Melinda Townsel & Greg Dunn Endowed Scholarship	20,000	20,000
Thomas M. Madison and O.B. Ross/Merrill Lynch Endowed Scholarships	50,000	45,000
Military Order of the Purple Heart Service Foundation, Inc. Endowed Scholarship	102,864	102,648
Myra A. McDaniel Endowed Scholarship	15,000	15,000
Nursing Program Endowment	10,000	10,000
Pat Dobbs Endowed Scholarship	47,308	44,808
Dr. Paul Schreiber Endowed Scholarship	114,000	60,000
Peggy Hale Croshaw Endowed Scholarship	14,593	14,593
Pradeau Endowed Scholarship	36,000	36,000
Reagan Bradshaw Endowed Scholarship	26,511	26,505
Rev. James Hickson Lee Endowed Scholarship	21,100	-
Robert W. Galvin Endowed Scholarship	104,708	104,708
Robyn Richter Endowed Scholarship	15,000	15,000
Roy F. & Joann Cole Mitte Foundation Endowed Scholarship	150,000	150,000
Royce & Donna Faulkner Family Endowed Scholarship	152,520	152,520
Round Rock Endowed Scholarship	24,484	24,484
Ruth Townley Endowed Scholarship	9,462	9,462
"Ryan" Endowed Scholarship	18,884	18,884
South Austin Medical Center Auxiliary Endowed Scholarship	55,000	52,500
St. David's Neal Kocurek ACC Endowed Scholarship	2,230,000	2,230,000
Steven E. and Anna D. Rinehart Endowed Scholarship	15,000	15,000
Dr. Stephen B. Kinslow Endowed Scholarship	37,575	37,575
Steve Kramer Endowed Scholarship	40,472	39,972
Student Emergency Fund Endowment	138,000	120,500
Susan Eason Endowed Scholarship for Students with Disabilities	9,605	7,934
Suzanne Cooper Endowed Scholarship	50,000	50,000
Texas Pioneer Foundation Endowed Scholarship	80,000	40,000
Tommy Cowan Endowed Scholarship	17,450	17,450
Travis County Medical Alliance Endowed Scholarship	11,431	11,431
Victor Hwang Endowed Scholarship	25,000	25,000
Visual Communication Endowed Scholarship	50,000	50,000
	<u>\$ 5,880,767</u>	<u>\$ 5,318,449</u>

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 24. DISCRETE COMPONENT UNIT– AUSTIN COMMUNITY COLLEGE FOUNDATION
(Continued)

H: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets comprised the following as of May 31,

	2017	2016
A+ Federal Credit Union Endowed Scholarship	\$ 2,056	\$ 1,218
AAUW - Frances Malmberg Endowed Scholarship	22,969	17,575
ACC Alumni Network Scholarship	3,485	33
ACC Counseling Services Endowed Scholarship	43,959	35,867
AMD/Gary Heerssen Memorial Scholarship	47,987	37,091
Drs. Aileen and Walter Bumphus Endowed Scholarship	2,538	102
Amanda Hernandez Endowed Scholarship	5,401	2,981
Andres Alcantar Endowed Scholarship	3,004	1,642
Art Acevedo Endowed Scholarship	1,129	-
Asian American Endowed Scholarship	3,916	1,938
Assistance League Endowed Scholarship	6,654	5,436
Austin Hotel & Lodging Association Hospitality Mgmt Endowed	11,372	7,821
Automotive Technology Endowed Scholarship	9,677	7,272
Barnes Gromatzky Kosarek Architects Endowed Scholarship	5,097	3,785
Dr. Belle S. Wheelan Endowed Scholarship	1,791	51
Benjamin Clough Endowed Scholarship	19,921	16,469
Ben F. Barnes Endowed Scholarship	3,279	1,873
Bill Waeltz Endowed Scholarship	1,595	117
Bob Lain Endowed Scholarship	11,849	8,904
Boone Baker Endowed Scholarship	909	633
Computer Studies Endowed Scholarship	1,612	283
ConnectTel Endowed Scholarship	10,146	7,525
Dr. Dan Arvizu Endowed Scholarship	1,049	-
Delco Endowed Scholarship	15,347	11,499
Denius/Schulman Music Business Performance & Technology	51,674	40,718
Denius/Schulman Recording Workshop Endowed Scholarship	40,754	32,928
Diagnostic Radiology Endowed Scholarship	4,308	3,284
Didi Stuart Endowed Scholarship	4,994	3,846
Earl Maxwell Endowed Scholarship	12,229	9,879
Edwina Fredlund Traverso Endowed Scholarship	9,180	7,182
Eric Hanson Endowed Scholarship	14,816	11,853
Subtotal (continued to nex page)Temporarily restricted,	\$ 374,697	\$ 279,805

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 24. DISCRETE COMPONENT UNIT– AUSTIN COMMUNITY COLLEGE FOUNDATION
(Continued)

H: TEMPORARILY RESTRICTED NET ASSETS (Continued)

	2017	2016
Subtotal (continued from previous page)		
Ethel Mae Hafernik Hummell Endowed Scholarship	\$ 6,103	\$ 4,841
Foley Social Services Endowed Scholarship	2,258	-
Greater Austin Hispanic Chamber of Commerce Endowed	1,581	-
Greg Bourgeois Endowed Scholarship	3,060	1,432
Gus and Marina Garcia Endowed Scholarship	1,129	-
H.E. and Karla Bost Endowed Scholarship	4,686	3,603
Harvest Endowed Scholarship	4,516	-
James and Lillian Rhodes Endowed Scholarship	1,030	117
James and Oda Thompson Memorial Endowed Scholarship	7,188	5,257
James Lee Williams Endowed Scholarship	5,035	3,940
Jo Frances Hill Endowed Scholarship	4,547	3,443
Drs. John and Suanne Roueche Endowed Scholarship	67,124	47,206
Judge David Phillips Endowed Scholarship	2,156	244
Madison and Janet Scholl Endowed Scholarship	847	60
Marc A. Wiesner Endowed Scholarship	3,288	1,249
Maxine Black Endowed Scholarship	2,243	1,313
McRaven Hahn Endowed Scholarship	926	20
Melinda Townsel & Greg Dunn Endowed Scholarship	4,746	3,415
Thomas M. Madison and O.B. Ross/Merrill Lynch Endowed	-	-
Military Order of the Purple Heart Service Foundation, Inc.	29,141	21,298
Myra A. McDaniel Endowed Scholarship	4,680	3,624
Nursing Program Endowment	2,014	1,402
Pat Dobbs Endowed Scholarship	14,838	11,511
Dr. Paul Schreiber Endowed Scholarship	6,738	123
Peggy Hale Croshaw Endowed Scholarship	2,350	1,506
Pradeau Endowed Scholarship	10,722	8,232
Reagan Bradshaw Endowed Scholarship	4,863	3,281
Rev. James Hickson Lee Endowed Scholarship	953	-
Robert W. Galvin Endowed Scholarship	36,698	28,998
Robyn Richter Endowed Scholarship	5,386	4,273
Roy F. & Joann Cole Mitte Foundation Endowed Scholarship	79,337	66,089
Royce & Donna Faulkner Family Endowed Scholarship	53,525	42,303
Round Rock Endowed Scholarship	8,542	6,741
Subtotal (continued to nex page)Temporarily restricted,	\$ 382,250	\$ 275,521

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 24. DISCRETE COMPONENT UNIT– AUSTIN COMMUNITY COLLEGE FOUNDATION
(Continued)

H: TEMPORARILY RESTRICTED NET ASSETS (Continued)

	2017	2016
Subtotal (continued from previous page)	-	-
Ruth Townley Endowed Scholarship	-	-
"Ryan" Endowed Scholarship	\$ 6,296	\$ 4,934
South Austin Medical Center Auxiliary Endowed Scholarship	15,575	11,797
St. David's Neal Kocurek ACC Endowed Scholarship	788,954	624,354
Steven E. and Anna D. Rinehart Endowed Scholarship	6,111	4,938
Dr. Stephen B. Kinslow Endowed Scholarship	12,157	9,478
Steve Kramer Endowed Scholarship	9,572	6,975
Student Emergency Fund Endowment	33,005	23,903
Susan Eason Endowed Scholarship for Students with Disabilities	685	11
Suzanne Cooper Endowed Scholarship	14,037	10,649
Texas Pioneer Foundation Endowed Scholarship	3,485	-
Tommy Cowan Endowed Scholarship	8,656	7,162
Travis County Medical Alliance Endowed Scholarship	2,405	1,697
Victor Hwang Endowed Scholarship	1,595	350
Visual Communication Endowed Scholarship	14,539	11,100
Temporarily restricted, endowed	\$ 917,072	\$ 717,348

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 24. DISCRETE COMPONENT UNIT– AUSTIN COMMUNITY COLLEGE FOUNDATION
(Continued)

H: TEMPORARILY RESTRICTED NET ASSETS (Continued)

	2017	2016
ABC Home & Commerical Services Scholarship	\$ 15,000	\$ -
ACC Board of Trustees Scholarship	2,500	1,880
ACC Bookstore Scholarship	5,000	-
ACCF General 2500	30,421	42,800
ACCF General 16-17	2,844	-
ACCF General 17-18	6,250	-
ASL Interpreter Scholarship	-	1,300
Adrienne Warmick Scholarship	-	5,000
Alex Millican Scholarship	1,000	-
Alumni iDonate	1,763	-
Assistance League of Austin Scholarships	33,626	10,500
Austin Area Car Club	-	2,500
Austin Classical Guitar Society Scholarship	2,500	2,500
Auto Department Scholarship	-	1,000
Barrientos Annual Scholarship	17,600	17,600
Bowman Scholarship	8,300	10,500
Career Expressway	-	125,000
Carolyn & Tom Gallagher Scholarship	10,000	10,000
Cassandra & Kerry Wiggins	2,500	2,500
Corbin T. Jastrow Scholarship	2,500	2,500
Creative Writing Scholarship	1,187	224
Daman Consulting Scholarship	10,000	10,000
Dance and Drama Scholarship	14,813	4,261
Elgin Scholarship	7,500	7,500
Encore Capital Scholarship	-	2,500
First State Bank Scholarship	5,000	-
Foundation Marketing Materials	2,000	-
Gearheads Scholarship	10,000	13,000
General Scholarships	40,037	37,351
Grainger Technical Scholarship	10,000	-
Hindu Charities	20,500	-
History Scholarship	3,000	-
Joan Wolf Ort Memorial Scholarship	1,100	1,000
Drs. John and Suanne Roueche Scholarship	14,059	14,734
Juan T. Diaz Scholarship	5,000	50
Kathleen Christianson Scholarship	1,275	1,275
Kinnser Software Scholarships	634,000	702,600
LGR Scholarship	18,000	18,000
Subtotal (continued to nex page)	\$ 939,275	\$ 1,048,075

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 24. DISCRETE COMPONENT UNIT– AUSTIN COMMUNITY COLLEGE FOUNDATION
(Continued)

H: TEMPORARILY RESTRICTED NET ASSETS (Continued)

	2017	2016
Subtotal (continued from previous page)		
Dr. Mary Scholarship	\$ 2,503	\$ 2,511
McDonald's of Central Texas ACC Scholarship	5,000	10,000
McMillan Family Scholarship	2,987	-
Memorial Fund	8,356	4,501
Miscellaneous purposes	3,389	4,652
Pre-Med Summer Youth Academy Scholarship	1,500	-
Professor Jan Smith IBIAC Scholarship	-	6,400
Roueché Vet-Tech Scholarship	-	10,000
Scott D Evans Rotary Club of RR Scholarship	5,000	5,000
SEMI/Frank Squires Scholarships	15,000	20,000
Student Emergency Fund	1,050	1,580
TACHE Scholarship	19,306	19,000
Thoms Shaw Scholarship	2,500	-
Town Lake Links Inc. Scholarship	2,500	2,500
Tropical Smoothie Scholarship	13,000	-
UFCU Scholarship	10,000	-
United Lending	3,000	2,000
W. "Woody" Woodside Rotary Club of RR Scholarship	2,500	2,500
Wells Fargo Scholarship	-	5,000
Well-Wisher's Scholarship	137,711	141,711
Yianna Guerra Scholarship	3,000	3,000
Temporarily restricted, non-endowed	\$ 238,302	\$ 240,355
Total temporarily restricted net assets	\$ 2,851,596	\$ 2,561,104

NOTE I: RELATED PARTY TRANSACTIONS

The purpose of the Foundation is to support initiatives of ACC. For the years ended May 31, 2017 and 2016, the Foundation remitted \$931,568 and \$927,663 respectively, to ACC for scholarships and programs.

Foundation staff are employees of ACC. These services, and facilities occupied by these personnel, are provided to the Foundation by ACC, without charge. The Foundation recognized in-kind contributions of \$288,672 and \$268,540 during the years ended May 31, 2017 and 2016, respectively, related to these services and facilities.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 24. DISCRETE COMPONENT UNIT– AUSTIN COMMUNITY COLLEGE FOUNDATION
(Continued)

The Foundation receives in-kind contributions of property and equipment on behalf of ACC. These are considered agency transactions as the Foundation never takes custody of the property, but merely acts as a transfer agent. Therefore, these donations are not reflected as contributions and related program expenses on the statements of activities. The Foundation acted as a transfer agent and received approximately \$30,760 and \$55,844 of property and equipment during the years ended May 31, 2017 and 2016, respectively, on ACC's behalf.

NOTE J: FAIR VALUE MEASUREMENTS

Certain assets are carried at fair value in these financial statements. Fair value measurements were arrived at using the following inputs at May 31, 2017 and 2016:

Fair Value Measurements at Reporting Date Using:

Description	2017	Quoted Prices in	Significant Other	Significant
		Active Markets for	Significant Other	Unobservable
		Identical Assets	Observable Inputs	Inputs
		(Level 1)	(Level 2)	(Level 3)
Mutual funds	\$ 4,745,497	\$ 4,745,497	\$ -	\$ -
Corporate bonds	1,190,049	1,190,049	-	-
Exchange traded funds	532,362	532,362	-	-
Government securities	57,492	57,492	-	-
	<u>\$ 6,525,400</u>	<u>\$ 6,525,400</u>	<u>\$ -</u>	<u>\$ -</u>

Description	2016	Quoted Prices in	Significant Other	Significant
		Active Markets for	Significant Other	Unobservable
		Identical Assets	Observable Inputs	Inputs
		(Level 1)	(Level 2)	(Level 3)
Mutual funds	\$ 4,292,677	\$ 4,292,677	\$ -	\$ -
Corporate bonds	1,224,216	1,224,216	-	-
Exchange traded funds	318,209	318,209	-	-
Government securities	59,683	59,683	-	-
	<u>\$ 5,894,785</u>	<u>\$ 5,894,785</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE K: CONCENTRATION

A promise to give from one donor comprised 99% and 84% of the promises to give balances at May 31, 2017 and 2016, respectively.

All of a depositor's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, are insured by the Federal Deposit Insurance Corporation (FDIC) up to the standard maximum deposit insurance amount (\$250,000). As of May 31, 2017, the Foundation's uninsured cash balances totaled approximately \$287,000.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2017 and 2016

NOTE 24. DISCRETE COMPONENT UNIT– AUSTIN COMMUNITY COLLEGE FOUNDATION
(Continued)

L: SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 5, 2017, the date the financial statements were available to be issued.

THIS PAGE IS INTENTIONALLY LEFT BLANK

**REQUIRED SUPPLEMENTAL
INFORMATION**

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF COLLEGE'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
For The Years Ended August 31, 2017, 2016, and 2015

For the year ended August 31,	2017	2016	2015
College's Proportion of the Net Pension Liability	0.1384853%	0.1330458%	0.1502376%
College's Proportionate Share of Net Pension Liability	\$ 52,331,529	\$ 47,029,919	\$ 40,130,541
State's Proportionate Share of the Net Pension Liability Associated With the College	41,178,434	39,872,522	33,702,414
Total	<u>\$ 93,509,963</u>	<u>\$ 86,902,441</u>	<u>\$ 73,832,955</u>
College's Covered-Employee Payroll	\$ 114,156,085	\$ 106,013,031	\$ 101,875,066
College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	46%	44%	39%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.00%	78.43%	83.25%

Note:

Only three years of data is presented in accordance with GASB Statement No. 68, paragraph 138. The information for all periods for the 10-year schedules that are required to be presented as required supplementary information is not available. During this transition period, the information will be presented for as many years as are available.

**Austin Community College
Austin, Texas**

**REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CONTRIBUTIONS TO THE TEACHER RETIREMENT SYSTEM
For Years Ended August 31, 2017, and 2016**

	Contractually Required Contribution	Contribution in Relation to the Contractually Required Contribution	Contribution Excess (Deficiency)	College's Covered - Employees Payroll	Contributions as a Percentage of Covered - Employees Payroll
2017	\$ 3,725,870	\$ (3,725,870)	-	\$ 126,552,024	2.94%
2016	3,838,913	(3,838,913)	-	114,156,085	3.36%
2015	3,808,940	(3,808,940)	-	106,013,031	3.59%
2014	3,820,253	(3,820,253)	-	101,875,066	3.75%
2013	9,452,322	(9,452,322) (1)	-	93,057,346	10.16%
2012	385,967	(385,967)	-	91,722,333	0.42%
2011	467,883	(467,883)	-	87,041,567	0.54%
2010	419,660	(419,660)	-	79,369,464	0.53%
2009	429,154	(429,154)	-	72,775,648	0.59%
2008	262,140	(262,140)	-	64,123,683	0.41%

Note:

(1) The Texas 82nd Legislature, as part of the General Appropriation Act, changed its historical methodology for funding employer retirement contributions. The new methodology underfunded the State's contribution to the Teachers Retirement System resulting in a shortfall for TRS. On December 1, 2011, TRS distributed a letter to all community colleges informing them of the shortfall and requesting the colleges to fund the State's shortfall. Collectively, the community colleges, via their statewide association the Texas Association of Community Colleges, responded to TRS, on December 5, 2011, that the community colleges are not liable for the State's shortfall, nor is there any legal basis for TRS to request that the colleges fund the shortfall. As such, it is the position of the community colleges, including Austin Community College, that the colleges are not liable for this shortfall. There has been no response from TRS or the State to the community colleges' letter on December 5, 2011. To date there is no pending litigation on the matter. As of August 31, 2012, the amount of the TRS shortfall related to the College's employees is estimated to be \$4,364,698.

**Austin Community College
Austin, Texas**

**REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF FUNDING PROGRESS
Other Postemployment Benefits
For Years Ended August 31, 2017, 2015, 2013, and 2011**

Actuarial Valuation Date as of August 31,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered	Payroll	UAAL as a Percentage of Covered Payroll
2017	\$ -	\$ 6,435,744	\$ 6,435,744	0%	\$ 134,276,029	4.8%	
2015	-	4,597,888	4,597,888	0%	137,326,406	3.3%	
2013	-	3,538,156	3,538,156	0%	125,523,197	2.8%	
2011	-	4,112,179	4,112,179	0%	118,176,838	3.5%	

Note:

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
FOR THE Year Ended August 31, 2017

Changes Since the Prior Actuarial Valuation – There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period:

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

THIS PAGE IS INTENTIONALLY LEFT BLANK

**SUPPLEMENTAL
INFORMATION**

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

SCHEDULE OF OPERATING REVENUES
For The Fiscal Year Ended August 31, 2017
(With Memorandum Totals for the Year Ended August 31, 2016)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	2017 Total	2016 Total
Tuition:						
State Funded Credit Courses						
In District Resident Tuition	\$ 39,784,865	\$ -	\$ 39,784,865	\$ -	\$ 39,784,865	\$ 39,537,681
Out of District Resident Tuition	6,249,726	-	6,249,726	-	6,249,726	6,543,120
Non Resident Tuition	8,373,755	-	8,373,755	-	8,373,755	8,029,910
TPEG - Credit (set aside)	2,534,712	-	2,534,712	-	2,534,712	2,590,492
State Funded Continuing Education	3,936,371	-	3,936,371	-	3,936,371	3,425,643
TPEG - Non-Credit (set aside)*	238,955	-	238,955	-	238,955	209,600
Non-state Funded Educational Programs	1,671,640	-	1,671,640	-	1,671,640	1,179,388
Total Tuition	<u>62,790,024</u>	<u>-</u>	<u>62,790,024</u>	<u>-</u>	<u>62,790,024</u>	<u>61,515,834</u>
Fees:						
Out of District Fees	27,368,948	-	27,368,948	-	27,368,948	22,862,691
General Fees	11,004,328	-	11,004,328	-	11,004,328	11,076,082
Student Service Fee	1,467,230	-	1,467,230	-	1,467,230	1,476,794
Sustainability Fee	733,628	-	733,628	-	733,628	738,411
Laboratory Fee	2,581	-	2,581	-	2,581	244,481
Student Accident Insurance	291,967	-	291,967	-	291,967	296,022
Application Fees	-	-	-	-	-	600
Other Fees	4,263,471	-	4,263,471	-	4,263,471	4,212,931
Total Fees	<u>45,132,153</u>	<u>-</u>	<u>45,132,153</u>	<u>-</u>	<u>45,132,153</u>	<u>40,908,012</u>
Scholarship Allowances and Discounts:						
Bad Debt Allowance	(998,681)	-	(998,681)	-	(998,681)	(1,254,997)
Remissions and Exemptions- State	(4,071,412)	-	(4,071,412)	-	(4,071,412)	(3,751,730)
Remissions and Exemptions-Local	(14,633,714)	-	(14,633,714)	-	(14,633,714)	(11,501,502)
Title IV Federal Grants	(14,559,146)	-	(14,559,146)	-	(14,559,146)	(15,352,877)
Other Federal Grants	(200,184)	-	(200,184)	-	(200,184)	(12,064)
Other Scholarships and Grants	(722,933)	-	(722,933)	-	(722,933)	(751,424)
TPEG Awards	(1,033,265)	-	(1,033,265)	-	(1,033,265)	(1,164,826)
Other State Grants	(2,412,252)	-	(2,412,252)	-	(2,412,252)	(4,280,062)
Total Scholarship Allowances	<u>(38,631,587)</u>	<u>-</u>	<u>(38,631,587)</u>	<u>-</u>	<u>(38,631,587)</u>	<u>(38,069,482)</u>
Total Net Tuition and Fees	<u>69,290,590</u>	<u>-</u>	<u>69,290,590</u>	<u>-</u>	<u>69,290,590</u>	<u>64,354,364</u>
Additional Operating Revenues:						
Federal Grants and Contracts		6,758,161	6,758,161	-	6,758,161	6,302,994
State Grants and Contracts		5,602,947	5,602,947	-	5,602,947	7,665,315
Local Grants and Contracts		178,004	178,004	-	178,004	198,770
Non-governmental Grants and Contracts		3,201,805	3,201,805	-	3,201,805	2,735,151
Sales and Services of Educational Activities	3,444,197	-	3,444,197	-	3,444,197	6,472,144
General Operating Revenues	3,864,334	-	3,864,334	-	3,864,334	2,988,588
Total Additional Operating Revenues	<u>7,308,531</u>	<u>15,740,917</u>	<u>23,049,448</u>	<u>-</u>	<u>23,049,448</u>	<u>26,362,962</u>
Auxiliary Enterprises:						
Bookstore	-	-	-	735,913	735,913	734,153
Food Service	-	-	-	177,109	177,109	222,784
Other Auxiliary	-	-	-	700,005	700,005	428,635
Total Net Auxiliary Enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,613,027</u>	<u>1,613,027</u>	<u>1,385,572</u>
Total Operating Revenues	<u>\$ 76,599,121</u>	<u>\$ 15,740,917</u>	<u>\$ 92,340,038</u>	<u>\$ 1,613,027</u>	<u>\$ 93,953,065</u>	<u>\$ 92,102,898</u>
					(Exhibit 2)	(Exhibit 2)

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

SCHEDULE OF OPERATING EXPENSES BY OBJECT
For The Fiscal Year Ended August 31, 2017
(With Memorandum Totals for the Year Ended August 31, 2016)

	Operating Expenses					2017 Total	2016 Total
	Salaries and Wages	Benefits		Other Expenses			
		State	Local				
Unrestricted - Educational Activities							
Instruction	\$ 95,936,148	\$ -	\$ 13,465,778	\$ 6,020,535	\$ 115,422,461	\$ 108,754,606	
Public Service	730,258	-	103,121	2,600,504	3,433,883	5,131,038	
Academic Support	23,035,247	-	3,169,333	4,170,139	30,374,719	29,828,944	
Student Services	23,412,759	-	3,288,958	2,101,296	28,803,013	26,064,940	
Institutional Support	28,471,307	-	5,852,629	16,095,045	50,418,981	43,533,757	
Operation and Maintenance of Plant	11,371,628	-	1,744,168	18,464,686	31,580,482	29,104,224	
Total Unrestricted- Educational Activiti	<u>182,957,347</u>	<u>-</u>	<u>27,623,987</u>	<u>49,452,205</u>	<u>260,033,539</u>	<u>242,417,509</u>	
Restricted - Educational Activities							
Instruction	2,831,082	8,131,715	188,985	3,461,223	14,613,005	16,586,074	
Public Service	1,536,949	-	133,462	77,192	1,747,603	1,493,662	
Academic Support	-	1,952,508	-	-	1,952,508	2,539,556	
Student Services	98,547	1,984,506	6,785	379,706	2,469,544	3,140,190	
Institutional Support	644,722	2,413,278	-	2,400	3,060,400	3,727,244	
Scholarship and Fellowships	-	-	-	19,073,033	19,073,033	19,265,966	
Total Restricted- Educational Activities	<u>5,111,300</u>	<u>14,482,007</u>	<u>329,232</u>	<u>22,993,554</u>	<u>42,916,093</u>	<u>46,752,692</u>	
Total Educational Activities	<u>188,068,647</u>	<u>14,482,007</u>	<u>27,953,219</u>	<u>72,445,759</u>	<u>302,949,632</u>	<u>289,170,201</u>	
Auxiliary Enterprises	417,436	33,263	27,959	1,208,382	1,687,040	1,734,452	
Depreciation Expense - Buildings and Other Real Estate Improvements					9,329,821	9,239,167	
Depreciation Expense - Equipment and Library Books	-	-	-	-	4,056,329	3,647,583	
Total Operating Expenses	<u>\$ 188,486,083</u>	<u>\$ 14,515,270</u>	<u>\$ 27,981,178</u>	<u>\$ 73,654,141</u>	<u>\$ 318,022,822</u>	<u>\$ 303,791,403</u>	
					(Exhibit 2)	(Exhibit 2)	

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
For The Fiscal Year Ended August 31, 2017
(With Memorandum Totals for the Year Ended August 31, 2016)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>2017 Total</u>	<u>2016 Total</u>
Non-Operating Revenues:					
State Appropriations	\$ 47,719,697	\$ 14,076,232	\$ -	\$ 61,795,929	\$ 62,494,165
Maintenance Ad Valorem Taxes	161,286,989	21,475,032	-	182,762,021	159,229,502
Federal Revenue, Non-Operating	-	30,916,377	-	30,916,377	32,723,899
Capital Grants & Gifts	11,415	-	-	11,415	8,967
Investment Income	1,694,117	1,439,000	23,414	3,156,531	1,919,049
Gain on Disposal of Capital Assets	1,866	-	-	1,866	(36,125)
Total Non-Operating Revenues	<u>210,714,084</u>	<u>67,906,641</u>	<u>23,414</u>	<u>278,644,139</u>	<u>256,339,457</u>
Non-Operating Expenses:					
Interest on Capital Related Debt	<u>17,067,774</u>	<u>10,638,160</u>	<u>-</u>	<u>27,705,934</u>	<u>26,922,459</u>
Net Non-Operating Revenues	<u>\$ 193,646,310</u>	<u>\$ 57,268,481</u>	<u>\$ 23,414</u>	<u>\$ 250,938,205</u> (Exhibit 2)	<u>\$ 229,416,998</u> (Exhibit 2)

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY
For The Fiscal Year Ended August 31, 2017
(With Memorandum Totals for the Year Ended August 31, 2016)

	Detail by Source				Available for Current Operations			2016 Total
	Restricted				2017 Total	Yes	No	
	Unrestricted	Expendable	Non- expendable	Capital Assets Net of Depreciation & Related Debt				
Current:								
Unrestricted	\$ (11,814,796)	\$ -	\$ -	\$ -	\$ (11,814,796)	\$ (11,814,796)	\$ -	\$ (26,617,559)
Board Designated					-	-	-	-
Restricted		918,989			918,989		918,989	1,405,913
Auxiliary Enterprises	4,409,639				4,409,639	4,409,639	-	4,487,277
Plant:								
Unexpended	8,008,042				8,008,042	8,008,042	-	12,832,904
Renewals					-	-	-	-
Debt Service		14,582,569			14,582,569		14,582,569	14,428,600
Investment in Plant				62,777,367	62,777,367		62,777,367	45,476,227
Total Net Position, End of Year	602,885	15,501,558	-	62,777,367	78,881,810	602,885	78,278,925	52,013,362
					(Exhibit 1)			
Total Net Position, Beginning of Year, as Restated	(9,297,378)	15,834,513	-	45,476,227	52,013,362	(9,297,378)	61,310,740	
					(Exhibit 1)			
Net Increase (Decrease) in Net Position	\$ 9,900,263	\$ (332,955)	\$ -	\$ 17,301,140	\$ 26,868,448	\$ 9,900,263	\$ 16,968,185	\$ 52,013,362
					(Exhibit 2)			

THIS PAGE IS INTENTIONALLY LEFT BLANK



STATISTICAL SECTION

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

This part of Austin Community College District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the College's overall financial health.

The information contained within this section is being presented to provide the reader with a better understanding of five objectives:

- **Financial Trends** – These schedules contain trend information to help the reader understand how the College's financial performance and well-being have changed over time.
- **Revenue Capacity** – Assessing the College's ability to generate revenue by examining its major revenue sources.
- **Debt Capacity** – Assessing the affordability of the College's current levels of outstanding debt and the College's ability to issue additional debt in the future.
- **Demographic and Economic Information** – Providing demographic and economic indicators to help in understanding the environment within which the College's financial activities take place.
- **Operating Information** – Providing information about how the College's financial report relates to the services it provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

Net Position by Component

Last Ten Fiscal Years

(in Thousands)

	Fiscal Year									
	2017	2016	(a) 2015	2014	(b) Restated 2013	2012	2011	2010	2009	2008
Net Position:										
Net Investment in Capital Assets	\$ 62,173	\$ 45,476	\$ 42,855	\$ 33,624	\$ 39,222	\$ 50,221	\$ 49,331	\$ 53,589	\$ 54,104	\$ 44,737
Restricted - Expendable	16,106	15,834	14,231	23,362	23,268	17,876	18,270	17,471	15,153	12,919
Unrestricted	602	(9,297)	(22,801)	15,426	15,975	25,679	24,402	26,144	20,694	26,312
Net Position, End of Year	78,881	52,013	34,285	72,412	78,465	93,776	92,003	97,204	89,951	83,968
Net Position, Beginning of Year	52,013	34,284	26,944	78,465	89,090	92,003	97,204	89,951	83,968	69,307
Increase (Decrease) in Net Position	<u>\$ 26,868</u>	<u>\$ 17,729</u>	<u>\$ 7,341</u>	<u>\$ (6,053)</u>	<u>\$ (10,625)</u>	<u>\$ 1,773</u>	<u>\$ (5,201)</u>	<u>\$ 7,253</u>	<u>\$ 5,983</u>	<u>\$ 14,661</u>

Notes:

(a) To reflect the adoption of GASB 68, beginning net position was restated to record the beginning net pension liability and related deferred outflows for contributions made after measurement date of the beginning net pension liability and the beginning of the fiscal year.

(b) The Financial Statements were restated in Fiscal Year 2013 to reflect the adoption of GASB 65 which requires debt issuance costs to be expensed in the period in which they are incurred.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

Revenues by Source
Last Ten Fiscal Years
(in Thousands)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Operating Revenues:										
Tuition and Fees (Net of Discounts)	\$ 69,291	\$ 64,354	\$ 64,209	\$ 58,817	\$ 59,623	\$ 59,017	\$ 52,740	\$ 50,540	\$ 47,763	\$ 45,751
Federal Grants and Contracts	6,758	6,303	6,348	5,560	4,806	4,971	7,850	7,243	4,340	4,753
State Grants and Contracts	5,603	7,665	5,924	3,613	3,565	3,771	4,215	3,499	1,831	2,055
Local Grants and Contracts	178	199	207	206	206	239	337	383	299	290
Non-Governmental Grants and Contracts	3,202	2,735	1,391	1,272	1,214	1,157	1,047	1,028	1,473	1,696
Sales and Services of Educational Activities	3,444	6,472	5,134	3,696	4,884	5,012	4,395	4,370	3,513	2,983
Auxiliary Enterprises	1,613	1,386	1,524	451	963	1,119	1,243	1,147	1,018	1,184
Other Operating Revenues	3,864	2,989	3,778	4,916	5,842	4,027	3,441	3,220	2,112	2,071
Total Operating Revenues	93,953	92,103	88,515	78,531	81,103	79,313	75,268	71,430	62,349	60,783
Non-Operating Revenues:										
State Appropriations	61,796	62,494	62,036	60,016	54,182	53,088	59,097	59,134	55,950	55,451
Ad Valorem Taxes	182,762	159,230	131,067	118,716	111,550	106,214	100,785	104,504	88,900	80,568
Federal Revenue, Non Operating	30,916	32,724	32,488	34,991	39,178	44,963	48,823	40,322	22,799	17,222
Gifts	11	9	10	25	21	105	3	23	130	37
Investment Income	3,157	1,919	375	350	448	412	406	1,277	717	3,870
Other Non-operating revenues	2	-	2,685	8	-	-	-	2	-	-
Total Non-Operating Revenues	278,644	256,376	228,661	214,106	205,379	204,782	209,114	205,262	168,496	157,148
Total Revenues	\$ 372,597	\$ 348,479	\$ 317,176	\$ 292,637	\$ 286,482	\$ 284,095	\$ 284,382	\$ 276,692	\$ 230,845	\$ 217,931

Percentage of Total

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Operating Revenues:										
Tuition and Fees (Net of Discounts)	18.60%	18.47%	20.24%	20.10%	20.81%	20.77%	18.55%	18.27%	20.69%	20.99%
Federal Grants and Contracts	1.81%	1.81%	2.00%	1.90%	1.68%	1.75%	2.76%	2.62%	1.88%	2.18%
State Grants and Contracts	1.50%	2.20%	1.87%	1.23%	1.24%	1.33%	1.48%	1.26%	0.79%	0.94%
Local Grants and Contracts	0.05%	0.06%	0.07%	0.07%	0.07%	0.08%	0.12%	0.14%	0.13%	0.13%
Non-Governmental Grants and Contracts	0.86%	0.78%	0.44%	0.43%	0.42%	0.41%	0.37%	0.37%	0.64%	0.78%
Sales and Services of Educational Activities	0.92%	1.86%	1.62%	1.26%	1.70%	1.76%	1.55%	1.58%	1.52%	1.37%
Auxiliary Enterprises	0.43%	0.40%	0.48%	0.16%	0.34%	0.39%	0.44%	0.41%	0.44%	0.54%
Other Operating Revenues	1.04%	0.86%	1.19%	1.69%	2.04%	1.43%	1.20%	1.17%	0.92%	0.96%
Total Operating Revenues	25.22%	26.43%	27.91%	26.84%	28.30%	27.92%	26.47%	25.82%	27.01%	27.89%
Non-Operating Revenues:										
State Appropriations	16.59%	17.93%	19.56%	20.50%	18.91%	18.69%	20.78%	21.37%	24.24%	25.44%
Ad Valorem Taxes	49.05%	45.69%	41.32%	40.57%	38.94%	37.39%	35.44%	37.77%	38.51%	36.97%
Federal Revenue, Non Operating	8.30%	9.39%	10.24%	11.96%	13.68%	15.82%	17.17%	14.57%	9.88%	7.90%
Gifts	0.00%	0.00%	0.00%	0.01%	0.01%	0.04%	0.00%	0.01%	0.06%	0.02%
Investment Income	0.85%	0.55%	0.12%	0.12%	0.16%	0.14%	0.14%	0.46%	0.30%	1.78%
Other Non-Operating revenues	0.00%	0.00%	0.85%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Non-Operating Revenues	74.78%	73.57%	72.09%	73.16%	71.70%	72.08%	73.53%	74.18%	72.99%	72.11%
Total Revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

Program Expenses by Function
Last Ten Fiscal Years
(in Thousands)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Operating Expenses:										
Instruction	\$129,651	\$125,341	\$121,623	\$115,914	\$120,734	\$115,498	\$116,847	\$107,782	\$96,583	\$87,363
Public Service	5,207	6,625	8,013	5,563	4,436	4,607	5,446	5,165	4,656	4,015
Academic Support	32,310	32,369	27,703	26,418	24,964	24,373	24,572	23,052	21,705	20,335
Student Services	31,318	29,205	26,822	26,306	25,758	24,218	24,034	21,871	20,070	17,225
Institutional Support	53,603	47,261	44,835	41,621	41,341	35,851	35,080	35,052	31,460	30,969
Operation and Maintenance of Plant	31,787	29,104	25,850	32,630	27,369	24,172	24,336	31,883	19,037	17,761
Scholarships and Fellowships	19,073	19,266	18,641	19,989	22,292	27,442	34,550	30,785	18,399	12,483
Auxiliary Enterprises	1,687	1,734	608	722	352	237	939	331	379	325
Depreciation	13,386	12,886	13,064	11,597	10,443	10,100	9,750	6,531	5,778	5,269
Total Operating Expenses	<u>318,022</u>	<u>303,791</u>	<u>287,159</u>	<u>280,760</u>	<u>277,689</u>	<u>266,498</u>	<u>275,554</u>	<u>262,452</u>	<u>218,067</u>	<u>195,745</u>
Non-Operating Expenses:										
Interest on Capital Related Debt	27,706	26,922	22,677	17,930	19,164	15,798	13,942	6,987	6,592	7,517
Loss on Disposal of Capital Assets	2	36	-	-	23	26	88	-	9	7
Investment Loss	-	-	-	-	-	-	-	-	194	-
Total Non-Operating Expenses	<u>27,708</u>	<u>26,958</u>	<u>22,677</u>	<u>17,930</u>	<u>19,187</u>	<u>15,824</u>	<u>14,030</u>	<u>6,987</u>	<u>6,795</u>	<u>7,524</u>
Total Expenses	<u>\$ 345,730</u>	<u>\$ 330,749</u>	<u>\$ 309,836</u>	<u>\$ 298,690</u>	<u>\$ 296,876</u>	<u>\$ 282,322</u>	<u>\$ 289,584</u>	<u>\$ 269,439</u>	<u>\$ 224,862</u>	<u>\$ 203,269</u>
Percentage of Total										
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Operating Expenses:										
Instruction	37.49%	37.89%	39.24%	38.81%	40.67%	40.91%	40.35%	40.00%	42.95%	42.98%
Public Service	1.51%	2.00%	2.59%	1.86%	1.49%	1.63%	1.88%	1.92%	2.07%	1.98%
Academic Support	9.35%	9.79%	8.94%	8.84%	8.41%	8.63%	8.49%	8.56%	9.65%	10.00%
Student Services	9.06%	8.83%	8.66%	8.81%	8.68%	8.58%	8.30%	8.12%	8.93%	8.47%
Institutional Support	15.50%	14.29%	14.47%	13.93%	13.93%	12.70%	12.11%	13.01%	13.99%	15.24%
Plant	9.19%	8.80%	8.34%	10.92%	9.22%	8.56%	8.40%	11.83%	8.47%	8.74%
Scholarships and Fellowships	5.52%	5.82%	6.02%	6.70%	7.51%	9.72%	11.93%	11.43%	8.18%	6.14%
Auxiliary Enterprises	0.49%	0.52%	0.20%	0.24%	0.12%	0.08%	0.32%	0.12%	0.17%	0.16%
Depreciation	3.87%	3.90%	4.22%	3.89%	3.51%	3.58%	3.36%	2.42%	2.57%	2.59%
Total Operating Expenses	<u>91.99%</u>	<u>91.85%</u>	<u>92.68%</u>	<u>94.00%</u>	<u>93.54%</u>	<u>94.39%</u>	<u>95.16%</u>	<u>97.41%</u>	<u>96.98%</u>	<u>96.30%</u>
Non-Operating Expenses:										
Interest on Capital Related Debt	8.01%	8.14%	7.32%	6.00%	6.46%	5.60%	4.81%	2.59%	2.93%	3.70%
Other Non-Operating Expenses	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Loss on Disposal of Capital Assets	0.00%	0.01%	0.00%	0.00%	0.01%	0.01%	0.03%	0.00%	0.00%	0.00%
Investment Loss	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.09%	0.00%
Total Non-Operating Expenses	<u>8.01%</u>	<u>8.15%</u>	<u>7.32%</u>	<u>6.00%</u>	<u>6.46%</u>	<u>5.61%</u>	<u>4.84%</u>	<u>2.59%</u>	<u>3.02%</u>	<u>3.70%</u>
Total Expenses	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

Tuition and Fees
Last Ten Fiscal Years

Resident
Fees per Semester Credit Hour (SCH)

Fiscal Year	In-District Tuition	Out-of-District Tuition (a)	Out-of-District Fee (a)	General Fee	Student Activity Fees	Sustainability Fee	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Yr In-District	Increase from Prior Yr Out-of-District
2017	\$ 67	\$ 67	\$ 278	\$ 15	\$ 2	\$ 1	\$ 1,020	\$ 4,356	0.00%	18.24%
2016	67	67	222	15	2	1	1,020	3,684	0.00%	6.97%
2015	67	67	202	15	2	1	1,020	3,444	2.41%	9.54%
2014	67	67	179	13	2	1	996	3,144	6.41%	9.17%
2013	62	62	162	13	2	1	936	2,880	14.71%	14.29%
2012	52	52	142	13	2	1	816	2,520	17.24%	26.51%
2011	42	150	-	13	2	1	696	1,992	7.41%	9.21%
2010	39	137	-	13	2	-	648	1,824	0.00%	7.04%
2009	39	127	-	13	2	-	648	1,704	-3.57%	5.19%
2008	39	118	-	15	2	-	672	1,620	3.70%	8.00%

Non - Resident
Fees per Semester Credit Hour (SCH)

Fiscal Year	Non-Res Tuition Out-of-State	Non-Res Tuition Intl	General Fee	Student Activity Fees	Sustainability Fee	Cost for 12 SCH Out-of-State	Cost for 12 SCH Intl	Increase from Prior Yr Out-of-State	Increase from Prior Yr Intl
2017	\$ 418	\$ 418	\$ 15	\$ 2	\$ 1	\$ 5,232	\$ 5,232	15.34%	15.34%
2016	360	360	15	2	1	4,536	4,536	4.71%	4.71%
2015	343	343	15	2	1	4,332	4,332	9.73%	9.73%
2014	313	313	13	2	1	3,948	3,948	1.54%	1.54%
2013	308	308	13	2	1	3,888	3,888	3.18%	3.18%
2012	298	298	13	2	1	3,768	3,768	3.29%	3.29%
2011	288	288	13	2	1	3,648	3,648	1.33%	1.33%
2010	285	285	13	2	-	3,600	3,600	0.00%	0.00%
2009	285	285	13	2	-	3,600	3,600	2.39%	2.39%
2008	276	276	15	2	-	3,516	3,516	10.15%	10.15%

Notes:

To be comparable and consistent, this table reflects the rates from the Fall semester of each fiscal year.
In addition to the above, various miscellaneous fees may be required depending on the courses or activities taken.

(a) In 2012, a portion of out-of-district tuition was reclassified to an out-of-district fee.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

State Appropriations per FTSE and Contact Hour
Last Ten Fiscal Years

Fiscal Year	State Appropriation	Appropriation per FTSE		Appropriation per Contact Hour			State Appropriation per Contact Hour
		FTSE (15 SCH)	State Appropriation per FTSE	Academic Contact Hours (a)	Voc/Tech Contact Hours (a)	Total Contact Hours	
2017	\$ 61,795,929	21,081	\$ 2,931	10,661,659	3,072,975	13,734,634	4.50
2016	62,494,165	20,965	2,981	10,940,246	3,074,734	14,014,980	4.46
2015	62,036,062	20,055	3,093	10,998,536	3,190,436	14,188,972	4.37
2014	60,016,104	20,259	2,962	11,101,552	3,177,630	14,279,182	4.20
2013	54,181,617	20,806	2,604	11,627,424	3,631,732	15,259,156	3.55
2012	53,087,767	21,701	2,446	12,427,152	3,847,562	16,274,714	3.26
2011	59,097,142	21,972	2,690	12,913,216	4,720,791	17,634,007	3.35
2010	59,133,878	20,000	2,957	12,144,888	3,578,718	15,723,606	3.76
2009	55,950,127	17,789	3,145	10,774,752	3,202,731	13,977,483	4.00
2008	55,451,405	17,032	3,256	9,816,472	3,088,583	12,905,055	4.30

Sources:

(a) CBM001 and CBM00A from the Texas Higher Education Coordinating Board

Notes:

FTSE is defined as the number of full time students plus total hours taken by part-time students divided by 15.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

Assessed Value and Taxable Assessed Value of Property
Last Ten Fiscal Years

Fiscal Year	(Amounts expressed in thousands)			Ratio of Taxable Assessed Value to Assessed Value	Tax Rate		
	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value		Maintenance & Operations Rate	Debt Service Rate	Total Tax Rate
2017	\$ 222,866,079	\$ 44,022,945	\$ 178,843,133	80.25%	0.09000	0.01080	0.10080
2016	195,753,882	37,848,364	157,905,518	80.67%	0.09000	0.00420	0.09420
2015	168,976,487	29,669,339	139,307,148	82.44%	0.09000	0.00420	0.09420
2014	149,340,769	25,245,135	124,095,634	83.10%	0.09000	0.00490	0.09490
2013	140,251,968	23,240,309	117,011,659	83.43%	0.09000	0.00510	0.09510
2012	135,788,176	23,541,278	112,246,898	82.66%	0.09000	0.00480	0.09480
2011	124,833,360	19,963,728	104,869,632	84.01%	0.09000	0.00510	0.09510
2010	130,105,839	21,074,859	109,030,980	83.80%	0.09000	0.00460	0.09460
2009	109,645,790	16,667,307	92,978,483	84.80%	0.09000	0.00540	0.09540
2008	98,281,381	14,902,149	83,379,232	84.84%	0.09000	0.00580	0.09580

Source:

Travis, Williamson, Hays, Batrop, Lee, and Caldwell Counties Appraisal Districts

Notes:

Property is assessed at full market value.

(a) per \$100 Taxable Assessed Valuation

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

Principal Taxpayers
Last Ten Fiscal Years

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Fiscal Year (in Thousands)				
		2017	2016	2015	2014	2013
Samsung Austin Sem	Manufacturing	\$ 2,278,890	\$ 2,477,907	\$ 2,479,597	\$ 2,301,995	\$ 2,931,282
PKY-San Jacinto Cen	Real Estate	399,844	307,830	747,258	-	-
Columbia/St Davids H	Medical	541,430	516,094	484,356	481,018	475,510
Freescale Semicondu	Manufacturing	-	308,035	316,663	300,552	333,704
Freescale Semicondu	Manufacturing	-	-	-	-	-
Applied Materials, Inc	Manufacturing	475,615	418,773	309,466	270,384	337,799
Apple INC	Manufacturing	317,590	264,264	-	-	-
Circuit of the America	Sports/Recreation	-	-	289,214	290,836	-
Dell, Inc.	Manufacturing	-	-	265,799	287,908	323,587
Dell USA LP	Manufacturing	-	-	-	-	-
IBM Corporation (a)	Manufacturing	-	253,918	240,682	231,662	246,278
IBM Corporation (a)	Manufacturing	-	-	-	-	-
IMT Capital II Riata LI	Real Estate	269,944	256,260	236,598	211,437	-
CSHV-401 Congress	Limited Liability Co.	315,772	251,256	-	-	-
Finley Company	Oil Land Leases	294,012	240,032	-	-	-
NXP Semiconductor I	Manufacturing	288,773	-	-	-	-
CSHV-300 West 6th :	Limited Liability Co.	256,000	-	-	-	-
HEB Grocery Compai	Food Retail	-	-	222,663	-	-
TPG-300 West 6th St	Real Estate	-	-	-	705,800	815,137
Shoping Center at Ga	Real Estate	-	-	-	214,811	206,168
Spansion LLC	Manufacturing	-	-	-	-	204,763
Brandywine Acquisitic	Real Estate	-	-	-	-	186,630
Advanced Micro Devi	Manufacturing	-	-	-	-	-
CJUF II Stratus Block	Real Estate	-	-	-	-	-
Hewlett-Packard Corr	Manufacturing	-	-	-	-	-
Flextronics	Manufacturing	-	-	-	-	-
Cisco Systems, Inc.	Manufacturing	-	-	-	-	-
Southwestern Bell Te	Telephone Utility	-	-	-	-	-
TX Frost Tower Office	Real Estate	-	-	-	-	-
Totals		\$ 5,437,870	\$ 5,294,369	\$ 5,592,296	\$ 5,296,403	\$ 6,060,858
Total Taxable Assessed Value		\$ 178,843,133	\$ 157,905,518	\$ 139,307,148	\$ 124,095,634	\$ 117,011,659

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Fiscal Year				
		2017	2016	2015	2014	2013
Samsung Austin Sem	Manufacturing	1.27%	1.57%	1.78%	1.86%	2.50%
PKY-San Jacinto Cen	Real Estate	0.22%	0.19%	0.54%	-	-
Columbia/St Davids H	Medical	0.30%	0.33%	0.35%	0.39%	0.41%
Freescale Semicondu	Manufacturing	-	0.20%	0.23%	0.24%	0.29%
Freescale Semicondu	Manufacturing	-	-	-	-	-
Applied Materials, Inc	Manufacturing	0.27%	0.27%	0.22%	0.22%	0.28%
Apple INC	Manufacturing	0.18%	0.17%	-	-	-
Circuit of the America	Sports/Recreation	-	-	0.21%	0.23%	-
Dell, Inc.	Manufacturing	-	-	0.19%	0.23%	0.28%
Dell USA LP	Manufacturing	-	-	-	-	-
IBM Corporation (a)	Manufacturing	-	0.16%	0.17%	0.19%	0.21%
IBM Corporation (a)	Manufacturing	-	-	-	-	-
IMT Capital II Riata LI	Real Estate	0.15%	0.16%	0.17%	0.17%	-
CSHV-401 Congress	Limited Liability Co.	0.18%	0.16%	-	-	-
CSHV-300 West 6th :	Limited Liability Co.	0.14%	-	-	-	-
Finley Company	Oil Land Leases	0.16%	0.15%	-	-	-
NXP Semiconductor I	Manufacturing	0.16%	-	-	-	-
HEB Grocery Compai	Food Retail	-	-	0.16%	-	-
TPG-300 West 6th St	Real Estate	-	-	-	0.57%	0.70%
Shoping Center at Ga	Real Estate	-	-	-	0.17%	0.18%
Spansion LLC	Manufacturing	-	-	-	-	0.17%
Brandywine Acquisitic	Real Estate	-	-	-	-	0.16%
Advanced Micro Devi	Manufacturing	-	-	-	-	-
CJUF II Stratus Block	Real Estate	-	-	-	-	-
Hewlett-Packard Corr	Manufacturing	-	-	-	-	-
Flextronics	Manufacturing	-	-	-	-	-
Cisco Systems, Inc.	Manufacturing	-	-	-	-	-
Southwestern Bell Te	Telephone Utility	-	-	-	-	-
TX Frost Tower Office	Real Estate	-	-	-	-	-
Totals		3.04%	3.35%	4.02%	4.27%	5.18%

Source:

Travis and Williamson County Tax Assessor/Collector

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

	2012	2011	2010	2009	2008
\$	2,884,673	\$ 1,000,506	\$ 1,389,942	\$ 853,031	\$ 304,088
	-	-	-	-	-
	259,057	253,067	232,463	-	-
	357,971	337,666	-	-	-
	-	-	415,367	464,415	335,899
	432,369	284,469	392,680	486,079	539,389
	-	-	-	-	-
	-	215,894	224,722	483,562	443,892
	-	-	-	-	186,656
	233,059	233,764	253,136	260,769	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	489,131	470,972	530,753	530,753	-
	197,737	202,486	-	221,999	-
	217,236	216,490	267,313	355,933	274,700
	-	-	-	-	-
	260,060	257,777	282,338	224,626	-
	178,304	-	-	-	-
	-	-	226,245	-	-
	-	-	-	239,315	197,365
	-	-	-	-	254,768
	-	-	-	-	230,208
	-	-	-	-	176,566
\$	5,509,597	\$ 3,473,091	\$ 4,214,959	\$ 4,120,482	\$ 2,943,531
\$	112,246,898	\$ 104,869,632	\$ 109,030,980	\$ 92,978,483	\$ 83,379,232

	2012	2011	2010	2009	2008
	2.57%	0.95%	1.27%	0.92%	0.36%
	-	-	-	-	-
	0.23%	0.24%	0.21%	-	-
	0.32%	0.32%	-	-	-
	-	-	0.38%	0.50%	0.40%
	0.39%	0.27%	0.36%	0.52%	0.65%
	-	-	-	-	-
	-	-	-	-	-
	-	0.21%	0.21%	0.52%	0.53%
	-	-	-	-	0.22%
	0.21%	0.22%	0.23%	0.28%	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	0.44%	0.45%	0.49%	0.57%	-
	0.18%	0.19%	-	0.24%	-
	0.19%	0.21%	0.25%	0.38%	0.33%
	-	-	-	-	-
	0.23%	0.25%	0.26%	0.24%	-
	0.15%	-	-	-	-
	-	-	0.21%	-	-
	-	-	-	0.26%	0.24%
	-	-	-	-	0.31%
	-	-	-	-	0.28%
	-	-	-	-	0.21%
	4.91%	3.31%	3.87%	4.43%	3.53%

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

Property Tax Levies and Collections
Last Ten Fiscal Years
(in Thousands)

Fiscal Year	Original Tax Levy	Cumulative Levy Adjustments	Adjusted Tax Levy	Collection Year of Levy	Percentage of Levy	Prior Collections of Prior Levies	Current Collections of Prior Levies	Total Collections	Cumulative Collections of Adjusted Levy
2017	\$ 182,724	\$ -	\$ 182,724	\$ 181,785	99.49%	\$ -	\$ (139)	\$ 181,646	99.41%
2016	158,987	(582)	158,404	158,107	99.45%	-	49	158,156	99.84%
2015	130,594	(438)	130,156	129,598	99.24%	-	-	129,598	99.57%
2014	118,146	(154)	117,992	117,220	99.22%	-	269	117,489	99.57%
2013	111,214	(205)	111,009	110,452	99.31%	287	32	110,771	99.79%
2012	106,051	(192)	105,859	105,233	99.23%	401	32	105,666	99.82%
2011	100,447	(298)	100,149	99,520	99.08%	442	16	99,978	99.83%
2010	104,074	(313)	103,761	102,956	98.93%	645	(7)	103,594	99.84%
2009	88,614	(247)	88,367	87,605	98.86%	598	13	88,216	99.83%
2008	80,144	(366)	79,778	79,341	99.00%	315	5	79,661	99.85%

Sources:

Travis County Tax Office - Overall Collection/Distribution Reports
Williamson County Tax Office - Recap & Standings Report
Hays County Tax Office - Recap & Standings Report
Bastrop County Tax Office - Recap & Standings Report

Note:

"Current collections" and "Prior collections" of prior levies do not include penalties and interest. They include tax collections net of tax reversals for the year.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

Ratios of Outstanding Debt
Last Ten Fiscal Years
(in Thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Bonded Debt										
General Obligation Bonds	\$ 323,682	\$ 334,659	\$ 265,587	\$ 92,454	\$ 95,593	\$ 96,250	\$ 95,169	\$ 96,399	\$ 97,268	\$ 98,135
Less:										
Funds Restricted for Debt Service	2,080	844	822	818	817	246	194	191	188	177
Net General Bonded Debt	\$ 321,602	\$ 333,815	\$ 264,765	\$ 91,636	\$ 94,776	\$ 96,004	\$ 94,975	\$ 96,208	\$ 97,080	\$ 97,958
Other Debt										
Revenue Bonds	\$ 172,806	\$ 178,571	\$ 178,333	\$ 181,737	\$ 185,841	\$ 112,061	\$ 125,759	\$ 76,340	\$ 46,966	\$ 49,526
Lease Revenue Bonds	182,128	187,707	192,693	191,833	194,685	197,054	152,423	120,365	121,732	122,064
Capital Lease Obligations	1,238	275	843	1,402	1,955	1,159	534	1,050	1,549	2,034
Total Other Debt	356,172	366,553	371,869	374,972	382,481	310,274	278,716	197,755	170,247	173,624
Total Outstanding Debt	\$ 677,774	\$ 700,368	\$ 636,634	\$ 466,608	\$ 477,257	\$ 406,278	\$ 373,691	\$ 293,963	\$ 267,327	\$ 271,582
General Bonded Debt Ratios										
Per Capita	\$ 160.73	\$ 171.78	\$ 140.60	\$ 49.96	\$ 51.67	\$ 53.83	\$ 54.95	\$ 56.42	\$ 58.69	\$ 61.51
Per FTSE	15,256	15,922	13,202	4,523	4,555	4,424	4,323	4,810	5,457	5,751
As a % of Taxable Assessed Value	0.00	0.00	0.19%	0.07%	0.08%	0.09%	0.09%	0.09%	0.10%	0.12%
Total Outstanding Debt Ratios										
Per Capita	\$ 359.93	\$ 371.93	\$ 338.09	\$ 254.38	\$ 260.18	\$ 227.80	\$ 216.23	\$ 172.40	\$ 161.61	\$ 170.53
Per FTSE	33,796	34,922	31,744	23,032	22,938	18,722	17,008	14,698	15,028	15,945
As a % of Taxable Assessed Value	0.49%	0.50%	0.46%	0.38%	0.41%	0.36%	0.36%	0.27%	0.29%	0.33%

Notes:

Ratios calculated using population and Tax Assessed Value from current year. Debt per student calculated using Full-Time-Student-Equivalent enrollment.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

Legal Debt Margin Information

Last Ten Fiscal Years

(in Thousands)

	2017	2016	2015	2014
Taxable Assessed Value	<u>\$ 178,843,133</u>	<u>\$ 157,905,518</u>	<u>\$ 139,307,148</u>	<u>\$ 124,095,634</u>
General Obligation Bonds				
Statutory Tax Levy Limit for Debt Serv (1)	\$ 894,216	\$ 789,528	\$ 696,536	\$ 620,478
Less:				
Funds Restricted for Repayment of General Obligation Bonds	2,080	844	822	818
Net Statutory Tax Levy Limit for Debt Service	892,136	788,684	695,714	619,660
Current Year Debt Service Requirements			5,882	6,093
Excess of Statutory Limit for Debt Service over Current Requirements	<u>\$ 892,136</u>	<u>\$ 788,684</u>	<u>\$ 689,832</u>	<u>\$ 613,567</u>
Net Current Requirements as a % of Statutory Limit	0.23%	0.11%	0.96%	1.11%

Notes:

(1) Texas Education Code Section 130.122 limits the debt service tax levy of community colleges to \$0.50 per hundred dollars taxable assessed valuation.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 117,011,659	\$ 112,246,898	\$ 104,869,632	\$ 109,030,980	\$ 92,978,483	\$ 83,379,232
\$ 585,058	\$ 561,234	\$ 524,348	\$ 545,155	\$ 464,892	\$ 416,896
817	246	194	191	188	177
584,241	560,988	524,154	544,964	464,704	416,719
5,428	4,868	5,402	5,065	5,086	4,849
\$ 578,813	\$ 556,120	\$ 518,752	\$ 539,899	\$ 459,618	\$ 411,870
1.07%	0.91%	1.07%	0.96%	1.13%	1.21%

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

Pledged Revenue Coverage
Last Ten Fiscal Years
(in Thousands)

Combined Fee Revenue Bonds

Fiscal Year	Pledged Revenues				Debt Service Requirements			Coverage Ratio
	Tuition	General Fees	Interest Income	Total	Principal	Interest	Total	
2017	\$ 15,698	\$ 11,004	\$ 977	\$ 27,679	\$ 4,797	\$ 6,000	\$ 10,797	2.56
2016	15,379	11,077	682	27,138	4,646	6,322	10,968	2.47
2015	15,335	11,206	327	26,868	4,315	6,156	10,471	2.57
2014	14,940	9,717	316	24,973	4,170	7,240	11,410	2.19
2013	14,702	10,119	424	25,245	4,050	6,397	10,447	2.42
2012	18,698	10,709	355	29,762	3,895	4,941	8,836	3.37
2011	16,237	11,155	369	27,761	3,545	3,072	6,617	4.20
2010	14,239	10,404	292	24,935	2,910	2,614	5,524	4.51
2009	1,311	6,386	859	8,556	2,810	1,969	4,779	1.79
2008	1,191	6,190	1,523	8,904	2,445	2,085	4,530	1.97

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

Demographic and Economic Statistics - Taxing District
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (in Thousands)		Personal Income Per Capita		Unemployment Rate
2017	2,112,172	\$ -	(a)	\$ -	(a)	3.3%
2016	2,056,405	106,040,064		51,566		3.3%
2015	2,000,860	102,072,000		51,014		3.5%
2014	1,883,051	84,285,529		44,760		4.6%
2013	1,834,303	78,695,523		42,902		5.6%
2012	1,783,519	72,152,395		40,455		6.4%
2011	1,728,247	66,945,243		38,736		7.6%
2010	1,705,075	64,014,645		37,544		7.3%
2009	1,654,100	61,800,403		37,362		7.5%
2008	1,592,590	59,305,518		37,238		4.7%

Source:

Texas Workforce Commission, U.S. Bureau of Economic Analysis,
Tracer Texas Labor Market Information,
Austin - Round Rock - San Marcos, TX Metropolitan Statistical Area.

Notes:

(a) Not yet available

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

Principal Employers
Last Ten Fiscal Years

Employer	2017		2016		2015		2014	
	Number of Employees	% of Total Employment	Number of Employees	% of Total Employment	Number of Employees	% of Total Employment	Number of Employees	% of Total Employment
Local Government	87,800	8.59%	91,900	9.24%	90,000	9.47%	89,600	9.95%
State Government	70,600	6.91%	69,400	6.98%	69,100	7.27%	70,900	7.88%
University of Texas at Austin	25,859	2.53%	14,079	1.42%	26,935	2.84%	27,264	3.03%
Dell Inc.	13,000	1.27%	13,000	1.31%	14,000	1.47%	14,000	1.56%
Federal Government	12,800	1.25%	13,500	1.36%	13,100	1.38%	11,300	1.26%
Seton Healthcare Family	10,270	1.00%	10,945	1.10%	12,770	1.34%	12,609	1.40%
St. David's Healthcare	8,598	0.84%	8,369	0.84%	8,100	0.85%	7,950	0.88%
Texas State University	3,637	0.36%	3,154	0.32%	6,085	0.64%	6,572	0.73%
IBM Corporation	6,000	0.59%	6,000	0.60%	6,000	0.63%	6,000	0.67%
Wal-Mart Stores, Inc.	n/a	n/a	5,700	0.57%	5,500	0.58%	n/a	n/a
Samsung Austin Semiconductor LLC	6,074	0.59%	n/a	n/a	n/a	n/a	n/a	n/a
HEB	12,198	1.19%	n/a	n/a	n/a	n/a	11,277	1.25%
Freescale Semiconductor, Inc.	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total	256,836	25.12%	236,047	23.74%	251,590	26.47%	257,472	28.61%

Sources:

Austin Business Journal, Book of Lists 2007 - 2017
Texas Workforce Commission
Austin American Statesman, Monday, July 17, 2006
Austin Business Journal 2006
Greater Austin Chamber of Commerce, June 2005

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

2013		2012		2011		2010		2009		2008	
Number of Employees	% of Total Employment	Number of Employees	% of Total Employment	Number of Employees	% of Total Employment	Number of Employees	% of Total Employment	Number of Employees	% of Total Employment	Number of Employees	% of Total Employment
83,900	10.16%	86,200	10.84%	86,800	11.23%	83,800	11.01%	81,200	10.41%	75,900	9.96%
72,500	8.78%	70,800	8.90%	72,100	9.33%	72,000	9.46%	69,600	8.92%	68,100	8.94%
21,626	2.62%	27,894	3.51%	28,128	3.64%	16,156	2.12%	16,156	2.07%	16,919	2.22%
12,000	1.45%	12,000	1.51%	10,000	1.29%	16,000	2.10%	17,000	2.18%	17,000	2.23%
12,400	1.50%	12,500	1.57%	12,300	1.59%	11,900	1.56%	11,700	1.50%	11,400	1.50%
12,606	1.53%	11,601	1.46%	10,737	1.39%	9,793	1.29%	9,807	1.26%	6,743	0.88%
7,400	0.90%	7,100	0.89%	6,598	0.85%	6,043	0.79%	6,200	0.79%	6,219	0.82%
n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
6,000	0.73%	6,239	0.78%	n/a	n/a	6,200	0.81%	6,239	0.80%	6,200	0.81%
n/a	n/a	n/a	n/a	6,900	0.89%	6,900	0.91%	6,700	0.86%	6,500	0.85%
n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
10,545	1.28%	10,263	1.29%	14,882	1.93%	10,904	1.43%	6,746	0.86%	7,095	0.93%
5,000	0.61%	5,000	0.63%	5,000	0.65%	4,300	0.56%	n/a	n/a	n/a	n/a
243,977	29.56%	249,597	31.38%	253,445	32.79%	243,996	32.04%	231,348	29.65%	222,076	29.14%

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

Faculty, Staff, and Administrators Statistics
Last Ten Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Faculty:										
Full-Time	608	641	626	608	632	632	624	592	526	498
Part-Time	1364	1394	1,371	1,340	1,434	1,487	1,460	1,401	1,316	1,224
Total	1,972	2,035	1,997	1,948	2,066	2,119	2,084	1,993	1,842	1,722
Percent:										
Full-Time	30.8%	31.5%	31.3%	31.2%	30.6%	29.8%	29.9%	29.7%	28.6%	28.9%
Part-Time	69.2%	68.5%	68.7%	68.8%	69.4%	70.2%	70.1%	70.3%	71.4%	71.1%
Staff and Administrators:										
Full-Time	1,825	1,407	1,352	1,261	1,271	1,288	1,282	1,215	1,118	925
Part-Time	245	172	160	138	150	163	173	174	175	141
Total	2,070	1,579	1,512	1,399	1,421	1,451	1,455	1,389	1,293	1,066
Percent:										
Full-Time	88.2%	89.1%	89.4%	90.1%	89.4%	88.8%	88.1%	87.5%	86.5%	86.8%
Part-Time	11.8%	10.9%	10.6%	9.9%	10.6%	11.2%	11.9%	12.5%	13.5%	13.2%
FTSE per Full-time Faculty	32.99	31.29	32.04	33.32	32.92	34.34	35.2	33.8	33.8	34.2
FTSE per Full-Time Staff	10.99	14.25	14.83	16.07	16.37	16.85	17.1	16.5	15.9	18.4
Average Annual Faculty Salary	\$ 69,358	\$ 69,151	\$ 66,961	\$ 66,085	\$ 65,585	\$ 64,150	\$ 62,124	\$ 63,123	\$ 62,895	\$ 61,194

Sources:

ACC Office of Institutional Effectiveness

TCCTA Survey of Faculty Salaries

THIS PAGE IS INTENTIONALLY LEFT BLANK

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

Enrollment Details
Last Ten Fiscal Years

Student Classification	Fall 2016		Fall 2015		Fall 2014		Fall 2013	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00-30 hours	27,306	69.64%	26,894	69.12%	25,806	68.09%	26,452	68.51%
31-60 hours	9,255	23.60%	9,220	23.70%	9,297	24.53%	9,455	24.49%
>60 hours	2,647	6.75%	2,795	7.18%	2,797	7.38%	2,704	7.00%
Total	39,208	100.00%	38,909	100.00%	37,900	100.00%	38,611	100.00%

Semester Hour Load	Fall 2016		Fall 2015		Fall 2014		Fall 2013	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	528	1.35%	414	1.06%	438	1.16%	376	0.97%
3-5 semester hours	11,078	28.25%	10,929	28.09%	10,571	27.89%	11,161	28.91%
6-8 Semester hours	13,231	33.75%	13,069	33.59%	12,591	33.22%	12,235	31.69%
9-11 semester hours	7,368	18.79%	7,236	18.60%	6,997	18.46%	7,123	18.45%
12-14 semester hours	6,001	15.31%	6,272	16.12%	6,257	16.51%	6,575	17.03%
15-17 semester hours	933	2.38%	897	2.31%	964	2.54%	1,035	2.68%
18 & over	69	0.18%	92	0.24%	82	0.22%	106	0.27%
Total	39,208	100.00%	38,909	100.00%	37,900	100.00%	38,611	100.00%

Average course load	7.61	7.29	7.94	7.87
----------------------------	------	------	------	------

Tuition Status	Fall 2016		Fall 2015		Fall 2014		Fall 2013	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (In-District)	27,760	70.80%	27,809	71.47%	27,552	72.70%	27,986	72.48%
Texas Resident (Out-of-District)	3,370	8.60%	3,679	9.46%	3,824	10.09%	3,803	9.85%
Non-Resident Tuition (a)	875	2.23%	995	2.56%	940	2.48%	908	2.35%
Other (b)	7,203	18.37%	6,426	16.52%	5,584	14.73%	5,914	15.32%
Total	39,208	100.00%	38,909	100.00%	37,900	100.00%	38,611	100.00%

Source:

ACC Office of Institutional Effectiveness

Notes:

- (a) Non-resident includes students whose legal residence is not Texas.
- (b) Other includes students with tuition exemptions and waivers.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
27,584	68.69%	29,546	70.34%	29,920	71.95%	27,602	72.92%	24,397	72.33%	23,237	73.02%
9,927	24.72%	9,987	23.78%	9,429	22.68%	8,278	21.88%	7,555	22.40%	7,012	22.04%
2,648	6.59%	2,471	5.88%	2,233	5.37%	1,970	5.20%	1,776	5.27%	1,573	4.94%
40,159	100.00%	42,004	100.00%	41,582	100.00%	37,850	100.00%	33,728	100.00%	31,822	100.00%

Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
473	1.18%	606	1.44%	519	1.25%	439	1.16%	391	1.16%	396	1.24%
9,347	23.27%	12,202	29.05%	9,591	23.07%	8,951	23.65%	7,876	23.35%	7,383	23.20%
13,364	33.28%	12,619	30.04%	13,138	31.60%	11,715	30.95%	10,599	31.42%	9,667	30.38%
7,621	18.98%	8,315	19.80%	8,205	19.73%	7,344	19.40%	6,368	18.88%	5,870	18.45%
8,148	20.29%	7,082	16.86%	8,739	21.02%	8,194	21.65%	7,254	21.51%	7,235	22.74%
1,085	2.70%	1,068	2.54%	1,247	3.00%	1,070	2.83%	1,119	3.32%	1,149	3.61%
121	0.30%	112	0.27%	143	0.33%	137	0.36%	121	0.36%	122	0.38%
40,159	100.00%	42,004	100.00%	41,582	100.00%	37,850	100.00%	33,728	100.00%	31,822	100.00%

7.77 7.75 7.93 7.93 7.91 8.03

Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
29,481	73.41%	31,291	74.50%	30,112	72.42%	27,587	72.89%	24,101	71.45%	21,153	66.47%
4,460	11.11%	5,156	12.28%	6,422	15.44%	5,909	15.61%	5,659	16.78%	7,075	22.23%
993	2.47%	949	2.25%	953	2.29%	856	2.26%	816	2.42%	831	2.61%
5,225	13.01%	4,608	10.97%	4,095	9.85%	3,498	9.24%	3,152	9.35%	2,763	8.69%
40,159	100.00%	42,004	100.00%	41,582	100.00%	37,850	100.00%	33,728	100.00%	31,822	100.00%

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

Student Profile

Last Ten Fiscal Years

Gender	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	22,817	54.92%	21,331	54.82%	21,057	55.56%	21,402	55.43%	22,347	55.65%
Male	18,726	45.08%	17,578	45.18%	16,843	44.44%	17,209	44.57%	17,812	44.35%
Total	41,543	100.00%	38,909	100.00%	37,900	100.00%	38,611	100.00%	40,159	100.00%

Ethnic Origin	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	18,503	44.54%	17,496	44.97%	17,569	46.36%	18,303	47.40%	19,615	48.84%
Hispanic	14,840	35.72%	12,995	33.40%	11,900	31.40%	11,668	30.22%	11,698	29.13%
African American	3,063	7.37%	2,755	7.08%	2,732	7.21%	2,892	7.49%	3,170	7.89%
Asian/Pacific Islander	2,171	5.23%	2,137	5.49%	2,085	5.50%	2,027	5.25%	2,403	5.98%
Am. Indian/Alaskan Native	335	0.81%	306	0.79%	316	0.83%	316	0.82%	69	0.17%
Non-Resident Alien	678	1.63%	151	0.39%	153	0.40%	877	2.27%	190	0.47%
Other/Unknown	1,953	4.70%	3,069	7.89%	3,145	8.30%	2,528	6.55%	3,014	7.52%
Total	41,543	100.00%	38,909	100.00%	37,900	100.00%	38,611	100.00%	40,159	100.00%

Age	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 18	6,219	14.97%	5,294	13.61%	4,372	11.54%	4,501	11.66%	3,965	9.87%
18 - 21	15,203	36.60%	14,238	36.59%	13,605	35.90%	13,641	35.33%	13,877	34.56%
22 - 24	5,708	13.74%	5,350	13.75%	5,436	14.34%	5,311	13.76%	5,772	14.37%
25 - 35	9,708	23.37%	9,403	24.17%	9,633	25.42%	9,665	25.03%	10,665	26.56%
36 - 50	3,697	8.90%	3,678	9.45%	3,843	10.14%	4,323	11.20%	4,674	11.64%
51 & over	1,008	2.42%	946	2.42%	1,011	2.66%	1,170	3.03%	1,206	3.00%
Total	41,543	100.00%	38,909	100.00%	37,900	100.00%	38,611	100.00%	40,159	100.00%

Average Age	24.5	24.7	25.2	25.6	25.9
--------------------	------	------	------	------	------

Source:

ACC Office of Institutional Effectiveness

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
23,311	55.50%	23,020	55.36%	21,115	55.79%	19,055	56.50%	18,033	56.67%
18,693	44.50%	18,562	44.64%	16,735	44.21%	14,673	43.50%	13,789	43.33%
<u>42,004</u>	<u>100.00%</u>	<u>41,582</u>	<u>100.00%</u>	<u>37,850</u>	<u>100.00%</u>	<u>33,728</u>	<u>100.00%</u>	<u>31,822</u>	<u>100.00%</u>

Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
21,246	50.58%	22,466	54.03%	21,720	57.38%	19,580	58.05%	18,884	59.34%
11,765	28.01%	11,067	26.61%	9,440	24.94%	8,316	24.66%	7,475	23.49%
3,423	8.15%	3,698	8.89%	3,263	8.62%	2,753	8.16%	2,498	7.85%
2,140	5.09%	2,503	6.02%	2,026	5.35%	1,876	5.56%	1,651	5.19%
389	0.93%	44	0.11%	333	0.88%	287	0.85%	279	0.88%
193	0.46%	183	0.44%	476	1.26%	477	1.41%	564	1.77%
2,848	6.78%	1,621	3.90%	592	1.57%	439	1.31%	471	1.48%
<u>42,004</u>	<u>100.00%</u>	<u>41,582</u>	<u>100.00%</u>	<u>37,850</u>	<u>100.00%</u>	<u>33,728</u>	<u>100.00%</u>	<u>31,822</u>	<u>100.00%</u>

Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
3,487	8.30%	3,247	7.81%	2,913	7.70%	2,718	8.06%	2,427	7.63%
14,381	34.24%	14,371	34.56%	13,765	36.37%	13,016	38.59%	12,513	39.32%
6,331	15.07%	6,345	15.26%	5,822	15.38%	5,115	15.17%	4,948	15.55%
11,608	27.64%	11,508	27.68%	10,017	26.46%	8,493	25.18%	7,833	24.62%
4,929	11.73%	4,891	11.76%	4,296	11.35%	3,553	10.53%	3,348	10.52%
1,268	3.02%	1,220	2.93%	1,037	2.74%	833	2.47%	753	2.36%
<u>42,004</u>	<u>100.00%</u>	<u>41,582</u>	<u>100.00%</u>	<u>37,850</u>	<u>100.00%</u>	<u>33,728</u>	<u>100.00%</u>	<u>31,822</u>	<u>100.00%</u>

26.1

26.0

25.8

25.3

25.3

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

	Transfer Student Count (Academic)	Transfer Student Count (Technical)	Transfer Student Count (Tech-Prep)	Total of all ACC Transfer Students	% of all ACC Transfer Students
1 Angelo State University	26	8	2	36	0.36%
2 Baylor College of Medicine	3	-	-	3	0.03%
3 Lamar University	16	3	2	21	0.21%
4 Midwestern State University	14	6	1	21	0.21%
5 Prairie View A&M University	18	7	3	28	0.28%
6 Sam Houston State University	68	10	20	98	0.99%
7 Stephen F. Austin State University	48	16	8	72	0.73%
8 Sul Ross State University	4	-	2	6	0.06%
8 Sul Ross State University -Rio Grande College	2	-	-	2	0.02%
9 Tarleton State University	73	18	7	98	0.99%
10 Texas A&M International University	2	-	-	2	0.02%
11 Texas A&M University	568	134	63	765	7.70%
12 Texas A&M University - Central Texas	20	2	2	24	0.24%
13 Texas A&M University - Commerce	10	3	-	13	0.13%
14 Texas A&M University - Corpus Christi	126	14	7	147	1.48%
15 Texas A&M University - Kingsville	10	2	2	14	0.14%
16 Texas A&M University - San Antonio	2	2	1	5	0.05%
17 Texas A&M University - Texarkana	-	-	-	-	0.00%
17 Texas A&M University at Galveston	15	2	1	18	0.18%
19 Texas A&M University System Health Science Center	20	2	-	22	0.22%
20 Texas Southern University	8	2	1	11	0.11%
21 Texas State University	2,651	321	283	3,255	32.78%
22 Texas Tech University	348	114	36	498	5.01%
23 Texas Tech University Health Sciences Center	33	10	2	45	0.45%
24 Texas Woman's University	29	2	2	33	0.33%
25 The University of Texas - Rio Grande Valley	7	5	-	12	0.12%
26 The University of Texas at Arlington	104	26	11	141	1.42%
27 The University of Texas at Austin	2,769	381	192	3,342	33.65%
28 The University of Texas at Dallas	173	39	42	254	2.56%
29 The University of Texas at El Paso	15	1	3	19	0.19%
30 The University of Texas at San Antonio	263	61	34	358	3.60%
31 The University of Texas at Tyler	26	6	1	33	0.33%
32 The University of Texas at Austin Dell Medical School	2	-	-	2	0.02%
33 The University of Texas Health Science Center at Houston	17	1	1	19	0.19%
34 The University of Texas Health Science Center at San Antonio	28	4	1	33	0.33%
35 The University of Texas M.D. Anderson Cancer Center	2	1	-	3	0.03%
36 The University of Texas Medical Branch at Galveston	22	3	1	26	0.26%
37 The University of Texas of the Permian Basin	12	1	-	13	0.13%
38 The University of Texas Southwestern Medical Center	3	1	-	4	0.04%
39 University of Houston	125	21	11	157	1.58%
40 University of Houston - Clear Lake	7	1	-	8	0.08%
41 University of Houston - Downtown	4	3	1	8	0.08%
42 University of Houston - Victoria	12	1	4	17	0.17%
43 University of North Texas	164	35	21	220	2.22%
44 University of North Texas at Dallas	-	-	-	-	0.00%
44 University of North Texas Health Science Center	6	-	-	6	0.06%
45 West Texas A&M University	12	6	1	19	0.19%
Totals	7,887	1,275	769	9,931	100.00%

Source:

Texas Higher Education Coordinating Board's Automated Student and Adult Learner Follow-Up System

**AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas**

**STATISTICAL SECTION
(UNAUDITED)**

**Capital Asset Information
Last Ten Fiscal Years**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Academic Buildings	43	43	43	43	41	40	38	35	29	28
Square footage (in thousands)	3,026	3,026	3,026	3,026	2,736	2,676	2,084	1,610	1,166	1,161
Administrative and Support Buildings	2	2	2	2	2	2	2	2	2	2
Square footage (in thousands)	168	168	168	168	168	168	168	168	168	168
Portable Buildings	10	10	10	10	10	10	10	10	10	10
Parking Garages	2	2	2	2	2	2	2	2	2	1
Transportation										
Cars	56	51	53	49	43	41	39	37	31	28
Light Trucks/Vans	103	102	92	87	90	87	75	79	75	65
Other	11	11	11	11	13	14	10	-	-	1

Source:

ACC Fact Book

THIS PAGE IS INTENTIONALLY LEFT BLANK

FEDERAL SINGLE AUDIT SECTION

**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***

Independent Auditor's Report

To the Board of Trustees
Austin Community College District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Austin Community College District (the College), as of and for the year ended August 31, 2017, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 20, 2017. We did not audit the financial statements of Austin Community College Foundation, the discretely presented component unit of the College, as of and for the year ended August 31, 2017. Those financial statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the component unit, is based solely on the report of the other auditors. The financial statements of the discretely presented component unit, Austin Community College Foundation, audited separately by other auditors, was not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

THIS PAGE IS INTENTIONALLY LEFT BLANK

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

Compliance and Other Matters

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

Purpose of This Report

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

RSM US LLP

Austin, Texas
December 20, 2017

THIS PAGE IS INTENTIONALLY LEFT BLANK

**Report on Compliance for Each Major Federal Program
and Report on Internal Control Over Compliance as
Required by the Uniform Guidance**

Independent Auditor's Report

To the Board of Trustees
Austin Community College District

Report on Compliance for Each Major Federal Program

We have audited the Austin Community College District's (the College) 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 College's major federal programs for the year ended August 31, 2017. The College's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Federal 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 College'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 College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

THIS PAGE IS INTENTIONALLY LEFT BLANK

Opinion on Each Major Federal Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2017.

Report on Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal 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 College's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

RSM US LLP

Austin, Texas
December 20, 2017

THIS PAGE IS INTENTIONALLY LEFT BLANK

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended August 31, 2017

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures and Pass Through Disbursements
U.S. DEPARTMENT OF EDUCATION				
Direct Programs:				
Student Financial Aid Cluster				
Federal Supplemental Education Opportunity Grants	84.007	-	\$ -	\$ 752,363
Federal Work-Study Program	84.033	-	-	479,557
Federal Pell Grant Program	84.063	-	-	30,164,014
Federal Direct Student Loans	84.268	-	-	25,985,401
Total Student Financial Assistance Cluster			-	57,381,335
Childcare Access Means Parents in School	84.335A	P335A140013	-	109,750
Discretionary/Competitive Grants to States	84.013A	P031A150121	-	314,706
US-Mexico International Business & Logistics Cross Cultural Studies Program	84.016A	P016A160048	-	29,478
Pass-Through From:				
Texas Workforce Commission				
Adult Education Basic Grants to States	84.002A	1416AEL001	-	54,090
Adult Education Basic Grants to States	84.002A	1416AEL002	-	91,601
Adult Education Basic Grants to States	84.002A	1416AEL006	69,596	212,155
Adult Education Basic Grants to States	84.002A	1416AEL006	-	178
Adult Education Basic Grants to States	84.002A	1416AEL006	125,614	1,628,290
Adult Education Basic Grants to States	84.002A	1416AEL006	29,319	59,388
Adult Education Basic Grants to States	84.002A	2916AEL012	-	137,142
Adult Education Basic Grants to States	84.002A	1416AEL006	-	34,002
Adult Education Basic Grants to States	84.002A	1416AEL006	-	2,965
Adult Education Basic Grants to States	84.002A	1416AEL006	-	34,214
Adult Education Basic Grants to States	84.002A	-	-	609
Total CFDA 84.002			224,529	2,254,634
Texas Higher Education Coordinating Board				
Career and Technical Education - Basic Grants to States	84.048	174220	-	758,171
Career and Technical Education - Leadership Grant	84.048	17578	16,398	98,738
Career and Technical Education - Leadership Grant	84.048	17577	-	67,440
Total CFDA 84.048			16,398	924,349
Researcher-Practitioner Partnerships in Education Research	84.305H	17548	-	18,664
Texas Success Center				
Temporary Assist For Needy Families	93.558	TSC-CPP	-	109,256
Education Service Center, Region 13				
Twenty First Century Community Learning Centers	84.287C	176950247110022	-	5,870
Twenty First Century Community Learning Centers	84.287C	176950247110022	-	67,641
Total CFDA 84.287C			-	73,511
TOTAL U.S. DEPARTMENT OF EDUCATION			240,927	61,215,683
U.S. DEPARTMENT OF LABOR				
Pass-Through From:				
Northern Virginia Community College				
Trade Adjustment Assistance Community College and Career Training Grant	17.282	TC-23776-12-60-A-51	-	54,594
Forsyth Community College				
Trade Adjustment Assistance Community College and Career Training Grant	17.282	TC-23761-12-60-A-37	-	4,432
Total CFDA 17.282			-	59,026
Texas Workforce Commission				
Employment Service/Wagner-Peyser Funded Act	17.207	1416WPB001	-	277,769
Workforce Innovation and Opportunity Act				
Workforce Innovation and Opportunity Act WIOA Education & Human Resources	17.258	2916INT003	-	451,817
	17.278	1416WOS000	-	24,778
			-	476,595
TOTAL U.S. DEPARTMENT OF LABOR			-	813,390

Notes to Schedule on Following Page

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended August 31, 2017

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures and Pass Through Disbursements
NATIONAL SCIENCE FOUNDATION				
Direct Programs:				
Education and Human Resources	47.076	DUE-1501207	-	925,262
Geosciences	47.050	1600177	-	93,694
Pass-Through From:				
City College of San Francisco				
Education and Human Resources	47.076	DUE-1400721	-	36,765
Rochester Institute of Technology				
Education and Human Resources	47.076	DUE-1501756	-	50,667
Total CFDA 47.076			-	87,432
TOTAL NATIONAL SCIENCE FOUNDATION			-	1,106,388
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				
Pass-Through Form:				
San Jacinto Community College	43.008	-	-	4,562
TOTAL NATIONAL AERONAUTICS AND SPACE ADMINISTRATION			-	4,562
EDUCATION CORPORATION OF NATIONAL AND COMMUNITY SERVICE				
Pass-Through From				
AARP Foundation				
Social Innovation Fund	94.019	INC-2015-03-0001	-	132,035
Social Innovation Fund	94.019	INC-2017-02-0075	-	135,600
TOTAL CORPORATION OF NATIONAL AND COMMUNITY SERVICE			-	267,635
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Pass-Through From:				
Texas Workforce Commission				
Temporary Assistance for Needy Families	93.558	1416AEL006	160,124	160,124
University of Texas Medical Branch at Galveston, East Texas AHEC				
Area Health Education Centers Point of Service Maintenance and Enhancement Awards	93.107	5U77HP01066-14-00	-	92,157
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			160,124	252,281
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 401,051	\$ 63,659,939

Notes to Schedule on Following Page

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
For The Year Ended August 31, 2017

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule E) includes the federal award activity of Austin Community College under programs of the federal government for the year ended August 31, 2017. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only the a selected portion of the operations of Austin Community College, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Austin Community College.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING SCHEDULE

The expenditures included in the schedule are reported on the accrual basis for the College's fiscal year. Such expenditures are recongnized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are no allowable or are limited as to reimbursement. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds that have been expended by the College for the purposes of the award. The expenditures reported above may not have been reimbursed by the funding agencies as of the end of the fiscal year. Some amounts reported in the schedule may differ from amounts used in the preparation of the basic financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the schedule.

NOTE 3: FEDERAL STUDENT LOAN PROGRAM

During the fiscal year ended August 31, 2017, Austin Community College issued new loans to students under the Federal Direct Student Loan Program (FDLP). The loan program includes subsidized and unsubsidized Stafford Loans, Parent PLUS Loans and PLUS Loans for students. The value of loans issued for the FDLP is based on disbursed amounts. The loan amounts issued during the year are disclosed on the Schedule. Austin Community College is responsible only for the performance of certain administrative duties with respect to the federally guaranteed student loan programs and, accordingly, balances and transactions relating to these loan programs are not included in Austin Community College's financial statements. Therefore, it is not practicable to determine the balance of loans outstanding to students and former students of Austin Community College at August 31, 2017.

NOTE 4: INDIRECT COST RATE

The College has elected not to use the 10% de Minimis indirect cost rate allowed under the Uniform Guidance.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
For The Year Ended August 31, 2017

Section I. Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None Reported

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

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) _____ Yes X No

Identification of Major Federal Programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.007, 84.033, 84.063, 84.268	Student Financial Assistance Cluster
94.019	Social Innovation Fund
Dollar threshold used to distinguish between type A and type B programs:	\$ <u>750,000</u>
Auditee qualified as low-risk auditee?	<u> X </u> Yes _____ No

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
For The Year Ended August 31, 2017

Section II. Findings Relating to the Financial Statement Audit as Reported in Accordance with *Government Auditing Standards*

(A) Internal Control

No matters were reported.

(B) Compliance Findings

No matters were reported.

Section III. Findings and Questioned Costs for Federal Awards

(A) Internal Control

No matters were reported.

(B) Compliance Findings

No matters were reported.

THIS PAGE IS INTENTIONALLY LEFT BLANK

STATE SINGLE AUDIT SECTION

**Report on Compliance for Each Major State Program and
Report on Internal Control Over Compliance as Required by
the State of Texas *Single Audit Circular***

Independent Auditor's Report

To the Board of Trustees
Austin Community College District

Report on Compliance for Each Major State Program

We have audited the Austin Community College District's (the College) compliance with the types of compliance requirements described in the State of Texas *Single Audit Circular* that could have a direct and material effect on each of the College's major state programs for the year ended August 31, 2017. The College's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of State Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

THIS PAGE IS INTENTIONALLY LEFT BLANK

Opinion on Each Major State Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended August 31, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the State of Texas *Single Audit Circular* and which are described in the accompanying Schedule of State Findings and Questioned Costs as items 2017-002 and 2017-003. Our opinion on each major state program is not modified with respect to these matters.

The College's responses to noncompliance findings identified in our audit are described in the accompanying the Schedule of State Findings and Questioned Costs. The College's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that 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 State Findings and Questioned Costs as item 2017-001 that we consider to be a significant deficiency.

THIS PAGE IS INTENTIONALLY LEFT BLANK

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

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

RSM US LLP

Austin, Texas
December 20, 2017

THIS PAGE IS INTENTIONALLY LEFT BLANK

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended August 31, 2017

<u>Grantor Agency/Program Title</u>	<u>Grant Contract Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Expenditures</u>
Texas Higher Education Coordinating Board			
Central Texas Pathways	16157	\$ -	\$ 18,007
Fifth Year Accounting Scholarship	-	-	5,914
Integrated Reading & Writing	12079/12864	-	28,889
Nursing Shortage Reduction Program Over 70 FY 2014	-	-	12,549
Nursing Innovation Grant Program 2017-2018	18020	-	149,106
(T-STEM) Challenge Scholarship Program	16894	-	322,371
Texas Grant Fund	13099	-	2,652
Texas Education Opportunity Grant	36002	-	1,694,963
Texas Education	36010	-	2,074
Texas College Fund 2017	22339	-	108,669
Texas College Fund 2018	22339	-	653
Work Study Student Mentorship Program	15547	-	8,844
Total Higher Education Coordinating Board		-	2,354,691
Texas Comptroller Of Public Accounts			
Law Enforcement Education	-	-	2,400
Office Of The Governor Of The State of Texas			
Texas Technology Fund	-	-	1,405,608
Texas Workforce Commission			
TWC ATM Phase II	1416SDF000	-	785,230
Lone Star College System	2815SDF005	-	5,352
EPIC Piping LLC	1415SDF003	-	266,141
Skills for Small Business 17-18	1417SSD000	-	793
Skills for Transition Program	1417SDF000	-	2,200
Skills for Small Business 15-16	1415SSD000	-	3,569
ACC-ARMA Consortium	1417SDF001	-	130,954
Visa Skill Development Fund Phase II	1415SDF001	-	120,283
Total Texas Workforce Commission		-	1,314,522
Texas Commission On State Emergency Communications			
Enterprise Geospatial Data Management System (EGDMS)	ICC no. 477.6.117	-	29,470
U.S. Department Education			
Pass-Through From:			
Texas Workforce Commission			
Adult Education Basic Grants to State	1416AEL006	335,244	335,244
U.S. Department Of Health and Human Services			
University of Texas Medical Branch at Galveston, East TX AHEC	-	-	123,872
Capital Area Council of Governments			
Emission Reduction Technology	-	-	29,450
General Land Office			
GIS Internship Grant	17-211-000	-	5,626
GLO GIS Summer FY 2017 Internship	17-211-000-WOA540	-	2,064
Total Expenditures of State Awards		<u>\$ 335,244</u>	<u>\$ 5,602,947</u>

Notes to Schedule on Following Page

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE AWARDS
For The Year Ended August 31, 2017

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of state awards (Schedule F) includes the state award activity of Austin Community College under programs of the state government for the year ended August 31, 2017. The information in this Schedule is presented in accordance with the requirements of the state. Because the Schedule presents only the a selected portion of the operations of Austin Community College, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Austin Community College.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING SCHEDULE

The accompanying schedule is presented using the accrual basis of accounting. The expenditures included in the schedule are reported for the College's fiscal year. Such expenditures are reconized following the cost principles contained in the State of Texas *Single Audit Circular*, wherein certain types of expenditures are no allowable or are limited as to reimbursement. Expenditure reports to funding agencies are prepared on the award period basis.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

SCHEDULE OF STATE FINDINGS AND QUESTIONED COST
For The Year Ended August 31, 2017

Section I. Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

State Awards:

Internal control over major state programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies)? X Yes _____ None Reported

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

- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of the State of Texas *Single Audit Circular*? X Yes _____ No

Identification of Major State Programs:

<u>State Identifying Number</u>	<u>Name of State Program</u>
36002	Texas Education Opportunity Grant (tested as part of the Student Financial Assistance Cluster)
16894	Texas Science, Technology, Engineering and Mathematics (T-STEM) Challenge Scholarship Program

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X Yes _____ No

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS
For The Year Ended August 31, 2017

Section II. Findings Relating to the Financial Statement Audit as Reported in Accordance with *Government Auditing Standards*

(A) Internal Control

No matters were reported.

(B) Compliance Findings

No matters were reported.

Section III. Findings and Questioned Costs for State Awards

(A) Significant Deficiency in Internal Control

Finding 2017-001: Student Eligibility

**Texas Higher Education Coordinating Board
Texas Science, Technology, Engineering and Mathematics (T-STEM)
Challenge Scholarship Program (State Contract #16894)
State Award Year: 2016-2017**

Criteria: State of Texas *Single Audit Circular* requires effective control and accountability to be maintained for all grants and that grantees must ensure resources are used solely for authorized purposes.

Condition: The internal controls over the determination of eligibility for students awarded the T-STEM grant were not consistently operating effectively. The secondary review of the eligibility determination did not detect all instances when students were improperly awarded the scholarship.

Context: In performing procedures over student eligibility, three instances out of the 60 tested were identified wherein the secondary review did not detect the student had been improperly determined to be eligible. Two of the instances were due to mathematical errors. The third instance was due to improperly assessing the student as an initial recipient.

Cause: The secondary review was not operating effectively to detect all errors in eligibility determination.

Effect: Improper awarding of T-STEM scholarship funds occurred.

Questioned costs: Known questioned costs amounted to \$3,750. Likely questioned costs amounted to \$15,681.

Recommendation: The College should consider retraining its staff to ensure all mathematical computations and student status are verified during the review phase.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS
For The Year Ended August 31, 2017

Management's response: Management agrees with this finding. To better determine whether a student is an initial applicant, the financial aid office is working with IT to develop an automated system. The automated system will serve as a report to determine if the student is an initial applicant and whether student has been previously awarded. In the interim, a spreadsheet has been created to identify previous applicants while the automated solution is being developed. To improve the calculation accuracy when determining the high school math and science GPA requirement, the Financial Aid Office has developed a tested High School GPA Calculation. This calculator is tested prior to the start of each semester by financial aid staff, and can be used for most applicants submitting a U.S. high school transcript with a number graded between 0-100 or letter grades A-F. Transcripts can come from various entities such as public, private, in-state, out-of-state, international, or a high school equivalency certification. The different grades and credit schemas pose challenges in determining the high school GPA for only the math and science scores. The HS GPA Calculator was created to aid in the prevention of future errors.

(B) Compliance Findings

Finding 2017-002: Student Eligibility

**Texas Higher Education Coordinating Board
Texas Science, Technology, Engineering, and Mathematics (T-STEM)
Challenge Scholarship Program (State Contract #16894)
State award year: 2016-2017**

See Finding 2017-001 for student eligibility finding.

Finding 2017-003: Business Partnerships

**Texas Higher Education Coordinating Board
Texas Science, Technology, Engineering, and Mathematics (T-STEM)
Challenge Scholarship Program (State Contract #16894)
State award year: 2016-2017**

Criteria: Per Texas Education Code Section 61.9794, to qualify as an eligible institution the College must develop partnerships with business and industry to identify local employment needs and to provide part-time employment for students in T-STEM programs. In addition, employment needs shall be documented for each year of the grant term.

Condition: The College established one partnership with a business; however, the College did not further develop or document this partnership to identify local employment needs in T-STEM fields or to provide part-time employment for students in a T-STEM program.

Context: In performing procedures in review of the business partnerships and employment needs, we noted the College did not have formal documentation of the employment needs or opportunities for part-time employment for T-STEM students.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS
For The Year Ended August 31, 2017

Cause: Attempts to secure additional business and industry partners and provide part-time employment for students in a T-STEM program were attempted but were unsuccessful.

Effect: The College did not identify local employment needs in T-STEM fields nor were students offered opportunities for part-time employment through business and industry partners.

Questioned costs: None

Recommendation: The College should consider the design of its procedures to ensure partnerships with business and industry are developed, local employment needs are determined and that business partnerships created provide opportunities for part-time employment for T-STEM students.

Management's response: Management agrees with this finding. The College does have established business and industry partnerships through individual advisory boards developed by each department. These advisory boards serve to determine the local employment and educational needs and to develop job opportunities for students. While attempts were made by the financial aid office to further develop these relationships, the letters sent to the business and industry partners were largely ignored. After discussion between the Financial Aid Office and the Academic Department Deans, the college has re-evaluated its efforts to develop these relationships and how to improve participation. Since the partnerships have been developed at the academic department level and not the Financial Aid Office, the Academic Deans have agreed to send the Letters of Understanding from their individual departments. We anticipate increased participation due to the pre-existing professional relationships between the Department Deans and Business and Industry contacts.



AUSTIN COMMUNITY COLLEGE DISTRICT
5930 MIDDLE FISKVILLE ROAD
AUSTIN, TEXAS 78752