

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

fiscal years

2017
2018

FOR THE FISCAL YEARS ENDED AUGUST 31, 2018 & 2017
AUSTIN COMMUNITY COLLEGE DISTRICT • TEXAS



Austin Community College District
Austin, Texas

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Years Ended August 31, 2018 and 2017

Prepared by
Finance and Administration
Austin Community College District

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INTRODUCTORY SECTION



AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

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Austin, Texas**

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AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

BOARD OF TRUSTEES AND KEY OFFICERS
August 31, 2018

BOARD OF TRUSTEES

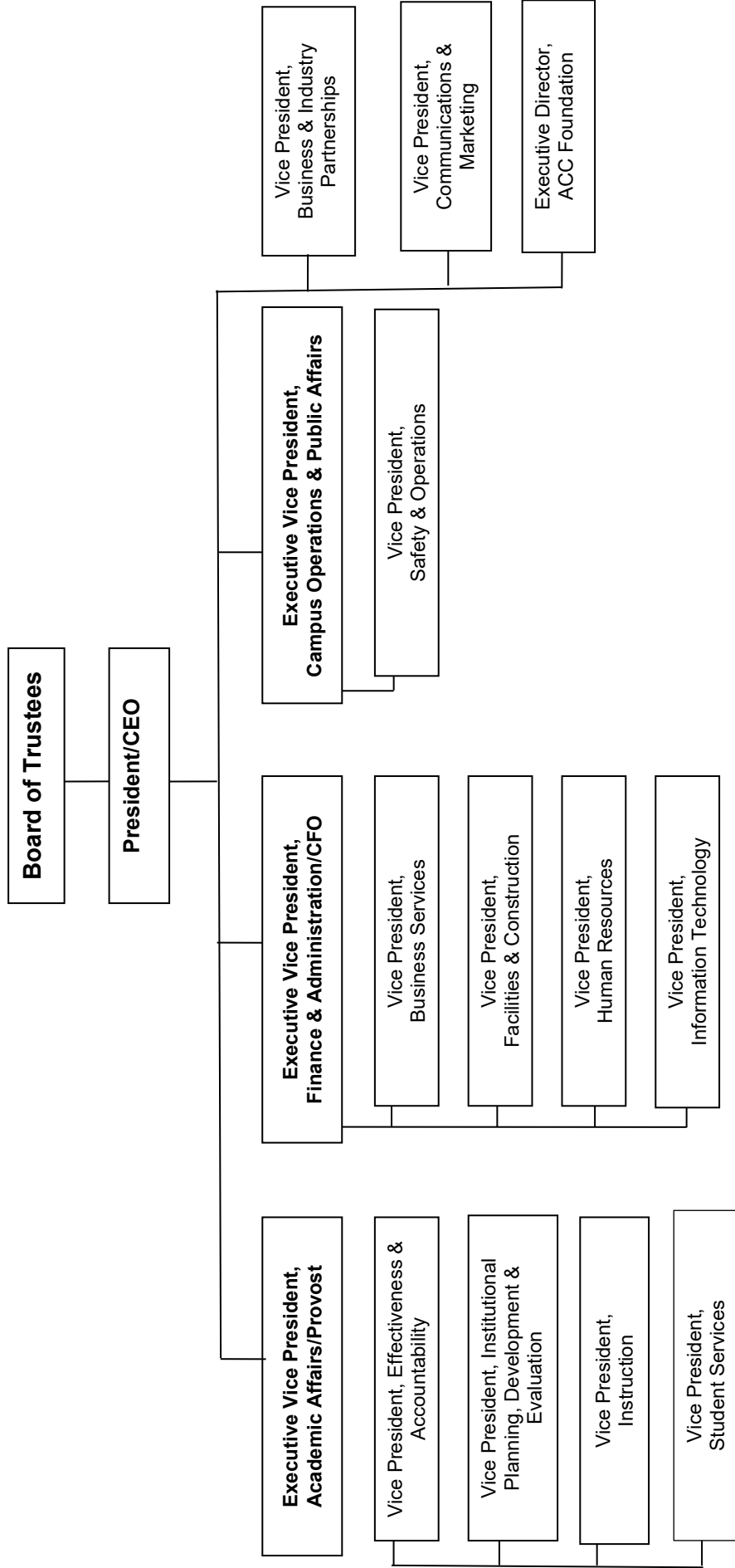
<u>Place #</u>	<u>Members</u>	<u>Term Expires</u>
1	Mr. Mark J. Williams, Secretary	November 2020
2	Ms. Gigi Edwards Bryant, Vice Chair	November 2020
3	Dr. Nan McRaven	November 2020
4	Mr. Sean Hassan	November 2022
5	Ms. Nicole Eversmann	November 2022
6	Dr. Nora de Hoyos Comstock	November 2022
7	Dr. Barbara 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, Academic Affairs/Provost
Dr. Molly Beth Malcolm	Executive Vice President, Campus Operations & Public Affairs
Mr. Neil Vickers, CPA	Executive Vice President, Finance & Administration/CFO
Mr. Garrett Groves	Vice President, Business & Industry Partnerships
Ms. Angela Hodge	Vice President, Business Services
Ms. Brette Lea	Vice President, Communications & Marketing
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. Imad Costantini	Vice President, Information Technology
Dr. Mary E. Harris	Vice President, Institutional Planning, Development and Eval.
Mr. Mike Midgley, CPA	Vice President, Instruction
Dr. Wayne Maines	Vice President, Safety & Operations
Dr. Virginia Fraire	Vice President, Student Services
Ms. Stephanie Dempsey	Executive Director, ACC Foundation

AUSTIN COMMUNITY COLLEGE DISTRICT
 Austin, Texas

ORGANIZATIONAL CHART
 August 31, 2018





Dr. Richard M. Rhodes • President/CEO

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

December 17, 2018

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, 2018, 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, including appropriate applied baccalaureate degrees, 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:

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 2017 population of the Austin-Round Rock MSA was 2,112,172 and increase of 23.0 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 1,132,896 in 2017 to 1,179,861 in 2018. The unemployment rate in 2018 was 3.0 percent, which is significantly lower than the statewide unemployment rate of 3.9 percent, and the national unemployment rate of 3.9 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.

The College's financial position has been strengthening over the last three years, including a \$26.3 million increase in net position in 2018. This strength 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. The local economy is very strong, 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 and it was relatively unchanged for the 2018-2019 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 facility 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 plan for the future. During 2018, 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 2019, 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 outlined 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, 2017. It was the fifteenth 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,



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

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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, 2017

Christopher P. Morill

Executive Director/CEO

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these 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, 2018. 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. 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

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

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

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, 2018, 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.

Emphasis of Matter

As described in Note 24 to the financial statements, effective September 1, 2017, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)*. Our opinion is not modified with respect to this matter.

Other Matter—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, Schedule of College's Proportionate Share of Net OPEB-ERS Liability, Schedule of Funding Progress, Other Postemployment Benefits and Notes to Required Supplemental Information of Net Other Postemployment Benefits Liability, 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 GASB, 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 Matter—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.

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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 Matter—Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2018, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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, 2018

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MANAGEMENT'S DISCUSSION AND ANALYSIS

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

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, 2018 (Fiscal Year 2018), 2017 (Fiscal Year 2017), and 2016 (Fiscal Year 2016), 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 2018 and 2017 is shown on separate pages behind the College's basic financial statements. Refer to Notes 1 and 25 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 established 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.

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.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

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.

Condensed Statement of Net Position

(in Millions)

	August 31			Change	
	2018	2017	2016	2017 to 2018	2016 to 2017
Assets					
Current Assets	\$ 180.1	\$ 161.1	\$ 139.7	\$ 19.0	\$ 21.4
Capital Assets, Net of Accum. Deprec.	685.3	571.6	500.5	113.7	71.1
Other Noncurrent Assets	299.6	153.5	219.7	146.1	(66.2)
Total Assets	<u>1,165.0</u>	<u>886.2</u>	<u>859.9</u>	<u>278.8</u>	<u>26.3</u>
Deferred Outflows of Resources	14.0	17.9	21.2	(3.9)	(3.3)
Liabilities					
Current Liabilities	105.9	97.2	83.3	8.7	13.9
Noncurrent Liabilities	1,020.8	721.7	738.4	299.1	(16.7)
Total Liabilities	<u>1,126.7</u>	<u>818.9</u>	<u>821.7</u>	<u>307.8</u>	<u>(2.8)</u>
Deferred Inflows of Resources	24.3	6.3	7.4	18.0	(1.1)
Net Position					
Net Investment in Capital Assets	78.9	62.2	45.5	16.7	16.7
Restricted: Expendable	15.8	16.1	15.8	(0.3)	0.3
Unrestricted (Deficit)	(66.7) ^(a)	0.6	(9.3)	(67.3)	9.9
Total Net Position	<u>\$ 28.0</u>	<u>\$ 78.9</u>	<u>\$ 52.0</u>	<u>\$ (50.9)</u>	<u>\$ 26.9</u>

Note:

(a) To reflect the adoption of GASB 75, beginning net position was restated to record the beginning net Other Postemployment Benefits liability and related deferred inflows and outflows as of the beginning of the fiscal year.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

Since 2016, the College has increased its total assets before considering liabilities by \$305.1 million, most of which is related to real estate acquisitions and facility construction. Total assets increased from 2017 to 2018 by \$278.8 million, most of which is related to facility construction and the addition of unspent bond proceeds resulting from issuances of debt during 2018 (see Debt Administration section below). Unrestricted cash and investments increased by \$14.0 million, which reflects the College's positive operating results, on a cash basis.

Total liabilities increased from 2017 to 2018 by \$307.8 million. This increase was primarily due to issuance of bonds (see Debt Administration section below), along with the implementation of GASB Statement No. 75, *Accounting Financial Reporting for Postemployment Benefits other than Pensions (OPEB)* resulted in a \$77.2 million increase in OPEB Liability and deferred outflows (Refer to Note 24 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 \$28.0 million in 2018, \$78.9 in 2017, and \$52.0 million in 2016. This year's \$50.9 million decrease in Total Net Position was due to the implementation of GASB Statement No. 75 and the resulting \$77.2 million increase to the OPEB liability at September 1, 2017. Without the effect of GASB Statement No. 75, the operating performance of the College was positive, and included an increase in Total Net Position of \$26.3 million and increase in Unrestricted Net Position of \$9.9 million. The \$26.9 million increase in Total Net Position in 2017 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 ad valorem 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)

	<u>Fiscal Year</u>			<u>Change</u>	
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2017 to</u> <u>2018</u>	<u>2016 to</u> <u>2017</u>
Operating Revenues					
Tuition and Fees, net	\$ 64.2	\$ 69.3	\$ 64.3	\$ (5.1)	\$ 5.0
Grants and Contracts	14.3	15.8	16.9	(1.5)	(1.1)
Auxiliary Enterprises	1.9	1.6	1.4	0.3	0.2
Other Operating Revenues	6.3	7.3	9.5	(1.0)	(2.2)
Total Operating Revenues	<u>86.7</u>	<u>94.0</u>	<u>92.1</u>	<u>(7.3)</u>	<u>1.9</u>
Operating Expenses	<u>331.9</u>	<u>318.0</u>	<u>303.8</u>	<u>13.9</u>	<u>14.2</u>
Operating Loss	<u>(245.2)</u>	<u>(224.0)</u>	<u>(211.7)</u>	<u>(21.2)</u>	<u>(12.3)</u>
Non-Operating Revenues (Expenses)					
State Appropriations	62.8	61.8	62.5	1.0	(0.7)
Ad Valorem Taxes	199.4	182.8	159.2	16.6	23.5
Federal Revenue, Non Operating	33.3	30.9	32.7	2.4	(1.8)
Investment Income	4.8	3.2	1.9	1.6	1.2
Interest on Capital-Related Debt	(27.5)	(27.7)	(26.9)	0.2	(0.8)
Gains on Disposal of Capital Assets	(1.3)	-	-	(1.3)	-
Net Non-Operating Revenues	<u>271.5</u>	<u>250.9</u>	<u>229.4</u>	<u>20.6</u>	<u>21.5</u>
Increase In Net Position	26.3	26.9	17.7	(0.6)	9.1
Net Position					
Net Position, Beginning of Year	1.7 (a)	52.0	34.3	(50.3)	17.7
Net Position, End of Year	<u>\$ 28.0</u>	<u>\$ 78.9</u>	<u>\$ 52.0</u>	<u>\$ (50.9)</u>	<u>\$ 26.9</u>

Note:

(a) To reflect the adoption of GASB 75, beginning net position was restated to record the beginning net Other Postemployment Benefits liability and related deferred inflow and outflows as of the beginning of the fiscal year.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

Key Factors impacting total revenues:

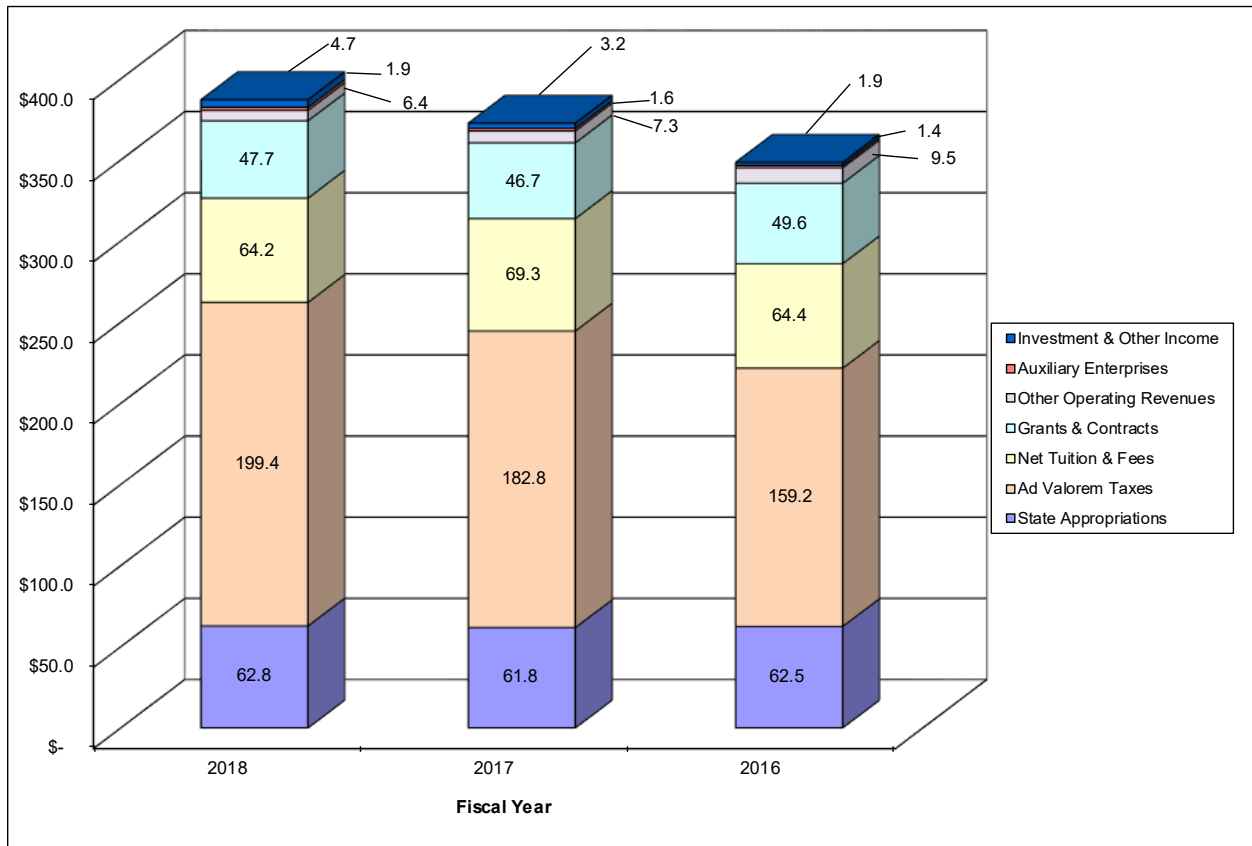
- State appropriations, which are categorized as non-operating revenues, were \$62.8 million in 2018, an increase of \$1.0 million over 2017. In 2017, state appropriations were \$61.8, a decrease of \$0.7 million over 2016. Over the last three years, enrollments have been relatively unchanged and as such state appropriation have also been unchanged.
- Tuition and Fees, net of discounts, were down \$5.1 million in 2018. This decrease was due to a slight reduction in total enrollments of about 1% along with a greater share of those enrollments being funded by Federal Aid; thereby, resulting in an increase in the “discounted tuition”. In 2017, Tuition and Fees, net of discounts, increased by \$4.9 million primarily due to a rise in the Out of District Fee to \$56 per credit hour. Tuition and Fees accounted for 16.6% of total revenue in the current year, compared to 18.6 % in 2017 and 18.5% in 2016.
- Grants and Contracts revenue increased by \$1.0 million from 2017 to 2018 due to the College being awarded additional grants.
- Auxiliary Enterprises and Other Operating Revenue, which includes bookstores, vending, specific continuing education programs, miscellaneous fees, property rental, and testing fees, have decreased by \$2.7 million since 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 \$16.7 million in 2018, and increased by \$23.5 million in 2017. More specifically, the College recognized \$199.4 million of ad valorem tax revenue in 2018, \$182.8 million in 2017, and \$159.2 million in 2016. The 2018 increase was due to a growing local economy and the resulting increases in the taxable value of existing real estate and the addition of new properties. The increase in 2017 is partially due to the increases in the debt service tax rate resulting from the November 2014 tax bond referendum approved by College voters; in addition to valuation and new property growth in the local tax base. Ad valorem taxes in 2018 were 51.5% of total revenues compared to 49.0% in 2017 and 45.7% in 2016. See the graphical illustration on the next page.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

Total Revenue by Source
(In Millions)

	<u>Fiscal Year</u>			<u>Change</u>	
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2017 to 2018</u>	<u>2016 to 2017</u>
Revenue Sources:					
State Appropriations	\$ 62.8	\$ 61.8	\$ 62.5	\$ 1.0	\$ (0.7)
Ad Valorem Taxes	199.4	182.8	159.2	16.6	23.6
Net Tuition & Fees	64.2	69.3	64.4	(5.1)	4.9
Grants & Contracts	47.7	46.7	49.6	1.0	(2.9)
Other Operating Revenues	6.4	7.3	9.5	(0.9)	(2.2)
Auxiliary Enterprises	1.9	1.6	1.4	0.3	0.2
Investment & Other Income	4.7	3.2	1.9	1.5	1.3
Total Revenue	\$ 387.1	\$ 372.7	\$ 348.5	\$ 14.5	\$ 24.2

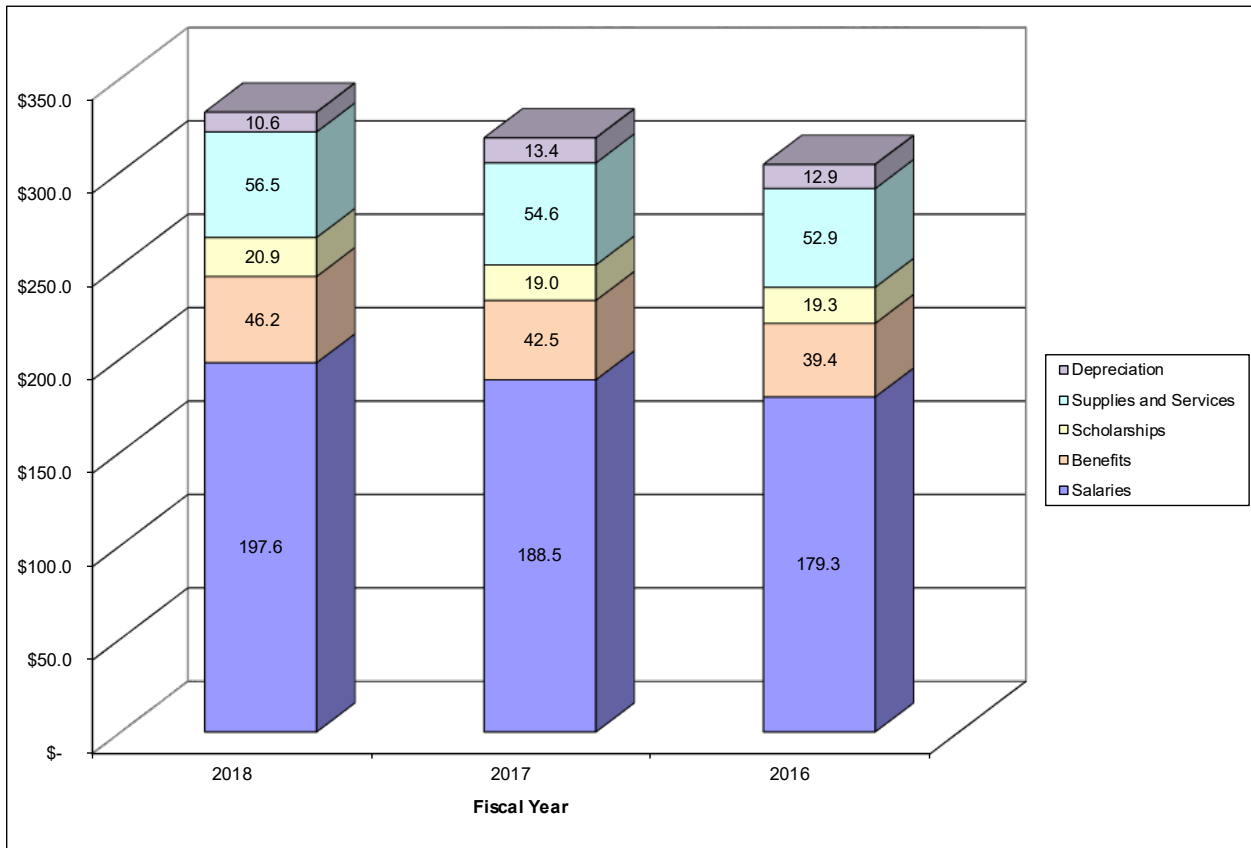


AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

Operating Expenses - Natural Classification
(In Millions)

	<u>Fiscal Year</u>			<u>Change</u>	
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2017 to</u> <u>2018</u>	<u>2016 to</u> <u>2017</u>
Operating Expenses:					
Salaries	\$ 197.6	\$ 188.5	\$ 179.3	\$ 9.1	\$ 9.2
Benefits	46.2	42.5	39.4	3.7	3.1
Scholarships	20.9	19.0	19.3	1.9	(0.3)
Supplies and Services	56.5	54.6	52.9	1.9	1.7
Depreciation	10.6	13.4	12.9	(2.8)	0.5
Total Operating Expenses	<u>\$ 331.8</u>	<u>\$ 318.0</u>	<u>\$ 303.8</u>	<u>\$ 13.8</u>	<u>\$ 14.2</u>



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 \$9.1 million and \$9.2 million in 2018 and 2017, respectively. This increase was primarily due to employee salary raises of 3-4% approved for both years. Additionally, the College added staff in support of various student success initiatives, including expansions in student academic advising.
- In 2018 and 2017, benefits expense increased by \$3.7 million and \$3.1 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 2018 were \$20.9 million, compared to \$19.0 million in 2017 and \$19.3 million in 2016. The increase in 2018 was due to a higher portion of tuition and fees being funded by Federal Title IV funds.
- Supplies and services slightly increased by \$3.6 million or 6.8% since 2016. The increase is primarily due to the expansion of facilities over that time.
- Depreciation expense remained relatively unchanged with a slight decrease since 2016.

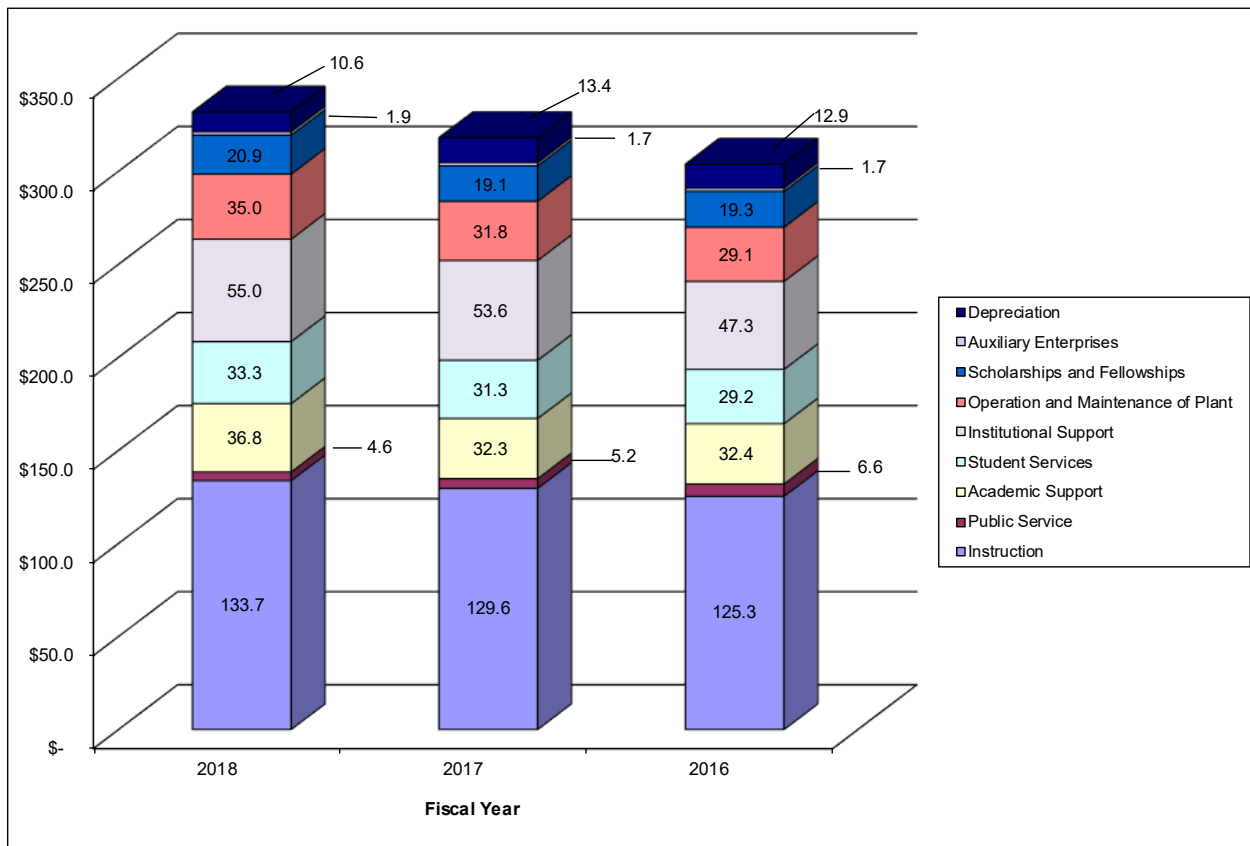
AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

In 2018 and 2017, the functional expense increases were due to salary increases and higher benefits costs as noted above.

Operating Expenses - Functional Classification
(In Millions)

	Fiscal Year			Change	
	2018	2017	2016	2017 to 2018	2016 to 2017
Operating Expenses:					
Instruction	\$ 133.7	\$ 129.6	\$ 125.3	\$ 4.1	\$ 4.3
Public Service	4.6	5.2	6.6	(0.6)	(1.4)
Academic Support	36.8	32.3	32.4	4.5	(0.1)
Student Services	33.3	31.3	29.2	2.0	2.1
Institutional Support	55.0	53.6	47.3	1.4	6.3
Operation and Maintenance of Plant	35.0	31.8	29.1	3.2	2.7
Scholarships and Fellowships	20.9	19.1	19.3	1.8	(0.2)
Auxiliary Enterprises	1.9	1.7	1.7	0.2	-
Depreciation	10.6	13.4	12.9	(2.8)	0.5
Total Operating Expenses	\$ 331.8	\$ 318.0	\$ 303.8	\$ 13.8	\$ 14.2



AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

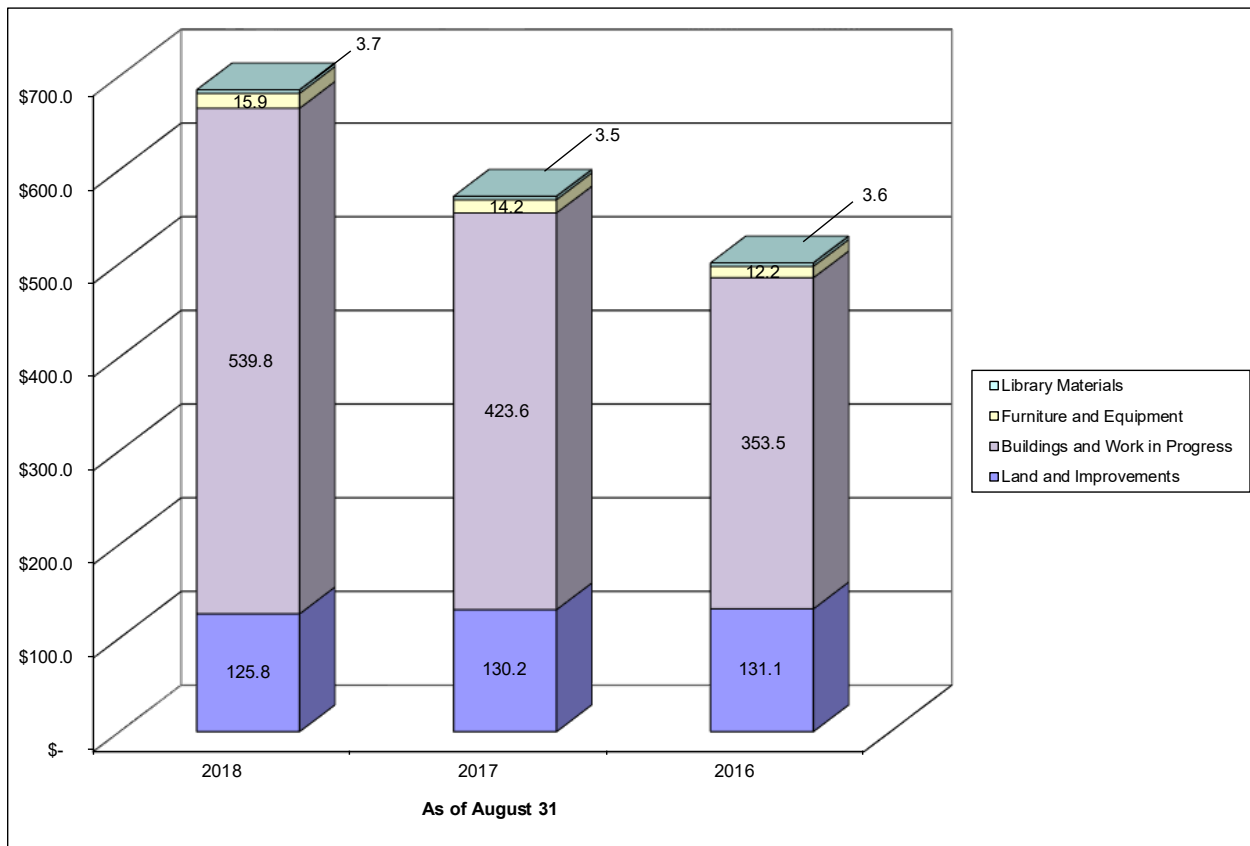
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

Capital Assets

The College had \$685.3 million, \$571.6 million, and \$500.5 million net capital assets, at August 31, 2018, 2017, and 2016, respectively. The amount of accumulated depreciation was \$138.0 million, \$128.7 million and \$117.3 million for fiscal years 2018, 2017, and 2016, respectively. Depreciation charges totaled \$10.7 million, \$13.4 million and \$12.9 for fiscal years 2018, 2017, and 2016, respectively.

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

	<u>August 31</u>			<u>Change</u>	
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2017 to</u> <u>2018</u>	<u>2016 to</u> <u>2017</u>
Capital Assets, Net:					
Land and Improvements	\$ 125.8	\$ 130.2	\$ 131.1	\$ (4.4)	\$ (0.9)
Buildings and Work in Progress	539.8	423.6	353.5	116.2	70.1
Furniture and Equipment	15.9	14.2	12.2	1.7	2.0
Library Materials	3.7	3.5	3.6	0.2	(0.1)
Works of Art	0.1	0.1	0.1	-	-
Total Capital Assets, Net	<u>\$ 685.3</u>	<u>\$ 571.6</u>	<u>\$ 500.5</u>	<u>\$ 113.7</u>	<u>\$ 71.1</u>



AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

Changes in net capital assets are the result of acquisitions, improvements, disposals, and changes in accumulated depreciation. In 2018 and 2017, the College began construction on several major projects and completed others as part of the voter-approved 2014 bond referendum. As such, for 2018 there was an ending balance in Construction in Progress of \$127.3 million which represents an increase of \$9.9 million, plus an increase of \$110.6 million in Buildings.

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 instead 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 because land is assumed to have an unlimited useful life.

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

Debt Administration

On August 31, 2018, the College had approximately \$922.6 million in outstanding debt, compared to \$680.4 million in 2017; and \$701.2 million in 2016. The increase of \$242.2 million in 2018 is due to the new bond issuances, partially offset by payments applied towards the principal. The debt decrease in 2017 of \$20.8 million was the result of paying down the principal.

Outstanding Debt at Year End
(In Millions)

	August 31			Change	
	2018	2017	2016	2017 to 2018	2016 to 2017
Outstanding Debt:					
Revenue Bonds	\$ 181.1	\$ 172.8	\$ 178.6	\$ 8.3	\$ (5.8)
General Obligation Bonds	449.4	323.7	334.7	125.7	(11.0)
Lease Revenue Bonds - PFC	290.7	182.1	187.7	108.6	(5.6)
Capital Leases	0.9	1.2	0.2	(0.3)	1.0
Notes Payable	0.5	0.6	-	(0.1)	0.6
Total Outstanding Debt	<u>\$ 922.6</u>	<u>\$ 680.4</u>	<u>\$ 701.2</u>	<u>\$ 242.2</u>	<u>\$ (20.8)</u>

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

On February 06, 2018, the College issued \$35,700,000 in Lease Revenue Bonds, Series 2018A and \$15,000,000 in Lease Revenue Bonds Taxable, Series 2018B. The Series 2018A and 2018B bonds were issued to finance the cost of construction and equipment of the Highland Campus – Building 3000 Project.

On June 01, 2018, the College issued \$14,020,000 in Combined Fee Revenue Building Bonds, Series 2018. The Series 2018 provides funds for the construction of a building to house a chilled water facility at the District's Highland Campus and to pay the costs of issuance for the Bonds

On June 01, 2018, the College issued \$55,685,000 in Lease Revenue Bonds, Series 2018C. The Series 2018C bonds were issued to finance the cost of construction and equipment of the Highland Campus – Parking Garage Project.

On August 01, the College issued \$127,300,000 in Limited Tax Bonds, Series 2018. The Series 2018 bonds were the third, and final, tranche of the 2014 bond referendum and shall be used for the construction, renovation, and equipment of College buildings district-wide.

The College did not issue any long-term debt in 2017, except for a small lease-purchase agreement of \$2.4 million used to acquire telecommunication equipment.

On August 17, 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 May 04, 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.

For 2018, 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.

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

**AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

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 the fiscal year 2019 are expected to be approximately \$63 million, in accordance with the funding awarded for the State's 2018-2019 biennium. This is unchanged from the appropriation received in 2018.

Ad valorem tax revenues in 2019 are projected to increase by \$26.7 million or 13.4% to \$226.1 million from \$199.4 million in 2018, and \$182.7 million in 2017. The expected increase in 2019 is a reflection of the strong local economy and due to valuations, new property growth in the local tax base, and issuance of general obligations bonds approved by the voters in 2014.

Tuition and fee revenue for 2019 is projected to be approximately \$65 million, which is unchanged compared to 2018. The College did not increase tuition rates for 2019, 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 its Student Success Goals. The College's 2019 budget is balanced and structurally sound.

BASIC FINANCIAL STATEMENTS

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATEMENTS OF NET POSITION
August 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 77,927,995	\$ 74,205,158
Restricted Cash & Cash Equivalents	27,040,079	34,530,864
Restricted Investments	11,174,377	-
Investments	32,636,551	22,340,916
Accounts Receivable (Net) (See Note 18)	20,085,451	21,840,695
Other Assets	6,460,417	5,799,410
Prepaid Expenses and Deposits	4,777,507	2,369,056
Total Current Assets	<u>180,102,377</u>	<u>161,086,099</u>
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	-	13,440,384
Restricted Investments	299,573,833	140,085,421
Capital Assets (Net) (See Note 7)	685,305,742	571,599,146
Total Noncurrent Assets	<u>984,879,575</u>	<u>725,124,951</u>
Total Assets	<u>1,164,981,952</u>	<u>886,211,050</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflow on OPEB Liability	2,091,712	-
Deferred Charge on Refunding Debt	804,086	6,421,555
Deferred Outflow on Pension Liability	11,153,332	11,524,111
Total Deferred Outflows	<u>14,049,130</u>	<u>17,945,666</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	19,668,896	20,799,645
Accrued Liabilities	11,039,731	9,817,971
Accrued Compensable Absences - Current Portion	1,075,299	3,625,071
Funds Held for Others	233,817	348,146
Unearned Revenues	47,893,974	45,210,624
Capital Leases - Current Portion	311,498	314,866
Notes Payable - Current Portion	144,215	131,163
Bonds Payable - Current Portion	25,526,574	17,028,745
Total Current Liabilities	<u>105,894,004</u>	<u>97,276,231</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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Noncurrent Liabilities:		
Accrued Compensable Absences	5,677,472	2,890,493
Unearned Revenues	-	39,583
OPEB Payable	70,373,017	3,456,743
Notes Payable	328,728	472,943
TRS Pension Liability	48,067,844	52,331,529
Capital Leases	612,599	924,097
Bonds Payable	895,707,137	661,587,986
Total Noncurrent Liabilities	<u>1,020,766,797</u>	<u>721,703,374</u>
Total Liabilities	<u>1,126,660,801</u>	<u>818,979,605</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflow on OPEB Liability	14,374,932	-
Deferred Inflow on Pension Liability	9,952,639	6,295,301
Total Deferred Inflows	<u>24,327,571</u>	<u>6,295,301</u>
NET POSITION		
Net Investment in Capital Assets	78,975,560	62,173,261
Restricted for:		
Expendable		
Scholarships	1,012,627	1,387,589
Departmental Activities	317,142	135,506
Debt Service	14,476,990	14,582,569
Unrestricted	(66,739,609)	602,885
Total Net Position (Schedule D)	<u>\$ 28,042,710</u>	<u>\$ 78,881,810</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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and Cash Equivalents	\$ 1,079,602	\$ 1,259,105
Investments (Note 25D)	9,441,298	7,575,284
Accrued Interest/Dividends Receivable	16,728	19,422
Promises to Give (Note 25E)	539,403	580,113
Total Assets	<u>11,077,031</u>	<u>9,433,924</u>
LIABILITIES AND NET ASSETS		
Liabilities	<u>-</u>	<u>-</u>
Net Assets		
Unrestricted	1,519,795	701,561
Temporarily Restricted (Note 25F)	3,011,691	2,851,596
Permanently Restricted (Note 25G)	6,545,545	5,880,767
Total Net Assets	<u>11,077,031</u>	<u>9,433,924</u>
Total Liabilities and Net Assets	<u>\$ 11,077,031</u>	<u>\$ 9,433,924</u>

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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES		
Tuition and Fees (Net of Discounts of \$41,390,590 and \$38,631,587, Respectively)	\$ 64,225,197	\$ 69,290,590
Federal Grants and Contracts	6,425,060	6,758,161
State Grants and Contracts	4,007,084	5,602,947
Local Grants and Contracts	167,916	178,004
Non-Governmental Grants and Contracts	3,695,431	3,201,805
Sales and Services of Educational Activities	2,362,437	3,444,197
Auxiliary Enterprises	1,903,053	1,613,027
General Operating Revenues	3,910,173	3,864,334
Total Operating Revenues (Schedule A)	<u>86,696,351</u>	<u>93,953,065</u>
OPERATING EXPENSES		
Instruction	133,711,741	129,651,186
Public Service	4,641,403	5,206,910
Academic Support	36,780,010	32,310,227
Student Services	33,320,713	31,317,498
Institutional Support	55,014,692	53,603,494
Operation and Maintenance of Plant	34,955,914	31,787,284
Scholarships and Fellowships	20,900,752	19,073,033
Auxiliary Enterprises	1,915,475	1,687,040
Depreciation	10,653,094	13,386,150
Total Operating Expenses (Schedule B)	<u>331,893,793</u>	<u>318,022,822</u>
Operating Loss	(245,197,442)	(224,069,757)
NON-OPERATING REVENUES (EXPENSES)		
State Appropriations	62,826,131	61,795,929
Ad Valorem Taxes	199,439,467	182,762,021
Federal Revenue, Non Operating	33,320,865	30,916,377
Gifts	120,585	11,415
Investment Income	4,651,724	3,156,531
Interest on Capital Related Debt	(27,549,451)	(27,705,934)
Gains (Losses) on Disposal of Capital Assets	(1,258,269)	1,866
Net Non-Operating Revenues (Schedule C)	<u>271,551,052</u>	<u>250,938,205</u>
Increase in Net Position	26,353,611	26,868,448
NET POSITION		
Net Position, Beginning of Year as Previously Stated	78,881,810	52,013,362
Cummulative Effect of Change in Accounting Principle (Note 24)	(77,192,711)	-
Net Position, Beginning of Year, as restated	<u>1,689,099</u>	<u>52,013,362</u>
Net Position, End of Year	<u>\$ 28,042,710</u>	<u>\$ 78,881,810</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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CHANGES IN UNRESTRICTED NET ASSETS:		
Revenues		
Contributions	\$ 1,050,761	\$ 321,162
Interest and Dividend Income	74,692	41,390
Investment Gains (Losses), Net	24,945	66,307
Net Assets Released from Restrictions	1,023,299	908,027
Total Unrestricted Revenues	<u>2,173,697</u>	<u>1,336,886</u>
Expenses		
Program Services	1,103,325	985,397
General and Administrative	196,018	194,609
Fundraising	56,120	56,580
Total Expenses	<u>1,355,463</u>	<u>1,236,586</u>
Increase in Unrestricted Net Assets	<u>818,234</u>	<u>100,300</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:		
Contributions	722,995	590,735
Interest and Dividend Income	347,012	238,869
Investment Gains	113,387	368,915
Net Assets Released from Restrictions	(1,023,299)	(908,027)
Increase in Temporarily Restricted Net Assets	<u>160,095</u>	<u>290,492</u>
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS:		
Contributions	664,487	562,101
Interest and dividends	291	217
Increase in Permanently Restricted Net Assets	<u>664,778</u>	<u>562,318</u>
Change in Net Assets	1,643,107	953,110
Net Assets, Beginning of Year	9,433,924	8,480,814
Net Assets, End of Year	<u>\$ 11,077,031</u>	<u>\$ 9,433,924</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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Students and Other Customers	\$ 67,633,866	\$ 68,602,267
Receipts from Grants and Contracts	13,267,826	15,934,538
Other Receipts	7,427,899	6,446,174
Payments to or On-Behalf of Employees	(226,576,737)	(213,459,223)
Payments to Suppliers for Goods and Services	(54,035,066)	(53,620,919)
Payments for Scholarships and Fellowships	(21,561,759)	(18,093,324)
Net Cash Used by Operating Activities	<u>(213,843,971)</u>	<u>(194,190,488)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Receipts from Ad Valorem Taxes	199,226,614	182,724,783
Receipts from State Appropriations	49,752,711	45,220,369
Receipts from Title IV Federal Financial Aid Programs	32,770,031	30,838,113
Receipts from Student Organizations and Other Agencies	176,861	177,963
Payments to Student Organizations and Other Agencies	(293,691)	(65,586)
Net Cash Provided by Non-Capital Financing Activities	<u>281,632,526</u>	<u>258,895,642</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from Issuance of Capital Debt	264,177,189	-
Proceeds from the Sale of Capital Assets	5,832,833	29,252
Purchases of Capital Assets	(130,107,815)	(68,394,576)
Payments on Capital Debt and Leases - Principal	(17,474,774)	(16,806,390)
Payments on Capital Debt and Leases - Interest	(31,117,620)	(27,943,920)
Net Cash Provided by (Used by) Cap. and Related Fin. Activities	<u>91,309,814</u>	<u>(113,115,634)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from Sales and Maturities of Investments	89,542,641	97,025,250
Interest on Investments	4,247,859	2,377,930
Purchase of Investments	(270,097,201)	(15,951,840)
Net Cash Provided by (Used by) Investing Activities	<u>(176,306,701)</u>	<u>83,451,340</u>
Increase (Decrease) in Cash and Cash Equivalents	(17,208,332)	35,040,860
Cash and Cash Equivalents, Beginning of Year	<u>122,176,407</u>	<u>87,135,547</u>
Cash and Cash Equivalents, End of Year	<u>\$ 104,968,074</u>	<u>\$ 122,176,407</u>

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

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATEMENTS OF CASH FLOWS (Continued)
For the Years Ended August 31, 2018 and 2017

RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:	<u>2018</u>	<u>2017</u>
Operating Loss	\$ (245,197,442)	\$ (224,069,757)
Adjustments to Reconcile Net Operating Loss to Net Cash Used in Operating Activities		
State On-Behalf Payments	16,427,451	14,076,232
Depreciation Expense	10,653,094	13,386,150
Changes in Assets and Liabilities:		
Receivables (Net)	1,876,574	(683,211)
Other Assets (PrePaid Expenses)	(2,183,878)	(201,363)
Deferred Charges (Other Assets)	(661,007)	979,709
Deferred Outflows	3,630,169	929,755
Accounts Payable	4,511,983	1,300,049
Accrued Liabilities	(1,155,228)	765,064
Compensated Absences	237,207	232,910
OPEB Payable	(11,686,840)	496,611
TRS Pension Liability	(4,263,685)	5,301,610
Unearned Revenues	(67,906)	(2,028,018)
Deferred Inflows	14,035,537	(4,676,230)
Net Cash Used in Operating Activities	<u>\$ (213,843,971)</u>	<u>\$ (194,190,488)</u>
SCHEDULE OF NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:	<u>2018</u>	<u>2017</u>
Non-Cash Gifts	\$ 4,651,724	\$ 3,156,531
Change in Fair Value of Investments	\$ (121,709)	\$ (92,356)

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, 2018 and 2017

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 a special purpose, primary government according to the definition found in the 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 recordkeeping 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 to assist the College in financing, refinancing, providing, or otherwise helping 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 the 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 aid the College with 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. 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, 2018 and 2017

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. Up to thirty board members govern the Foundation 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, 2018, fiscal year end. The Foundation's Notes to Financial Statements are disclosed in Note 25. The Austin Community College Foundation's financial statements are prepared using the Financial Accounting Standards Board (FASB) guidance model, and copies, are available from the College's Business Office.

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 and 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, 2018 and 2017

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.

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 for tuition and fees by a student, it is categorized as a tuition discount. The amount is recorded as a scholarship expense if it is disbursed directly to a student.

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 recorded as revenue upon receipt by the College. When an award is redeemed for tuition and fees by a student, it is categorized as a tuition discount. The amount is recorded as a scholarship expense if it is disbursed directly to a student.

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 are 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

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2018 and 2017

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

current liability. In which case, they are recorded as current assets in the Statement of Net Position.

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, 2018, and 2017.

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, 2018 and 2017

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 that time. Governments are only permitted to report deferred outflows in circumstances specifically authorized by the GASB. Typically community colleges' deferred outflows are related to pensions, other post-employment benefits 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. Typically community colleges' deferred inflows are related to pensions and other post-employment benefits.

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 years 2018 and 2017.

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 comprises 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 first to 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, 2018 and 2017

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unearned Revenues

Tuition, fees, and other revenues received and related to periods after August 31, 2018, or 2017, respectively, shall be recognized in subsequent fiscal years when services have been provided, or all eligibility requirements are 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

In FY2017, the notes payable related to a capital lease was recorded in accounts payable, as opposed to being recorded separately. Therefore, the FY2017 notes payable has been reclassified from accounts payable to notes payable; thereby decreasing Current Liabilities and increasing Noncurrent Liabilities. See Note 8 for more details.

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 resources 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, 2018 and 2017

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Post-Employment Benefits

The College implemented GASB Statement No.75, *Accounting Financial Reporting for Postemployment Benefits other than Pensions (OPEB)*. The fiduciary net position of the Employees Retirement System of Texas (ERS) and the College's Retiree Dental Care Plan, have been determined based on the flow of economic resources measurement focus and full accrual basis of accounting. This includes measuring the net OPEB liability: deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, and information about assets, liabilities and additions to/deductions from ERS'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 fair value.

Restatement of Beginning Net Position

For the fiscal year ending August 31, 2018, the College adopted GASB Statement No. 75, *Accounting and Reporting for Postemployment Benefits other than Pensions (OPEB)*. This statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and issues new standards for defined benefit OPEB and defined contribution OPEB provided to employees of state and local governments through OPEB plans. GASB 75 adoption required an adjustment to the net position at the beginning of the year. GASB 75 is similar to the adoption of GASB 68, will have its own set of deferred inflow and outflows of resources. See Note 24.

Retroactive restatement is required, if practical, for all prior periods presented in the financial statements. The College determined it was not practical to restate the information presented in earlier years and has therefore, restated its net position as of September 1, 2017. See Note 24 for a more detailed explanation of the impact of GASB Statement No. 75 on the financial statements.

New GASB Pronouncements

In March 2017, GASB issued Statement No. 85, Omnibus 2017, the objective of this Statement is to address practice issues 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 post-employment benefits (pensions and post-employment benefits (OPEB)) amongst other things. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Implementation, which did not have a significant impact, is reflected in the financial statements and notes to the financial statements.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2018 and 2017

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Upcoming GASB Pronouncements

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 does not believe this statement will significantly impact 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 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 does not believe this statement will significantly impact the financial statements.

In June 2017, GASB issued Statement No. 87, *Lease Rules*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payments provisions of the contract. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The College does not believe this statement will significantly impact the financial statements.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of the Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurements focus. As a result, interest cost incurred before the end of a construction period will not include in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2019. The College plans to adopt the statement as of September 1, 2020, at that time, the College will no longer

AUSTIN COMMUNITY COLLEGE DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2018 and 2017

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

capitalize construction period interest which will have a significant impact by increasing interest expense.

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, 2018, and 2017, the College complied with the Public Funds Investment Act.

NOTE 4. DEPOSITS AND INVESTMENTS

At August 31, 2018 and 2017, the College had demand deposits with the carrying amount of \$10,821,561 and \$50,441,805, respectively, and total bank balances of \$11,368,084 and \$48,694,423, respectively.

Bank balances up to \$250,000 were covered under the Federal Deposit Insurance Corporation (FDIC) for the years ended August 31, 2018, and 2017. 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, 2018, and 2017, the College had demand deposits not covered under the FDIC in the amount of \$10,868,084 and \$47,944,423, respectively, which were covered by pledged collateral.

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, 2018, and 2017, the College had certificates of deposits in the amount of \$247,062,491 and \$142,851,889 respectively that were covered by pledged collateral.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2018 and 2017

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Deposits

The College had the following deposits as of August 31, 2018 and 2017:

	2018	2017
Petty Cash on Hand	\$ 4,360	\$ 9,131
Demand Deposits	10,821,561	50,441,805
Money Market	40,212,611	45,338,403
Investment Pools	32,485,601	24,274,005
Certificates of Deposit	247,062,491	142,851,889
Total Deposits	<u>\$ 330,586,624</u>	<u>\$ 262,915,233</u>

Investments

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

Investment Type	2018	Weighted Average Maturity (Years)	Concentration of Credit Exposure	Exposure Permitted by Investment Policy
Money Market	\$ 21,443,941	-	18.21%	80%
US Treasury Notes	24,729,450	2.93	21.00%	25%
Municipal Bonds	1,989,060	1.41	1.69%	25%
US Treasury Bonds	7,869,040	1.69	6.68%	25%
Federal Home Loan Bank	51,808,270	5.53	43.99%	80%
Federal Farm Credit Bank	4,964,050	2.09	4.22%	80%
Fannie Mae	4,962,400	1.36	4.21%	80%
Total Investments	<u>\$ 117,766,211</u>	2.50	100.00%	

AUSTIN COMMUNITY COLLEGE DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2018 and 2017

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

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
Money Market	\$ 2,113,063	-	9.74%	80%
Municipal Bonds	2,005,180	1.67	9.25%	25%
Federal Home Loan Bank	6,049,032	0.21	27.89%	80%
Federal Farm Credit Bank	11,520,235	0.41	53.12%	80%
Total Investments	<u>\$ 21,687,510</u>	2.29	100.00%	

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.

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 in 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.

U.S. Government Sponsored Enterprise Securities and Treasury Notes	Investment Grade Rating	2018	2017
Municipal Bonds	Moody's Aa2	\$ 1,989,060	\$ 2,005,180
US Treasury Bonds	Moody's Aaa	7,869,040	-
Federal Home Loan Bank	Moody's Aaa	51,808,270	6,049,032
Federal Farm Credit Bank	Moody's Aaa	4,964,050	11,520,235
Fannie Mae	Moody's Aaa	4,962,400	-
Total		<u>\$ 71,592,820</u>	<u>\$ 19,574,447</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2018 and 2017

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

The College invests in an external investment pool, TexPool. The State Comptroller of Public Accounts exercises oversight responsibility for 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 influence operations significantly, 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, 2018 and

2017, the College had an investment of \$32,485,601 and \$24,274,005, in TexPool. The weighted average maturity of TexPool was 28 days as of August 31, 2018. 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.

Reconciliation of Deposits and Investments to Statement of Net Position:

Type of Security	2018	2017
Total Deposits	\$ 330,586,624	\$ 262,915,233
Total Investments	117,766,211	21,687,510
Total Deposits and Investments	\$ 448,352,835	\$ 284,602,743

Per Statement of Net Position (Exhibit 1):	2018	2017
Cash and Cash Equivalents	\$ 77,927,995	\$ 74,205,158
Restricted Cash and Cash Equivalents (Current)	27,040,079	34,530,864
Restricted Cash and Cash Equivalents (Noncurrent)	-	13,440,384
Investments	32,636,551	22,340,916
Restricted Investments (Current)	11,174,377	-
Restricted Investments (NonCurrent)	299,573,833	140,085,421
Total Deposits and Investments	\$ 448,352,835	\$ 284,602,743

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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 the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

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 on August 31, 2018, and 2017:

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 5. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Description	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	2018
	Level 1	Level 2	Level 3	
First American Government Obligations Fund	\$ 21,443,941	\$ -	\$ -	\$ 21,443,941
Federal Home Loan Bank	-	51,808,270	-	51,808,270
Federal Farm Credit Bank	-	4,964,050	-	4,964,050
Fannie Mae	-	4,962,400	-	4,962,400
US Treasury Notes	-	24,729,450	-	24,729,450
US Treasury Bonds	-	7,869,040	-	7,869,040
Municipal Bonds	-	1,989,060	-	1,989,060
Total Investment by Level	<u>\$ 21,443,941</u>	<u>\$ 96,322,270</u>	<u>\$ -</u>	<u>\$ 117,766,211</u>

Description	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	2017
	Level 1	Level 2	Level 3	
First American Government Obligations Fund	\$ 2,113,063	\$ -	\$ -	\$ 2,113,063
Federal Home Loan Bank	-	6,049,032	-	6,049,032.00
Federal Farm Credit Bank	-	11,520,235	-	11,520,235.00
Municipal Bonds	-	2,005,180	-	2,005,180.00
Total Investment by Level	<u>\$ 2,113,063</u>	<u>\$ 19,574,447</u>	<u>\$ -</u>	<u>\$ 21,687,510</u>

The First American Government Obligations Funds is a rule 2a-7 qualified money market mutual fund that is carried at quoted net asset value of \$21,443,941 in 2018 and \$2,113,063 in 2017 as reported daily by the fund administrator.

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, 2018, and 2017, the College had not engaged in any derivative transactions either for investment purposes or as a risk management strategy.

AUSTIN COMMUNITY COLLEGE DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2018 and 2017

NOTE 7. CAPITAL ASSETS

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

	Balance September 1, 2017	Additions	Reductions	Transfers	Balance August 31, 2018
Not Depreciated					
Land	\$ 102,263,331	\$ -	\$ (2,637,671)	\$ -	\$ 99,625,660
Artwork	95,004	13,000	-	-	108,004
Construction in Progress	117,436,228	125,369,815	(4,420,782)	(111,059,311)	127,325,950
Subtotal	219,794,563	125,382,815	(7,058,453)	(111,059,311)	227,059,614
Other Capital Assets					
Buildings	376,084,988	-		110,597,028	486,682,016
Infrastructure	2,913,746	-	-	462,283	3,376,029
Land Improvements	47,073,698	-	-	-	47,073,698
Library Books	6,006,097	577,831	(297,998)	-	6,285,930
Equipment	42,372,630	5,517,501	(963,693)		46,926,438
Subtotal	474,451,159	6,095,332	(1,261,691)	111,059,311	590,344,111
Accumulated Depreciation					
Buildings	69,928,159	4,316,476			74,244,635
Infrastructure	2,039,623	106,113	-	-	2,145,736
Land Improvements	19,991,588	2,121,420		-	22,113,008
Library Books	2,519,874	365,869	(297,998)	-	2,587,745
Equipment	29,597,971	3,331,082	(903,925)	-	32,025,128
Subtotal	124,077,215	10,240,960	(1,201,923)	111,059,311	133,116,252
Net Other Capital Assets	350,373,944	(4,145,628)	(59,768)	111,059,311	457,227,859
Assets Under Capital Leases					
Equipment	6,041,817	-	(64,119)	-	5,977,698
Accumulated Depreciation					
Equipment	4,611,178	412,370	(64,119)	-	4,959,429
Net Lease Capital Assets	1,430,639	(412,370)	-	-	1,018,269
Net Capital Assets	<u>\$ 571,599,146</u>	<u>\$ 120,824,817</u>	<u>\$ (7,118,221)</u>	<u>\$ -</u>	<u>\$ 685,305,742</u>

AUSTIN COMMUNITY COLLEGE DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2018 and 2017

NOTE 7. CAPITAL ASSETS (Continued)

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	<u>\$ 500,478,719</u>	<u>\$ 71,147,814</u>	<u>\$ (27,387)</u>	<u>\$ -</u>	<u>\$ 571,599,146</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2018 and 2017

NOTE 8. LONG-TERM LIABILITIES

Long-term liability activity for the year ended August 31, 2018, was as follows:

	Balance September 1, 2017	Additions	Reductions	Balance August 31, 2018	Current Portion
Bonds					
2002 Fee Revenue Bonds	\$ 8,471,039	\$ 447,409 ¹	\$ (935,000)	\$ 7,983,448	\$ 381,574
2009A Fee Revenue Bonds	554,466	-	(125,083)	429,383	135,000
2009B Fee Revenue Bonds	1,423,743	-	(340,271)	1,083,472	350,000
2010 Fee Revenue Bonds	1,973,831	-	(376,071)	1,597,760	370,000
2012 Fee Revenue Bonds	76,221,753	-	(1,249,720)	74,972,033	1,205,000
2014A Fee Revenue Bonds	10,197,602	-	(2,493,241)	7,704,361	2,330,000
2014B Fee Revenue Bonds	20,610,000	-	(1,355,000)	19,255,000	1,405,000
2016A Fee Revenue Bonds	31,483,826	-	(503,871)	30,979,955	-
2016B Fee Revenue Bonds	21,870,000	-	-	21,870,000	-
2018 Fee Revenue Bonds	-	15,242,838	(62,691)	15,180,147	330,000
Total Fee Revenue Bonds	<u>172,806,261</u>	<u>15,690,247</u>	<u>(7,440,948)</u>	<u>181,055,560</u>	<u>6,506,574</u>
2006 G.O. Bonds	2,674,770	238,457 ¹	(2,913,227)	-	-
2011 G.O. Bonds	23,037,737	-	(997,930)	22,039,807	3,445,000
2013 G.O. Bonds	43,159,050	-	(244,992)	42,914,059	-
2015 G.O. Bonds	169,505,632	-	(3,786,298)	165,719,334	2,960,000
2016 G.O. Bonds	72,396,960	-	(3,308,259)	69,088,701	2,260,000
2016 G.O. Bonds -Tax Refund	12,907,870	-	(130,334)	12,777,536	-
2018 G.O. Bonds -Tax Refund	-	137,122,838	(221,320)	136,901,518	5,250,000
Total G.O. Bonds	<u>323,682,020</u>	<u>137,361,295</u>	<u>(11,602,360)</u>	<u>449,440,955</u>	<u>13,915,000</u>
2010A Lease Revenue Bonds (PFC)	32,835,000	-	(390,000)	32,445,000	495,000
2012 Lease Revenue Bonds (PFC)	45,712,279	-	(421,156)	45,291,123	425,000
2015 Lease Revenue Bonds (PFC)	103,581,169	-	(5,310,849)	98,270,320	4,185,000
2018A Lease Revenue Bonds (PFC)	-	39,998,629	(167,585)	39,831,044	-
2018B Lease Revenue Bonds (PFC)	-	15,000,000	-	15,000,000	-
2018C Lease Revenue Bonds (PFC)	-	59,994,602	(94,893)	59,899,709	-
Total Lease Revenue Bonds (PFC)	<u>182,128,448</u>	<u>114,993,231</u>	<u>(6,384,483)</u>	<u>290,737,196</u>	<u>5,105,000</u>
Total Bonds	<u>678,616,731</u>	<u>268,044,773</u>	<u>(25,427,791)</u>	<u>921,233,712</u>	<u>25,526,574</u>
Other Long-Term Liabilities					
Capital Leases	1,238,963	-	(314,866)	924,097	311,498
Compensable Absences	6,515,564	1,312,504	(1,075,298)	6,752,770	1,075,299
OPEB Payable	3,456,743	66,916,274 ²	-	70,373,017	-
Notes Payable	604,106	-	(131,163)	472,943	144,215
Net Pension Liability	52,331,529	-	(4,263,685)	48,067,844	-
Unearned Revenue	134,583	-	(95,000)	39,583	39,583
Total Other Long-Term Liabilities	<u>64,281,488</u>	<u>68,228,778</u>	<u>(5,880,012)</u>	<u>126,630,254</u>	<u>1,570,595</u>
Total Long-Term Liabilities	<u>\$ 742,898,219</u>	<u>\$ 336,273,551</u>	<u>\$ (31,307,803)</u>	<u>\$ 1,047,863,965</u>	<u>\$ 27,097,169</u>

NOTE:

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

(2) OPEB Restatement

AUSTIN COMMUNITY COLLEGE DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2018 and 2017

NOTE 8. LONG-TERM LIABILITIES (Continued)

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 Fee Revenue Bonds	\$ 8,744,598	\$ 691,136 ¹	\$ (964,694)	\$ 8,471,039	\$ 404,780
2009A Fee Revenue Bonds	672,325	7,314 ¹	(125,172)	554,466	125,000
2009B Fee Revenue Bonds	1,749,933	-	(326,190)	1,423,743	340,000
2010 Fee Revenue Bonds	2,340,421	-	(366,590)	1,973,831	360,000
2012 Fee Revenue Bonds	76,632,966	-	(411,213)	76,221,753	1,000,000
2014A Fee Revenue Bonds	12,664,843	-	(2,467,241)	10,197,602	2,220,000
2014B Fee Revenue Bonds	21,920,000	-	(1,310,000)	20,610,000	1,355,000
2016A Fee Revenue Bonds	31,976,296	-	(492,470)	31,483,826	-
2016B Fee Revenue Bonds	21,870,000	-	-	21,870,000	-
Total 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	-
Notes Payable	-	604,106	-	604,106	131,163
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>6,667,091</u>	<u>836,293</u>	<u>64,281,488</u>	<u>4,166,099</u>
Total Long-Term Liabilities	<u>\$ 757,715,683</u>	<u>\$ 7,842,209</u>	<u>\$ (22,659,673)</u>	<u>\$ 742,898,219</u>	<u>\$ 21,194,844</u>

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2018 and 2017

NOTE 9. DEBT AND LEASE OBLIGATIONS

The debt service requirement at August 31, 2018 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)
2019	\$ 13,915,000	\$ 18,469,099	\$ 6,506,574	\$ 6,891,789	\$ 5,105,000	\$ 12,791,717
2020	17,795,000	17,818,549	6,681,637	6,562,167	7,755,000	12,173,368
2021	22,495,000	16,928,799	7,716,011	6,312,396	8,350,000	11,809,953
2022	11,880,000	15,804,049	6,113,772	8,314,991	8,980,000	11,415,919
2023	12,485,000	15,210,049	7,692,977	6,918,155	9,650,000	10,992,049
2024 - 2028	71,235,000	66,608,804	51,275,000	20,950,291	61,165,000	47,165,861
2029 - 2033	89,605,000	48,625,875	43,200,000	10,992,044	88,930,000	30,710,106
2034 - 2038	67,390,000	30,117,750	39,820,000	2,851,251	53,865,000	12,348,472
2039 - 2043	64,460,000	17,352,400	-	-	28,935,000	3,230,239
2044 - 2048	47,075,000	4,608,200	-	-	-	-
SubTotal	\$ 418,335,000	\$ 251,543,574	\$ 169,005,971	\$ 69,793,084	\$ 272,735,000	\$ 152,637,684
Net premium	31,105,955		7,336,509		18,002,196	
Accreted Interest	-		4,713,080		-	
Total	\$ 449,440,955	\$ 251,543,574	\$ 181,055,560	\$ 69,793,084	\$ 290,737,196	\$ 152,637,684

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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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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 \$175 million of that authorized amount in the Limited Tax Bonds, Series 2015. In August 2016, the College issued the second tranche of bonds which was the Limited Tax Bond, Series 2016 for \$75 million. In August 2018, the College issued the Limited Tax Bonds, Series 2018 for \$136 million. There are no authorized, unissued bonds remaining from the 2014 bond referendum.

- Limited Tax Bonds, Series 2018.
 - To construct, renovate and equipment of College buildings district-wide, including Highland Mall renovation and construction for a regional workforce innovation center, regional health sciences and STEM simulator lab, professional incubator space, digital/creative media center, culinary hospitality center and other College purposes.
 - Issued August 01, 2018.
 - Total authorized \$127,300,000; all authorized bonds have been issued.
 - Source of revenue for debt service is ad valorem taxes.
 - Outstanding principal balance as of August 31, 2018, and 2017 is \$127,300,000 and \$0, respectively.
 - Interest rates varying from 4.0% to 5.0%.

- 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, 2018, and 2017 is \$60,820,000 and \$63,010,000, 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, 2018, and 2017 is \$11,230,000 for both years.
 - Interest rates varying from 3.5% to 5.0%.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2018 and 2017

NOTE 9. DEBT AND LEASE OBLIGATIONS (Continued)

- 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, 2018, and 2017 is \$157,930,000 and \$160,750,000, 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, 2018, and 2017 is \$40,240,000 for both years.
 - Interest rates varying from 3.1% to 5.0%.

- 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, 2018, and 2017 is \$20,815,000 and \$21,380,000, 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, 2018, and 2017 is \$0 and \$973,965, respectively.
 - Interest rates varying from 4.0% to 9.6%.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 9. DEBT AND LEASE OBLIGATIONS (Continued)

Combined Fee Revenue Bonds

A first lien collateralizes repayment of the Combined Fee Revenue Bonds indebtedness 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 funds. Such pledged tuition and fees amounted to \$28,086,190 and \$27,678,578 for the years ended August 31, 2018, and 2017, respectively. The pledged amount equates to 38.0% and 37.0% of the above revenue streams, respectively. The actual debt service payment for those years was \$12,152,704 and \$10,797,637 respectively.

Compared to the minimum required pledge-to-debt service coverage ratio of 1.25, the actual coverage ratio was 2.31 and 2.47, respectively. Revenue bonds payable are due in annual installments varying from \$135,000 to \$8,725,000, with interest rates ranging from 0.512% to 5.767% and the final installment due in 2038. The College has complied with all bond covenants for the years ended August 31, 2018, and 2017.

- Combined Fee Revenue Building Bonds, Series 2018.
 - To provide funds for the construction of a building to house a chilled water facility at the District's Highland Campus and to pay the costs of issuance for the Bonds.
 - Issued June 1, 2018.
 - Total authorized \$14,020,000; all authorized bonds have been issued.
 - Source of revenue for debt service is tuition and general fees.
 - Outstanding principal balance as of August 31, 2018, and 2017 is \$14,020,000 and \$0, respectively.
 - Interest rates varying from 3.5% to 5.0%.

- 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, 2018, and 2017 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.

AUSTIN COMMUNITY COLLEGE DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2018 and 2017

NOTE 9. DEBT AND LEASE OBLIGATIONS (Continued)

- Outstanding principal balance as of August 31, 2018, and 2017 is \$21,870,000 for both years.
- Interest rates varying from 2.0% 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, 2018, and 2017 is \$7,370,000 and \$9,590,000, 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, 2018, and 2017 is \$19,255,000 and \$20,610,000, respectively.
 - Interest rates varying from 0.5% 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, 2018, and 2017 is \$73,490,000 and \$74,490,000, respectively.
 - Interest rates varying from 3.0% to 4.0%.

- 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, 2018, and 2017 is \$1,575,000 and \$1,935,000, 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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2018 and 2017

NOTE 9. DEBT AND LEASE OBLIGATIONS (Continued)

- 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, 2018, and 2017 is \$430,000 and \$555,000, 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, 2018, and 2017 is \$1,085,000 and \$1,425,000, 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, 2018, and 2017 is \$3,270,971 and \$3,675,751, respectively.
 - Interest rates varying from 3.0% to 4.0%.

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 Bonds, Series 2018A.
 - To finance the cost of construction and equipment of the Highland Campus – Building 3000 Project.
 - Issued February 6, 2018.
 - Total authorized \$35,700,000; 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.

AUSTIN COMMUNITY COLLEGE DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2018 and 2017

NOTE 9. DEBT AND LEASE OBLIGATIONS (Continued)

- Outstanding principal balance as of August 31, 2018, and 2017 is \$35,700,000 and \$0, respectively.
 - Interest rates varying from 3.0% to 5.0%.
- Lease Revenue Bonds Taxable, Series 2018B.
 - To finance the cost of construction and equipment of the Highland Campus – Building 3000 Project.
 - Issued February 6, 2018.
 - Total authorized \$15,000,000; 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, 2018, and 2017 is \$15,000,000 and \$0, respectively.
 - Interest rates varying from 2.6% to 4.1%.
- Lease Revenue Bonds, Series 2018C.
 - To finance the cost of construction and equipment of the Highland Campus – Parking Garage Project.
 - Issued June 1, 2018.
 - Total authorized \$55,685,000; 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, 2018, and 2017 is \$55,685,000 and \$0, respectively.
 - Interest rates varying from 4.0% to 5.0%.
- 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, 2018, and 2017 is \$89,965,000 and \$93,950,000, 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, 2018, and 2017 is \$43,940,000 and \$44,240,000, respectively.

AUSTIN COMMUNITY COLLEGE DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2018 and 2017

NOTE 9. DEBT AND LEASE OBLIGATIONS (Continued)

- 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, 2018, and 2017 is \$32,445,000 and \$32,835,000 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. However, pursuant to the requirements of the 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, 2018, were reduced by the fiscal year 2018 sequestration rate of 6.6 percent that resulted in a 32.69% 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 for 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 higher 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, 2018, and 2017.

Notes Payable and Capital Leases

As of August 31, 2018, and 2017, the College made annual payments for notes, and capital leases of \$486,047 and \$765,850, respectively.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2018 and 2017

NOTE 9. DEBT AND LEASE OBLIGATIONS (Continued)

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

<u>For the year ended August 31,</u>	<u>Total</u>
2019	\$ 326,735
2020	326,735
2021	<u>326,735</u>
Total Minimum Lease Payments	980,205
Less: Amount Representing Interest Costs	<u>(56,108)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 924,097</u></u>

Obligations under notes payable at August 31, 2018, were as follows:

<u>For the year ended August 31,</u>	<u>Total</u>
2019	\$ 159,313
2020	159,313
2021	<u>159,313</u>
Total Minimum Notes Payments	477,939
Less: Amount Representing Interest Costs	<u>(4,996)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 472,943</u></u>

Interest Expense

For the year ended August 31, 2018, the College incurred \$33,232,087 in interest cost, of which \$27,549,451 was expensed and \$5,682,636 was capitalized. 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.

AUSTIN COMMUNITY COLLEGE DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2018 and 2017

NOTE 10. REFUNDING AND DEFEASED BONDS OUTSTANDING

Bond Refundings:

There were no bond refundings during FY2018 and FY2017.

Defeased Bonds

As of August 31, 2018 and 2017, the College had the following legally defeased bonds outstanding:

Bond Issue	Year Refunded	2018 Par Value Outstanding	2017 Par Value Outstanding
Lease Revenue Bonds, Series 2008	2015	\$ -	\$101,175,000
Combined Fee Revenue Bonds, Series 2011A	2016	18,960,000	18,960,000
Combined Fee Revenue Bonds, Series 2009A	2016	28,950,000	28,950,000

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, 2018, and 2017 were \$1,558,533 and \$1,335,364 respectively. The future minimum lease and rental payments are as follows:

For the Year Ending August 31,	Total
2019	\$ 1,308,942
2020	488,942
2021	407,942
Total Future Minimum Lease Payments	<u>\$ 2,205,826</u>

AUSTIN COMMUNITY COLLEGE DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2018 and 2017

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.

TRS covers all employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard workload and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002.

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 described 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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2018 and 2017

NOTE 12. EMPLOYEES' RETIREMENT PLANS (Continued)

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 2018 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 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:

	2018	2017
Contribution Rates:		
Member	7.7%	7.7%
NECE (State)	6.8%	6.8%
Employers	6.8%	6.8%
FY17 College Contributions		\$ 4,926,982
FY17 Member Contributions		\$ 9,424,476
FY17 NECE (State) Contributions		\$ 3,720,714

The District's contributions to the TRS pension plan in Fiscal Year 2018 were \$3,959,510 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 2018 were \$3,987,750.

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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2018 and 2017

NOTE 12. EMPLOYEES' RETIREMENT PLANS (Continued)

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.

Actuarial Assumptions

The total pension liability on August 31, 2017, and 2016 actuarial valuation were determined using the following actuarial assumptions:

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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2018 and 2017

NOTE 12. EMPLOYEES' RETIREMENT PLANS (Continued)

<u>Fiscal Year</u>	<u>August 31, 2018</u>	<u>August 31, 2017</u>
Valuation Date	August 31, 2017	August 31, 2016
	Individual Entry Age	Individual Entry Age
Actuarial Cost Method	Normal	Normal
	Level Percentage of	Level Percentage of
Amortization Method	Payroll, Floating	Payroll, Floating
Remaining Amortization Period	34 years	33 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%

Actuarial methods and assumptions were updated based on a study of actual experience for the four-year period ending August 31, 2014, and adopted on September 24, 2015, by the TRS Board of Trustees, who have sole authority to determine the actuarial assumptions used for the plan. There were no changes to the actuarial assumptions or other inputs that affected the measurement of the total pension liability since the prior measurement period.

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

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.

AUSTIN COMMUNITY COLLEGE DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2018 and 2017

NOTE 12. EMPLOYEES' RETIREMENT PLANS (Continued)

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, 2017, are summarized below:

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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2018 and 2017

Asset Class	Target Allocation (1)	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns (2)
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	100.0%		8.7%

Note:

(1) Target allocations are based on the FY2014 policy model. Infrastructure was moved from Real Assets to Energy and Natural Resources in FY2017, but the reallocation does not affect the long-term expected geometric real rate of return or expected contribution to long-term portfolio returns.

(2) The Expected Contribution to long term Portfolio 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 2017 Comprehensive Annual Financial Report

AUSTIN COMMUNITY COLLEGE DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2018 and 2017

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 2018 Net Pension Liability.

Fiscal Year 2018 Net Pension Liability

	1% Decrease in Discount Rate (7%)	Discount Rate (8%)	1% Increase in Discount Rate (9%)
College's Proportionate Share of the Net Pension Liability	<u>\$ 81,032,888</u>	<u>\$ 48,067,844</u>	<u>\$ 20,619,095</u>

Fiscal Year 2017 Net Pension Liability

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2018 and 2017

NOTE 12. EMPLOYEES' RETIREMENT PLANS (Continued)

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

On August 31, 2018, and 2017, the College reported a liability of \$48,067,844 and \$52,331,529, 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:

	2018	2017
College's Proportionate Share of the Collective Net Pension Liability	\$ 48,067,844	\$ 52,331,529
State's Proportionate Share that is Associated with the College	36,375,762	41,178,434
Total Net Pension Liability	\$ 84,443,606	\$ 93,509,963

The net pension liability for the fiscal years ended August 31, 2018, and August 31, 2017, were measured as of August 31, 2017, and August 31, 2016, respectively. An actuarial valuation determined the total pension liability used to calculate the net pension liability as of these dates. The College's proportion of the net pension liability for 2017 and 2016 was based on the College's contributions to the pension plan relative to the contributions of all employers and non-employer contributing entities to the plan for the period September 1, 2016 through August 31, 2017, and September 1, 2015 through August 31, 2016, respectively.

At August 31, 2017, the College's proportion of the collective net pension liability was 0.1503313%, which was an increase of 8.55% from its proportion of 0.1384853% in the previous year of August 31, 2016.

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

For the years ended August 31, 2018 and 2017, the College recognized pension expense of \$2,774,598 and \$4,273,340, respectively and revenue of \$2,774,598 and \$4,273,340, respectively for support provided by the State.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 12. EMPLOYEES' RETIREMENT PLANS (Continued)

At August 31, 2018, 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
	<u> </u>	<u> </u>
Differences Between Expected and Actual Economic Experience	\$ 703,254	\$ 2,592,236
Changes in Actuarial Assumptions	2,189,567	1,253,476
Difference Between Projected and Actual Investment Earnings	-	3,503,080
Changes in Proportion and Difference Between the College's Contributions and the Proportionate Share of Contributions	4,301,001	2,603,847
Contributions Paid to TRS Subsequent to the Measurement Date	3,959,510	-
Total	<u>\$ 11,153,332</u>	<u>\$ 9,952,639</u>

The \$3,959,510 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, 2019.

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
	<u> </u>	<u> </u>
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	-
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	<u>\$ 11,524,111</u>	<u>\$ 6,295,301</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2018 and 2017

NOTE 12. EMPLOYEES' RETIREMENT PLANS (Continued)

The net amounts of the College's fiscal year 2018 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
2018	\$ (1,462,071)
2019	1,606,224
2020	(1,697,784)
2021	(2,361,184)
2022	742,713
Thereafter	413,285
	<u>\$ (2,758,817)</u>

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 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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2018 and 2017

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 2018 and 2017, 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, 2017, and 2016. For the years ended August 31, 2018 and 2017, ORP contributions made by employees were \$2,044,999 and \$2,060,312, respectively; contributions made by the State were \$1,004,015 and \$977,444, respectively; and the expense to the College was \$1,315,932 and \$1,368,753, respectively. Total payroll of employees participating in ORP for the fiscal years ended August 31, 2018, and 2017 was \$30,751,871 and \$30,980,299, 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, 2018, and 2017, PTERS contributions made by employees were \$1,396,790 and \$1,465,663; and the expense to the College was \$349,233 and \$365,449, respectively. Total payroll of employees participating in PTERS for the fiscal years ended August 31, 2018, and 2017 are \$23,281,176 and \$24,362,106 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 the College must fund any additional expense. 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, 2018, the employer's maximum contribution per full-time employee was \$622 per month for the year and totaled \$7,464 per employee for the year. The employer also paid a maximum amount for a spouse, child(ren), or a family of \$978, \$860, and \$1,217

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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2018 and 2017

NOTE 13. HEALTHCARE AND LIFE INSURANCE BENEFITS (Continued)

per month, respectively. The total cost of providing those benefits for the year was \$3,925,147 for 499 retirees and \$20,511,094 for 2,772 active employees.

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 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.

Of the costs above, the health and life insurance expense to the State on behalf of the College was \$13,652,853 and \$9,802,892 for the fiscal years ended August 31, 2018, and 2017, respectively. The expense to the College was \$14,135,595 and \$13,206,732 for the fiscal years ended August 31, 2018, and 2017, respectively.

NOTE 14. ON-BEHALF PAYMENTS

For the fiscal years ended August 31, 2018, and 2017 the College recorded State on-behalf contributions for the Teacher’s Retirement System of \$2,774,598 and \$4,273,340, respectively, and contributions for the Optional Retirement Program of \$915,292 and \$961,358, 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 \$13,652,853 and \$9,802,892 for the fiscal years ended August 31, 2018, and 2017, respectively. These were non-cash, on-behalf contributions.

The State’s total and Optional Retirement Program on-behalf contributions for the fiscal years ended August 31, 2018, and 2017 of \$17,342,743 and \$15,037,590 respectively, were recorded as revenues and expenses in the accompanying basic financial statements.

NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS GASB 75

	2018
OPEB - ERS Payable	\$ 62,781,441
OPEB - Dental Payable	7,591,576
Total OPEB Payable	\$ 70,373,017

Retiree Medical Insurance - Plan Description

The College participates in a cost-sharing, multiple-employer, Other Post-Employment Benefit (OPEB) plan with a special funding situation. The Texas Employees Group Benefits Program (GBP) is administered by the Employees Retirement System of Texas (ERS). The GBP provides certain post-employment health care, life and dental insurance benefits to retired employees of participating universities, community colleges, and State agencies in accordance with Chapter

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

1551, Texas Insurance Code. Almost all employees may become eligible for those benefits if they reach normal retirement age while working for the State and retire with at least ten years of service to eligible entities. Surviving spouses and dependents of these retirees are also covered. Benefit and contribution provisions of the GBP are authorized by State law and may be amended by the Texas Legislature.

OPEB Plan Fiduciary Net Position

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

Benefits Provided

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

Contributions

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

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

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

Retiree only	\$ 617
Retiree & Spouse	971
Retiree & Children	854
Retiree & Family	1,208

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

Premium Contributions by Source
 Group Benefits Program Plan
 For the Year Ended August 31, 2017

	2017
Employers	\$ 1,726,918
Members (Employees)	360,784
Nonemployer Contributing Entity (State of Texas)	1,723,007

***Source: ERS FY17 Comprehensive Annual Financial Report

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Actuarial Assumptions

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

Actuarial Methods and Assumptions	
Valuation Date	August 31, 2017
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Pay, Open
Remaining Amortization Period	30 Years
Asset Valuation Method	Not applicable
Actuarial Assumptions:	
Discount Rate	3.51%
Projected Annual Salary Increase	2.50% to 9.50%
Annual Healthcare Trend Rate	8.50% for FY2019, decreasing 0.5% per year to 4.50% for FY2017 and later years
Inflation Assumption Rate	2.50%
Ad hoc Postemployment Benefit Changes	None

**Source: ERS 2017 CAFR

Investment Policy

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

Discount Rate

Because the GBP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bonds' rate. The discount rate used to determine the total OPEB liability as of the beginning of the measurement year was 2.84%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 3.51%, which amounted to an increase of 0.67%. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp's AA rating. Projected cash flows into the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you-go (PAYGO) basis and is not intended to accumulate assets, there is

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

no long-term expected rate of return on plan assets and therefore the years of projected benefit payments to which the long-term expected rate of return is applicable is zero years.

Discount Rate Sensitivity Analysis

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

Fiscal Year 2018 Net OPEB Liability (in Thousands)

College's Proportionate Share of the Net OPEB Liability	1% Decrease in Discount Rate (2.51%)	Discount Rate (3.51%)	1% Increase in Discount Rate (4.51%)
	\$ 74,943	\$ 62,781	\$ 53,361

Healthcare Trend Rate Sensitivity Analysis

The initial healthcare trend rate is 8.5% and the ultimate rate is 4.5%. The following schedule shows the impact on the College's proportionate share of the collective net OPEB Liability if the healthcare cost trend rate used was 1 percent less than and 1 percent greater than the healthcare cost trend rate that was used 4.50% in measuring the net OPEB Liability.

Fiscal Year 2018 Net OPEB Liability (in Thousands)

College's Proportionate Share of the Net OPEB Liability	1% Decrease (7.50% decreasing to 3.5%)	Current Healthcare Cost Trend Rates (8.50% decreasing to 4.50%)	1% Increase (9.50% decreasing to 5.50%)
	\$ 52,778	\$ 62,781	\$ 75,761

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

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

At August 31, 2018, the College reported a liability of \$62,781,442 for its proportionate share of the ERS's net OPEB liability. This liability reflects a reduction for State support provided to the College for OPEB. The amount recognized by the College as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the College were as follows:

	<u>2017</u>
College's Proportionate Share of the Collective Net Pension Liability	\$ 62,781,442
State's Proportionate Share that is Associated with the College	<u>62,639,268</u>
Total Net Pension Liability	<u><u>\$ 125,420,710</u></u>

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

At the measurement date of August 31, 2017, the employer's proportion of the collective net OPEB liability was 0.18425563%.

For the year ended August 31, 2018, the College recognized OPEB expense of \$1,726,918 and revenue of \$1,726,918 for support provided by the State.

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences Between Expected and Actual Economic Experience	\$ -	\$ 754,432
Changes in Actuarial Assumptions	-	13,126,847
Net difference between projected and actual investment return	18,587	-
Contributions Subsequent to the Measurement Date	1,951,261	-
Total	\$ 1,969,848	\$13,881,279

The \$1,951,261 reported as deferred outflow of resources related to OPEB resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ending August 31, 2019.

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

Year Ended August 31,	Pension Expense Amount
2019	\$ (3,121,767)
2020	(3,121,767)
2021	(3,121,767)
2022	(3,121,767)
2023	(1,375,624)
	\$ (13,862,692)

The deferred outflows and deferred inflows resulting from the difference shown above will be recognized as an OPEB expense over a five year period.

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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

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

NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

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 \$328.92 for the year 2018, and \$319.32, and \$291.36 for the years ended 2017, and 2016 respectively. The total annual contributions made by the College were \$121,864, \$105,171, and \$87,223 for the years 2018, 2017, and 2016, respectively.

Actuarial Methods and Assumptions

The demographic assumptions used to value the liabilities are the same as those used in the valuation report as of August 31, 2017. The demographic assumptions are based on the assumptions that were developed for the TRS defined benefit plan.

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, 2018, and 2017 were as follows:

Actuarial Methods and Assumptions	
Actuarial Cost Method	Individual Entry Age Normal Cost Method
Discount Rate	3.42%
Rate of Inflation	2.5% per Year
Salary Increases	3.00% to 9.00%, including inflation Based on the August 31, 2014 experience study as conducted for the Teachers Retirement System of
Demographic Assumption	Texas (TRS).
Amortization Method	Level as a Percentage of Employee Payroll
Health Care Trend Rates:	3.5% per year

**Source:

GRS GASB Statement No. 75, Accounting and Financial Reporting for
Postemployment Benefits Other Than Pensions

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

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.

Sensitivity of Total OPEB-Dental Liability to the Discount Rate Assumption

Regarding the sensitivity of the total OPEB-Dental liability to changes in the discount rate, the following presents the plan's total OPEB-Dental liability, calculated using a discount rate of 3.42%, as well as what the plan's total OPEB-Dental liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

Sensitivity of Total OPEB Liability to the Discount Rate Assumption	1% Decrease in Discount Rate (2.42%)	Discount Rate (3.42%)	1% Increase in Discount Rate (4.42%)
	<u>\$ 8,927,430</u>	<u>\$ 7,591,576</u>	<u>\$ 6,504,097</u>

Sensitivity of Total OPEB-Dental liability to the Healthcare Cost Trend Rate Assumption

Regarding the sensitivity of the total OPEB-Dental liability to changes in the healthcare cost trend rates, the following presents the plan's total OPEB-Dental liability, calculated using the assumed trend rates as well as what the plan's total OPEB-Dental liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

Sensitivity of Total OPEB Liability to the Discount Rate Assumption	1% Decrease	Current Healthcare Cost Trend Rate Assumption (3.5%)	1% Increase
	<u>\$ 6,252,431</u>	<u>\$ 7,591,576</u>	<u>\$ 9,338,065</u>

At August 31, 2018, the College reported its collective deferred outflows of resources and deferred inflows of resources related to OPEB-Dental from the following sources:

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

	Deferred Outflow of Resources	Deferred Inflow of Resources
Changes in Actuarial Assumptions	\$ -	\$ 493,653
Contributions Subsequent to the Measurement Date	121,864	-
Total	\$ 121,864	\$ 493,653

The \$121,864 reported as deferred outflow of resources related to OPEB resulting from the College's contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ending August 31, 2019.

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

Year Ended August 31,	Pension Expense Amount
2019	\$ (63,155)
2020	(63,155)
2021	(63,155)
2022	(63,155)
2023	(63,155)
Thereafter	(177,878)
	\$ (493,653)

The deferred inflows and deferred outflows resulting from the difference shown above will be recognized in OPEB expense over the expected remaining service lives of 8.8 years.

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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 16. COMPENSABLE ABSENCES (Continued)

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 August 31, 2018, is \$6,752,771; of that amount, \$1,156,052 is allocated to sick leave and \$5,596,719 to annual leave. 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.

NOTE 17. PENDING LAWSUITS AND CLAIMS

On August 31, 2018, and 2017, 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; these 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, 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Tuition and Fees Receivable (Net of Allowance for Doubtful Accounts of \$14,721,606 and \$12,275,608)	\$ 15,223,603	\$ 15,889,840
Taxes Receivable (Net of Allowance for Doubtful Accounts of \$355,136 and \$331,485)	3,196,220	2,983,367
Contracts and Grants Receivable	1,562,113	1,834,500
Investment Income Receivable	7,215	-
Other Receivables	96,300	1,132,988
Total Receivables	<u>\$ 20,085,451</u>	<u>\$ 21,840,695</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2018 and 2017

NOTE 18. DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES (Continued)

Accounts Payables and Accrued Liabilities

Accounts payable and accrued liabilities balances at August 31, 2018 and 2017 were as follows:

	2018	2017
Payable to Vendors	\$ 19,668,896	\$ 20,383,205
Salaries and Benefits Payable	2,507,121	3,999,473
Payable to Students	1,309,995	1,389,310
Accrued Interest Payable	3,246,221	2,303,650
Construction Retainage	3,976,394	2,541,978
Total	<u>\$ 30,708,627</u>	<u>\$ 30,617,616</u>

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 \$233,817 and \$348,146 for the fiscal years ended August 31, 2018, and 2017, 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 reported on *Statements of Revenues, Expenses and Changes in Net Position* (Exhibit 2) and *Schedule of Operating Revenues* (Schedule A) and *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 Assets* (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, 2018, and 2017 for which no expenses have been incurred totaled \$10,392,152 and \$9,265,880, respectively.

These amounts are comprised of the following:

	2018	2017
Federal Contracts and Grant Awards	\$ 5,135,618	\$ 4,593,319
State Contracts and Grant Awards	4,867,800	4,182,783
Local Contracts and Grant Awards	57,160	53,694
Private Contracts and Grant Awards	331,574	436,084
Total Contract and Grant Awards	<u>\$ 10,392,152</u>	<u>\$ 9,265,880</u>

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2018 and 2017

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, 2018, and 2017, are as follows:

	2018	2017
Appraised Valuation	\$ 243,888,249,814	\$ 222,866,078,683
Less: Exemptions	(45,946,176,345)	(44,022,945,550)
Taxable Assessed Value	\$ 197,942,073,469	\$ 178,843,133,133

Tax rates for the years ended August 31, 2018, and 2017, are as follows:

	Current Operations	Debt Service	Total
Fiscal Year 2018			
Tax Rate per \$100 Valuation Authorized	\$ 0.0900	\$ 0.5000	\$ 0.5900
Tax Rate per \$100 Valuation Assessed	\$ 0.0900	\$ 0.0108	\$ 0.1008
Fiscal Year 2017			
Tax Rate per \$100 Valuation Authorized	\$ 0.0900	\$ 0.5000	\$ 0.5900
Tax Rate per \$100 Valuation Assessed	\$ 0.0900	\$ 0.0120	\$ 0.1020

Taxes levied for the years ended August 31, 2018, and 2017 were \$199,139,716 and \$182,719,272, 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
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2018 and 2017

NOTE 21. PROPERTY TAXES (Continued)

Taxes collected for the years ended August 31, 2018, and 2017, are as follows:

Fiscal Year 2018	Current Operations	Debt Service	Total
Current Taxes Collected	\$ 177,261,771	\$ 21,271,413	\$ 198,533,184
Delinquent Taxes Collected	(72,122)	(8,655)	(80,777)
Penalties & Interest Collected	552,430	66,292	618,721
Other Tax Related Collections	61,240	7,349	68,589
Total Collections	<u>\$ 177,803,318</u>	<u>\$ 21,336,398</u>	<u>\$ 199,139,716</u>

Fiscal Year 2017	Current Operations	Debt Service	Total
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>

Tax collections for the years ended August 31, 2018, and 2017, are 99.49% for both years, of the current tax levy. The allowance for uncollectible property taxes amounted to \$355,135 and \$331,485 for the years ended August 31, 2018, and 2017, 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, 2018, and 2017.

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, 2018, and 2017, the outstanding commitments under construction contracts for facilities and other projects are \$223,152,325 and \$80,107,095, respectively.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2018 and 2017

NOTE 24. RESTATEMENTS

For the fiscal year ending August 31, 2018, the College adopted GASB Statement No. 75, *Accounting and Reporting for Postemployment Benefits other than Pensions (OPEB)*. This statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB 75 adoption required an adjustment to the net position at the beginning of the year and the resulting net OPEB liability is reported on the face of the financial statements in the statement of net position. GASB 75 is similar to GASB 68 for pensions and will have its own set of deferred inflow and outflows of resources.

	<u>Beginning Net Position at September 1, 2017</u>
Beginning Net Position, As Presented on the August 31, 2017 Financial Statements	\$ 78,881,810
Prior Period Adjustment - Implementation of GASB 75:	
OPEB- ERS Liability (Measurement Date as of August 31, 2017)	(75,010,476)
Deferred Outflows - College Contributions Made During FY2017	1,726,158
OPEB - Dental Liability (Measurement Date as of August 31, 2017)	(4,013,564)
Deferred Outflows - College Contributions Made During FY2017	105,171
Beginning Net Position, As Restated	<u>\$ 1,689,099</u>

AUSTIN COMMUNITY COLLEGE DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2018 and 2017

NOTE 25. 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, 2018:

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.

4. Cash Equivalents

The Foundation considers all highly liquid investments (including certificates of deposit) with maturities of three months or less when purchased to be cash equivalents.

AUSTIN COMMUNITY COLLEGE DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2018 and 2017

NOTE 25. DISCRETE COMPONENT UNIT – AUSTIN COMMUNITY COLLEGE FOUNDATION
(Continued)

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
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2018 and 2017

NOTE 25. DISCRETE COMPONENT UNIT – AUSTIN COMMUNITY COLLEGE FOUNDATION
(Continued)

C: CONCENTRATIONS

A Promise to give from one donor comprised 94% of the promises to give balances at May 31, 2018 and 2017, respectively.

The Federal Deposit Insurance Corporation (FDIC) up to the standard maximum deposit insurance amount (\$250,000) insures all of a depositor's accounts at an insured depository institution, including all noninterest-bearing transaction accounts. At May 31, 2018 and 2017, the Foundation's uninsured balance totaled approximately \$154,000 and \$287,000 respectively.

D: INVESTMENTS

Investments comprised the following at May 31,

	2018	2017
Mutual funds	\$ 5,974,657	\$ 4,745,497
Certificates of deposit	1,248,750	1,049,884
Exchange traded Funds	1,201,265	532,362
Corporate bonds	962,123	1,190,049
Government securities	54,503	57,492
	\$ 9,441,298	\$ 7,575,284

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

	2018	2017
Am. Funds Growth Fund of America (AGTHX)	\$ 1,713,311	\$ 1,523,051
Am. Funds Invmt Company of America (AIVSX)	1,107,867	1,058,313
Am. Funds Capital Income Builder Fund (CAIBX)	909,801	930,259
Am. Funds Income Fund of America (AMECX)	760,807	-
iShares Core High Dividend ETF (HDV)	577,621	-
Am. Funds American Balanced Fund (ABALX)	481,501	-
Oppenheimer Mid Cap Value Fund (QVSCX)	-	417,820

AUSTIN COMMUNITY COLLEGE DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2018 and 2017

NOTE 25. DISCRETE COMPONENT UNIT – AUSTIN COMMUNITY COLLEGE FOUNDATION
(Continued)

E: PROMISES TO GIVE

The promises to give balances as of May 31, 2018 and 2017 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, 2018 and 2017 using interest rates of 2.58% and 1.65%, respectively. Promises to give comprised the following at May 31,

	2018	2017
Collection expected in less than one year	\$ 94,603	\$ 61,113
Collection expected in one to five years	240,000	240,000
Collection expected in more than five years	270,000	330,000
Promises to give, gross	\$ 604,603	\$ 631,113
Less discounts to present value	(65,200)	(51,000)
Less allowances for uncollectible balances	-	-
Promises to give, net	\$ 539,403	\$ 580,113

F: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets comprised accumulated investment return related to endowments that must be used in accordance with the respective endowment agreements and contributions that are not endowments, but must be used in accordance with the respective donor's restrictions. At May 31, 2018 and 2017, temporarily restricted net assets were available for the following:

	2018	2017
Unappropriated endowment earnings:		
Scholarships	\$ 1,875,714	\$ 1,639,000
Other purposes	40,307	35,019
Non-endowed contributions:		
Scholarships	1,059,247	1,161,359
Other purposes	36,423	16,218
	\$ 3,011,691	\$ 2,851,596

AUSTIN COMMUNITY COLLEGE DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2018 and 2017

NOTE 25. DISCRETE COMPONENT UNIT – AUSTIN COMMUNITY COLLEGE FOUNDATION
(Continued)

NOTE G: ENDOWMENT

As of May 31, 2018, the Foundation's endowment comprised ninety-two donor restricted funds, as well as five Board designated funds. At May 31, 2018 and 2017, permanently restricted net assets comprised endowments to support the following purposes:

	<u>2018</u>	<u>2017</u>
Endowed scholarships	\$ 6,381,045	\$ 5,732,767
Other purposes	<u>164,500</u>	<u>148,000</u>
	<u>\$ 6,545,545</u>	<u>\$ 5,880,767</u>

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2018 and 2017

NOTE 25. DISCRETE COMPONENT UNIT – AUSTIN COMMUNITY COLLEGE FOUNDATION
(Continued)

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 \$10,934 and \$11,396 at May 31, 2018 and 2017, respectively.

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, 2018 and 2017:

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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2018 and 2017

NOTE 25. DISCRETE COMPONENT UNIT – AUSTIN COMMUNITY COLLEGE FOUNDATION
(Continued)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2018 Total</u>
Board designated endowment funds	\$ 794,583	\$ -	\$ -	\$ 794,583
Donor restricted endowment funds	(10,934)	1,916,021	6,511,317	8,416,404
Total Endowment	<u>\$ 783,649</u>	<u>\$ 1,916,021</u>	<u>\$ 6,511,317</u>	<u>\$ 9,210,987</u>

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2017 Total</u>
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	<u>\$ 19,959</u>	<u>\$ 1,674,019</u>	<u>\$ 5,880,204</u>	<u>\$ 7,574,182</u>

Changes in Endowment

Changes in the Foundation's endowment (excludes promises to give) were as follows for the years ended May 31, 2018 and 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
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
Contributions	740,000	-	630,822	1,370,822
Return on investments	24,327	460,399	291	485,017
Appropriations	(637)	(218,397)	-	(219,034)
Endowment, May 31, 2018	<u>\$ 783,649</u>	<u>\$ 1,916,021</u>	<u>\$ 6,511,317</u>	<u>\$ 9,210,987</u>

AUSTIN COMMUNITY COLLEGE DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2018 and 2017

NOTE 25. DISCRETE COMPONENT UNIT– AUSTIN COMMUNITY COLLEGE FOUNDATION
(Continued)

NOTE H: RELATED PARTY TRANSACTIONS

The purpose of the Foundation is to support initiatives of ACC. For the years ended May 31, 2018 and 2017, the Foundation remitted \$1,048,959 and \$931,568 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 \$292,290 and \$288,672 during the years ended May 31, 2018 and 2017, respectively, related to these services and facilities.

The Foundation also 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 \$143,266 and \$30,760 of property and equipment during the years ended May 31, 2018 and 2017, respectively, on ACC's behalf.

NOTE I: 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, 2018 and 2017:

Description	2018	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Mutual funds	\$ 5,974,657	\$ 5,974,657	\$ -	\$ -
Exchange traded Funds	1,201,265	1,201,265	-	-
Corporate bonds	962,123	962,123	-	-
Government securities	54,503	54,503	-	-
	<u>\$ 8,192,548</u>	<u>\$ 8,192,548</u>	<u>\$ -</u>	<u>\$ -</u>

Description	2017	Fair Value Measurements at Reporting Date Using		
		(Level 1)	(Level 2)	(Level 3)
Mutual funds	\$ 4,745,497	\$ 4,745,497	\$ -	\$ -
Exchange traded Funds	1,190,049	1,190,049	-	-
Corporate bonds	532,362	532,362	-	-
Government securities	57,492	57,492	-	-
	<u>\$ 6,525,400</u>	<u>\$ 6,525,400</u>	<u>\$ -</u>	<u>\$ -</u>

AUSTIN COMMUNITY COLLEGE DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2018 and 2017

NOTE 25. DISCRETE COMPONENT UNIT– AUSTIN COMMUNITY COLLEGE FOUNDATION
(Continued)

J: SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 3, 2018, the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTAL
INFORMATION**

AUSTIN COMMUNITY COLLEGE DISTRICT
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REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF COLLEGE'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
For the Years Ended August 31, 2018, 2017, 2016 and 2015

For the year ended August 31,	2018	2017	2016	2015
College's Proportion of the Net Pension Liability	0.1503313%	0.1384853%	0.1330458%	0.1502376%
College's Proportionate Share of Net Pension Liability	\$ 48,067,844	\$ 52,331,529	\$ 47,029,919	\$ 40,130,541
State's Proportionate Share of the Net Pension Liability Associated With the College	36,375,762	41,178,434	39,872,522	33,702,414
Total	<u>\$ 84,443,606</u>	<u>\$ 93,509,963</u>	<u>\$ 86,902,441</u>	<u>\$ 73,832,955</u>
College's Covered Payroll	\$ 126,552,024	\$ 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	38%	46%	44%	39%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.32%	78.00%	78.43%	83.25%

Note:

Only four 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 DISTRICT
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REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CONTRIBUTIONS TO THE TEACHER RETIREMENT SYSTEM
Last Ten Fiscal Years

	Contractually Required Contribution	Contribution in Relation to the Contractually Required Contribution	Contribution Excess (Deficiency)	College's Covered Payroll	Contributions as a Percentage of Covered - Employees Payroll
2018	\$ 3,959,510	\$ (3,959,510)	-	\$ 137,209,072	2.89%
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	(1) (9,452,322)	-	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%

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 DISTRICT
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REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF COLLEGE'S PROPORTIONATE SHARE OF NET OPEB-ERS LIABILITY
For the Year Ended August 31, 2018

For the year ended August 31,	2018
College's Proportion of the Net OPEB-ERS Liability	0.1842556%
College's Proportionate Share of Net OPEB-ERS Liability	\$ 62,781,442
State's Proportionate Share of the Net OPEB-ERS Liability Associated With the College	62,639,268
Total	\$ 125,420,710
 College's Covered Payroll	 \$ 137,267,879
 College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	 46%
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 2.0%

Note:

Only one year of data is presented in accordance with GASB Statement No. 75. 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 DISTRICT
Austin, Texas

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
For the Years Ended August 31, 2018

For the year ended August 31,	2018
Contractually required contribution	\$ 1,726,918
Contribution in relation to the contractually required contribution	(1,726,918)
Contribution deficiency (excess)	\$ (0)
 District's covered-employee payroll	 137,267,879
Contributions as a percentage of covered-employee payroll	1.3%

Note:

Only one year of data is presented in accordance with GASB Statement No. 75. 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 DISTRICT
Austin, Texas

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
For the Years Ended August 31, 2018

For the year ended August 31,	2018
Service Cost	\$ 553,946
Interest on the total OPEB-Dental Liability	229,302
Changes of benefit terms	0
Difference between expected and actual experience of the total OPEB liability	0
Changes of assumptions	(556,808)
Benefit payments	<u>(105,171)</u>
Net change in total OPEB liability	\$ 121,269
Total OPEB liability - beginning	<u>7,470,307</u>
Total OPEB liability - ending	\$ 7,591,576
 Covered-employee payroll	 134,276,029
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 5.65%

Note:

Only one year of data is presented in accordance with GASB Statement No. 75. 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 DISTRICT
Austin, Texas

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
For the Years Ended August 31, 2018

Changes Since the Prior Actuarial Valuation for pension – 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.

Changes Since the Prior Actuarial Valuation for OPEB-ERS – Changes in the assumptions since the previous Other Postemployment Benefits (OPEB) valuation are described as follows:

- Additional demographic assumptions (aggregate payroll increases and rate of general inflation) to reflect an experience study;
- The percentage of current and future retirees and retirees spouses not yet eligible to participate in the HealthSelect Medicare Advantage plan who will elect to participate at the earliest date at which coverage can commence has been updated to reflect recent plan experience and expected trends;
- Assumptions for administrative expenses, assumed per Capita Health Benefit Costs, Health Benefit Cost and Retiree Contribution trends to reflect recent health plan experience;
- Effects in short-term expectations and revised assumed rate of general inflation.

Changes Since the Prior Actuarial Valuation for OPEB-Dental – The demographic assumptions used to value the liabilities are the same as those used in the valuation report as of August 31, 2017. The demographic assumptions are based on the assumptions that were developed for the TRS defined benefit plan.

**SUPPLEMENTAL
INFORMATION**

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

SCHEDULE OF OPERATING REVENUES
For the Fiscal Year Ended August 31, 2018
(With Memorandum Totals for the Year Ended August 31, 2017)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	2018 Total	2017 Total
Tuition:						
State Funded Credit Courses						
In District Resident Tuition	\$ 39,809,349	\$ -	\$ 39,809,349	\$ -	\$ 39,809,349	\$ 39,784,865
Out of District Resident Tuition	6,102,569	-	6,102,569	-	6,102,569	6,249,726
Non Resident Tuition	7,369,775	-	7,369,775	-	7,369,775	8,373,755
TPEG - Credit (set aside)	2,549,263	-	2,549,263	-	2,549,263	2,534,712
State Funded Continuing Education	3,767,733	-	3,767,733	-	3,767,733	3,936,371
TPEG - Non-Credit (set aside)*	210,402	-	210,402	-	210,402	238,955
Non-state Funded Educational Programs	1,355,864	-	1,355,864	-	1,355,864	1,671,640
Total Tuition	<u>61,164,955</u>	<u>-</u>	<u>61,164,955</u>	<u>-</u>	<u>61,164,955</u>	<u>62,790,024</u>
Fees:						
Out of District Fees	26,985,216	-	26,985,216	-	26,985,216	27,368,948
General Fees	10,927,129	-	10,927,129	-	10,927,129	11,004,328
Student Service Fee	1,456,936	-	1,456,936	-	1,456,936	1,467,230
Sustainability Fee	728,486	-	728,486	-	728,486	733,628
Laboratory Fee	-	-	-	-	-	2,581
Student Accident Insurance	290,357	-	290,357	-	290,357	291,967
Application Fees	-	-	-	-	-	-
Other Fees	4,062,708	-	4,062,708	-	4,062,708	4,263,471
Total Fees	<u>44,450,832</u>	<u>-</u>	<u>44,450,832</u>	<u>-</u>	<u>44,450,832</u>	<u>45,132,153</u>
Scholarship Allowances and Discounts:						
Bad Debt Allowance	(2,452,789)	-	(2,452,789)	-	(2,452,789)	(998,681)
Remissions and Exemptions- State	(3,915,624)	-	(3,915,624)	-	(3,915,624)	(4,071,412)
Remissions and Exemptions-Local	(15,513,160)	-	(15,513,160)	-	(15,513,160)	(14,633,714)
Title IV Federal Grants	(16,057,088)	-	(16,057,088)	-	(16,057,088)	(14,559,146)
Other Federal Grants	(149,174)	-	(149,174)	-	(149,174)	(200,184)
Other Scholarships and Grants	(870,142)	-	(870,142)	-	(870,142)	(722,933)
TPEG Awards	(1,514,105)	-	(1,514,105)	-	(1,514,105)	(1,033,265)
Other State Grants	(918,508)	-	(918,508)	-	(918,508)	(2,412,252)
Total Scholarship Allowances	<u>(41,390,590)</u>	<u>-</u>	<u>(41,390,590)</u>	<u>-</u>	<u>(41,390,590)</u>	<u>(38,631,587)</u>
Total Net Tuition and Fees	<u>64,225,197</u>	<u>-</u>	<u>64,225,197</u>	<u>-</u>	<u>64,225,197</u>	<u>69,290,590</u>
Additional Operating Revenues:						
Federal Grants and Contracts	-	6,425,060	6,425,060	-	6,425,060	6,758,161
State Grants and Contracts	-	4,007,084	4,007,084	-	4,007,084	5,602,947
Local Grants and Contracts	-	167,916	167,916	-	167,916	178,004
Non-governmental Grants and Contracts	-	3,695,431	3,695,431	-	3,695,431	3,201,805
Sales and Services of Educ. Activities	2,362,437	-	2,362,437	-	2,362,437	3,444,197
General Operating Revenues	3,910,173	-	3,910,173	-	3,910,173	3,864,334
Total Additional Operating Revenues	<u>6,272,610</u>	<u>14,295,491</u>	<u>20,568,101</u>	<u>-</u>	<u>20,568,101</u>	<u>23,049,448</u>
Auxiliary Enterprises:						
Bookstore	-	-	-	692,762	692,762	735,913
Food Service	-	-	-	268,015	268,015	177,109
Other Auxiliary	-	-	-	942,276	942,276	700,005
Total Net Auxiliary Enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,903,053</u>	<u>1,903,053</u>	<u>1,613,027</u>
Total Operating Revenues	<u>\$ 70,497,807</u>	<u>\$ 14,295,491</u>	<u>\$ 84,793,298</u>	<u>\$ 1,903,053</u>	<u>\$ 86,696,351</u>	<u>\$ 93,953,065</u>
					(Exhibit 2)	(Exhibit 2)

* In accordance with Education Code §56.033, \$2,773,667 in 2018 and \$2,800,092 in 2017 of tuition was set aside for Texas Public Education Grants (TPEG)

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

SCHEDULE OF OPERATING EXPENSES BY OBJECT
For the Fiscal Year Ended August 31, 2018
(With Memorandum Totals for the Year Ended August 31, 2017)

	Operating Expenses				2018 Total	2017 Total
	Salaries and Wages	Benefits		Other Expenses		
		State	Local			
Unrestricted - Educational Activities						
Instruction	\$ 98,606,927	\$ -	\$ 13,323,541	\$ 6,267,816	\$ 118,198,284	\$ 115,422,461
Public Service	684,472	-	96,665	1,812,854	2,593,991	3,433,883
Academic Support	26,356,739	-	3,609,230	4,257,189	34,223,158	30,374,719
Student Services	24,803,262	-	3,497,793	2,074,122	30,375,177	28,803,013
Institutional Support	28,322,394	-	5,938,119	17,356,265	51,616,777	50,418,981
Operation and Maintenance of Plant	12,893,264	-	1,877,156	20,185,361	34,955,782	31,580,482
Total Unrestricted - Educational Activities	191,667,058	-	28,342,504	51,953,607	271,963,169	260,033,539
Restricted - Educational Activities						
Instruction	2,989,796	9,565,801	232,152	2,725,707	15,513,456	14,613,005
Public Service	1,728,014	66,400	150,871	102,127	2,047,412	1,747,603
Academic Support	-	2,556,852	-	-	2,556,852	1,952,508
Student Services	120,995	2,406,150	10,057	408,334	2,945,536	2,469,544
Institutional Support	643,986	2,747,539	-	6,389	3,397,914	3,060,400
Operation and Maintenance of Plant	-	-	-	132	132	-
Scholarship and Fellowships	-	-	-	20,900,752	20,900,752	19,073,033
Total Restricted - Educational Activities	5,482,791	17,342,743	393,080	24,143,441	47,362,055	42,916,093
Total Educational Activities	197,149,849	17,342,743	28,735,584	76,097,048	319,325,224	302,949,632
Auxiliary Enterprises	493,376	-	107,950	1,314,149	1,915,475	1,687,040
Depreciation Expense - Buildings and Other Real Estate Improvements				6,544,009	6,544,009	9,329,821
Depreciation Expense - Equipment and Library Books				4,109,085	4,109,085	4,056,329
Total Operating Expenses	\$ 197,643,225	\$ 17,342,743	\$ 28,843,534	\$ 88,064,291	\$ 331,893,793	\$ 318,022,822
					(Exhibit 2)	(Exhibit 2)

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
For the Fiscal Year Ended August 31, 2018
(With Memorandum Totals for the Year Ended August 31, 2017)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>2018 Total</u>	<u>2017 Total</u>
Non-Operating Revenues:					
State Appropriations	\$ 45,483,388	\$ 17,342,743	\$ -	\$ 62,826,131	\$ 61,795,929
Maintenance Ad Valorem Taxes	177,938,068	21,501,399	-	199,439,467	182,762,021
Federal Revenue, Non-Operating		33,320,865	-	33,320,865	30,916,377
Capital Grants & Gifts	120,585		-	120,585	11,415
Investment Income	2,450,739	2,177,311	23,674	4,651,724	3,156,531
Gain on Disposal of Capital Assets	(1,258,269)	-	-	(1,258,269)	1,866
Total Non-Operating Revenues	<u>224,734,511</u>	<u>74,342,318</u>	<u>23,674</u>	<u>299,100,503</u>	<u>278,644,139</u>
Non-Operating Expenses:					
Interest on Capital Related Debt	<u>15,815,287</u>	<u>11,734,164</u>	<u>-</u>	<u>27,549,451</u>	<u>27,705,934</u>
Net Non-Operating Revenues	<u>\$ 208,919,224</u>	<u>\$ 62,608,154</u>	<u>\$ 23,674</u>	<u>\$ 271,551,052</u> (Exhibit 2)	<u>\$ 250,938,205</u> (Exhibit 2)

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY
August 31, 2018
(With Memorandum Totals for the Year Ended August 31, 2017)

	Detail by Source				Available for Operations			2017 Total
	Unrestricted	Restricted Expendable	Restricted Non-expendable	Capital Assets Net of Depreciation & Related Debt	Yes	No		
Current:				2018 Total				
Unrestricted	\$ (77,599,914)	\$ -	\$ -	\$ -	\$ (77,599,914)	\$ -	\$ -	(11,814,796)
Board Designated					-	-	-	-
Restricted		1,329,768			1,329,768	-	1,329,768	918,989
Auxiliary Enterprises	4,315,859				4,315,859	-	-	4,409,639
Plant:								
Unexpended	6,544,447				6,544,447	6,544,447	-	8,008,042
Renewals					-	-	-	-
Debt Service		14,476,990			14,476,990	-	14,476,990	14,582,569
Investment in Plant				78,975,560	78,975,560	-	78,975,560	62,777,367
Total Net Position, End of Year	(66,739,608)	15,806,758	-	78,975,560	28,042,710	(66,739,608)	94,782,318	78,881,810
					(Exhibit 1)			
Total Net Position, Beginning of as Restated	(76,589,826)	15,501,558	-	62,777,367	1,689,099	(76,589,826)	78,278,925	52,013,362
					(Exhibit 1)			
Net Increase (Decrease) in Net Position	\$ 9,850,218	\$ 305,200	\$ -	\$ 16,198,193	\$ 26,353,611	\$ 9,850,218	\$ 16,503,393	\$ 26,868,448
					(Exhibit 2)			

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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)

	(a)			(b)		(c)				
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Net Position:										
Net Investment in Capital Assets	\$78,976	\$ 62,173	\$ 45,476	\$ 42,855	\$ 33,624	\$ 39,222	\$ 50,221	\$ 49,331	\$ 53,589	\$ 54,104
Restricted - Expendable	15,807	16,106	15,834	14,231	23,362	23,268	17,876	18,270	17,471	15,153
Unrestricted	<u>(66,740)</u>	<u>602</u>	<u>(9,297)</u>	<u>(22,801)</u>	<u>15,426</u>	<u>15,975</u>	<u>25,679</u>	<u>24,402</u>	<u>26,144</u>	<u>20,694</u>
Net Position, End of Year	28,043	78,881	52,013	34,285	72,412	78,465	93,776	92,003	97,204	89,951
Net Position, Beginning of Year	<u>1,689</u>	<u>52,013</u>	<u>34,284</u>	<u>26,944</u>	<u>78,465</u>	<u>89,090</u>	<u>92,003</u>	<u>97,204</u>	<u>89,951</u>	<u>83,968</u>
Change in Net Position	<u>\$26,354</u>	<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>

Notes:

(a) To reflect the adoption of GASB 75, 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) 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.

(c) 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)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Operating Revenues:										
Tuition and Fees (Net of Discounts)	\$ 64,225	\$ 69,291	\$ 64,354	\$ 64,209	\$ 58,817	\$ 59,623	\$ 59,017	\$ 52,740	\$ 50,540	\$ 47,763
Federal Grants and Contracts	6,425	6,758	6,303	6,348	5,560	4,806	4,971	7,850	7,243	4,340
State Grants and Contracts	4,007	5,603	7,665	5,924	3,613	3,565	3,771	4,215	3,499	1,831
Local Grants and Contracts	168	178	199	207	206	206	239	337	383	299
Non-Govern. Grants and Contracts	3,695	3,202	2,735	1,391	1,272	1,214	1,157	1,047	1,028	1,473
Sales & Services of Educ. Activities	2,362	3,444	6,472	5,134	3,696	4,884	5,012	4,395	4,370	3,513
Auxiliary Enterprises	1,903	1,613	1,386	1,524	451	963	1,119	1,243	1,147	1,018
Other Operating Revenues	3,910	3,864	2,989	3,778	4,916	5,842	4,027	3,441	3,220	2,112
Total Operating Revenues	86,696	93,953	92,103	88,515	78,531	81,103	79,313	75,268	71,430	62,349
Non-Operating Revenues:										
State Appropriations	62,826	61,796	62,494	62,036	60,016	54,182	53,088	59,097	59,134	55,950
Ad Valorem Taxes	199,439	182,762	159,230	131,067	118,716	111,550	106,214	100,785	104,504	88,900
Federal Revenue, Non Operating	33,321	30,916	32,724	32,488	34,991	39,178	44,963	48,823	40,322	22,799
Gifts	121	11	9	10	25	21	105	3	23	130
Investment Income	4,652	3,157	1,919	375	350	448	412	406	1,277	717
Other Non-operating revenues	-	2	-	2,685	8	-	-	-	2	-
Total Non-Operating Revenues	300,359	278,644	256,376	228,661	214,106	205,379	204,782	209,114	205,262	168,496
Total Revenues	\$ 387,055	\$ 372,597	\$ 348,479	\$ 317,176	\$ 292,637	\$ 286,482	\$ 284,095	\$ 284,382	\$ 276,692	\$ 230,845

Percentage of Total

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Operating Revenues:										
Tuition and Fees (Net of Discounts)	16.59%	18.60%	18.47%	20.24%	20.10%	20.81%	20.77%	18.55%	18.27%	20.69%
Federal Grants and Contracts	1.66%	1.81%	1.81%	2.00%	1.90%	1.68%	1.75%	2.76%	2.62%	1.88%
State Grants and Contracts	1.04%	1.50%	2.20%	1.87%	1.23%	1.24%	1.33%	1.48%	1.26%	0.79%
Local Grants and Contracts	0.04%	0.05%	0.06%	0.07%	0.07%	0.07%	0.08%	0.12%	0.14%	0.13%
Non-Govern. Grants and Contracts	0.95%	0.86%	0.78%	0.44%	0.43%	0.42%	0.41%	0.37%	0.37%	0.64%
Sales & Services of Educ. Activities	0.61%	0.92%	1.86%	1.62%	1.26%	1.70%	1.76%	1.55%	1.58%	1.52%
Auxiliary Enterprises	0.49%	0.43%	0.40%	0.48%	0.16%	0.34%	0.39%	0.44%	0.41%	0.44%
Other Operating Revenues	1.01%	1.04%	0.86%	1.19%	1.69%	2.04%	1.43%	1.20%	1.17%	0.92%
Total Operating Revenues	22.40%	25.22%	26.43%	27.91%	26.84%	28.30%	27.92%	26.47%	25.82%	27.01%
Non-Operating Revenues:										
State Appropriations	16.23%	16.59%	17.93%	19.56%	20.50%	18.91%	18.69%	20.78%	21.37%	24.24%
Ad Valorem Taxes	51.53%	49.05%	45.69%	41.32%	40.57%	38.94%	37.39%	35.44%	37.77%	38.51%
Federal Revenue, Non Operating	8.61%	8.30%	9.39%	10.24%	11.96%	13.68%	15.82%	17.17%	14.57%	9.88%
Gifts	0.03%	0.00%	0.00%	0.00%	0.01%	0.01%	0.04%	0.00%	0.01%	0.06%
Investment Income	1.20%	0.85%	0.55%	0.12%	0.12%	0.16%	0.14%	0.14%	0.46%	0.30%
Other Non-Operating revenues	0.00%	0.00%	0.00%	0.85%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Non-Operating Revenues	77.60%	74.78%	73.57%	72.09%	73.16%	71.70%	72.08%	73.53%	74.18%	72.99%
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)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Operating Expenses:										
Instruction	\$ 133,712	\$129,651	\$125,341	\$121,623	\$115,914	\$120,734	\$115,498	\$116,847	\$107,782	\$96,583
Public Service	4,641	5,207	6,625	8,013	5,563	4,436	4,607	5,446	5,165	4,656
Academic Support	36,780	32,310	32,369	27,703	26,418	24,964	24,373	24,572	23,052	21,705
Student Services	33,321	31,318	29,205	26,822	26,306	25,758	24,218	24,034	21,871	20,070
Institutional Support	55,015	53,603	47,261	44,835	41,621	41,341	35,851	35,080	35,052	31,460
O&M of Plant	34,956	31,787	29,104	25,850	32,630	27,369	24,172	24,336	31,883	19,037
Scholarships and Fellowships	20,901	19,073	19,266	18,641	19,989	22,292	27,442	34,550	30,785	18,399
Auxiliary Enterprises	1,915	1,687	1,734	608	722	352	237	939	331	379
Depreciation	10,653	13,386	12,886	13,064	11,597	10,443	10,100	9,750	6,531	5,778
Total Operating Expenses	<u>331,894</u>	<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>
Non-Operating Expenses:										
Interest on Capital Related Debt	27,549	27,706	26,922	22,677	17,930	19,164	15,798	13,942	6,987	6,592
Other Non-Operating Expenses	-	-	-	-	-	-	-	-	-	-
Gain Disposal of Cap Assets	1,258	2	36	-	-	23	26	88	-	9
Investment Loss	-	-	-	-	-	-	-	-	-	194
Total Non-Operating Expenses	<u>28,808</u>	<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>
Total Expenses	<u>\$360,702</u>	<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>
Percentage of Total										
Operating Expenses:										
Instruction	37.06%	37.49%	37.89%	39.24%	38.81%	40.67%	40.91%	40.35%	40.00%	42.95%
Public Service	1.29%	1.51%	2.00%	2.59%	1.86%	1.49%	1.63%	1.88%	1.92%	2.07%
Academic Support	10.20%	9.35%	9.79%	8.94%	8.84%	8.41%	8.63%	8.49%	8.56%	9.65%
Student Services	9.24%	9.06%	8.83%	8.66%	8.81%	8.68%	8.58%	8.30%	8.12%	8.93%
Institutional Support	15.25%	15.50%	14.29%	14.47%	13.93%	13.93%	12.70%	12.11%	13.01%	13.99%
O&M of Plant	9.69%	9.19%	8.80%	8.34%	10.92%	9.22%	8.56%	8.40%	11.83%	8.47%
Scholarships and Fellowships	5.79%	5.52%	5.82%	6.02%	6.70%	7.51%	9.72%	11.93%	11.43%	8.18%
Auxiliary Enterprises	0.53%	0.49%	0.52%	0.20%	0.24%	0.12%	0.08%	0.32%	0.12%	0.17%
Depreciation	2.95%	3.87%	3.90%	4.22%	3.89%	3.51%	3.58%	3.36%	2.42%	2.57%
Total Operating Expenses	<u>92.01%</u>	<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>
Non-Operating Expenses:										
Interest on Capital Related Debt	7.64%	8.01%	8.14%	7.32%	6.00%	6.46%	5.60%	4.81%	2.59%	2.93%
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 Cap Assets	0.35%	0.00%	0.01%	0.00%	0.00%	0.01%	0.01%	0.03%	0.00%	0.00%
Investment Loss	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.09%
Total Non-Operating Expenses	<u>7.99%</u>	<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>
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	Out-of-District Fee	General Fee	Student Activity Fees	Sustainability Fee	Cost for 12 SCH	Cost for 12 SCH	Increase from Prior Yr In-District	Increase from Prior Yr Out-of-District
		(a)	(a)				In-District	Out-of-District		
2018	\$ 67	\$ 67	\$ 278	\$ 15	\$ 2	\$ 1	\$ 1,020	\$ 4,356	0.00%	0.00%
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%

Non - Resident
Fees per Semester Credit Hour (SCH)

Fiscal Year	Non-Res Tuition	Non-Res Tuition	General Fee	Student Activity Fees	Sustainability Fee	Cost for 12 SCH	Cost for 12 SCH	Increase from Prior Yr Out-of-State	Increase from Prior Yr Intl
	Out-of-State	Intl				Out-of-State	Intl		
2018	\$ 418	\$ 418	\$ 15	\$ 2	\$ 1	\$ 5,232	\$ 5,232	0.00%	0.00%
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%

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	
2018	\$ 59,473,924	20,755	\$ 2,866	10,659,102	3,011,135	13,670,237	\$ 4.35
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

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
2018	\$ 243,888,249	\$ 45,946,176	\$ 197,942,073	81.16%	\$ 0.09000	\$ 0.01080	\$ 0.10080
2017	222,866,079	44,022,945	178,843,133	80.25%	0.09000	0.01200	0.10200
2016	195,753,882	37,848,364	157,905,518	80.67%	0.09000	0.01050	0.10050
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

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)				
		2018	2017	2016	2015	2014
Samsung Austin Semiconductor	Manufacturing	\$ 1,667,794	\$ 1,945,796	\$ 2,477,907	\$ 2,479,597	\$ 2,301,995
PKY-San Jacinto Center LLC	Real Estate	-	-	307,830	747,258	-
Columbia/St Davids Health Care	Medical	567,805	569,150	516,094	484,356	481,018
Freescale Semiconductor, Inc	Manufacturing	-	-	308,035	316,663	300,552
Freescale Semiconductor	Manufacturing	-	-	-	-	-
Applied Materials, Inc.	Manufacturing	619,659	519,692	418,773	309,466	270,384
Apple INC	Manufacturing	418,759	384,000	264,264	-	-
Circuit of the Americas LLC	Sports/Recreation	-	-	-	289,214	290,836
Dell, Inc.	Manufacturing	-	-	-	265,799	287,908
Dell USA LP	Manufacturing	-	-	-	-	-
IBM Corporation (a)	Manufacturing	-	-	253,918	240,682	231,662
IMT Capital II Riata LP	Real Estate	-	299,413	256,260	236,598	211,437
CSHV-401 Congress LLC	Limited Liability Co.	359,707	335,535	251,256	-	-
Finley Company	Oil Land Leases	412,775	352,737	240,032	-	-
NXP Semiconductor USA Inc	Manufacturing	-	-	-	-	-
CSHV-300 West 6th Street LLC	Limited Liability Co.	-	282,443	-	-	-
HEB Grocery Company LP	Food Retail	318,283	292,659	-	222,663	-
TPG-300 West 6th Street LLC	Real Estate	-	-	-	-	705,800
Shoping Center at Gateway LP	Real Estate	-	-	-	-	214,811
Spansion LLC	Manufacturing	-	-	-	-	-
Brandywine Acquisition Partners LP	Real Estate	-	-	-	-	-
Advanced Micro Devices Inc.	Manufacturing	-	-	-	-	-
CJUF II Stratus Block 21 LLC	Real Estate	-	-	-	-	-
Hewlett-Packard Company	Manufacturing	-	-	-	-	-
Flextronics	Manufacturing	-	-	-	-	-
Domain Retail Property Owner LP	Retail Center	343,764	301,943	-	-	-
BPP Alphabet MF Riata LP	Lawyers	325,076	-	-	-	-
GW Block 23 Office LLC	Real Estate	307,578	-	-	-	-
Totals		\$ 5,341,200	\$ 5,283,368	\$ 5,294,369	\$ 5,592,296	\$ 5,296,403
Total Taxable Assessed Value		\$ 178,843,133	\$ 178,843,133	\$ 157,905,518	\$ 139,307,148	\$ 124,095,634

Taxpayer	Type of Business	% of Taxable As % of Taxable Assessed Value (TAV) by Fiscal Year				
		2018	2017	2016	2015	2014
Samsung Austin Semiconductor	Manufacturing	0.93%	1.09%	1.57%	1.78%	1.86%
PKY-San Jacinto Center LLC	Real Estate	-	-	0.19%	0.54%	-
Columbia/St Davids Health Care	Medical	0.32%	0.32%	0.33%	0.35%	0.39%
Freescale Semiconductor, Inc	Manufacturing	-	-	0.20%	0.23%	0.24%
Freescale Semiconductor	Manufacturing	-	-	-	-	-
Applied Materials, Inc.	Manufacturing	0.35%	0.29%	0.27%	0.22%	0.22%
Apple INC	Manufacturing	0.23%	0.21%	0.17%	-	-
Circuit of the Americas LLC	Sports/Recreation	-	-	-	0.21%	0.23%
Dell, Inc.	Manufacturing	-	-	-	0.19%	0.23%
Dell USA LP	Manufacturing	-	-	-	-	-
IBM Corporation (a)	Manufacturing	-	-	0.16%	0.17%	0.19%
IMT Capital II Riata LP	Real Estate	-	0.17%	0.16%	0.17%	0.17%
CSHV-401 Congress LLC	Limited Liability Co.	0.20%	0.19%	0.16%	-	-
CSHV-300 West 6th Street LLC	Limited Liability Co.	-	0.16%	-	-	-
Finley Company	Oil Land Leases	0.23%	0.20%	0.15%	-	-
NXP Semiconductor USA INC	Manufacturing	-	-	-	-	-
HEB Grocery Company LP	Food Retail	0.18%	0.16%	-	0.16%	-
TPG-300 West 6th Street LLC	Real Estate	-	-	-	-	0.57%
Shoping Center at Gateway LP	Real Estate	-	-	-	-	0.17%
Spansion LLC	Manufacturing	-	-	-	-	-
Brandywine Acquisition Partners LP	Real Estate	-	-	-	-	-
Advanced Micro Devices Inc.	Manufacturing	-	-	-	-	-
CJUF II Stratus Block 21 LLC	Real Estate	-	-	-	-	-
Hewlett-Packard Company	Manufacturing	-	-	-	-	-
Flextronics	Manufacturing	-	-	-	-	-
Domain Retail Property Owner LP	Retail Center	0.19%	0.17%	-	-	-
BPP Alphabet MF Riata LP	Lawyers	0.18%	-	-	-	-
GW Block 23 Office LLC	Real Estate	0.17%	-	-	-	-
Totals		2.99%	2.95%	3.35%	4.02%	4.27%

Source:

Travis and Williamson County Tax Assessor/Collector

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
2018	\$ 199,368	\$ -	\$ 199,368	\$ 198,356	99.49%	\$ -	\$ (70)	\$ 198,286	99.46%
2017	182,724	(567)	182,157	181,785	99.49%	-	(10)	181,775	99.79%
2016	158,987	(582)	158,404	158,107	99.45%	(57)	22	158,072	99.79%
2015	130,594	(438)	130,156	129,598	99.24%	221	31	129,850	99.76%
2014	118,146	(154)	117,992	117,220	99.22%	383	23	117,626	99.69%
2013	111,214	(205)	111,009	110,452	99.31%	383	8	110,843	99.85%
2012	106,051	(192)	105,859	105,233	99.23%	511	-	105,744	99.89%
2011	100,447	(298)	100,149	99,520	99.08%	507	(4)	100,023	99.87%
2010	104,074	(313)	103,761	102,956	98.93%	665	1	103,622	99.87%
2009	88,614	(247)	88,367	87,605	98.86%	625	-	88,230	99.84%

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)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Bonded Debt										
General Obligation Bonds	\$ 449,440	\$ 323,682	\$ 334,659	\$ 265,587	\$ 92,454	\$ 95,593	\$ 96,250	\$ 95,169	\$ 96,399	\$ 97,268
Less:										
Funds Restricted for Debt Service	1,094	2,080	844	822	818	817	246	194	191	188
Total General Bonded Debt	\$ 448,346	\$ 321,602	\$ 333,815	\$ 264,765	\$ 91,636	\$ 94,776	\$ 96,004	\$ 94,975	\$ 96,208	\$ 97,080
Other Debt										
Revenue Bonds	\$ 181,055	\$ 172,806	\$ 178,571	\$ 178,333	\$ 181,737	\$ 185,841	\$ 112,061	\$ 125,759	\$ 76,340	\$ 46,966
Lease Revenue Bonds	290,737	182,128	187,707	192,693	191,833	194,685	197,054	152,423	120,365	121,732
Capital Lease & Notes Obligations	1,397	1,238	275	843	1,402	1,955	1,159	534	1,050	1,549
Total Other Debt	473,189	356,172	366,553	371,869	374,972	382,481	310,274	278,716	197,755	170,247
Total Outstanding Debt	\$ 921,535	\$ 677,774	\$ 700,368	\$ 636,634	\$ 466,608	\$ 477,257	\$ 406,278	\$ 373,691	\$ 293,963	\$ 267,327
General Bonded Debt Ratios										
Per Capita	\$ 211.90	\$ 160.73	\$ 171.78	\$ 140.60	\$ 49.96	\$ 51.67	\$ 53.83	\$ 54.95	\$ 56.42	\$ 58.69
Per FTSE	21,602	15,256	15,922	13,202	4,523	4,555	4,424	4,323	4,810	5,457
As a % of Taxable Assessed Value	0.22%	0.18%	0.21%	0.19%	0.07%	0.08%	0.09%	0.09%	0.09%	0.10%
Total Outstanding Debt Ratios										
Per Capita	\$ 489.38	\$ 359.93	\$ 371.93	\$ 338.09	\$ 254.38	\$ 260.18	\$ 227.80	\$ 216.23	\$ 172.40	\$ 161.61
Per FTSE	44,401	33,796	34,922	31,744	23,032	22,938	18,722	17,008	14,698	15,028
As a % of Taxable Assessed Value	0.66%	0.49%	0.50%	0.46%	0.38%	0.41%	0.36%	0.36%	0.27%	0.29%

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)

	2018	2017	2016	2015
Taxable Assessed Value	\$ 197,942,073	\$ 178,843,133	\$ 157,905,518	\$ 139,307,148
General Obligation Bonds				
Statutory Tax Levy Limit for Debt Serv (1)	\$ 989,710	\$ 894,216	\$ 789,528	\$ 696,536
Less: Funds Restricted for Repayment of General Obligation Bonds	1,087	2,080	844	822
Net Statutory Tax Levy Limit for Debt Service	988,623	892,136	788,684	695,714
Current Year Debt Service Requirements	21,501	21,475	16,723	5,882
Excess of Statutory Limit for Debt Service over Current Requirements	\$ 967,122	\$ 870,661	\$ 771,961	\$ 689,832
Net Current Requirements as a % of Statutory Limit	2.28%	2.63%	2.23%	0.96%

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)

2014	2013	2012	2011	2010	2009
\$ 124,095,634	\$ 117,011,659	\$ 112,246,898	\$ 104,869,632	\$ 109,030,980	\$ 92,978,483
\$ 620,478	\$ 585,058	\$ 561,234	\$ 524,348	\$ 545,155	\$ 464,892
818	817	246	194	191	188
619,660	584,241	560,988	524,154	544,964	464,704
6,093	5,428	4,868	5,402	5,065	5,086
\$ 613,567	\$ 578,813	\$ 556,120	\$ 518,752	\$ 539,899	\$ 459,618
1.11%	1.07%	0.91%	1.07%	0.96%	1.13%

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	
2018	\$ 15,291	\$ 10,927	\$ 1,868	\$ 28,086	\$ 5,805	\$ 6,348	\$ 12,153	2.31
2017	15,698	11,004	977	27,679	4,797	6,503	11,300	2.45
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

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
2018	2,175,847	Not Available	Not Available	3.3%
2017	2,112,172	\$ 115,982,300	\$ 54,817	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%

Source:

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

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

Principal (Top Ten) Employers
Last Ten Fiscal Years

Employer	2018		2017		2016		2015	
	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	90,600	8.51%	87,800	8.59%	91,900	9.24%	90,000	9.47%
State Government	64,800	6.09%	70,600	6.91%	69,400	6.98%	69,100	7.27%
University of Texas at Austin	23,665	2.22%	25,859	2.53%	14,079	1.42%	26,935	2.84%
HEB	13,453	1.26%	12,198	1.19%	n/a	n/a	n/a	n/a
Federal Government	13,100	1.23%	12,800	1.25%	13,500	1.36%	13,100	1.38%
Dell Inc.	12,000	1.13%	13,000	1.27%	13,000	1.31%	14,000	1.47%
Seton Healthcare Family	10,297	0.97%	10,270	1.00%	10,945	1.10%	12,770	1.34%
Wal-Mart Stores, Inc.	9,100	0.86%	n/a	n/a	5,700	0.57%	5,500	0.58%
St. David's Healthcare	9,021	0.85%	8,598	0.84%	8,369	0.84%	8,100	0.85%
IBM Corporation	6,000	0.56%	6,000	0.59%	6,000	0.60%	6,000	0.63%
Freescale Semiconductor, Inc.	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total	252,036	23.68%	247,125	24.17%	232,893	23.42%	245,505	25.83%

Sources:

Austin Business Journal, Book of Lists 2017 - 2018
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)

2014		2013		2012		2011		2010		2009	
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
89,600	9.95%	83,900	10.16%	86,200	10.84%	86,800	11.23%	83,800	11.01%	81,200	10.41%
70,900	7.88%	72,500	8.78%	70,800	8.90%	72,100	9.33%	72,000	9.46%	69,600	8.92%
27,264	3.03%	21,626	2.62%	27,894	3.51%	28,128	3.64%	16,156	2.12%	16,156	2.07%
14,000	1.56%	12,000	1.45%	12,000	1.51%	10,000	1.29%	16,000	2.10%	17,000	2.18%
11,300	1.26%	12,400	1.50%	12,500	1.57%	12,300	1.59%	11,900	1.56%	11,700	1.50%
12,609	1.40%	12,606	1.53%	11,601	1.46%	10,737	1.39%	9,793	1.29%	9,807	1.26%
7,950	0.88%	7,400	0.90%	7,100	0.89%	6,598	0.85%	6,043	0.79%	6,200	0.79%
6,572	0.73%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
6,000	0.67%	6,000	0.73%	6,239	0.78%	n/a	n/a	6,200	0.81%	6,239	0.80%
n/a	n/a	n/a	n/a	n/a	n/a	6,900	0.89%	6,900	0.91%	6,700	0.86%
n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
11,277	1.25%	10,545	1.28%	10,263	1.29%	14,882	1.93%	10,904	1.43%	6,746	0.86%
n/a	n/a	5,000	0.61%	5,000	0.63%	5,000	0.65%	4,300	0.56%	n/a	n/a
257,472	28.61%	243,977	29.56%	249,597	31.38%	253,445	32.79%	243,996	32.04%	231,348	29.65%

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

Faculty, Staff, and Administrators Statistics
Last Ten Fiscal Years

	<u>2018</u>	<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>
Faculty:										
Full-Time	623	617	641	626	608	632	632	624	592	526
Part-Time	1255	1364	1394	1,371	1,340	1,434	1,487	1,460	1,401	1,316
Total	<u>1,878</u>	<u>1,981</u>	<u>2,035</u>	<u>1,997</u>	<u>1,948</u>	<u>2,066</u>	<u>2,119</u>	<u>2,084</u>	<u>1,993</u>	<u>1,842</u>
Percent:										
Full-Time	33.2%	31.1%	31.5%	31.3%	31.2%	30.6%	29.8%	29.9%	29.7%	28.6%
Part-Time	66.8%	68.9%	68.5%	68.7%	68.8%	69.4%	70.2%	70.1%	70.3%	71.4%
Staff and Administrators:										
Full-Time	1,637	1,658	1,407	1,352	1,261	1,271	1,288	1,282	1,215	1,118
Part-Time	238	245	172	160	138	150	163	173	174	175
Total	<u>1,875</u>	<u>1,903</u>	<u>1,579</u>	<u>1,512</u>	<u>1,399</u>	<u>1,421</u>	<u>1,451</u>	<u>1,455</u>	<u>1,389</u>	<u>1,293</u>
Percent:										
Full-Time	87.3%	87.1%	89.1%	89.4%	90.1%	89.4%	88.8%	88.1%	87.5%	86.5%
Part-Time	12.7%	12.9%	10.9%	10.6%	9.9%	10.6%	11.2%	11.9%	12.5%	13.5%
FTSE per Full-time Faculty	32.19	32.50	31.29	32.04	33.32	32.92	34.34	35.2	33.8	33.8
FTSE per Full-Time Staff	12.25	12.10	14.25	14.83	16.07	16.37	16.85	17.1	16.5	15.9
Average Annual Faculty Salary	\$ 71,741	\$ 69,358	\$ 69,151	\$ 66,961	\$ 66,085	\$ 65,585	\$ 64,150	\$ 62,124	\$ 63,123	\$ 62,895

Sources:

ACC Office of Institutional Effectiveness

TCCTA Survey of Faculty Salaries

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AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008	
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%
9,927	24.72%	9,987	23.78%	9,429	22.68%	8,278	21.88%	7,555	22.40%
2,648	6.59%	2,471	5.88%	2,233	5.37%	1,970	5.20%	1,776	5.27%
<u>40,159</u>	<u>100.00%</u>	<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>

Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008	
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%
9,347	23.27%	12,202	29.05%	9,591	23.07%	8,951	23.65%	7,876	23.35%
13,364	33.28%	12,619	30.04%	13,138	31.60%	11,715	30.95%	10,599	31.42%
7,621	18.98%	8,315	19.80%	8,205	19.73%	7,344	19.40%	6,368	18.88%
8,148	20.29%	7,082	16.86%	8,739	21.02%	8,194	21.65%	7,254	21.51%
1,085	2.70%	1,068	2.54%	1,247	3.00%	1,070	2.83%	1,119	3.32%
121	0.30%	112	0.27%	143	0.33%	137	0.36%	121	0.36%
<u>40,159</u>	<u>100.00%</u>	<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>

7.77 7.75 7.93 7.93 7.91

Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008	
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%
4,460	11.11%	5,156	12.28%	6,422	15.44%	5,909	15.61%	5,659	16.78%
993	2.47%	949	2.25%	953	2.29%	856	2.26%	816	2.42%
5,225	13.01%	4,608	10.97%	4,095	9.85%	3,498	9.24%	3,152	9.35%
<u>40,159</u>	<u>100.00%</u>	<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>

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

Student Profile
Last Ten Fiscal Years

Gender	Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	17,228	44.79%	17,760	45.30%	21,331	54.82%	21,057	55.56%	21,402	55.43%
Male	21,234	55.21%	21,448	54.70%	17,578	45.18%	16,843	44.44%	17,209	44.57%
Total	38,462	100.00%	39,208	100.00%	38,909	100.00%	37,900	100.00%	38,611	100.00%

Ethnic Origin	Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	17,074	44.39%	17,537	44.73%	17,496	44.97%	17,569	46.36%	18,303	47.40%
Hispanic	14,142	36.77%	14,269	36.39%	12,995	33.40%	11,900	31.40%	11,668	30.22%
African American	2,820	7.33%	2,848	7.26%	2,755	7.08%	2,732	7.21%	2,892	7.49%
Asian/Pacific Islander	2,213	5.75%	2,318	5.91%	2,137	5.49%	2,085	5.50%	2,027	5.25%
Am.Indian/Alaskan Native	272	0.71%	324	0.83%	306	0.79%	316	0.83%	316	0.82%
Non-Resident Alien	145	0.38%	138	0.35%	151	0.39%	153	0.40%	877	2.27%
Other/Unknown	1,796	4.67%	1,774	4.52%	3,069	7.89%	3,145	8.30%	2,528	6.55%
Total	38,462	100.00%	39,208	100.00%	38,909	100.00%	37,900	100.00%	38,611	100.00%

Age	Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 18	6,462	16.80%	6,050	15.43%	5,294	13.61%	4,372	11.54%	4,501	11.66%
18 -21	14,033	36.49%	14,437	36.82%	14,238	36.59%	13,605	35.90%	13,641	35.33%
22 - 24	5,140	13.36%	5,322	13.57%	5,350	13.75%	5,436	14.34%	5,311	13.76%
25 - 35	8,489	22.07%	9,050	23.08%	9,403	24.17%	9,633	25.42%	9,665	25.03%
36 - 50	3,307	8.60%	3,417	8.72%	3,678	9.45%	3,843	10.14%	4,323	11.20%
51 & over	1,031	2.67%	932	2.37%	946	2.42%	1,011	2.66%	1,170	3.03%
Total	38,462	100.00%	39,208	100.00%	38,909	100.00%	37,900	100.00%	38,611	100.00%

Average Age	24.5	24.5	24.7	25.2	25.6
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Source:
ACC Office of Institutional Effectiveness

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
22,347	55.65%	23,311	55.50%	23,020	55.36%	21,115	55.79%	19,055	56.50%
17,812	44.35%	18,693	44.50%	18,562	44.64%	16,735	44.21%	14,673	43.50%
<u>40,159</u>	<u>100.00%</u>	<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>

Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
19,615	48.84%	21,246	50.58%	22,466	54.03%	21,720	57.38%	19,580	58.05%
11,698	29.13%	11,765	28.01%	11,067	26.61%	9,440	24.94%	8,316	24.66%
3,170	7.89%	3,423	8.15%	3,698	8.89%	3,263	8.62%	2,753	8.16%
2,403	5.98%	2,140	5.09%	2,503	6.02%	2,026	5.35%	1,876	5.56%
69	0.17%	389	0.93%	44	0.11%	333	0.88%	287	0.85%
190	0.47%	193	0.46%	183	0.44%	476	1.26%	477	1.41%
3,014	7.52%	2,848	6.78%	1,621	3.90%	592	1.57%	439	1.31%
<u>40,159</u>	<u>100.00%</u>	<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>

Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
3,965	9.87%	3,487	8.30%	3,247	7.81%	2,913	7.70%	2,718	8.06%
13,877	34.56%	14,381	34.24%	14,371	34.56%	13,765	36.37%	13,016	38.59%
5,772	14.37%	6,331	15.07%	6,345	15.26%	5,822	15.38%	5,115	15.17%
10,665	26.56%	11,608	27.64%	11,508	27.68%	10,017	26.46%	8,493	25.18%
4,674	11.64%	4,929	11.73%	4,891	11.76%	4,296	11.35%	3,553	10.53%
1,206	3.00%	1,268	3.02%	1,220	2.93%	1,037	2.74%	833	2.47%
<u>40,159</u>	<u>100.00%</u>	<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>

25.9

26.1

26.0

25.8

25.3

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

Transfers to Senior Institutions
2016-2017 Students as of Fall 2017
(Includes only public senior colleges in Texas)

	Transfer Student Count (Academic)	Transfer Student Count (Technical)	Transfer Student Count (Tech-Prep)	Total of all ACC Transfer Students	% of all ACC Transfer Students
Angelo State University	26	14	2	42	0.45%
Baylor College of Medicine	3	-	-	3	0.03%
Lamar University	13	2	1	16	0.17%
Midwestern State University	9	3	-	12	0.13%
Prairie View A&M University	15	2	1	18	0.19%
Sam Houston State University	69	7	12	88	0.93%
Stephen F. Austin State University	49	13	7	69	0.73%
Sul Ross State University	2	2	1	5	0.05%
Sul Ross State University -Rio Grande College	-	-	-	-	0.00%
Tarleton State University	58	8	11	77	0.82%
Texas A&M International University	6	-	-	6	0.06%
Texas A&M University	574	106	67	747	7.92%
Texas A&M University - Central Texas	24	3	2	29	0.31%
Texas A&M University - Commerce	18	4	1	23	0.24%
Texas A&M University - Corpus Christi	86	18	11	115	1.22%
Texas A&M University - Kingsville	7	1	-	8	0.08%
Texas A&M University - San Antonio	5	4	3	12	0.13%
Texas A&M University - Texarkana	1	-	-	1	0.01%
Texas A&M University at Galveston	14	3	-	17	0.18%
Texas A&M University System Health Science Center	30	2	-	32	0.34%
Texas Southern University	3	-	-	3	0.03%
Texas State University	2,559	317	222	3,098	32.86%
Texas Tech University	316	76	41	433	4.59%
Texas Tech University Health Sciences Center	42	7	-	49	0.52%
Texas Tech University Health Sciences Center - El Paso	1	-	-	1	0.01%
Texas Woman's University	42	4	3	49	0.52%
The University of Texas - Rio Grande Valley	15	3	1	19	0.20%
The University of Texas at Arlington	116	33	9	158	1.68%
The University of Texas at Austin	2,601	343	188	3,132	33.22%
The University of Texas at Dallas	147	31	58	236	2.50%
The University of Texas at El Paso	10	1	3	14	0.15%
The University of Texas at San Antonio	269	62	35	366	3.88%
The University of Texas at Tyler	23	1	3	27	0.29%
The University of Texas at Austin Dell Medical School	-	1	-	1	0.01%
The University of Texas Health Science Center Houston	14	1	-	15	0.16%
The University of Texas Health Science Center San Antonio	22	-	-	22	0.23%
The University of Texas M.D. Anderson Cancer Center	1	1	-	2	0.02%
The University of Texas Medical Branch at Galveston	18	1	2	21	0.22%
The University of Texas of the Permian Basin	13	4	-	17	0.18%
The University of Texas Southwestern Medical Center	4	1	-	5	0.05%
University of Houston	121	24	11	156	1.65%
University of Houston - Clear Lake	6	1	1	8	0.08%
University of Houston - Downtown	3	1	-	4	0.04%
University of Houston - Victoria	10	3	3	16	0.17%
University of North Texas	175	35	27	237	2.51%
University of North Texas at Dallas	-	1	-	1	0.01%
University of North Texas Health Science Center	1	1	-	2	0.02%
West Texas A&M University	13	3	1	17	0.18%
Totals	7,554	1,148	727	9,429	100.00%

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

Capital Asset Information
Last Ten Fiscal Years

	<u>2018</u>	<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>
Academic Buildings	50	43	43	43	43	41	40	38	35	29
Square footage (in thousands)	3,169	3,026	3,026	3,026	3,026	2,736	2,676	2,084	1,610	1,166
Administrative 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	2
Transportation										
Cars	56	56	51	53	49	43	41	39	37	31
Light Trucks/Vans	101	103	102	92	87	90	87	75	79	75
Other	12	11	11	11	11	13	14	10	-	-

Source:

ACC Fact Book

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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, 2018, 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, 2018, which includes an emphasis of matter, as described in Note 24 to the financial statements. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit, Austin Community College Foundation, as described in our report on the College's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those 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.

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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, 2018

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**Report on Compliance for the 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 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 the College's major federal program for the year ended August 31, 2018. The College's major federal program is 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 the College's major federal program 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 the major federal program. However, our audit does not provide a legal determination of the College's compliance.

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Opinion on the 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 its major federal program for the year ended August 31, 2018.

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 its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its 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, 2018

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AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2018

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Awards Received</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures and Pass Through Disbursements</u>
U.S. DEPARTMENT OF EDUCATION				
Direct Programs:				
Student Financial Aid Cluster				
Federal Supplemental Education Opportunity Grants	84.007		\$ -	\$ 767,769
Federal Work-Study Program	84.033		-	486,701
Federal Pell Grant Program	84.063		-	32,553,095
Federal Direct Student Loans	84.268		-	29,936,991
Total Student Financial Assistance Cluster			-	63,744,556
Childcare Access Means Parents in School	84.335A		-	104,057
Discretionary/Competitive Grants to States	84.013A		-	304,748
US-Mexico International Business & Logistics Cross Cultural Studies Prog	84.016A		-	10,831
TRIO Upward Bound	84.047		-	209,824
TRIO Upward Bound	84.047		-	189,009
			-	398,833
Pass-Through From:				
Texas Workforce Commission				
Adult Education Basic Grants to States	84.002A	1416AEL006	4,354	57,436
Adult Education Basic Grants to States	84.002A	1416AEL006	54,182	147,156
Adult Education Basic Grants to States	84.002A	1418ALA000	9,614	21,156
Adult Education Basic Grants to States	84.002A	1416AEL006	189,299	1,577,538
Adult Education Basic Grants to States	84.002A	1418ALA000	13,823	193,518
Adult Education Basic Grants to States	84.002A	2916AEL012	-	157,296
Adult Education Basic Grants to States	84.002A	1417AEL001	-	82,963
Adult Education Basic Grants to States	84.002A	1416AEL006	-	10,957
Adult Education Basic Grants to States	84.002A	N/A	-	63,463
Adult Education Basic Grants to States	84.002A	N/A	-	122
Total CFDA 84.002			271,272	2,311,605
Texas Higher Education Coordinating Board				
Career and Technical Education - Basic Grants to States	84.048	174220	-	1,006,020
Career and Technical Education - Leadership Grant	84.048	19248	27,269	130,938
Total CFDA 84.048			27,269	1,136,958
Researcher-Practitioner Partnerships in Education Research	84.305H	17548	-	20,282
Pass-Through From:				
San Jacinto Community College				
Career and Technical Education - Leadership Grant	84.048	DOE538436004	-	22,627
Education Service Center, Region 13				
Twenty First Century Community Learning Centers	84.287C	N/A	-	6,029
Twenty First Century Community Learning Centers	84.287C	176950247110022	-	67,952
Total CFDA 84.287C			-	73,981
TOTAL U.S. DEPARTMENT OF EDUCATION			298,541	68,128,478
U.S. DEPARTMENT OF LABOR				
Pass-Through From:				
Texas Workforce Commission				
Employment Service/Wagner-Peyser Funded Act	17.207	1416WPB001	-	166,219
TOTAL U.S. DEPARTMENT OF LABOR			-	166,219

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2018

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures and Pass Through Disbursements</u>
NATIONAL SCIENCE FOUNDATION				
Direct Programs:				
Education and Human Resources	47.076		-	691,673
Geosciences	47.050		-	132,498
Pass-Through From:				
Rochester Institute of Technology				
Education and Human Resources	47.076	DUE-1501756	-	10,283
Macromoltek, INC				
Engineering Grants	47.041	1632399		25,914
TOTAL NATIONAL SCIENCE FOUNDATION			<u>-</u>	<u>860,368</u>
EDUCATION CORPORATION OF NATIONAL AND COMMUNITY SERVICE				
Pass-Through From:				
AARP Foundation				
Social Innovation Fund	94.019	INC-2017-02-0075	-	277,282
TOTAL CORPORATION OF NATIONAL AND COMMUNITY SERVICE			<u>-</u>	<u>277,282</u>
U.S. DEPARTMENT OF AGRICULTURE				
Direct Programs:				
Hispanic Servin Institutions Education Grants	10.223		-	9,149
Pass-Through From:				
Natural Resources Conservation Service				
Soil and Water Conservation	10.902	USDA-NRCS-TX-UCP- 18-01		145
TOTAL U.S. DEPARTMENT OF AGRICULTURE				<u>9,294</u>
NATIONAL ENDOWMENTS OF THE ARTS				
Direct Programs:				
NEA'S Big Read	45.024		-	14,000
TOTAL U.S. DEPARTMENT OF AGRICULTURE				<u>14,000</u>
U.S. DEPARTMENT OF JUSTICE				
Direct Programs:				
Bulletproof Vest Partnership Program	16.607		-	6,389
TOTAL U.S. DEPARTMENT OF AGRICULTURE				<u>6,389</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Pass-Through From:				
Texas Workforce Commission				
Temporary Assistance for Needy Families	93.558	1416AELB06	119,805	119,805
Temporary Assistance for Needy Families	93.558	1418ALA000	8,339	8,339
Temporary Assistance for Needy Families	93.558	1416AEL006	21,578	21,578
Temporary Assistance for Needy Families	93.558	1418ALA000	-	3,619
Temporary Assistance for Needy Families	93.558	1416AEL006	-	38,705
Temporary Assistance for Needy Families	93.558	2017CTIACC		28,840
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>149,722</u>	<u>220,886</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 448,263</u>	<u>\$ 69,682,916</u>

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, 2018

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, 2018. 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 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 recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not 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, 2018, 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, 2018.

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

**Schedule of Federal Findings and Questioned Costs
Year Ended August 31, 2018**

Section I. Summary of Auditor's Results

Financial Statements:

Type of report the auditor 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 federal 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:

CFDA Numbers Name of Federal Program or Cluster

84.007, 84.033, 84.063 and 84.268 Student Financial Aid Cluster

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

Auditee qualified as low-risk auditee? X Yes No

(Continued)

Austin Community College District

**Schedule of Federal Findings and Questioned Costs (Continued)
Year Ended August 31, 2018**

Section II. Financial Statement Findings

(A) Internal Control

No matters were reported.

(B) Compliance Findings

No matters were reported.

Section III. Federal Award Findings and Questioned Costs

(A) Internal Control

No matters were reported.

(B) Compliance Findings

No matters were reported.

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INTRODUCTORY 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 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, 2018. 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.

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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, 2018.

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.

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, 2018

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AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended August 31, 2018

<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	\$ -	\$ 1,288
Fifth Year Accounting Scholarship	-	-	2,400
Nursing Shortage Reduction Program Over 70 FY 2014	-	-	65,336
Nursing Shortage Reduction Program Over 70 FY 2015	-	-	100,000
Nursing Shortage Reduction Program Over 70 FY 2017	17752	-	8,793
Nursing Innovation Grant Program 2017-2018	18020	-	27,503
(T-STEM) Challenge Scholarship Program	16894	-	267,734
Texas Education Opportunity Grant	36002	-	2,029,404
Texas Education	36010	-	8,132
Texas College Workstudy 2018	22339	-	105,981
Texas College Workstudy 2019	22339	-	189
THECB College Readiness	18666	-	7,115
Work Study Student Mentorship Program	15547-17504	-	49,075
Total Higher Education Coordinating Board		-	2,672,950
Office Of The Governor Of The State of Texas			
Texas Technology Fund	-	-	628,172
Texas Workforce Commission			
Adult Education Basic Grants to State	1416AELB06	281,354	281,354
Adult Education Basic Grants to State	1418ALA000	35,251	35,251
Skill Development Fund ST David's Consortium	1418SDF001	-	29,447
Skills for Small Business 17-18	1417SSD000	-	13,027
Skills Development Fund IT Consortium (Samsung)	1418SDF002	-	43,340
Skills Development Fund, NXP USA, Inc.	1418SDF000	-	11,414
TWC Youth Gallaudet University	4226777	-	2,150
ACC-ARMA Consortium	1417SDF001	-	257,042
Total Texas Workforce Commission		-	673,025
Texas Commission On State Emergency Communications			
Enterprise Geospatial Data Management System (EGDMS)	ICC no. 477.8.00041	-	9,965
Texas Water Development Board			
Student FY 18 Internship	1800012140	-	18,702
General Land Office			
GLO GIS Summer FY 2018 Internship	A731_17-211-000	-	2,659
GLO GIS Summer FY 2017 Internship	17-211-000-WOA540	-	1,611
Total Expenditures of State Awards		\$ 316,605	\$ 4,007,084

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, 2018

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, 2018. The information in this Schedule is presented in accordance with the requirements of the state. Because the Schedule presents only 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 recognized following the cost principles contained in the State of Texas *Single Audit Circular*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Expenditure reports to funding agencies are prepared on the award period basis.

Austin Community College District

**Schedule of State Findings and Questioned Costs
Year Ended August 31, 2018**

Section I. Summary of Auditor's Results

Financial Statements:

Type of report the auditor 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)? Yes X 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*? Yes X 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

(Continued)

Austin Community College District

**Schedule of State Findings and Questioned Costs (Continued)
Year Ended August 31, 2018**

Section II. Financial Statement Findings

(A) Internal Control

No matters were reported.

(B) Compliance Findings

No matters were reported.

Section III. State Award Findings and Questioned Costs

(C) Internal Control

No matters were reported.

(D) Compliance Findings

No matters were reported.



December 20, 2018

Austin Community College District

**Summary Schedule of Prior Audit Findings
Year Ended August 31, 2018**

Finding 2017-001 and 2017-002 – Student Eligibility

Current Status:

The finding has been corrected.

Finding 2017-003 – Business Partnerships

Current Status:

The finding has been corrected.

A handwritten signature in black ink, appearing to read "Neil Van", with a long horizontal line extending to the right.



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