

ALVIN COMMUNITY COLLEGE

ANNUAL FINANCIAL REPORT

**For the Fiscal Years Ended
August 31, 2013 and 2012**

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ALVIN COMMUNITY COLLEGE

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ALVIN COMMUNITY COLLEGE

ORGANIZATIONAL DATA

For the Year Ended August 31, 2013

Board of Regents

<u>Officers</u>		<u>Term Expires</u>
L.H. "Pete" Nash, Chairman	Alvin, Texas	2016
James "Bart" DeWitt, Vice-Chairman	Alvin, Texas	2018
Karlis Ercums III, Secretary	Alvin, Texas	2016

<u>Members</u>		<u>Term Expires</u>
Mac Barrow	Alvin, Texas	2016
Brenda Brown	Alvin, Texas	2014
Cheryl Knape	Alvin, Texas	2014
Mike Pyburn	Alvin, Texas	2014
Bel Sanchez	Alvin, Texas	2018
Doyle Swindell	Alvin, Texas	2018

Principal Administrative Officers

Dr. A. Rodney Allbright	President
Ms. Wendy Del Bello	Assistant to President/Executive, Director of Development
Dr. John Bethscheider	Dean of Instruction, Technical Programs, Provost
Dr. Andrew Nelson	Dean of Academic Programs
Mr. Karl Stager	Dean of Financial and Administrative Services
Ms. JoAn Anderson	Dean of Students
Dr. Patricia Hertenberger	Dean of Continuing Education and Pearland Center

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INDEPENDENT AUDITORS' REPORT

To the Board of Regents
Alvin Community College:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Alvin Community College (the "College"), as of and for the years ended August 31, 2013 and 2012, 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.

Auditors' Responsibility

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

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

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

Partners

Robert Belt, CPA
Stephanie E. Harris, CPA
Nathan Krupke, CPA

Houston

3210 Bingle Rd., Ste. 300
Houston, TX 77055
713.263.1123

Bellville

1304 South Front St.
Bellville, TX 77418
979.865.3169

Austin

100 Congress Ave., Ste. 2000
Austin, TX 78701
512.381.0222

All Offices

www.texasauditors.com
info@txauditors.com
713.263.1550 fax



Basis for Disclaimer of Opinion

The financial statements of the Alvin Community College Foundation (the "Foundation") have not been audited, and we were not engaged to audit the Foundation financial statements as part of our audit of the College's basic financial statements, as of and for the years ended December 31, 2012 and 2011.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the Foundation's financial statements (Exhibit 1A, Exhibit 2A, and Exhibit 3A).

Unmodified Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the business-type activities of the College August 31, 2013 and 2012, and the respective changes in its financial position and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The organizational data, supplemental schedules (schedules A through D), schedule of expenditures of federal awards (schedule E), schedule of expenditures of state awards (schedule F), and statistical information are presented for purposes of additional analysis and are not required parts of the basic financial statements.

Schedule E is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Schedules A through F 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The organizational data and statistical information have not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2013 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
November 21, 2013

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***MANAGEMENT'S DISCUSSION
AND ANALYSIS***

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ALVIN COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Years Ended August 31, 2013 and 2012

This section of the Annual Financial Report of Alvin Community College (the "College") presents Management's Discussion and Analysis (MD&A) of the College's financial activity during the fiscal years ended August 31, 2013 and 2012, with particular focus on current events, legislation, and other various conditions. Please read this MD&A in conjunction with the College's basic financial statements and the notes to the basic financial statements. Responsibility for the completeness and fairness of the information included in this section of the annual report rests with the College.

Financial Highlights for Fiscal Years 2013 and 2012

The following factors had a significant effect on the College's financial status for fiscal years 2013 and 2012:

- There was a decrease in headcount of 1.86% in fiscal year 2012-2013 over the previous fiscal year. This decrease in headcount translated into a decrease of 4.96% in contact hours. There was no change in the tuition rates for in-district and out-of-district from fiscal year 2011-2012 to fiscal year 2012-2013. The decrease in headcount and contact hours resulted in a decrease in fiscal year 2012-2013 of \$109,223 in In-District tuition and a \$57,106 decrease in Out-of-district tuition.
- The College Board of Regents passed a combined tax rate of 0.199756 which was the effective tax rate. The Maintenance and Operations tax rate increased from 0.173798 to 0.175119 or .76%. However, the Debt Service tax rate decreased from 0.025687 to 0.024637 or 4.1%. Overall tax collections increased by \$386,604 from \$11,886,948 in fiscal year 2011-2012 to \$12,273,552 in fiscal year 2012-2013.
- The College received \$767,905 less in State Appropriations in fiscal year 2012-2013 than it received in 2011-2012.
- There was a step increase for all employees which increased salary and wage expenses by approximately \$393,295 in fiscal 2012-2013.
- The 2012-2013 Maintenance and Operations budget was \$25,056,008, which was an increase of \$3,663 over the 2011-2012 budget. Both Fiscal Years 2013 and 2012 each had \$345,500 budgeted from designated fund balance in order to balance the budget. Fiscal year 2012 maintained enough revenue to balance the budget without this designated amount and fiscal year 2013 used all of the designated amount to complete the budget.
- The College refinanced (refunded) part of its outstanding 2005 bond debt in April 2013. This refunding will see cash flow savings that will begin in fiscal year 2012-2013 of \$8,454 and an overall savings of \$251,901 through fiscal year 2020.
- The institutional reserve balances as of year-end were \$2,865,199.

ALVIN COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Years Ended August 31, 2013 and 2012

Overview of Financial Statements

The College qualifies as a special purpose government engaged in business-type activities and the basic financial statements are prepared on that basis. The basic financial statements include: the Statements of Net Position; the Statements of Revenues, Expenses, and Changes in Net Position; and the Statements of Cash Flows. These basic financial statements should be read with the notes to the basic financial statements and with various supplemental schedules required by the Texas Higher Education Coordinating Board. The Governmental Accounting Standards Board (GASB) reporting model focuses on the College as a whole. The College's basic financial statements are designed to emulate corporate presentation models whereby all College activities are reported in one column.

Under GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units – An Amendment of GASB Statement No. 14*, the Alvin Community College Foundation is considered a component unit of the College for fiscal years 2013 and 2012 and, as such, is discretely presented in the College's basic financial statements. Complete financial statements of the Alvin Community College Foundation can be obtained from their offices.

ALVIN COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Years Ended August 31, 2013 and 2012

Statements of Net Position

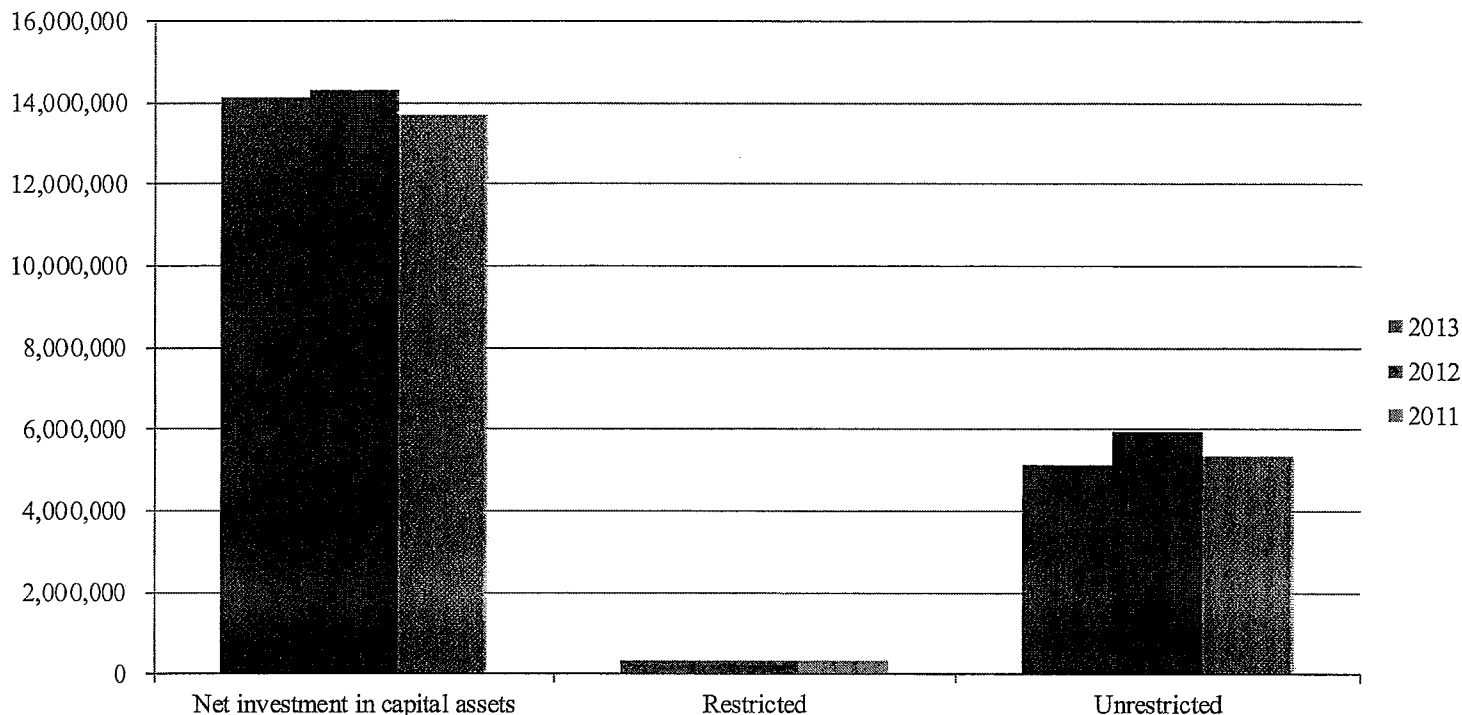
The Statements of Net Position presents the assets, liabilities, deferred inflows/outflows of resources, and net position of the College as of August 31, 2013 and 2012. It is a point of time financial statement. The purpose of the Statements of Net Position is to provide the readers with a snapshot of the financial condition of the College on August 31, 2013 and 2012. It presents end-of-year data for current and noncurrent assets, current and noncurrent liabilities, and net position. From the information shown, readers are able to determine the assets that are available to continue operations, how much the College owes, and net position and its availability to carry out the College's mission.

CONDENSED STATEMENTS OF NET POSITION
As of August 31, 2013-2011

	<u>2013</u>	<u>2012</u>	<u>Increase (Decrease) 2013-2012</u>	<u>2011</u>	<u>Increase (Decrease) 2012-2011</u>
Current assets	\$ 11,548,886	\$ 12,344,900	\$ (796,014)	\$ 11,677,529	\$ 667,371
Noncurrent assets:					
Restricted cash and cash equivalents	368,322	538,399	(170,077)	783,038	(244,639)
Investments	250,000	-	250,000	-	-
Deferred charges	269,722	291,994	(22,272)	290,884	1,110
Capital assets, net of accumulated depreciation	<u>29,654,461</u>	<u>30,534,145</u>	<u>(879,684)</u>	<u>30,674,342</u>	<u>(140,197)</u>
Total Assets	<u>42,091,391</u>	<u>43,709,438</u>	<u>(1,618,047)</u>	<u>43,425,793</u>	<u>283,645</u>
Current liabilities	7,327,383	6,954,882	372,501	6,873,793	81,089
Noncurrent liabilities	<u>15,162,137</u>	<u>16,175,054</u>	<u>(1,012,917)</u>	<u>17,149,876</u>	<u>(974,822)</u>
Total Liabilities	<u>22,489,520</u>	<u>23,129,936</u>	<u>(640,416)</u>	<u>24,023,669</u>	<u>(893,733)</u>
Net investment in capital assets	14,159,770	14,325,023	(165,253)	13,714,342	610,681
Restricted					
Expendable student aid	320,427	320,055	372	348,589	(28,534)
Unrestricted	<u>5,121,674</u>	<u>5,934,424</u>	<u>(812,750)</u>	<u>5,339,193</u>	<u>595,231</u>
Total Net Position	<u>\$ 19,601,871</u>	<u>\$ 20,579,502</u>	<u>\$ (977,631)</u>	<u>\$ 19,402,124</u>	<u>\$ 1,177,378</u>

ALVIN COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Years Ended August 31, 2013 and 2012

Net Position
Fiscal Years 2013- 2011



Fiscal Year 2013 Compared to 2012

Current assets decreased \$796,014 primarily due to the overall deficit operating net results. Noncurrent assets decreased \$822,033 due primarily to current year depreciation.

Current liabilities increased \$372,501 primarily due to an increase in the current bond payment and deferred revenues. Noncurrent liabilities decreased \$1,012,917 due mainly to scheduled debt payments.

Fiscal Year 2012 Compared to 2011

Current assets increased \$667,371 primarily due to the overall positive operating net results. Noncurrent assets decreased \$383,726 due primarily to a decrease in the restricted cash related to bond reserves during fiscal year 2012.

Current liabilities increased \$81,089 primarily due to an increase in the current bond payment and deferred revenues, offset by a decrease in current exit incentive payments. Noncurrent liabilities decreased \$974,822 due to scheduled debt payments offset by an increase in bond premiums related to the new debt refunding.

ALVIN COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Years Ended August 31, 2013 and 2012

Statements of Revenues, Expenses, and Changes in Net Position

The purpose of the Statements of Revenues, Expenses, and Changes in Net Position is to present the revenues earned by the College, both operating and nonoperating, and the expenses incurred, operating and nonoperating, and any other revenues, expenses, gains, and losses received or spent by the College. Generally, operating revenues are received for providing goods and services to the students of the College. Operating expenses are those paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the College's mission. Nonoperating revenues and expenses are funds received or used for which goods and services are not provided.

CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION For the Years Ended August 31, 2013-2011

	2013	2012	Increase (Decrease) 2013-2012	2011	Increase (Decrease) 2012-2011
Operating Revenues:					
Tuition and fees, net of discounts	\$ 9,095,957	\$ 9,482,162	\$ (386,205)	\$ 8,540,491	\$ 941,671
Auxiliary enterprises, net of discounts	1,986,466	1,755,784	230,682	1,971,311	(215,527)
Non-governmental grants and contracts	5,000	1,000	4,000	4,000	(3,000)
State grants and contracts	265,697	1,689,611	(1,423,914)	1,190,265	499,346
Federal grants and contracts	419,635	399,466	20,169	595,704	(196,238)
Other operating revenues	-	-	-	24,483	(24,483)
Total Operating Revenues	<u>11,772,755</u>	<u>13,328,023</u>	<u>(1,555,268)</u>	<u>12,326,254</u>	<u>1,001,769</u>
Less Operating Expenses (Table 1)	<u>38,400,558</u>	<u>38,627,280</u>	<u>(226,722)</u>	<u>40,083,384</u>	<u>(1,456,104)</u>
Operating Loss	<u>(26,627,803)</u>	<u>(25,299,257)</u>	<u>(1,328,546)</u>	<u>(27,757,130)</u>	<u>2,457,873</u>
Nonoperating Revenues (Expenses):					
State appropriations	8,360,259	9,128,164	(767,905)	10,322,748	(1,194,584)
Property tax revenue	12,273,552	11,886,948	386,604	11,574,914	312,034
Federal revenue, nonoperating	4,942,426	5,422,687	(480,261)	5,611,546	(188,859)
Investment income	15,631	17,296	(1,665)	19,427	(2,131)
Interest on capital related debt	(612,767)	(665,080)	52,313	(800,703)	135,623
Amortization of issuance costs	(6,175)	(5,016)	(1,159)	(11,408)	6,392
Other nonoperating revenues	677,246	691,636	(14,390)	577,198	114,438
Total Nonoperating Revenues, Net	<u>25,650,172</u>	<u>26,476,635</u>	<u>(826,463)</u>	<u>27,293,722</u>	<u>(817,087)</u>
Change in Net Position	<u>(977,631)</u>	<u>1,177,378</u>	<u>(2,155,009)</u>	<u>(463,408)</u>	<u>1,640,786</u>
Beginning net position	20,579,502	19,402,124	1,177,378	19,865,532	(463,408)
Ending Net Position	<u>\$ 19,601,871</u>	<u>\$ 20,579,502</u>	<u>\$ (977,631)</u>	<u>\$ 19,402,124</u>	<u>\$ 1,177,378</u>

Fiscal Year 2013 Compared to 2012

Total revenues (operating and nonoperating) for the year 2013 were \$38,041,869. Operating revenues decreased \$1,555,268 largely due to a decrease in state grants and contracts compared to the prior year. Nonoperating revenues decreased \$877,617 primarily due to a decrease in state appropriations.

ALVIN COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Years Ended August 31, 2013 and 2012

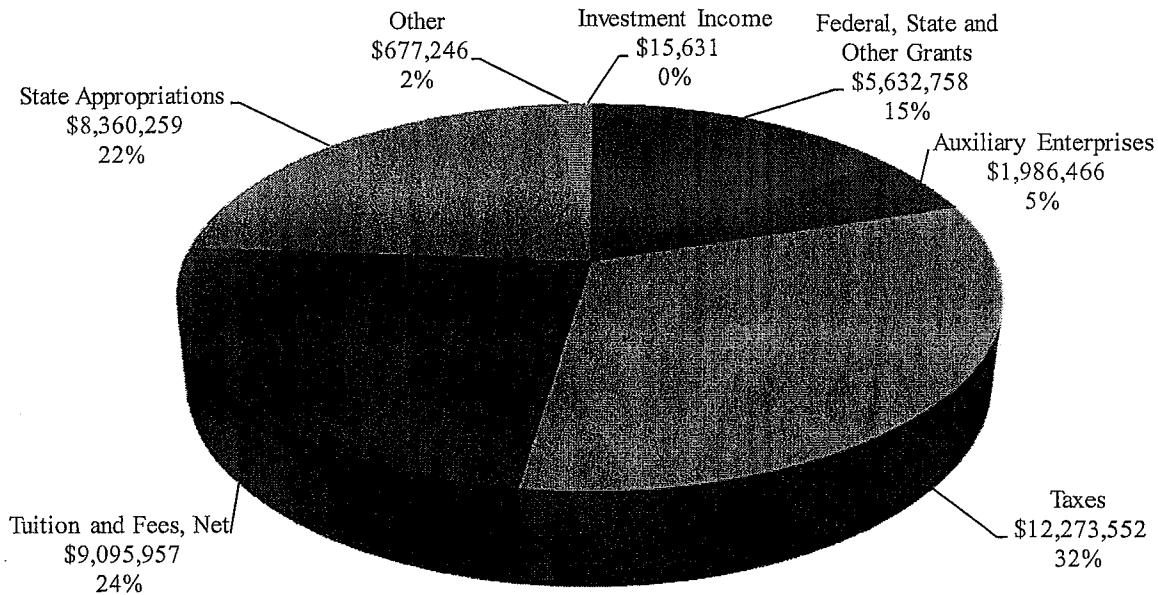
Operating expenses decreased \$226,722 mainly due to a decrease in grants and contracts.

Fiscal Year 2012 Compared to 2011

Total revenues (operating and nonoperating) for the year 2012 were \$40,474,754. Operating revenues increased \$1,001,769 largely due to an increase in tuition and fees revenue resulting from an increase in students. Nonoperating revenues decreased \$959,102 primarily due to a decrease in state appropriations.

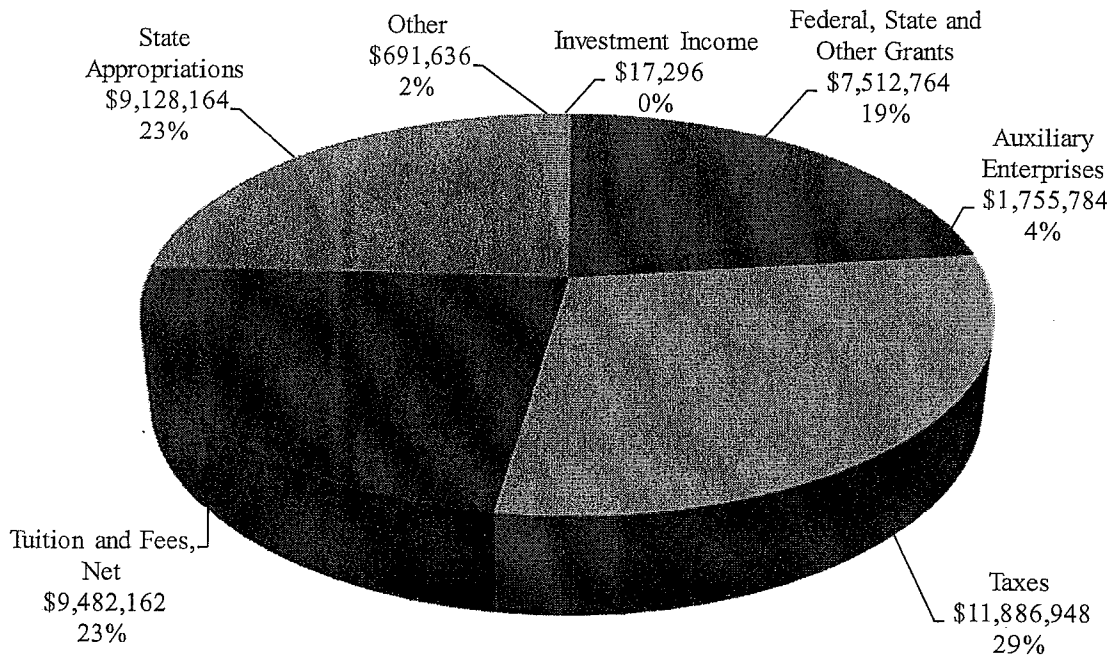
Operating expenses decreased \$1,456,104 mainly due to a decrease in salaries and wages which were the result of employee turnover, the effects of the exit incentive plan, and decreased state appropriations.

**Revenues by Source and Percentage
For the Year Ended August 31, 2013**



ALVIN COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Years Ended August 31, 2013 and 2012

Revenues by Source and Percentage
For the Year Ended August 31, 2012



Operating expenses are primarily presented by functional categories, which represent the type of programs and services provided. Nonoperating expenses consist of interest on capital related debt service of \$612,767 and \$665,080 and amortization of issuance costs of \$6,175 and \$5,016 for the years ended August 31, 2013 and 2012, respectively. The following are graphic illustrations of operating expenses by functional category and percentage of total operating expenses for the years ended August 31, 2013 and 2012.

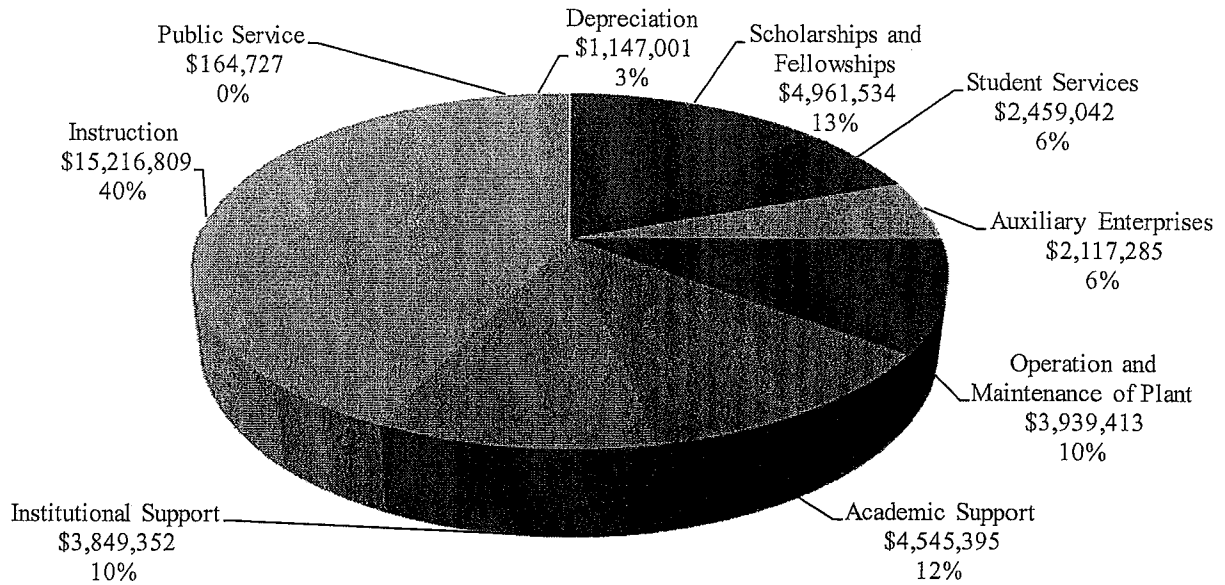
	<u>2013</u>	<u>2012</u>	<u>Increase (Decrease) 2013-2012</u>	<u>2011</u>	<u>Increase (Decrease) 2012-2011</u>
Operating Expenses:					
Instruction	\$ 15,216,809	\$ 15,687,477	\$ (470,668)	\$ 16,548,641	\$ (861,164)
Institutional support	3,849,352	3,763,439	85,913	4,170,926	(407,487)
Academic support	4,545,395	3,818,297	727,098	3,554,784	263,513
Operation and maintenance of plant	3,939,413	4,306,140	(366,727)	4,526,420	(220,280)
Auxiliary enterprises	2,117,285	1,976,961	140,324	2,240,221	(263,260)
Student services	2,459,042	2,518,490	(59,448)	2,488,689	29,801
Scholarships and fellowships	4,961,534	5,264,090	(302,556)	5,308,031	(43,941)
Depreciation	1,147,001	1,137,548	9,453	1,102,025	35,523
Public service	164,727	154,837	9,890	143,647	11,190
Total	<u>\$ 38,400,558</u>	<u>\$ 38,627,280</u>	<u>\$ (226,722)</u>	<u>\$ 40,083,384</u>	<u>\$ (1,456,104)</u>

ALVIN COMMUNITY COLLEGE

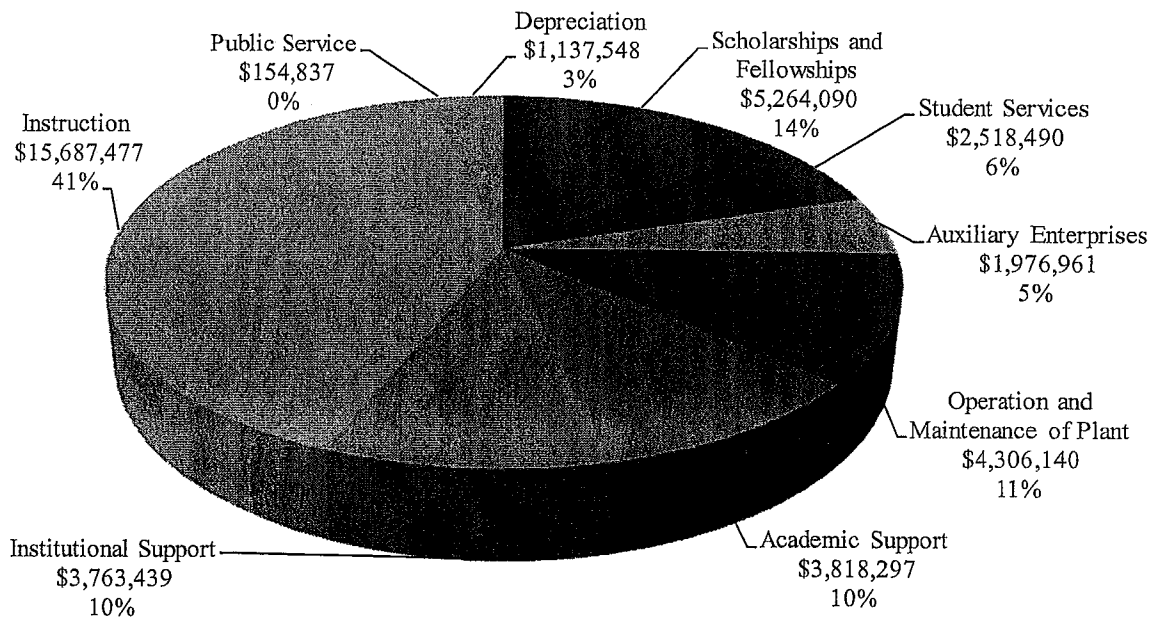
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Years Ended August 31, 2013 and 2012

**Operating Expenses by Function and Percentage
For the Year Ended August 31, 2013**

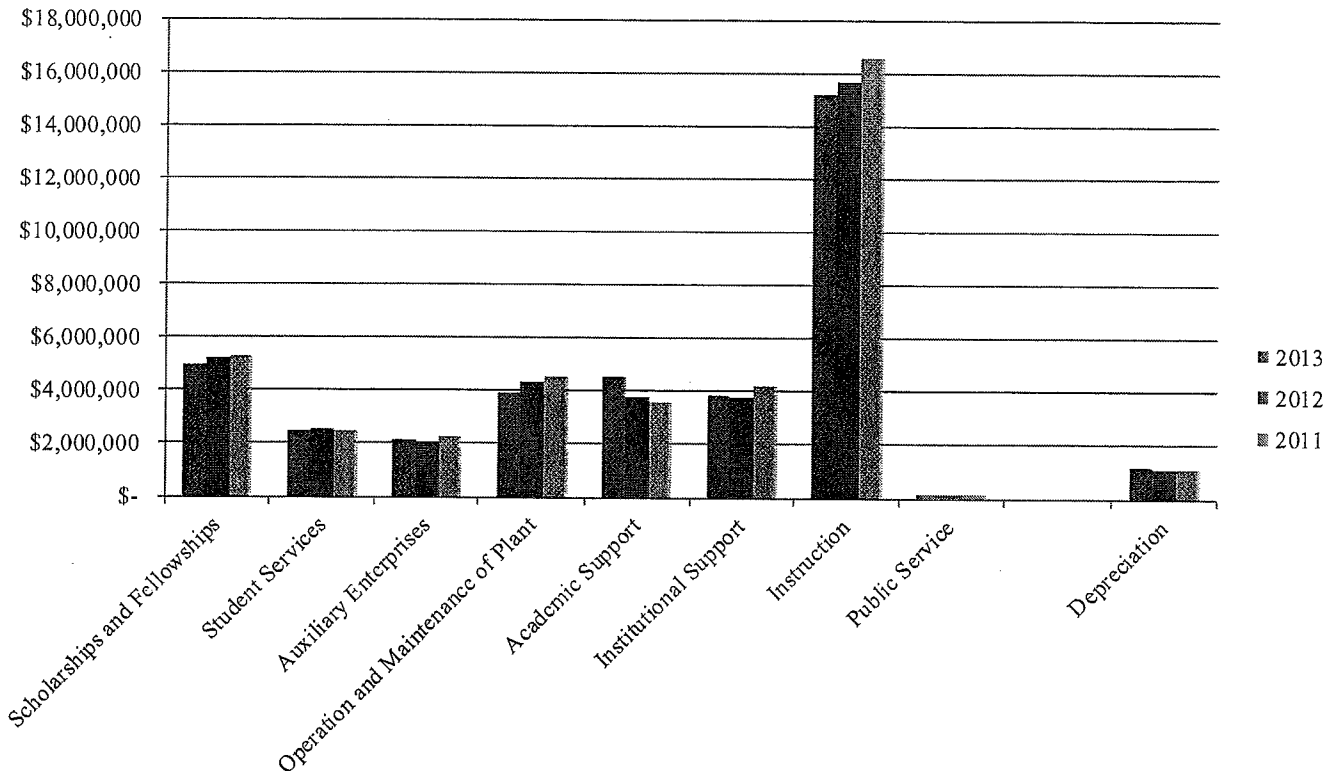


**Operating Expenses by Function and Percentage
For the Year Ended August 31, 2012**



ALVIN COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Years Ended August 31, 2013 and 2012

Comparison of Operating Expenses
Fiscal Years 2013-2011



Capital Assets

CAPITAL ASSETS ACTIVITY
Years Ended August 31, 2013-2011

	2013	2012	Increase (Decrease) 2013-2012	2011	Increase (Decrease) 2012-2011
Capital assets not depreciated:					
Land	\$ 774,128	\$ 774,128	\$ -	\$ 774,128	\$ -
Total	<u>774,128</u>	<u>774,128</u>	<u>-</u>	<u>774,128</u>	<u>-</u>
Other capital assets:					
Buildings and improvements	36,215,703	36,215,703	-	36,215,703	-
Facilities and improvements	3,285,822	3,263,547	22,275	3,250,850	12,697
Telecommunications equipment	2,662,277	2,631,316	30,961	2,570,003	61,313
Furniture and equipment	4,815,221	4,613,975	201,246	3,702,403	911,572
Library books	365,479	352,644	12,835	340,875	11,769
Total	<u>47,344,502</u>	<u>47,077,185</u>	<u>267,317</u>	<u>46,079,834</u>	<u>997,351</u>
Less accumulated depreciation	<u>(18,464,169)</u>	<u>(17,317,168)</u>	<u>(1,147,001)</u>	<u>(16,179,620)</u>	<u>(1,137,548)</u>
Net Capital Assets	<u>\$ 29,654,461</u>	<u>\$ 30,534,145</u>	<u>\$ (879,684)</u>	<u>\$ 30,674,342</u>	<u>\$ (140,197)</u>

ALVIN COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Years Ended August 31, 2013 and 2012

Fiscal Year 2013 Compared to 2012

As of August 31, 2013, the College had \$48,118,630 invested in capital assets, \$18,464,169 in accumulated depreciation, and \$29,654,461 in net capital assets. Furniture and equipment increased \$201,246 primarily due to purchases of three vehicles, an ultrasound system, welding equipment, and various other equipment purchases.

Fiscal Year 2012 Compared to 2011

As of August 31, 2012, the College had \$47,851,313 invested in capital assets, \$17,317,168 in accumulated depreciation, and \$30,534,145 in net capital assets. Equipment increased primarily due to purchases of equipment with grant funds for program services related to the Partnership with a Petrochemical Consortium grant.

Long-Term Debt

In August 2005, the College conducted a bond sale for the construction of a new science and health science facility. The bonds, totaling \$19,610,000, were to be paid off over 20 years with the payments due on February 15 and August 15 of each year. In April 2012, the College conducted a bond sale for the advance refunding of a portion of the Series 2005 bonds. The College issued \$8,690,000 in bonds and contributed \$60,000 to advance refund a total of \$8,750,000 of the series 2005 bonds. In March 2013, the College conducted another bond sale for the advance refunding of a portion of the series 2005 bonds. The College issued \$4,660,000 in bonds and contributed \$25,000 to advance refund a total of \$4,685,000 of the series 2005 bonds.

In order to meet these obligations, the Board of Regents voted a debt service tax rate for 2011-12 of \$0.025687. The debt service rate was lowered in 2012 (for the 2012-13 fiscal year) to \$0.024637. The principal balance of the bonds was \$15,305,000 and \$16,160,000 as of August 31, 2013 and 2012, respectively.

As required, detailed debt disclosures are presented in the notes to the basic financial statements.

Future Financial Considerations

The 83rd Session of the Texas Legislature voted to fund the state's portion of retirement at 50% for the next biennium which will place an increased burden on Alvin Community College. In addition, the Affordable Care Act legislation is requiring Alvin Community College to offer 100% healthcare benefits to any employee working 30+ hours. This will have an impact on future budgets.

Contact the College's Financial Management

This financial report is designed to provide the College's citizens, taxpayers, students, investors, and creditors with a general overview of the College's finances and to demonstrate the College's accountability for the money it receives. If you have any questions about this report or need additional information, contact the Business Office at 3110 Mustang Road, Alvin, Texas 77511.

BASIC FINANCIAL STATEMENTS

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ALVIN COMMUNITY COLLEGE

Exhibit 1

STATEMENTS OF NET POSITION

August 31, 2013 and 2012

<u>Assets</u>	2013	2012
Current Assets:		
Cash and cash equivalents	\$ 8,264,829	\$ 9,306,142
Accounts receivable, net	1,901,339	1,965,296
Inventories	845,569	623,853
Prepays	537,149	449,609
Total Current Assets	11,548,886	12,344,900
Noncurrent Assets:		
Restricted cash and cash equivalents	368,322	538,399
Investments	250,000	-
Deferred charges	269,722	291,994
Capital assets, net:		
Non-depreciable	774,128	774,128
Depreciable	28,880,333	29,760,017
Total Noncurrent Assets	30,542,505	31,364,538
Total Assets	42,091,391	43,709,438
 <u>Liabilities</u>		
Current Liabilities:		
Accounts payable and accrued liabilities	1,599,118	1,521,628
Deferred compensation	17,830	17,851
Funds held for others	29,700	34,330
Deferred revenues	4,443,127	4,178,806
Compensated absences	293,010	274,823
Exit incentive	19,598	97,444
Bonds payable - current portion	925,000	830,000
Total Current Liabilities	7,327,383	6,954,882
Noncurrent Liabilities:		
Deferred compensation	51,317	50,919
Compensated absences	152,979	167,419
Exit incentive	19,598	39,196
Bonds payable	14,938,243	15,917,520
Total Noncurrent Liabilities	15,162,137	16,175,054
Total Liabilities	22,489,520	23,129,936
 <u>Net Position</u>		
Net investment in capital assets	14,159,770	14,325,023
Restricted for expendable student aid	320,427	320,055
Unrestricted	5,121,674	5,934,424
Total Net Position (Schedule D)	\$ 19,601,871	\$ 20,579,502

See accompanying notes to basic financial statements.

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ALVIN COMMUNITY COLLEGE FOUNDATION

Exhibit 1A

STATEMENTS OF FINANCIAL POSITION (unaudited)

December 31, 2012 and 2011

<u>Assets:</u>	<u>2012</u>	<u>2011</u>
Cash and cash equivalents	\$ 57,007	\$ 89,076
Investments	1,702,176	1,534,702
Other assets	20,223	20,223
Total Assets	\$ 1,779,406	\$ 1,644,001
<u>Net Assets:</u>		
Unrestricted	\$ 45,159	\$ 45,159
Temporarily restricted	752,897	617,492
Permanently restricted	981,350	981,350
Total Net Assets	\$ 1,779,406	\$ 1,644,001

See accompanying notes to basic financial statements.

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ALVIN COMMUNITY COLLEGE

Exhibit 2

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Years Ended August 31, 2013 and 2012

	2013	2012
Revenues:		
Operating Revenues:		
Tuition and fees, net of discounts of \$2,009,889 for 2013 and \$2,204,510 for 2012	\$ 9,095,957	\$ 9,482,162
Federal grants and contracts	419,635	399,466
State grants and contracts	265,697	1,689,611
Non-governmental grants and contracts	5,000	1,000
Auxiliary enterprises, net of discounts of \$350,304 for 2013 and \$422,145 for 2012	1,986,466	1,755,784
Total Operating Revenues (Schedule A)	11,772,755	13,328,023
Expenses:		
Operating Expenses:		
Instruction	15,216,809	15,687,477
Public service	164,727	154,837
Academic support	4,545,395	3,818,297
Student services	2,459,042	2,518,490
Institutional support	3,849,352	3,763,439
Operation and maintenance of plant	3,939,413	4,306,140
Scholarships and fellowships	4,961,534	5,264,090
Auxiliary enterprises	2,117,285	1,976,961
Depreciation	1,147,001	1,137,548
Total Operating Expenses (Schedule B)	38,400,558	38,627,280
Operating Loss	(26,627,803)	(25,299,257)
Nonoperating Revenues (Expenses):		
State appropriations	8,360,259	9,128,164
Property tax revenue	10,760,131	10,359,143
Debt service ad valorem taxes	1,513,421	1,527,805
Federal revenue, nonoperating	4,942,426	5,422,687
Investment income	15,631	17,296
Interest on capital related debt	(612,767)	(665,080)
Amortization of issuance costs	(6,175)	(5,016)
Other nonoperating revenues	677,246	691,636
Total Nonoperating Revenues, Net (Schedule C)	25,650,172	26,476,635
Change in Net Position	(977,631)	1,177,378
Beginning net position	20,579,502	19,402,124
Ending Net Position	\$ 19,601,871	\$ 20,579,502

See accompanying notes to basic financial statements.

ALVIN COMMUNITY COLLEGE FOUNDATION

Exhibit 2A

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS (unaudited)

For the Years Ended December 31, 2012 and 2011

	2012			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Support and Revenue:				
Contributions and grants	\$ -	\$ 43,500	\$ -	\$ 43,500
Author luncheon income, net	4,835	4,835	-	9,670
Gala income, net	18,751	18,752	-	37,503
Interest and dividend income	-	66,976	-	66,976
Travel/fundraisers	1,815	1,815	-	3,630
Other income	-	5,933	-	5,933
Unrealized appreciation (depreciation) on investments, net	-	53,574	-	53,574
Net assets released from restrictions	59,980	(59,980)	-	-
Total Support and Revenue	85,381	135,405	-	220,786
Program and Support Services:				
Scholarships	42,065	-	-	42,065
Other expenses	-	-	-	-
K219/theatre chair donations	-	-	-	-
Awards	22,770	-	-	22,770
Investment management fee	16,817	-	-	16,817
Management and general	3,729	-	-	3,729
Total Expenses	85,381	-	-	85,381
Change in Net Assets	-	135,405	-	135,405
Beginning net assets	45,159	617,492	981,350	1,644,001
Ending Net Assets	\$ 45,159	\$ 752,897	\$ 981,350	\$ 1,779,406

See accompanying notes to basic financial statements.

2011

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ -	\$ 52,566	\$ -	\$ 52,566
3,427	3,428	-	6,855
23,346	23,347	-	46,693
-	69,871	-	69,871
3,233	3,233	-	6,466
-	9,275	-	9,275
-	(118,456)	-	(118,456)
112,704	(112,704)	-	-
<u>142,710</u>	<u>(69,440)</u>	<u>-</u>	<u>73,270</u>
71,435	-	-	71,435
250	-	-	250
32,857	-	-	32,857
20,500	-	-	20,500
16,243	-	-	16,243
1,425	-	-	1,425
<u>142,710</u>	<u>-</u>	<u>-</u>	<u>142,710</u>
-	(69,440)	-	(69,440)
45,159	686,932	981,350	1,713,441
<u>\$ 45,159</u>	<u>\$ 617,492</u>	<u>\$ 981,350</u>	<u>\$ 1,644,001</u>

ALVIN COMMUNITY COLLEGE

Exhibit 3

STATEMENTS OF CASH FLOWS

For the Years Ended August 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities:		
Receipts from students and other customers	\$ 11,103,695	\$ 11,334,118
Receipts of grants and contracts	733,017	2,348,311
Payments to or on behalf of employees	(24,710,312)	(23,779,171)
Payments to suppliers for goods or services	(7,647,106)	(8,592,397)
Payments of scholarships	(4,961,534)	(5,264,090)
Net Cash (Used) by Operating Activities	<u>(25,482,240)</u>	<u>(23,953,229)</u>
Cash Flows from Noncapital Financing Activities:		
Receipts of State appropriations	8,360,259	9,128,164
Receipts of maintenance and operations ad valorem taxes	10,760,131	10,359,143
Receipts from nonoperating Federal revenue	4,942,426	5,422,687
Other	677,246	812,541
Net Cash Provided by Noncapital Financing Activities	<u>24,740,062</u>	<u>25,722,535</u>
Cash Flows from Capital and Related Financing Activities:		
Receipts from debt service ad valorem taxes	1,513,421	1,527,805
Purchases of capital assets	(267,317)	(997,351)
Proceeds from issuance of refunding bonds	5,148,256	9,883,261
Payments to escrow account	(5,090,708)	(9,943,261)
Payments on principal debt	(830,000)	(740,000)
Fiscal charges	(95,728)	(167,863)
Interest payments on principal debt	(612,767)	(665,080)
Net Cash (Used) by Capital and Related Financing Activities	<u>(234,843)</u>	<u>(1,102,489)</u>
Cash Flows from Investing Activities:		
Purchases of investments	(250,000)	-
Receipts from investment income	15,631	17,296
Net Cash Provided (Used) by Investing Activities	<u>(234,369)</u>	<u>17,296</u>
Increase (Decrease) in Cash and Cash Equivalents	(1,211,390)	684,113
Beginning cash and cash equivalents	9,844,541	9,160,428
Ending Cash and Cash Equivalents	<u>\$ 8,633,151</u>	<u>\$ 9,844,541</u>
Unrestricted cash and cash equivalents	\$ 8,264,829	\$ 9,306,142
Restricted cash and cash equivalents	368,322	538,399
Total Cash and Cash Equivalents	<u>\$ 8,633,151</u>	<u>\$ 9,844,541</u>

ALVIN COMMUNITY COLLEGE

STATEMENTS OF CASH FLOWS, *Continued*

For the Years Ended August 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Reconciliation of Operating Loss		
to Net Cash (Used) by Operating Activities:		
Operating (loss)	\$ (26,627,803)	\$ (25,299,257)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:		
Depreciation expense	1,147,001	1,137,548
Changes in assets and liabilities:		
Receivables, net	63,957	354,406
Inventories	(221,716)	(8,300)
Prepays	(87,540)	(84,725)
Accounts payable and accrued liabilities	77,490	9,152
Deferred compensation	377	32,781
Funds held for others	(4,630)	(8,079)
Deferred revenues	264,321	57,003
Exit incentive	(97,444)	(142,778)
Compensated absences	3,747	(980)
Net Cash (Used) by Operating Activities	<u><u>\$ (25,482,240)</u></u>	<u><u>\$ (23,953,229)</u></u>

See accompanying notes to basic financial statements.

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ALVIN COMMUNITY COLLEGE FOUNDATION

Exhibit 3A

STATEMENTS OF CASH FLOWS (unaudited)

For the Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 135,405	\$ (69,440)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Unrealized appreciation (depreciation) on investments	(53,574)	118,456
Net Cash Provided by Operating Activities	<u>81,831</u>	<u>49,016</u>
Cash Flows from Investing Activities:		
Purchases of investment securities	(113,900)	(62,145)
Net Cash (Used) by Investing Activities	<u>(113,900)</u>	<u>(62,145)</u>
Decrease in Cash and Cash Equivalents	(32,069)	(13,129)
Beginning cash and cash equivalents	89,076	102,205
Ending Cash and Cash Equivalents	<u>\$ 57,007</u>	<u>\$ 89,076</u>

See accompanying notes to basic financial statements.

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ALVIN COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

For the Years Ended August 31, 2013 and 2012

NOTE 1 - Reporting Entity

Alvin Community College (the "College") was established in 1948, in accordance with the laws of the State of Texas, to serve the educational needs of the City of Alvin and the surrounding communities. The College is considered to be a special purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. While the College receives funding from local, State of Texas (State), and Federal sources, and must comply with the spending, reporting, and record keeping requirements of these entities, it is not a component unit of any other governmental entity.

GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units – An Amendment of GASB Statement No. 14*, provides guidance for determining whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with the primary government. Generally, it requires reporting as a component unit any organization that raises and holds economic resources for the direct benefit of the governmental unit and the government unit is significant compared to the primary government. GASB Statement No. 39 has been applied as required in the preparation of these basic financial statements, and accordingly the Alvin Community College Foundation (the "Foundation") is considered a component unit of the College as of August 31, 2013 and 2012. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further discussed below.

The Foundation is a separate nonprofit organization, with the sole purpose of supporting the educational and other activities of the College. The Foundation reports its financial results under the standards of the Financial Accounting Standards Board (FASB). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences. The College furnished certain services, such as office space, supplies, and staff assistance to the Foundation during the years ended August 31, 2013 and 2012. The costs of these services were not significant to the College.

NOTE 2 - Summary of Significant Accounting Policies

Reporting Guidelines

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

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2013 and 2012

Basis of Accounting

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

Net Position

Net position is classified as follows:

Net investment in capital assets: This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted net position - expendable: Restricted expendable net position includes resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Restricted net position - nonexpendable: Restricted nonexpendable net position is subject to externally imposed provisions that it be maintained permanently by the College.

Unrestricted net position: Unrestricted net position represent resources derived from student tuition and fees, State allocations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises which are substantially self-supporting activities that provide services for students, faculty, and staff.

Operating and Nonoperating Revenue and Expense Policy

The College distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the College's principal ongoing operations and are the result of exchange transactions with those who purchase, use, or directly benefit from the goods or services of the College. Operating revenues are reported gross of related expenses and net of any discount or sales allowance. The principal operating revenues are tuition and related fees (net of discounts), sales and services of auxiliary enterprises (net of discounts), and Federal, State, and local grants and contracts.

Nonoperating revenues include activities that have the characteristics of nonexchange transactions. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenue including State appropriations, Title IV financial aid, property taxes, and investment income.

Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. Nonoperating expenses consist of interest on capital related debt and amortization of deferred charges.

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2013 and 2012

Budgetary Data

Each community college district in Texas is required by law to prepare an annual operating budget of anticipated revenues and expenditures for the fiscal year beginning September 1. The College's Board of Regents adopts the budget, which is prepared on the accrual basis of accounting. A copy of the approved budget must be filed with the THECB, 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 with maturities of three months or less from the date of acquisition. Restricted cash consists of bond and bond interest funds and funds held for others.

Investments

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

Inventories

Inventories consist of bookstore stock and food service items. Inventories are valued at cost and charged to expenses as sold.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation. The College capitalizes all furniture and equipment with a unit cost equal to or greater than \$5,000 and an estimated useful life in excess of one year. Renovations of \$100,000 or greater to buildings and facilities 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 assets' lives are charged to operating expense in the year in which the expense is incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets and is not allocated to the functional expense categories. The following lives are used:

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Buildings and improvement	50 years
Facilities and improvements	20 years
Library books	15 years
Furniture and equipment	10 years
Telecommunications equipment	5 years

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2013 and 2012

Collections

The College has not capitalized its collection of art as it is considered immaterial to the College's financial position.

Deferred Revenues

Deferred revenues, primarily consisting of tuition and fees, relate to academic terms in the next fiscal year and, as such, have been deferred.

Tuition Discounting

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

Title IV Higher Education Act Program Funds (Title IV) - Certain Title IV funds are received by the College to pass through to the student. These funds are initially received by the College and recorded as restricted revenue. When the student is awarded and uses these funds for tuition and fees, the amounts are recorded as revenue and a corresponding amount is recorded as a tuition discount. If the amount is disbursed directly to the students, the amount is recorded as a scholarship expense.

Other tuition discounts - The College awards tuition and fee scholarships from institutional funds to qualifying students. When these amounts are used for tuition and fees, the amounts are recorded as tuition and fee revenue and a corresponding amount is recorded as a tuition discount. If the amount is disbursed directly to the students, the amount is recorded as a scholarship expense.

Bond Premiums and Issuance Costs

Premiums received are amortized over the term of the related bond. Costs incurred in connection with bond issuances are expensed as incurred.

Estimates

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

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) (8), *Imposition of Tax on Unrelated Business Income of Charitable, etc., Organizations*. The College had no unrelated business income tax liability for the years ended August 31, 2013 and 2012 and, therefore, has not recorded a liability for income taxes.

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2013 and 2012

Reclassifications

Certain prior year amounts have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

Net Position Flow Assumption

Sometimes the College will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the College's practice to consider restricted-net position to have been depleted before unrestricted-net position is applied.

NOTE 3 - Authorized Investments

The Board of Regents of the College has adopted a written investment policy regarding the investments of its funds as defined in the Public Funds Investment Act (Chapter 2256.001 Texas Government Code). The investments of the College are in compliance with the Board of Regents' investment policy and the Public Funds Investment Act. The College is authorized to invest in obligations and instruments as follows: (1) obligations of the United States and its agencies, (2) directed 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 deposits and (5) other instruments and obligations authorized by statute.

NOTE 4 - Deposits and Investments

Deposits

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank failure, the College's deposits may not be returned to it. The College's investment policy requires pledging of collateral for all bank balances in excess of Federal Deposit Insurance Corporation (FDIC) limits at a minimum of 102 percent of market value. As of August 31, 2013 and 2012, the College's cash and cash equivalents balances were either insured or collateralized, and thus not exposed to custodial credit risk.

Cash and cash equivalents reported on the Statements of Net Position consist of the items reported below at August 31:

	<u>2013</u>	<u>2012</u>
Cash and cash equivalents:		
Bank deposits - demand deposits	\$ 1,933,289	\$ 3,084,071
Money market account	1,489,160	751,514
Certificates of deposit	5,200,000	6,000,000
Petty cash	10,702	8,956
Total Cash and Cash Equivalents	<u>\$ 8,633,151</u>	<u>\$ 9,844,541</u>
Reconciliation of cash and cash equivalents to Exhibit 1 and 3:		
	<u>2013</u>	<u>2012</u>
Unrestricted cash and cash equivalents	\$ 8,264,829	\$ 9,306,142
Restricted cash and cash equivalents	368,322	538,399
Total Cash and Cash Equivalents	<u>\$ 8,633,151</u>	<u>\$ 9,844,541</u>

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2013 and 2012

Investments

As of August 31, 2013, the College had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
Certificates of deposit	\$ 5,450,000	0.15
Total Fair Value	5,450,000	
Portfolio weighted average maturity		0.15

As of August 31, 2013 and 2012, the College held certificates of deposit of \$5,450,000 and \$6,000,000, respectively. For the current fiscal year, \$5,200,000 was classified as cash equivalents due to the certificates of deposit having maturities of less than three months from the date of acquisition and \$250,000 was classified as noncurrent investments.

Interest rate risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the College limits its exposure to interest rate risk by structuring its investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools. Unless matched to a specific cash flow, the College may not directly invest in securities maturing more than three years from the date of purchase with repurchase agreements limited to a maturity no longer than 120 days from the date of purchase.

Credit risk - The College limits its exposure to credit risk, the risk that the insurer of the debt security will not pay its par value upon maturity, by limiting investments to the safest types of securities, prequalifying the financial institutions, brokers dealers, intermediaries, and advisers with whom the College does business and diversifying the investment portfolio so that potential losses on individual securities will be minimized. In addition, the College's investment policy requires pledging of collateral for all securities at a minimum of 102 percent of market value.

Concentration risk - The College limits its exposure to credit risk, the risk of loss attributable to the magnitude of investment in a single issuer, through portfolio diversification. The College's investment policy has the following maximum limits, by authorized instrument, for the College's total portfolio: U.S. Treasury securities - 100 percent, certificates of deposit - 100 percent, money market mutual funds - 75 percent, mutual funds - 50 percent, agencies and instrumentalities - 75 percent, repurchase agreements (with the exception of flexible repurchase agreements) - 50 percent, authorized investment pools - 100 percent, commercial paper - 25 percent and flexible repurchase agreements - 100 percent.

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2013 and 2012

NOTE 5 - Disaggregation of Accounts Receivable

Accounts receivable were as follows at August 31:

	<u>2013</u>	<u>2012</u>
Student receivables	\$ 1,491,300	\$ 1,564,170
Taxes receivable	415,823	467,935
Interest receivable	1,410	5,767
Federal receivables	125,617	78,169
State receivables	-	90,134
Sponsor receivables	273,461	174,469
Total accounts receivable	<u>2,307,611</u>	<u>2,380,644</u>
Less allowance for doubtful accounts	<u>(406,272)</u>	<u>(415,348)</u>
Total Accounts Receivable, Net	<u>\$ 1,901,339</u>	<u>\$ 1,965,296</u>

NOTE 6 - Disaggregation of Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities were as follows at August 31:

	<u>2013</u>	<u>2012</u>
Accrued payroll	\$ 991,605	\$ 963,229
Vendor payables	553,067	512,751
Sales tax payable	54,446	45,648
Total Accounts Payable and Accrued Liabilities	<u>\$ 1,599,118</u>	<u>\$ 1,521,628</u>

NOTE 7 - Capital Assets

Capital assets activity for the year ended August 31, 2013 was as follows:

	<u>Balance September 1, 2012</u>	<u>Additions</u>	<u>Deletions/ Adjustments</u>	<u>Balance August 31, 2013</u>
Not depreciated - land	\$ 774,128	\$ -	\$ -	\$ 774,128
Other capital assets:				
Buildings and improvements	36,215,703	-	-	36,215,703
Facilities and improvements	3,263,547	22,275	-	3,285,822
Furniture and equipment	4,613,975	201,246	-	4,815,221
Telecommunications equipment	2,631,316	30,961	-	2,662,277
Library books	352,644	12,835	-	365,479
Subtotal	<u>47,077,185</u>	<u>267,317</u>	<u>-</u>	<u>47,344,502</u>
Less accumulated depreciation:				
Buildings and improvements	10,202,258	651,883	-	10,854,141
Facilities and improvements	1,848,753	98,008	-	1,946,761
Furniture and equipment	2,567,302	306,091	-	2,873,393
Telecommunications equipment	2,475,453	72,125	-	2,547,578
Library books	223,402	18,894	-	242,296
Total accumulated depreciation	<u>17,317,168</u>	<u>1,147,001</u>	<u>-</u>	<u>18,464,169</u>
Net Capital Assets	<u>\$ 30,534,145</u>	<u>\$ (879,684)</u>	<u>\$ -</u>	<u>\$ 29,654,461</u>

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2013 and 2012

Capital assets activity for the year ended August 31, 2012 was as follows:

	Balance September 1, 2011	Additions	Deletions/ Adjustments	Balance August 31, 2012
Not depreciated - land	\$ 774,128	\$ -	\$ -	\$ 774,128
Other capital assets:				
Buildings and improvements	36,215,703	-	-	36,215,703
Facilities and improvements	3,250,850	12,697	-	3,263,547
Furniture and equipment	3,702,403	911,572	-	4,613,975
Telecommunications equipment	2,570,003	61,313	-	2,631,316
Library books	340,875	11,769	-	352,644
Subtotal	<u>46,079,834</u>	<u>997,351</u>	<u>-</u>	<u>47,077,185</u>
Less accumulated depreciation:				
Buildings and improvements	9,550,375	651,883	-	10,202,258
Facilities and improvements	1,745,774	102,979	-	1,848,753
Furniture and equipment	2,334,691	232,611	-	2,567,302
Telecommunications equipment	2,343,484	131,969	-	2,475,453
Library books	205,296	18,106	-	223,402
Total accumulated depreciation	<u>16,179,620</u>	<u>1,137,548</u>	<u>-</u>	<u>17,317,168</u>
Net Capital Assets	<u>\$ 30,674,342</u>	<u>\$ (140,197)</u>	<u>\$ -</u>	<u>\$ 30,534,145</u>

NOTE 8 - Long-Term Liabilities

Long-term liabilities activity for the year ended August 31, 2013 was as follows:

	Balance September 1, 2012	Additions	Payments	Balance August 31, 2013	Current Portion
Bonds:					
General obligation bonds - 2005	\$ 7,470,000	\$ -	\$ (5,515,000)	\$ 1,955,000	\$ 925,000
General obligation refunding bonds - 2012	8,690,000	-	-	8,690,000	-
General obligation refunding bonds - 2013	-	4,660,000	-	4,660,000	-
Deferred amounts:					
On refunding	(904,266)	(310,909)	151,896	(1,063,279)	
For premiums	1,491,786	488,256	(358,520)	1,621,522	-
	<u>16,747,520</u>	<u>4,837,347</u>	<u>(5,721,624)</u>	<u>15,863,243</u>	<u>925,000</u>
Other liabilities:					
Compensated absences	442,242	294,295	(290,548)	445,989	293,010
Deferred compensation payable	68,770	377	-	69,147	17,830
Total Long-Term Liabilities	<u>\$ 17,258,532</u>	<u>\$ 5,132,019</u>	<u>\$ (6,012,172)</u>	<u>\$ 16,378,379</u>	<u>\$ 1,235,840</u>

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2013 and 2012

Long-term liabilities activity for the year ended August 31, 2012 was as follows:

	Balance September 1, 2011	Additions	Payments	Balance August 31, 2012	Current Portion
Bonds:					
General obligation bonds - 2005	\$ 16,960,000	\$ -	\$ (9,490,000)	\$ 7,470,000	\$ 830,000
General obligation refunding bonds - 2012	-	8,690,000	-	8,690,000	-
Deferred amounts:					
On refunding	-	(1,017,299)	113,033	(904,266)	-
For premiums	628,352	1,308,844	(445,410)	1,491,786	-
	<u>17,588,352</u>	<u>8,981,545</u>	<u>(9,822,377)</u>	<u>16,747,520</u>	<u>830,000</u>
Other liabilities:					
Compensated absences	443,222	274,452	(275,432)	442,242	274,823
Deferred compensation payable	35,989	50,919	(18,138)	68,770	17,851
Total Long-Term Liabilities	<u>\$ 18,067,563</u>	<u>\$ 9,306,916</u>	<u>\$ (10,115,947)</u>	<u>\$ 17,258,532</u>	<u>\$ 1,122,674</u>

Advance Refunding

The College issued \$4,660,000 of limited tax refunding bonds to defease certain portions of limited tax bonds, series 2005 in the amount of \$4,685,000 by placing proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the College's financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$310,909. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next eight years by \$251,901 and resulted in an economic gain of \$238,895. At August 31, 2013, \$4,685,000 of limited tax series 2005 bonds outstanding were considered defeased related to the 2013 refunding.

Prior year defeasance of debt - In the prior year, the College defeased certain portions of the limited tax bonds, series 2005 by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the College's financial statements. At August 31, 2013, \$8,750,000 of defeased bonds remain outstanding.

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2013 and 2012

NOTE 9 - Bonds Payable

General information related to bonds payable is summarized as follows:

Limited Tax Bonds, Series 2005

- To construct and equip a new Health Science Building and to pay the costs of issuing the bonds.
- Issued August 15, 2005.
- Original amount of issue - \$19,610,000, with all authorized bonds issued.
- Interest rates range from 4.00% to 5.00%.
- Due in semiannual installments each February 15 and August 15, with the final installment due February 2015 (as the result of the two refundings noted below).
- Source of revenue for debt service - annual ad valorem taxes.
- Requires the College to maintain an insurance policy guaranteeing payment of bond principal and interest. All related premiums have been paid.
- The College advance refunded \$8,690,000 and \$4,685,000 during the fiscal years 2012 and 2013, respectively.
- Outstanding bonds payable of \$1,955,000 at August 31, 2013.

Limited Tax Refunding Bonds, Series 2012

- To advance refund \$8,750,000 of the limited tax, series 2005 bonds and to pay the costs of issuing the bonds.
- Issued April 1, 2012.
- Original amount of issue - \$8,690,000, with all authorized bonds issued.
- Interest rates range from 3.50% to 5.00%.
- Due in semiannual installments each February 15 and August 15, with interest payments beginning August 15, 2012 and principal payments beginning February 15, 2020. The final installment is due February 15, 2025.
- Source of revenue for debt service - annual ad valorem taxes.
- Outstanding bonds payable of \$8,690,000 at August 31, 2013.

Limited Tax Refunding Bonds, Series 2013

- To advance refund \$4,685,000 of the limited tax, series 2005 bonds and to pay the costs of issuing the bonds.
- Issued March 15, 2013.
- Original amount of issue - \$4,660,000, with all authorized bonds issued.
- Interest rates range from 2.00% to 4.00%.
- Due in semiannual installments each February 15 and August 15, with interest payments beginning August 15, 2013 and principal payments beginning February 15, 2016. The final installment is due February 15, 2020.
- Source of revenue for debt service - annual ad valorem taxes.
- Outstanding bonds payable of \$4,660,000 at August 31, 2013.

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2013 and 2012

Bond Debt Service Requirements

The debt service requirements for the next five years and five year increments thereafter are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 925,000	\$ 576,038	\$ 1,501,038
2015	1,030,000	536,938	1,566,938
2016	1,095,000	499,913	1,594,913
2017	1,130,000	465,126	1,595,126
2018	1,170,000	426,288	1,596,288
2019-2023	6,790,000	1,340,294	8,130,294
2024-2025	3,165,000	111,737	3,276,737
Total	\$ 15,305,000	\$ 3,956,334	\$ 19,261,334

Arbitrage Liability

The Tax Reform Act of 1986 instituted certain arbitrage consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is a risk that if such calculations are not performed or are not performed correctly, a substantial liability to the College could result. The College periodically engages an arbitrage consultant to perform the calculations in accordance with IRS rules and regulations and the arbitrage liability is adjusted accordingly.

NOTE 10 - Termination Benefits

During the 2010-11 fiscal year, the College approved a one-time early retirement incentive plan, known as the Exit Incentive Program, for all employees. To be eligible, employees are required to have ten or more years of service with the College. Under the plan, employees who took advantage of this incentive will receive annual payments for a set number of years based on the following:

- 25+ years of service:
 - o 50 percent of the employee's current base salary on the date the agreement was accepted
 - o 4 annual payments
- 10-24 years of service:
 - o 30 percent of the employee's current base salary on the date the agreement was accepted
 - o 2 annual payments

A total of 11 employees accepted the agreement. As of August 31, 2013 and 2012, the College was liable for \$39,196 and \$136,640, respectively.

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2013 and 2012

NOTE 11 - Unrestricted Net Position

Through the budget process, the College designates a portion of unrestricted net position to indicate management's tentative plans for future use of financial resources. The College had the following designations as of August 31:

	2013	2012
Building renovations	\$ -	\$ 1,340
Campus telephone system	-	196
Restroom renovations	3,450	3,450
HVAC	-	780
Other capital items	145,750	25,361
Total	\$ 149,200	\$ 31,127

NOTE 12 - Employee Retirement Plans

The College's employees may participate in one of three retirement plans. Faculty, administrators, counselors and librarians may enroll in either the Teacher Retirement System of Texas (TRS) or the Optional Retirement Plan (ORP). Secretarial and clerical employees participate in TRS and part-time employees not enrolled in either TRS or ORP participate in the Alvin Community College Money Purchase Plan "Money Purchase Plan". The total payroll for all College employees was \$19,785,480 and \$19,298,899 for the fiscal years ended August 31, 2013 and 2012, respectively.

Texas Teacher Retirement System

Plan Description - The College contributes to TRS, a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. The Texas State legislature has the authority to establish and amend benefit provisions of the pension plan. TRS issues a publicly available financial report with required supplementary information which can be obtained from www.trs.state.tx.us under the TRS Publications heading.

Funding Policy - Contribution requirements are not actuarially determined but are established and amended by the Texas State legislature. The State funding policy is as follows: (1) The State constitution requires the legislature to establish a member contribution rate of not less than 6.0 percent of the member's annual compensation and a State contribution rate of not less than 6.0 percent and not more than 10 percent of the aggregate annual compensation of all members of the system; (2) A State statute prohibits benefit improvements or contribution reductions if, as a result of a 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. State law provides for a member contribution rate of 6.4 percent for fiscal years 2013 and 2012 and a State contribution rate of 6.0 percent for fiscal years 2013 and 2012. In certain instances, the reporting college is required to make all or a portion of the State's contribution.

The total payroll of employees covered by TRS was \$9,120,208, \$8,718,199 and \$9,119,391 for fiscal years 2013, 2012, and 2011, respectively. The TRS retirement expense to the State for the College was \$118,411, \$523,092, and \$605,891 for fiscal years 2013, 2012, and 2011, respectively.

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2013 and 2012

Optional Retirement Plan

Plan Description - The State has also established an ORP for institutions of higher education. Participation in an ORP is in lieu of participation in TRS. The ORP provides for the purchase of annuity contracts and operates under the provisions of Texas Constitution, Article XVI, Sec. 67 and Texas Government Code, Title 8, Subtitle C.

Funding Policy - Contribution requirements are not actuarially determined but are established and amended by the Texas State legislature. For fiscal years 2013 and 2012, the percentage of participant salaries contributed by the State and each participant was 6.0 percent and 6.0 percent, respectively. For employees who were employed as of September 1, 1995, the College contributed 2.5 percent for fiscal years 2013 and 2012. Benefits are fully vested after one year plus one day of employment. Because these are individual annuity contracts, neither the State nor the College has an additional or unfunded liability for this program.

The total payroll of employees covered by the ORP was \$5,719,095, \$5,853,206, and \$6,075,558 for fiscal years 2013, 2012, and 2011, respectively. The ORP retirement expense to the State for the College was \$341,783, \$350,785, and \$382,722 for fiscal years 2013, 2012, and 2011, respectively.

Alvin Community College Money Purchase Plan

The Money Purchase Plan is a defined contribution plan created in accordance with the Internal Revenue Code Section 401(a) and is available to eligible, part-time employees of the College. Under the Money Purchase Plan, employees may contribute 6.2 percent of their total gross earnings and the College contributes 1.3 percent of the participant's total gross earnings. Benefits are immediately vested. The total payroll of employees covered by the Money Purchase Pension Plan was \$2,488,081, \$2,384,108, and \$2,422,261 for the years ended August 31, 2013, 2012, and 2011, respectively. Contributions made by the College during the years ended August 31, 2013, 2012, and 2011 were approximately \$32,347, \$30,993, \$31,490, respectively.

NOTE 13 - Post Retirement Health Care and Life Insurance Benefits

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

Funding Policy - Section 1551.055 of Chapter 1551, Texas Insurance Code provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS Board of Trustees. Plan members or beneficiaries receiving benefits pay any premium over and above the employer contribution. The employer's share of the cost of retiree healthcare coverage for the current year is known as the implicit rate subsidy. It is the difference between the claims costs for the retirees and the amounts contributed by the retirees. The ERS Board of Trustees sets the employer contribution rate based on the implicit rate subsidy, which is actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post*

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2013 and 2012

Employment Benefits Other Than Pensions. The employer contribution rate represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contribution per full-time employee was \$468 to \$918 per month for fiscal year 2013, \$438 to \$856 per month for fiscal year 2012 and \$413 to \$808 per month for fiscal year 2011, depending on the coverage elected. The State's contribution totaled \$942,155, \$893,729, and \$1,492,190 for the years ended August 31, 2013, 2012, and 2011, respectively.

The College also provides dental benefits for retired employees. The College recognizes the cost of providing these benefits annually on a pay as you go basis. The College's contributions per retiree were approximately \$24, \$24, and \$22 per month for fiscal years 2013, 2012, and 2011, respectively. The College's total contributions for the dental benefits were approximately \$31,939, \$32,766, and \$30,660 for the years ended August 31, 2013, 2012, and 2011, respectively.

NOTE 14 - Compensated Absences

Compensated absences represent the liability associated with vacation benefits and compensatory time earned but not yet taken by employees of the College. The expense associated with vacation benefits and compensatory time benefits earned is recognized in the periods in which the associated employee services are rendered. Full time employees earn annual leave at the rate of eight hours per month (September through May). No employee may accrue more than 192 hours of vacation benefits and, upon termination, an employee is paid for vacation benefits and accrued compensatory time (if compensatory time is applicable). As of August 31, 2013 and 2012, the College had an accrued vacation and comp time liability of \$445,989 and \$442,242, respectively.

Sick leave is earned at the rate of ten hours per month with a limit of 720 hours. It is paid to an employee who misses work because of illness. Unused accrued sick leave is forfeited upon termination of employment with the College. Therefore, no accrued liability has been recorded for sick leave.

NOTE 15 - Deferred Compensation Program

The College has established a deferred compensation program under which the President may elect to defer a portion of his earnings for income tax purposes pursuant to authority granted in Government Code 609.001. As of August 31, 2013 and 2012, the College had an accrued liability of \$69,147 and \$68,770, respectively.

NOTE 16 - Contract and Grant Awards

Contract and grant awards are accounted for in accordance with the requirements of accounting principles generally accepted in the United States of America. Revenues are recognized on Exhibit 2 and Schedule A. Contract and grant awards for which funds are expended, but not collected, are reported as receivables on Exhibit 1. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the basic financial statements. Contract and grant award funds already committed, e.g., multi-year awards, or funds awarded during fiscal years 2013 and 2012 for which monies have not been received nor funds expended totaled \$4,842,472 and \$1,590,636, respectively, which was from Federal and State contract and grant awards.

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2013 and 2012

NOTE 17 - 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 tax area of the College. Property taxes are recorded on the accrual basis of accounting.

At August 31:

	<u>2013</u>	<u>2012</u>		
Assessed valuation of the tax district	\$ 6,657,771,801	\$ 6,526,052,785		
Less exemptions	(598,527,974)	(637,122,464)		
Net Assessed Valuation of the Tax District	<u>\$ 6,059,243,827</u>	<u>\$ 5,888,930,321</u>		
	<u>Maintenance & Operations</u>	<u>Debt Service</u>	<u>Total</u>	
For fiscal year 2013:				
Tax rate per \$100 valuation authorized	\$ 0.500000	\$ 0.500000	\$ 1.000000	
Tax rate per \$100 valuation assessed	\$ 0.175119	\$ 0.024637	\$ 0.199756	
For fiscal year 2012:				
Tax rate per \$100 valuation authorized	\$ 0.500000	\$ 0.500000	\$ 1.000000	
Tax rate per \$100 valuation assessed	\$ 0.173798	\$ 0.025687	\$ 0.199485	

Taxes levied for the years ended August 31, 2013 and 2012 were \$11,731,567 and \$11,488,207, respectively. Taxes are due upon receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

Under GASB Statement No. 33, *Accounting and Financial Reporting for Non Exchange Transactions*, ad valorem taxes are imposed non-exchange revenue. Assets from imposed non-exchange transactions are recorded when the entity has an enforceable legal claim to the assets or when the entity receives resources, whichever comes first. The enforceable legal claim date for ad valorem taxes is the assessment date. Accordingly, the College has recognized all assessed taxes and recorded a receivable for uncollected taxes.

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2013 and 2012

For the year ended August 31, 2013:

	Maintenance & Operations	Debt Service	Total
Taxes collected:			
Current taxes collected	\$ 10,413,471	\$ 1,465,038	\$ 11,878,509
Delinquent taxes collected	222,566	33,382	255,948
Penalties and interest collected	112,178	15,002	127,180
Total Taxes Collected	\$ 10,748,215	\$ 1,513,422	\$ 12,261,637

For the year ended August 31, 2012:

	Maintenance & Operations	Debt Service	Total
Current taxes collected	\$ 10,083,850	\$ 1,490,375	\$ 11,574,225
Delinquent taxes collected	147,225	22,595	169,820
Penalties and interest collected	117,637	14,834	132,471
Total Taxes Collected	\$ 10,348,712	\$ 1,527,804	\$ 11,876,516

Tax collections for the years ended August 31, 2013 and 2012 were 99 percent and 99 percent, respectively, of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to maintenance and operations and debt service.

NOTE 18 - Contingent Liabilities

Legal Matters

The College is involved in various legal proceedings arising from its operations. While the ultimate liability with respect to litigation against the College cannot be reasonably estimated at this time, management of the College believes that the outcome of these proceedings, individually and in the aggregate, will have no material effect on the College's financial position.

State and Federally Assisted Programs

The College participates in a number of State and Federally assisted programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the College's compliance with applicable grant requirements will be finally determined at some future date. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time, although management of the College expects such amounts, if any, to be immaterial.

NOTE 19 - Risk Management

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the College maintains general liability insurance through a commercial insurance company. Workers' compensation coverage is obtained through the Deep East Texas Self Insurance Fund (DETSIF) program. This interlocal agreement permits public entities to enter into agreements with other public entities in the interest of cooperatively sharing resources for their mutual benefit. The College has no additional risk beyond the amount of the monthly premiums. The College has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2013 and 2012

NOTE 20 – Restatement of Net Position

The fiscal year 2012 beginning net position has been restated to recognize accrued payroll.

	<u>2012</u>
Beginning net position as reported	\$ 20,324,608
Restatement to recognize accrued payroll	<u>(922,484)</u>
Restated beginning net position as reported	<u><u>\$ 19,402,124</u></u>

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SUPPLEMENTAL SCHEDULES

ALVIN COMMUNITY COLLEGE

Schedule A

SCHEDULE OF OPERATING REVENUES

For the Year Ended August 31, 2013

(With Memorandum Totals For the Year Ended August 31, 2012)

	2013			
	Educational Activities			Auxiliary Enterprises
	Unrestricted	Restricted	Total	
Tuition				
State funded courses:				
In-district resident tuition	\$ 2,018,430	\$ -	\$ 2,018,430	\$ -
Out-of-district resident tuition	4,291,763	-	4,291,763	-
TPEG - credit (set aside) *	223,545	-	223,545	-
Non-resident tuition	258,653	-	258,653	-
State funded continuing education	813,227	-	813,227	-
TPEG - non-credit (set aside) *	47,336	-	47,336	-
Non-state funded continuing education	458,446	-	458,446	-
Total Tuition	8,111,400	-	8,111,400	-
Fees				
General fees	1,210,804	-	1,210,804	-
Student service fees	-	-	-	202,078
Laboratory fees	382,017	-	382,017	-
Building use fees	527,806	-	527,806	-
Technology fees	461,081	-	461,081	-
Security fees	-	-	-	184,935
Other fees	25,725	-	25,725	-
Total Fees	2,607,433	-	2,607,433	387,013
Scholarship Allowances and Discounts				
Remissions and exemptions - State	(755,592)	-	(755,592)	-
Remissions and exemptions - local	-	-	-	(5,782)
TPEG allowances	(270,880)	-	(270,880)	-
Federal grants to students	(794,375)	-	(794,375)	-
Other	(183,260)	-	(183,260)	-
Total Scholarship Allowances and Discounts	(2,004,107)	-	(2,004,107)	(5,782)
Total Net Tuition and Fees	8,714,726	-	8,714,726	381,231

<u>2013</u>			
<u>Total</u>		<u>2012</u>	
\$ 2,018,430		\$ 2,127,653	
4,291,763		4,234,657	
223,545		231,640	
258,653		259,153	
813,227		1,313,362	
47,336		76,921	
458,446		449,897	
<hr/>		<hr/>	
8,111,400		8,693,283	
1,210,804		1,025,756	
202,078		206,703	
382,017		524,355	
527,806		546,026	
461,081		475,042	
184,935		191,027	
25,725		24,480	
<hr/>		<hr/>	
2,994,446		2,993,389	
(755,592)		(699,133)	
(5,782)		(5,785)	
(270,880)		(308,561)	
(794,375)		(1,027,899)	
(183,260)		(163,132)	
<hr/>		<hr/>	
(2,009,889)		(2,204,510)	
<hr/>		<hr/>	
9,095,957		9,482,162	

ALVIN COMMUNITY COLLEGE
SCHEDULE OF OPERATING REVENUES, Continued
For the Year Ended August 31, 2013
(With Memorandum Totals For the Year Ended August 31, 2012)

Schedule A

2013

	Educational Activities			Auxiliary Enterprises
	Unrestricted	Restricted	Total	
Other Operating Revenues				
Federal grants and contracts	\$ -	\$ 419,635	\$ 419,635	\$ -
State grants and contracts	-	265,697	265,697	-
Non-governmental grants and contracts	-	5,000	5,000	-
Total Other Operating Revenues	-	690,332	690,332	-
Auxiliary Enterprises				
Bookstore	-	-	-	2,000,789
Scholarships allowances and discounts	-	-	-	(350,304)
Net Bookstore	-	-	-	1,650,485
Child care center	-	-	-	223,034
Food services	-	-	-	76,716
Fitness center	-	-	-	36,231
Total Net Auxiliary Enterprises	-	-	-	1,986,466
Total Operating Revenues (Exhibit 2)	\$ 8,714,726	\$ 690,332	\$ 9,405,058	\$ 2,367,697

* In accordance with Texas Education Code 56.033, \$270,880 and \$308,561 of tuition was set aside for Texas Public Education Grants (TPEG) during fiscal years 2013 and 2012, respectively.

<u>2013</u>			
<u>Total</u>		<u>2012</u>	
\$ 419,635		\$ 399,466	
265,697		1,689,611	
<u>5,000</u>		<u>1,000</u>	
690,332		2,090,077	
2,000,789		1,844,455	
<u>(350,304)</u>		<u>(422,145)</u>	
1,650,485		1,422,310	
223,034		220,356	
76,716		81,603	
<u>36,231</u>		<u>31,515</u>	
<u>1,986,466</u>		<u>1,755,784</u>	
<u>\$ 11,772,755</u>		<u>\$ 13,328,023</u>	

ALVIN COMMUNITY COLLEGE
SCHEDULE OF OPERATING EXPENSES BY OBJECT
For the Year Ended August 31, 2013
(With Memorandum Totals For the Year Ended August 31, 2012)

Schedule B

	2013			
	Educational Activities			Other Expenses
	Salaries and Wages	Benefits		
	State	Local		
Unrestricted - Educational Activities				
Instruction	\$ 11,388,452	\$ -	\$ 2,011,002	\$ 837,691
Public service	81,201	-	14,339	62,760
Academic support	2,471,697	-	436,458	1,087,449
Student services	1,601,725	-	282,836	350,024
Institutional support	2,173,407	-	401,018	1,102,891
Operation and maintenance of plant	1,253,393	-	378,382	2,307,638
Total Unrestricted - Educational Activities	18,969,875	-	3,524,035	5,748,453
Restricted - Educational Activities				
Instruction	60,305	901,453	2,429	15,477
Public service	-	6,427	-	-
Academic support	181,110	195,647	38,252	134,782
Student services	97,672	126,785	-	-
Institutional support	-	172,036	-	-
Scholarships and fellowships	-	-	-	4,961,534
Total Restricted Educational Activities	339,087	1,402,348	40,681	5,111,793
Total Educational Activities	19,308,962	1,402,348	3,564,716	10,860,246
Auxiliary enterprises	491,733	-	113,554	1,511,998
Depreciation expense - buildings and other real estate improvements	-	-	-	749,891
Depreciation expense - equipment and furniture	-	-	-	397,110
Total Operating Expenses	<u>\$ 19,800,695</u>	<u>\$ 1,402,348</u>	<u>\$ 3,678,270</u>	<u>\$ 13,519,245</u>

2013

<u>Total</u>	<u>2012</u>
\$ 14,237,145	\$ 13,858,182
158,300	146,885
3,995,604	3,160,658
2,234,585	2,271,363
3,677,316	3,540,264
3,939,413	4,306,140
<hr/>	<hr/>
28,242,363	27,283,492
979,664	1,829,295
6,427	7,953
549,791	657,639
224,457	247,128
172,036	223,174
4,961,534	5,264,090
<hr/>	<hr/>
6,893,909	8,229,279
35,136,272	35,512,771
2,117,285	1,976,961
749,891	754,862
397,110	382,686
<hr/>	<hr/>
\$ 38,400,558	\$ 38,627,280
<hr/>	<hr/>

ALVIN COMMUNITY COLLEGE
SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
For the Year Ended August 31, 2013
(With Memorandum Totals For the Year Ended August 31, 2012)

Schedule C

	2013			Total
	Unrestricted	Restricted	Auxiliary Enterprises	
Nonoperating Revenues				
State appropriations:				
Education and general State support	\$ 6,957,910	\$ -	\$ -	\$ 6,957,910
State group insurance	-	942,155	-	942,155
State retirement matching	-	460,194	-	460,194
Total State Appropriations	6,957,910	1,402,349	-	8,360,259
Taxes for maintenance and operations	10,760,131	-	-	10,760,131
Taxes for debt service	-	1,513,421	-	1,513,421
Federal revenue, nonoperating	-	4,942,426	-	4,942,426
Investment income	6,735	5,781	3,115	15,631
Other nonoperating revenues	677,246	-	-	677,246
Total Nonoperating Revenues	18,402,022	7,863,977	3,115	26,269,114
Nonoperating Expenses				
Interest on capital related debt	-	612,767	-	612,767
Bond issuance costs	6,175	-	-	6,175
Total Nonoperating Expenses	6,175	612,767	-	618,942
Nonoperating Revenues, Net	\$ 18,395,847	\$ 7,251,210	\$ 3,115	\$ 25,650,172

2012

\$ 7,360,558
893,729
873,877

9,128,164

10,359,143
1,527,805
5,422,687
17,296
691,636

27,146,731

665,080
5,016

670,096

\$ 26,476,635

ALVIN COMMUNITY COLLEGE

Schedule D

SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY

For the Year Ended August 31, 2013

(With Memorandum Totals For the Year Ended August 31, 2012)

	Detail by Source			Capital Assets Net of Depreciation and Related Debt
	Unrestricted	Restricted		
		Expendable	Non-Expendable	
Current				
Unrestricted	\$ 3,505,836	\$ -	\$ -	\$ -
Board designated	149,200	-	-	-
Auxiliary	1,466,638	-	-	-
Scholarships	-	320,427	-	-
Plant				
Investment in plant	-	-	-	14,159,770
Total Net Position, August 31, 2013	5,121,674	320,427	-	14,159,770
Total Net Position, August 31, 2012	5,934,424	320,055	-	14,325,023
Net Increase (Decrease) in Net Position	\$ (812,750)	\$ 372	\$ -	\$ (165,253)

<u>Detail by Source</u>	<u>Available for Current Operations</u>	
	<u>Total</u>	<u>Yes</u>
\$ 3,505,836	\$ 3,505,836	\$ -
149,200	-	149,200
1,466,638	1,466,638	-
320,427	-	320,427
<u>14,159,770</u>	<u>-</u>	<u>14,159,770</u>
19,601,871	4,972,474	14,629,397
<u>20,579,502</u>	<u>6,866,526</u>	<u>14,676,205</u>
<u>\$ (977,631)</u>	<u>\$ (1,894,052)</u>	<u>\$ (46,808)</u>

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INDEPENDENT AUDITORS' 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

To the Board of Regents of
Alvin Community College:

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 of Alvin Community College (the "College"), as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated November 21, 2013.

Internal Control Over Financial Reporting

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

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

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

Partners

Robert Belt, CPA
Stephanie E. Harris, CPA
Nathan Krupke, CPA

Houston

3210 Bingle Rd., Ste. 300
Houston, TX 77055
713.263.1123

Bellville

1304 South Front St.
Bellville, TX 77418
979.865.3169

Austin

100 Congress Ave., Ste. 2000
Austin, TX 78701
512.381.0222

All Offices

www.texasauditors.com
info@txauditors.com
713.263.1550 fax



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*.

Texas Public Funds Investment Act

We have performed tests designed to verify the College's compliance with the requirements of the Texas Public Funds Investment Act (the "Act"). During the year ended August 31, 2013, the results of our tests disclosed no instances of noncompliance with the Act. However, providing an opinion on compliance with the Act was not an objective of our audit and, accordingly, we do not express an opinion.

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.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
November 21, 2013



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB
CIRCULAR A-133**

To the Board of Regents of
Alvin Community College:

Report on Compliance for Each Major Federal Program

We have audited Alvin Community College's (the "College") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended August 31, 2013. The College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Partners

Robert Belt, CPA
Stephanie E. Harris, CPA
Nathan Krupke, CPA

Houston

3210 Bingle Rd., Ste. 300
Houston, TX 77055
713.263.1123

Bellville

1304 South Front St.
Bellville, TX 77418
979.865.3169

Austin

100 Congress Ave., Ste. 2000
Austin, TX 78701
512.381.0222

All Offices

www.texasauditors.com
info@txauditors.com
713.263.1550 fax



Opinion on Each Major Federal Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2013.

Report Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
November 21, 2013

ALVIN COMMUNITY COLLEGE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended August 31, 2013

No prior findings.

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ALVIN COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2013

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses a modified opinion on the basic financial statements of Alvin Community College.
2. No significant deficiencies in internal control were disclosed by the audit of the basic financial statements.
3. No instances of noncompliance material to the basic financial statements were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were disclosed by the audit.
5. The auditors' report on compliance for the major federal award programs expresses an unmodified opinion.
6. No audit findings relative to the major federal award programs for the College are reported in Part C of this schedule.
7. Major programs included:

<u>Name of Federal Program</u>	<u>Federal CFDA Number</u>
Student Financial Assistance Cluster:	
Federal Supplemental Educational Opportunity Grants	84.007
Federal Work-Study Program	84.033
Federal Pell Grant Program	84.063
Federal Direct Student Loans	84.268

8. The threshold for distinguishing Type A and B programs was \$300,000.
9. The College was not classified as a low-risk auditee in the context of OMB Circular A-133.

B. FINDINGS – BASIC FINANCIAL STATEMENT AUDIT

None

C. FINDINGS – FEDERAL AWARDS

None

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ALVIN COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2013

Schedule E

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass-Through Disbursements
<u>U.S. Department of Education</u>			
Direct Programs:			
Federal Supplemental Educational Opportunity Grants	84.007	P007A123951	\$ 99,524
Federal Work-Study Program	84.033	P033A123951	86,190
Federal Work-Study Program	84.033	P033A133951	8,535
TRIO Upward Bound	84.047	P047A120527	267,654
Federal Pell Grant Program	84.063	P063P122256	3,329,429
Federal Direct Student Loans	84.268	P268K132256	1,418,748
Pass-Through From:			
Texas Higher Education Coordinating Board:			
Career & Technical Education - Basic Grants to States	84.048	134216	93,424
Texas Higher Education Coordinating Board:			
El Paso Community College			
Career & Technical Education - Basic Grants to States	84.048	9888	29,478
Total U.S. Department of Education			5,332,982
<u>U.S. Department of Housing and Urban Development</u>			
Pass-Through From:			
Brazoria County:			
Community Development Block Grants/Entitlement Grants	14.218	B09-UC-48-0005	8,273
<u>U.S. Department of Health and Human Services</u>			
Pass-Through From:			
Texas Commission on Alcohol and Drug Abuse:			
University of Texas at Austin:			
Substance Abuse and Mental Health Services - 12	93.243	1-UD1-TI 13423-09	4,346
Substance Abuse and Mental Health Services - 13	93.243	1-UR1-TI 024235-01	16,460
Total Substance Abuse and Mental Health Services			20,806
Total U.S. Department of Health and Human Services			20,806
Total Expenditures of Federal Awards			\$ 5,362,061

See accompanying notes to schedule of expenditures of Federal awards.

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ALVIN COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended August 31, 2013

Schedule F

<u>Grantor Agency/Program Title</u>	<u>Grant Contract Number</u>	<u>Expenditures</u>
Texas Higher Education Coordinating Board:		
Nursing Shortage Reduction Grant FY2009	9601744M	\$ 13,277
Nursing Shortage Reduction Grant FY2011	9106824M	34,456
Texas College Work Study	9116697M	11,090
Texas Grant I	9117497M	113,950
TEOG formerly Texas Grant II	9117453M	87,924
Nursing Innovation Grant :		
Subcontract with Trinity Valley Community College	10566	<u>5,000</u>
Total Texas Higher Education Coordinating Board		<u>265,697</u>
	Total State Financial Assistance	<u>\$ 265,697</u>

Note 1: State Assistance Reconciliation

State Revenue - per Schedule A	
State Financial Assistance	
Per Schedule of Expenditures of State Awards	<u>\$ 265,697</u>
Total State Revenue per Schedule A	<u>\$ 265,697</u>

Note 2: Significant Accounting Policies Used in Preparing the Schedule

The schedule of expenditures of State awards (schedule) presents the activity of the State of Texas financial assistance programs of the College for the year ended August 31, 2013. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds which have been expended by the College for the purposes of the award during fiscal year 2013. The expenditures reported above may not have been reimbursed by the funding agencies as of the end of fiscal year 2013. 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 schedules.

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ALVIN COMMUNITY COLLEGE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended August 31, 2013

1. SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING THE SCHEDULES

The schedule of expenditures of Federal awards (the "Schedule") present the activity of Federal financial assistance programs of the College for the year ended August 31, 2013. Federal financial assistance received directly from Federal agencies are included in this Schedule.

Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds which have been expended by the College for the purposes of the award during fiscal year 2013. The expenditures reported above may not have been reimbursed by the funding agencies as of the end of fiscal year 2013. 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.

2. FEDERAL ASSISTANCE RECONCILIATION

Federal revenues:	
Federal grants and contracts -- per Schedule A	\$ 419,635
Federal revenue, nonoperating -- per Schedule C	<u>4,942,426</u>
 Total per schedule of expenditures of Federal awards	 <u>\$5,362,061</u>

3. RELATIONSHIP TO FEDERAL REPORTS

Differences between amounts reflected in the financial reports filed with grantor agencies for the programs and in the schedules are due to different program year ends and accruals that will be reflected in the next report filed with the agencies.

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STATISTICAL INFORMATION

(Unaudited)

These statistical tables provide selected financial and demographic information.
The statistical tables are for informational purposes only and are not audited.

ALVIN COMMUNITY COLLEGE

SS-1

NET POSITION BY COMPONENT

Last 10 Years

(Amounts expressed in thousands)

	For the Years Ended August 31,			
	2013	2012	2011	2010
Primary government				
Net investment in capital assets	\$ 14,160	\$ 14,325	\$ 13,714	\$ 14,012
Restricted - expendable	320	320	349	237
Unrestricted	5,122	5,934	5,339	6,550
Total Primary Government				
Net Position	<u>\$ 19,602</u>	<u>\$ 20,579</u>	<u>\$ 19,402</u>	<u>\$ 20,799</u>

For the Years Ended August 31,

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 13,553	\$ 13,713	\$ 14,391	\$ 14,514	\$ 12,500	\$ 11,934
356	651	658	672	983	622
<u>7,491</u>	<u>7,120</u>	<u>6,084</u>	<u>5,297</u>	<u>5,154</u>	<u>5,060</u>
<u>\$ 21,400</u>	<u>\$ 21,484</u>	<u>\$ 21,133</u>	<u>\$ 20,483</u>	<u>\$ 18,637</u>	<u>\$ 17,616</u>

ALVIN COMMUNITY COLLEGE

SS-2

REVENUES BY SOURCE

Last Ten Fiscal Years

	For the Years Ended August 31, (amounts expressed in thousands)			
	2013	2012	2011	2010
Operating Revenues:				
Tuition and fees (net of discounts)	\$ 9,096	\$ 9,482	\$ 8,541	\$ 7,872
Governmental grants and contracts				
Federal grants and contract	420	399	596	1,485
State grants and contracts	266	1,690	1,190	1,007
Non-governmental grants and contracts	5	1	4	105
Sales and services of educational revenues				
Auxiliary enterprises	1,986	1,756	1,971	1,944
Other operating revenues	-	-	24	25
Total Operating Revenues	<u>11,773</u>	<u>13,328</u>	<u>12,326</u>	<u>12,438</u>
Nonoperating Revenues:				
State appropriations	8,360	9,128	10,323	10,323
Ad valorem taxes	12,274	11,887	11,575	11,881
Federal revenue, nonoperating	4,942	5,423	5,612	3,416
Gifts	-	-	-	156
Investment income	16	17	19	28
Other nonoperating revenues	677	692	577	785
Total Nonoperating Revenues	<u>26,269</u>	<u>27,147</u>	<u>28,106</u>	<u>26,589</u>
Total Primary Government Program Revenues	<u>\$ 38,042</u>	<u>\$ 40,475</u>	<u>\$ 40,432</u>	<u>\$ 39,027</u>

	For the Years Ended August 31, (amounts expressed in percentages)			
	2013	2012	2011	2010
Operating Revenues:				
Tuition and fees (net of discounts)	23.91%	23.43%	21.12%	20.17%
Governmental grants and contracts				
Federal grants and contract	1.10%	0.99%	1.47%	3.81%
State grants and contracts	0.70%	4.18%	2.94%	2.58%
Local grants and contracts	0.00%	0.00%	0.00%	0.00%
Non-governmental grants and contracts	0.01%	0.00%	0.01%	0.27%
Sales and services of educational revenues				
Auxiliary enterprises	5.22%	4.34%	4.87%	4.98%
Other operating revenues	0.00%	0.00%	0.06%	0.06%
Total Operating Revenues	<u>30.95%</u>	<u>32.93%</u>	<u>30.49%</u>	<u>31.87%</u>
Nonoperating Revenues:				
State appropriations	21.98%	22.55%	25.53%	26.45%
Ad valorem taxes	32.26%	29.37%	28.63%	30.44%
Federal revenue, nonoperating	12.99%	13.40%	13.88%	8.75%
Gifts	0.00%	0.00%	0.00%	0.40%
Investment income	0.04%	0.04%	0.05%	0.07%
Other nonoperating revenues	1.78%	1.71%	1.43%	2.01%
Total Nonoperating Revenues	<u>69.05%</u>	<u>67.07%</u>	<u>69.51%</u>	<u>68.13%</u>
Total Primary Government Program Revenues	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

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

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 6,893	\$ 5,826	\$ 5,062	\$ 4,997	\$ 4,477	\$ 4,998
594	473	1,179	478	869	1,397
1,569	534	113	80	106	97
96	141	131	62	7	4
2,146	2,026	1,895	1,841	1,908	1,940
24	5	7	31	27	51
<u>11,322</u>	<u>9,005</u>	<u>8,387</u>	<u>7,489</u>	<u>7,394</u>	<u>8,487</u>
10,996	10,904	10,353	10,342	10,128	10,001
11,830	11,102	9,969	9,178	7,778	7,121
2,419	2,431	2,436	2,461	2,733	2,474
-	-	-	-	7	-
65	351	1,003	1,435	119	68
427	505	553	(11)	22	30
<u>25,737</u>	<u>25,293</u>	<u>24,314</u>	<u>23,405</u>	<u>20,787</u>	<u>19,694</u>
<u>\$ 37,059</u>	<u>\$ 34,298</u>	<u>\$ 32,701</u>	<u>\$ 30,894</u>	<u>\$ 28,181</u>	<u>\$ 28,181</u>

**For the Years Ended August 31,
(amounts expressed in percentages)**

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
18.60%	16.99%	15.48%	16.17%	15.89%	17.74%
1.60%	1.38%	3.61%	1.55%	3.08%	4.96%
4.23%	1.56%	0.35%	0.26%	0.38%	0.34%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.26%	0.41%	0.40%	0.20%	0.02%	0.01%
5.79%	5.91%	5.79%	5.96%	6.77%	6.88%
0.06%	0.01%	0.02%	0.10%	0.10%	0.18%
<u>30.55%</u>	<u>26.26%</u>	<u>25.65%</u>	<u>24.24%</u>	<u>26.24%</u>	<u>30.12%</u>
29.67%	31.79%	31.66%	33.48%	35.94%	35.49%
31.92%	32.37%	30.49%	29.71%	27.60%	25.27%
6.53%	7.09%	7.45%	7.97%	9.70%	8.78%
0.00%	0.00%	0.00%	0.00%	0.02%	0.00%
0.18%	1.02%	3.07%	4.64%	0.42%	0.24%
1.15%	1.47%	1.69%	-0.04%	0.08%	0.11%
<u>69.45%</u>	<u>73.74%</u>	<u>74.35%</u>	<u>75.76%</u>	<u>73.76%</u>	<u>69.88%</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>

ALVIN COMMUNITY COLLEGE

SS-3

PROGRAM EXPENSES BY FUNCTION

Last Ten Fiscal Years

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

	2013	2012	2011	2010
Operating Expenses:				
Instruction	\$ 15,217	\$ 15,687	\$ 16,549	\$ 17,031
Public service	165	155	144	139
Academic support	4,545	3,818	3,555	3,973
Student services	2,459	2,518	2,489	2,444
Institutional support	3,849	3,763	4,171	3,764
Operation and maintenance of plant	3,939	4,306	4,526	4,770
Scholarships and fellowships	4,962	5,264	5,308	3,120
Auxiliary enterprises	2,117	1,977	2,240	2,569
Depreciation	1,147	1,138	1,102	1,110
Total Operating Expenses	38,400	38,626	40,084	38,920
Nonoperating Expenses:				
Amortization of issuance costs	6	5	11	-
Interest on capital related debt	613	665	801	823
Total Nonoperating Expenses	619	670	812	823
Total Expenses	\$ 39,019	\$ 39,296	\$ 40,896	\$ 39,743

For the Years Ended August 31,
(amounts expressed in percentages)

	2013	2012	2011	2010
Operating Expenses:				
Instruction	39.00%	39.92%	40.47%	42.85%
Public service	0.42%	0.39%	0.35%	0.35%
Academic support	11.65%	9.72%	8.69%	10.00%
Student services	6.30%	6.41%	6.09%	6.15%
Institutional support	9.86%	9.58%	10.20%	9.47%
Operation and maintenance of plant	10.10%	10.96%	11.07%	12.00%
Scholarships and fellowships	12.72%	13.40%	12.98%	7.85%
Auxiliary enterprises	5.43%	5.03%	5.48%	6.46%
Depreciation	2.94%	2.90%	2.69%	2.79%
Total Operating Expenses	98.41%	98.29%	98.01%	97.93%
Nonoperating Expenses:				
Amortization of issuance costs	0.02%	0.01%	0.03%	0.00%
Interest on capital related debt	1.57%	1.69%	1.96%	2.07%
Total Nonoperating Expenses	1.59%	1.71%	1.99%	2.07%
Total Expenses	100.00%	100.00%	100.00%	100.00%

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

	2009	2008	2007	2006	2005	2004
\$	17,157	\$ 14,680	\$ 15,564	\$ 12,847	\$ 12,286	\$ 11,168
	134	147	236	221	207	173
	3,348	3,195	3,146	3,146	2,925	2,827
	2,250	2,067	1,934	1,845	1,649	1,700
	3,610	3,639	3,021	2,962	2,716	2,831
	4,016	4,358	2,950	2,580	2,370	2,218
	2,213	1,819	1,645	1,948	1,723	1,473
	2,510	2,172	2,052	1,975	2,125	2,103
	1,054	985	589	586	632	588
	<u>36,292</u>	<u>33,062</u>	<u>31,137</u>	<u>28,110</u>	<u>26,633</u>	<u>25,081</u>
	-	-	-	-	-	-
	851	885	914	939	77	90
	<u>851</u>	<u>885</u>	<u>914</u>	<u>939</u>	<u>77</u>	<u>90</u>
\$	<u>37,143</u>	<u>33,947</u>	<u>32,051</u>	<u>29,049</u>	<u>26,710</u>	<u>25,171</u>

**For the Years Ended August 31,
(amounts expressed in percentages)**

	2009	2008	2007	2006	2005	2004
	46.19%	43.24%	48.56%	44.23%	46.00%	44.37%
	0.36%	0.43%	0.74%	0.76%	0.77%	0.69%
	9.01%	9.41%	9.82%	10.83%	10.95%	11.23%
	6.06%	6.09%	6.03%	6.35%	6.17%	6.75%
	9.72%	10.72%	9.43%	10.20%	10.17%	11.25%
	10.81%	12.84%	9.20%	8.88%	8.87%	8.81%
	5.96%	5.36%	5.13%	6.71%	6.45%	5.85%
	6.76%	6.40%	6.40%	6.80%	7.96%	8.35%
	2.84%	2.90%	1.84%	2.02%	2.37%	2.34%
	<u>97.71%</u>	<u>97.39%</u>	<u>97.15%</u>	<u>96.77%</u>	<u>99.71%</u>	<u>99.64%</u>
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	2.29%	2.61%	2.85%	3.23%	0.29%	0.36%
	<u>2.29%</u>	<u>2.61%</u>	<u>2.85%</u>	<u>3.23%</u>	<u>0.29%</u>	<u>0.36%</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>

ALVIN COMMUNITY COLLEGE

TUITION AND FEES

Last Ten Academic Years

Academic Year (Fall)	Resident Fees per Semester Credit Hour (SCH)			Resident Fees per Semester		
	In-District Tuition	Out-of- District Tuition	General Service Fee	Registration Fee (per Student)	Technology Fee	Student Activity Fee
2012	\$ 42	\$ 84	\$ 5	\$ 30	\$ 45	\$ 22
2011	42	84	5	30	45	22
2010	36	72	5	21	45	22
2009	32	65	5	21	40	22
2008	30	58	5	21	30	22
2007	30	58	5	21	30	17
2006	28	54	5	21	30	17
2005	28	54	5	21	30	17
2004	26	52	5	21	30	17
2003	26	52	5	21	30	17

Academic Year (Fall)	Resident Fees per Semester Credit Hour (SCH)			Resident Fees per Semester		
	Non-Resident Tuition Out of State	Non-Resident Tuition International	General Service Fee	Registration Fee (per Student)	Technology Fee	Student Activity Fee
2012	\$ 130	\$ 130	\$ 5	\$ 30	\$ 45	\$ 22
2011	130	130	5	30	45	22
2010	130	130	5	21	45	22
2009	110	110	5	21	40	22
2008	110	110	5	21	30	22
2007	110	110	5	21	30	17
2006	110	110	5	21	30	17
2005	110	110	5	21	30	17
2004	96	96	5	21	30	17
2003	96	96	5	21	30	17

Note: Includes basic enrollment tuition and fees but excludes course based fees such as laboratory fees, testing fees and certification fees

Resident Fees per Semester

<u>Security Fee</u>	<u>LRC Fee</u>	<u>Bursar Fee</u>	<u>Cost for 12 SCH In-District</u>	<u>Cost for 12 SCH Out-of-District</u>	<u>Increase from Prior Year In-District</u>	<u>Increase from Prior Year Out-of-District</u>
\$ 20	\$ 15	\$ 10	\$ 716	\$ 1,220	0.00%	0.00%
20	15	10	716	1,220	17.38%	17.08%
20	-	-	610	1,042	11.52%	9.34%
20	-	-	547	953	8.75%	13.59%
10	-	-	503	839	1.00%	0.60%
10	-	-	498	834	5.06%	6.11%
10	-	-	474	786	0.00%	0.00%
10	-	-	474	786	5.33%	3.15%
10	-	-	450	762	0.00%	0.00%
10	-	-	450	762	27.12%	33.68%

Resident Fees per Semester

<u>Security Fee</u>	<u>LRC Fee</u>	<u>Bursar Fee</u>	<u>Cost for 12 SCH Non-Resident</u>	<u>Cost for 12 SCH International</u>	<u>Increase from Prior Year Non-Resident</u>	<u>Increase from Prior Year International</u>
\$ 20	\$ 15	\$ 10	\$ 1,772	\$ 1,772	0.00%	0.00%
20	15	10	1,772	1,772	1.96%	1.96%
20	-	-	1,738	1,738	17.19%	17.19%
20	-	-	1,483	1,483	1.37%	1.37%
10	-	-	1,463	1,463	0.34%	0.34%
10	-	-	1,458	1,458	0.00%	0.00%
10	-	-	1,458	1,458	0.00%	0.00%
10	-	-	1,458	1,458	13.02%	13.02%
10	-	-	1,290	1,290	0.00%	0.00%
10	-	-	1,290	1,290	74.80%	74.80%

ALVIN COMMUNITY COLLEGE
ASSESSED VALUE AND TAXABLE ASSESSED VALUE OF PROPERTY
 Last Ten Fiscal Years

(Amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Assessed Valuation of Property</u>	<u>Less Exemptions</u>	<u>Taxable Assessed Value (TAV)</u>	<u>Ratio of Taxable Assessed Value to Assessed Value</u>
2012-13	\$ 6,657,772	\$ 598,528	\$ 6,059,244	91.01%
2011-12	6,526,053	637,123	5,888,930	90.24%
2010-11	6,898,889	1,187,556	5,711,333	82.79%
2009-10	6,905,533	1,044,338	5,861,195	84.88%
2008-09	6,728,205	916,132	5,812,073	86.38%
2007-08	6,020,738	843,423	5,177,315	85.99%
2006-07	5,164,489	718,678	4,445,811	86.08%
2005-06	4,433,472	654,631	3,778,841	85.23%
2004-05	3,775,034	627,574	3,147,460	83.38%
2003-04	3,281,498	537,287	2,744,211	83.63%

Source: Local Appraisal District

Notes: Property is assessed at full market value.

(a) per \$100 Taxable Assessed Valuation

Direct Rate

Maintenance & Operations (a)	Debt Service (a)	Total (a)
0.175119	0.024637	0.199756
0.173798	0.025687	0.199485
0.174867	0.024963	0.199830
0.176312	0.023518	0.199830
0.177329	0.022503	0.199832
0.186741	0.023539	0.210280
0.193221	0.026300	0.219521
0.208306	0.029249	0.237555
0.240561	-	0.240561
0.254766	-	0.254766

ALVIN COMMUNITY COLLEGE
STATE APPROPRIATION PER FULL TIME STUDENT
EQUIVALENTS AND CONTACT HOUR
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>State</u> <u>Appropriation</u>	<u>Appropriation per FTSE</u>		<u>Appropriation per</u> <u>Contact Hour</u>
		<u>FTSE</u> <u>(a)</u>	<u>State</u> <u>Appropriation</u> <u>per FTSE</u>	<u>Academic</u> <u>Contact</u> <u>Hours (a)</u>
2012-13	\$ 8,360	\$ 7400	\$ 1,130	1,354
2011-12	9,128	7,562	1,207	1,396
2010-11	10,323	7,621	1,355	1,503
2009-10	10,438	7,790	1,340	1,461
2008-09	10,996	6,778	1,622	1,032
2007-08	10,904	6,425	1,697	1,140
2006-07	10,353	6,500	1,593	1,158
2005-06	10,342	6,753	1,531	1,152
2004-05	10,128	6,844	1,480	1,226
2003-04	10,001	7,134	1,402	1,245

Notes:

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

- (a) Source CBM 004
(b) Source CBM 00A

Appropriation per Contact Hour

<u>Voc/Tech Contact Hours (a)</u>	<u>Total Contact Hours</u>	<u>State Appropriation per Contact Hour</u>
818	2,172	\$ 3.85
857	2,253	4.05
905	2,408	4.29
1,011	2,472	4.22
978	1,978	5.56
978	2,118	5.15
903	2,061	5.02
861	2,013	5.14
881	2,107	4.81
889	2,133	4.69

ALVIN COMMUNITY COLLEGE

SS-7

PRINCIPAL TAXPAYERS

Last Ten Tax Years

Taxpayer	Type of Business	Year		
		(amounts expressed in thousands)		
		2012	2011	2010
Ineos USA LLC	petrochemical	\$ 371,419	\$ 419,543	\$ 442,249
Denbury Onshore LLC	oil & gas exploration	302,544	116,260	103,859
Ascend Performance Materials	manufacturing	77,403	94,886	82,367
Innovene USA LLC	petrochemical	-	-	-
BP Amoco Chemicals	petrochemical	-	-	-
Solutia, Inc.	petrochemical	-	-	-
Equistar Chemicals LP	petrochemical	16,484	-	-
Innovene LLC	petrochemical	-	-	-
Novus International Inc	agriculture	49,610	54,451	55,390
Schlumberger Well Svcs	oilfield services	33,614	32,614	37,026
Center Point Energy	utility	41,357	37,008	36,014
Huntsman Petrochemical Corp	petrochemical	47,690	47,405	58,560
Cyanco International	manufacturing	40,500	-	-
Tex Cal Energy LLC	utility	-	-	-
Amreit SPF Shadow Creek LP	investment	47,959	43,672	41,007
Monsanto Company	refinery	-	-	-
Southwestern Bell Telephone	utility	-	-	-
Perry Homes	real estate	-	-	-
Pearland Investments LTD PRT	real estate	-	21,155	31,697
Inland American Waterford LTD	real estate	-	-	-
Pearland Town Center LP	investment	66,757	68,763	66,933
Team Services Inc.	manufacturing	50,523	20,724	-
Noble Energy Incorporated	utility	-	-	-
IPOP Management Incorporated	oil & gas	-	-	-
Houston Lighting & Power Company	utility	-	-	-
Dune Operating Company	oil & gas	-	29,759	-
12400 Shadow Creek Parkway LLC	real estate	27,100	28,229	-
Discovery Shadow Creek Owner	real estate	25,330	26,392	-
Shadow Kirby LTD	real estate	25,000	25,000	-
Weatherford US LP	oil & gas	30,530	22,985	-
Energyquest Inc.	utility	-	19,883	-
BNSF Railway Co.	transportation	19,015	18,140	-
Texas New Mexico Power Co.	utility	19,196	16,493	-
Argent Energy	utility	18,209	-	-
Rice-Tec Inc.	agriculture	17,033	16,434	-
Zenergy Inc	oil & gas exploration	-	-	-
Oxy Petrochemical Incorporated	petrochemical	-	-	-
Totals		<u>\$ 1,327,273</u>	<u>\$ 1,159,796</u>	<u>\$ 955,102</u>
Total Taxable Assessed Value		<u>\$ 6,059,244</u>	<u>\$ 5,888,930</u>	<u>\$ 5,711,333</u>

Year
(amounts expressed in thousands)

2009	2008	2007	2006	2005	2004	2003
\$ 418,260	\$ 428,791	\$ -	\$ -	\$ -	\$ -	\$ -
-	112,253	-	-	-	-	-
-	-	-	-	-	-	-
-	-	507,006	340,150	-	-	-
-	-	-	-	433,628	397,875	438,328
-	198,216	202,162	197,715	192,821	205,158	199,753
-	72,131	171,509	202,509	176,080	153,498	157,676
-	-	-	129,186	-	-	-
53,501	53,767	54,174	57,935	55,660	54,456	55,993
35,471	63,885	70,395	58,735	49,425	33,254	-
-	-	32,024	34,895	36,413	28,405	24,804
40,949	-	22,082	24,274	22,578	19,929	22,051
-	-	-	-	-	-	-
-	-	69,738	26,369	-	-	-
50,744	49,614	-	-	-	-	-
-	-	-	-	21,313	20,941	22,356
16,757	-	-	-	19,190	19,228	21,756
-	-	-	-	17,989	-	-
35,554	41,742	26,876	-	-	25,311	-
17,125	-	-	-	-	-	-
67,661	75,533	-	-	-	-	-
22,348	-	-	-	-	-	-
-	-	-	30,239	-	-	19,442
-	-	-	-	-	-	17,144
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	36,196	-	-	-	-	-
-	-	68,176	-	-	-	-
<u>\$ 758,370</u>	<u>\$ 1,132,128</u>	<u>\$ 1,224,142</u>	<u>\$ 1,102,007</u>	<u>\$ 1,025,097</u>	<u>\$ 958,055</u>	<u>\$ 979,303</u>
<u>\$ 5,861,195</u>	<u>\$ 5,812,073</u>	<u>\$ 5,177,315</u>	<u>\$ 4,445,811</u>	<u>\$ 3,778,841</u>	<u>\$ 3,147,460</u>	<u>\$ 2,744,211</u>

ALVIN COMMUNITY COLLEGE

SS-7

PRINCIPAL TAXPAYERS

Last Ten Tax Years

Taxpayer	Type of Business	Year		
		2012	2011	2010
Ineos USA LLC	petrochemical	6.13%	6.30%	7.74%
Denbury Onshore LLC	oil & gas exploration	4.99%	1.75%	1.82%
Ascend Performance Materials	manufacturing	1.28%	1.43%	1.44%
Innovene USA LLC	petrochemical	0.00%	0.00%	0.00%
BP Amoco Chemicals	petrochemical	0.00%	0.00%	0.00%
Solutia, Inc.	petrochemical	0.00%	0.00%	0.00%
Equistar Chemicals LP	petrochemical	0.27%	0.00%	0.00%
Innovene LLC	petrochemical	0.00%	0.00%	0.00%
Novus International Inc	agriculture	0.82%	0.82%	0.97%
Schlumberger Well Svcs	oilfield services	0.55%	0.49%	0.65%
Center Point Energy	utility	0.68%	0.56%	0.63%
Huntsman Petrochemical Corp	petrochemical	0.79%	0.71%	1.03%
Cyanco International	manufacturing	0.67%	0.00%	0.00%
Tex Cal Energy LLC	utility	0.00%	0.00%	0.00%
Amreit SPF Shadow Creek LP	investment	0.79%	0.66%	0.72%
Monsanto Company	refinery	0.00%	0.00%	0.00%
Southwestern Bell Telephone	utility	0.00%	0.00%	0.00%
Perry Homes	real estate	0.00%	0.00%	0.00%
Pearland Investments LTD PRT	real estate	0.00%	0.32%	0.55%
Inland American Waterford LTD	real estate	0.00%	0.00%	0.00%
Pearland Town Center LP	investment	1.10%	1.03%	1.17%
Team Services Inc.	manufacturing	0.83%	0.31%	0.00%
Noble Energy Incorporated	utility	0.00%	0.00%	0.00%
IPOP Management Incorporated	oil & gas	0.00%	0.00%	0.00%
Houston Lighting & Power Company	utility	0.00%	0.00%	0.00%
Dune Operating Company	oil & gas	0.00%	0.45%	0.00%
12400 Shadow Creek Parkway LLC	real estate	0.45%	0.42%	0.00%
Discovery Shadow Creek Owner	real estate	0.42%	0.40%	0.00%
Shadow Kirby LTD	real estate	0.41%	0.38%	0.00%
Weatherford US LP	oil & gas	0.50%	0.35%	0.00%
Energyquest Inc.	utility	0.00%	0.30%	0.00%
BNSF Railway Co.	transportation	0.31%	0.27%	0.00%
Texas New Mexico Power Co.	utility	0.32%	0.25%	0.00%
Argent Energy	utility	0.30%	0.00%	0.00%
Rice-Tec Inc.	agriculture	0.28%	0.25%	0.00%
Zenergy Inc	oil & gas exploration	0.00%	0.00%	0.00%
Oxy Petrochemical Incorporated	petrochemical	0.00%	0.00%	0.00%
		21.89%	17.45%	16.72%

Year

2009	2008	2007	2006	2005	2004	2003
7.14%	7.38%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	1.93%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	9.79%	7.65%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	11.48%	12.64%	15.97%
0.00%	3.41%	3.90%	4.45%	5.10%	6.52%	7.28%
0.00%	1.24%	3.31%	4.56%	4.66%	4.88%	5.75%
0.00%	0.00%	0.00%	2.91%	0.00%	0.00%	0.00%
0.91%	0.93%	1.05%	1.30%	1.47%	1.73%	2.04%
0.61%	1.10%	1.36%	1.32%	1.31%	1.06%	0.00%
0.00%	0.00%	0.62%	0.78%	0.96%	0.90%	0.90%
0.70%	0.00%	0.43%	0.55%	0.60%	0.63%	0.80%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	1.35%	0.59%	0.00%	0.00%	0.00%
0.87%	0.85%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.56%	0.67%	0.81%
0.29%	0.00%	0.00%	0.00%	0.51%	0.61%	0.79%
0.00%	0.00%	0.00%	0.00%	0.48%	0.00%	0.00%
0.61%	0.72%	0.52%	0.00%	0.00%	0.80%	0.00%
0.29%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.15%	1.30%	0.00%	0.00%	0.00%	0.00%	0.00%
0.38%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.68%	0.00%	0.00%	0.71%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.62%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.62%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	1.32%	0.00%	0.00%	0.00%	0.00%
<u>12.94%</u>	<u>19.48%</u>	<u>23.64%</u>	<u>24.79%</u>	<u>27.13%</u>	<u>30.44%</u>	<u>35.69%</u>

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ALVIN COMMUNITY COLLEGE

SS-8

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year Ended August 31	Total Tax Levy (a)	Collections Current Levy (b)	Percentage	Current Collections of Prior Levies (b)	Total Collections (c)	Percentage of Current Levy
2013	\$ 12,102	\$ 11,950	98.74%	\$ 324	\$ 12,274	101.42%
2012	11,746	11,574	98.54%	313	11,887	101.20%
2011	11,418	11,221	98.27%	354	11,575	101.38%
2010	11,722	11,497	98.08%	259	11,916	101.66%
2009	11,651	11,394	97.79%	291	11,830	101.54%
2008	10,891	10,625	97.56%	261	11,102	101.94%
2007	9,758	9,488	97.23%	271	9,969	102.16%
2006	8,973	8,722	97.20%	456	9,178	102.28%
2005	7,594	7,366	97.00%	412	7,778	102.42%
2004	7,003	6,766	96.62%	355	7,121	101.68%

Source: Local Tax Assessor/Collector and District records

(a) As of August 31st

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

(c) Ties to sum of M&O and Debt Service taxes on Exhibit 2

ALVIN COMMUNITY COLLEGE

SS-9

RATIOS OF OUTSTANDING DEBT

Last Ten Fiscal Years

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

	2013	2012	2011	2010
General Bonded Debt:				
General obligation bonds	\$ 15,305	\$ 16,160	\$ 16,960	\$ 17,615
Less: Funds restricted for debt service	(1,513)	(1,528)	(1,444)	(1,399)
Net general bonded debt	<u>13,792</u>	<u>14,632</u>	<u>15,516</u>	<u>16,216</u>
Revenue Bonds	-	-	-	-
Notes	-	-	-	-
Total Outstanding Debt	<u><u>\$ 13,792</u></u>	<u><u>\$ 14,632</u></u>	<u><u>\$ 15,516</u></u>	<u><u>\$ 16,216</u></u>

General Bonded Debt Ratios:

As a percentage of Taxable Assessed Value	0.23%	0.25%	0.27%	0.28%
---	-------	-------	-------	-------

Total Outstanding Debt Ratios:

Per capita	459.73	487.73	517.20	540.53
Per student	1,970	2,090	2,217	2,317
As a percentage of Taxable Assessed Value	227.62%	248.47%	271.67%	276.67%

Note: Ratios calculated using population and TAV from current year. Debt per student calculated using full-time-equivalent enrollment.

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

2009	2008	2007	2006	2005	2004
\$ 18,194	\$ 18,675	\$ 19,065	\$ 19,375	\$ -	\$ -
(1,325)	(1,236)	(1,174)	(1,105)	-	-
<u>16,869</u>	<u>17,439</u>	<u>17,891</u>	<u>18,270</u>	<u>-</u>	<u>-</u>
-	302	584	849	1,099	1,332
-	-	-	-	68	141
<u>\$ 16,869</u>	<u>\$ 17,741</u>	<u>\$ 18,475</u>	<u>\$ 19,119</u>	<u>\$ 1,167</u>	<u>\$ 1,473</u>
0.29%	0.34%	0.40%	0.48%	0.00%	0.00%
562.33	591.37	615.83	637.30	38.91	50.78
2,410	2,534	2,639	2,731	167	210
290.24%	342.67%	415.56%	505.95%	37.08%	53.68%

ALVIN COMMUNITY COLLEGE

SS-10

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

	For the Years Ended August 31, (amounts expressed in thousands)			
	2013	2012	2011	2010
Taxable Assessed Value	\$ 6,059,244	\$ 5,888,930	\$ 5,711,333	\$ 5,861,195
General Obligation Bonds:				
Statutory tax levy limit for debt service	30,296	28,557	28,794	29,306
Less: Funds restricted for repayment of general obligation bonds	(1,513)	(1,528)	(1,444)	(1,399)
Total Net General Obligation Debt	<u>28,783</u>	<u>27,029</u>	<u>27,350</u>	<u>27,907</u>
Current Year Debt Service Requirements	1,443	1,405	1,456	1,403
Excess of Statutory Limit for Debt Service over Current Requirements	<u>\$ 27,340</u>	<u>\$ 25,624</u>	<u>\$ 25,894</u>	<u>\$ 26,504</u>
Net Current Requirements as a % of Statutory Limit	0.05%	0.05%	0.04%	0.01%

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

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

2009	2008	2007	2006	2005	2004
\$ 5,812,073	\$ 5,177,315	\$ 4,445,811	\$ 3,778,841	\$ 3,147,460	\$ 2,744,211
29,060	30,104	22,229	22,167	15,737	13,721
(1,325)	(1,236)	(1,174)	(1,105)	-	-
27,735	28,868	21,055	21,062	15,737	13,721
1,321	1,247	1,178	1,111	-	-
<u>\$ 26,414</u>	<u>\$ 27,621</u>	<u>\$ 19,877</u>	<u>\$ 19,951</u>	<u>\$ 15,737</u>	<u>\$ 13,721</u>
-0.01%	0.04%	0.02%	0.03%	0.00%	0.00%

ALVIN COMMUNITY COLLEGE

SS-11

PLEDGED REVENUE COVERAGE

Last Ten Fiscal Years

Year	Revenue Bonds			Debt Service Requirement (in thousands)	
	Technology Fee	General Services Fee	Total	Principal	Interest
2013	\$ -	\$ -	\$ -	\$ -	\$ -
2012	-	-	-	-	-
2011	-	-	-	-	-
2010	-	-	-	-	-
2009	238,467	387,715	626,182	302,000	9,815
2008	230,855	380,244	611,099	282,000	28,654
2007	228,978	378,389	607,367	265,000	46,026
2006	227,218	377,139	604,357	250,000	62,123
2005	235,365	396,158	631,523	233,000	76,863
2004	238,762	405,130	643,892	220,000	90,288

Requirements (in thousands)

<u>Total</u>	<u>Coverage Ratio</u>
\$ -	-
-	-
-	-
-	-
311,815	2.01
310,654	1.97
311,026	1.95
312,123	1.94
309,863	2.04
310,288	2.08

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ALVIN COMMUNITY COLLEGE
DEMOGRAPHIC AND ECONOMIC STATISTICS - TAXING DISTRICT
 Last Ten Calendar Years

<u>Year</u>	<u>District Population</u>	<u>District Personal Income (a) (in Thousands)</u>	<u>District Personal Income Per Capita</u>	<u>District Unemployment Rate</u>
2012	324,769	\$ (a)	\$ (a)	6.5%
2011	319,973	12,375,726	38,677	7.0% *
2010	313,166	11,749,744	37,344	9.0%
2009	309,208	11,275,252	36,462	8.1%
2008	301,044	11,455,625	38,030	5.2%
2007	294,233	10,120,236	34,529	4.4%
2006	287,898	9,241,458	32,513	5.0%
2005	276,956	8,298,208	29,962	6.3%
2004	270,870	7,701,167	28,431	7.1%
2003	263,571	7,375,136	27,982	7.1%

Sources:

Population from U.S. Bureau of the Census

Personal income from U.S. Bureau of Economic Analysis

Unemployment rate from Texas Workforce Commission

Notes:

(a) Not yet available

* Updated from last year

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ALVIN COMMUNITY COLLEGE

SS-13

PRINCIPAL EMPLOYERS

Current Fiscal Year

<u>Employer</u>	<u>Employees (1)</u>	<u>Employment (2)</u>
Ascend Performance Materials	1000+	0.98%
Dish Network Customer Call Center	500-999	0.73%
Wal-Mart Supercenter	500-999	0.73%
Alvin Independent School District	100-499	0.29%
Alvin Autoland	100-499	0.29%
Alvin Community College	100-499	0.29%
Alvin High School	100-499	0.29%
Diversified Ceramics	100-499	0.29%
GTE Inc.	100-499	0.29%
House Calls Home Health	100-499	0.29%
Home Depot	100-499	0.29%
Kroger	100-499	0.29%
Ron Carter Used Cars Inc	100-499	0.29%
T & L Lease Svc	100-499	0.29%
Team Engineering	100-499	0.29%
Team Inc	100-499	0.29%
Team Industrial Svc Inc	100-499	0.29%
Teco Manufacturing Inc	100-499	0.29%
	<u>3,500 - 10,483</u>	<u>6.79%</u>

Source:

(1) Texas Workforce Commission - SOCRATES, Employer Search

(2) Demographicsnow.com - Custom Geography - ACC District and Service Area - Current Employment

Note:

Percentages are calculated using the midpoints of the ranges.

ALVIN COMMUNITY COLLEGE
FACULTY, STAFF, AND ADMINISTRATORS STATISTICS
 Last Ten Fiscal Years

SS-14

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Faculty				
Full-Time	110	108	109	108
Part-Time	170	180	180	199
Total	<u>280</u>	<u>288</u>	<u>289</u>	<u>307</u>
Faculty				
Full-Time	39.3%	37.5%	37.7%	35.2%
Part-Time	60.7%	62.5%	62.3%	64.8%
Staff and Administrators				
Full-Time	170	168	163	169
Part-Time	50	50	54	47
Total	<u>220</u>	<u>218</u>	<u>217</u>	<u>216</u>
Faculty				
Full-Time	77.3%	77.1%	75.1%	78.2%
Part-Time	22.7%	22.9%	24.9%	21.8%
FTSE per Full-time Faculty	67.2	70.0	69.9	72.1
FTSE per Full-Time Staff Member	43.5	45.0	46.8	46.1
Average Annual Faculty Salary	\$ 54,308	\$ 59,598	\$ 57,416	\$ 54,458

2009	2008	2007	2006	2005	2004
108	103	100	100	96	93
171	153	168	145	152	161
<u>279</u>	<u>256</u>	<u>268</u>	<u>245</u>	<u>248</u>	<u>254</u>
38.7%	40.2%	37.3%	40.8%	38.7%	36.6%
61.3%	59.8%	62.7%	59.2%	61.3%	63.4%
162	169	154	158	154	149
46	45	54	56	42	42
<u>208</u>	<u>214</u>	<u>208</u>	<u>214</u>	<u>196</u>	<u>191</u>
77.9%	79.0%	74.0%	73.8%	78.6%	78.0%
22.1%	21.0%	26.0%	26.2%	21.4%	22.0%
62.8	62.4	65.0	67.5	71.3	76.7
41.8	38.0	42.2	42.7	44.4	47.9
\$ 54,064	\$ 52,518	\$ 50,978	\$ 50,700	\$ 52,526	\$ 49,960

ALVIN COMMUNITY COLLEGE

SS-15

ENROLLMENT DETAILS

Last Five Fall Semesters

Student Classification	Fall 2012		Fall 2011	
	Number	Percent	Number	Percent
0-30 hours	3,364	64.82%	3,630	69.90%
31-60 hours	991	19.09%	897	17.27%
> 60 hours	835	16.09%	666	12.82%
Total	5,190	100.00%	5,193	100.00%

Semester Hour Load	Fall 2012		Fall 2011	
	Number	Percent	Number	Percent
Less than 3	119	2.29%	44	0.85%
3-5 semester hours	1,645	31.70%	1,438	27.69%
6-8 Semester hours	1,306	25.16%	1,391	26.79%
9-11 semester hours	993	19.13%	1,010	19.45%
12-14 semester hours	871	16.78%	942	18.14%
15-17 semester hours	193	3.72%	273	5.26%
18 & over	63	1.21%	95	1.83%
Total	5,190	100.00%	5,193	100.00%

Average course load

Tuition Status	Fall 2012		Fall 2011	
	Number	Percent	Number	Percent
Texas Resident (in-District)	2,385	45.95%	2,495	48.05%
Texas Resident (out-of-District)	2,640	50.87%	2,543	48.97%
Non-Resident Tuition	75	1.45%	77	1.48%
Tuition Exemption - TX Resident	90	1.73%	78	1.50%
Total	5,190	100.00%	5,193	100.00%

Fall 2010		Fall 2009		Fall 2008	
Number	Percent	Number	Percent	Number	Percent
3,947	68.99%	3,629	69.94%	3,218	74.01%
981	17.15%	874	16.84%	713	16.40%
793	13.86%	686	13.22%	417	9.59%
5,721	100.00%	5,189	100.00%	4,348	100.00%

Fall 2010		Fall 2009		Fall 2008	
Number	Percent	Number	Percent	Number	Percent
155	2.71%	806	15.53%	885	20.35%
1,555	27.18%	1,199	23.11%	911	20.95%
1,512	26.43%	1,154	22.24%	962	22.13%
1,071	18.72%	652	12.57%	685	15.75%
1,064	18.60%	1,011	19.48%	678	15.59%
248	4.33%	283	5.45%	173	3.98%
116	2.03%	84	1.62%	54	1.24%
5,721	100.00%	5,189	100.00%	4,348	100.00%

Fall 2010		Fall 2009		Fall 2008	
Number	Percent	Number	Percent	Number	Percent
2,603	45.50%	2,386	45.98%	2,001	46.02%
2,963	51.79%	2,737	52.75%	2,291	52.69%
73	1.28%	66	1.27%	56	1.29%
82	1.43%	-	-	-	-
5,721	100.00%	5,189	100.00%	4,348	100.00%

Fall 2010		Fall 2009		Fall 2008	
Number	Percent	Number	Percent	Number	Percent
3,141	54.90%	2,886	55.62%	2,450	56.35%
2,580	45.10%	2,303	44.38%	1,898	43.65%
5,721	100.00%	5,189	100.00%	4,348	100.00%

Fall 2010		Fall 2009		Fall 2008	
Number	Percent	Number	Percent	Number	Percent
4,609	65.44%	3,098	59.70%	2,753	63.32%
1,446	20.53%	1,290	24.86%	1,017	23.39%
572	8.12%	515	9.92%	377	8.67%
247	3.51%	205	3.95%	128	2.94%
37	0.53%	22	0.42%	29	0.67%
64	0.91%	37	0.71%	35	0.80%
11	0.16%	-	-	-	-
57	0.81%	22	0.42%	9	0.21%
7,043	100.00%	5,189	100.00%	4,348	100.00%

Fall 2010		Fall 2009		Fall 2008	
Number	Percent	Number	Percent	Number	Percent
1,422	24.86%	1,337	25.77%	852	19.60%
1,804	31.53%	1,710	32.95%	1,547	35.58%
567	9.91%	526	10.14%	489	11.25%
1,171	20.47%	945	18.21%	860	19.78%
635	11.10%	560	10.79%	504	11.59%
122	2.13%	111	2.14%	96	2.21%
5,721	100.00%	5,189	100.00%	4,348	100.00%

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ALVIN COMMUNITY COLLEGE

SS-17

TRANSFERS TO SENIOR INSTITUTIONS

779 Fall Students as of Fall 2012

(Included only Public Senior Colleges in Texas)

	<u>Transfer Student Count Academic</u>	<u>Transfer Student Count Technical</u>	<u>Transfer Student Count Tech-Prep</u>	<u>Total of All Sample Transfer Students</u>	<u>% of All Sample Transfer Students</u>
1 Lamar University	13			13	1.55%
2 Prairie View A&M University	12	1		13	1.55%
3 Sam Houston State University	59		4	63	7.53%
4 Stephen F. Austin State University	23		1	24	2.87%
5 Tarleton State University	3			3	0.36%
6 Texas A&M University	76	3	1	80	9.56%
7 Texas A&M University - Commerce	1			1	0.12%
8 Texas A&M University - Corpus Christi	10		1	11	1.31%
9 Texas A&M University - Kingsville	10			10	1.19%
10 Texas A&M University at Galveston	21		1	22	2.63%
11 Texas A&M University System Health Science Center	1			1	0.12%
12 Texas Southern University	6	1	2	9	1.08%
13 Texas State University - San Marcos	48		3	51	6.09%
14 Texas Tech University	26			26	3.11%
15 Texas Tech University Health Science Center	1	1		2	0.24%
16 Texas Woman's University	4	2		6	0.72%
17 The University of Texas at Arlington	7	2	2	11	1.31%
18 The University of Texas at Austin	56			56	6.69%
19 The University of Texas at Brownsville	1			1	0.12%
20 The University of Texas at Dallas	8			8	0.96%
21 The University of Texas at El Paso	2			2	0.24%
22 The University of Texas at San Antonio	34		1	35	4.18%
23 The University of Texas at Tyler	5			5	0.60%
24 The University of Texas Health Science Center at Houston	3	1		4	0.48%
25 The University of Texas Health Science Center at San Antonio	1			1	0.12%
26 The University of Texas Health Medical Branch at Galveston	16	1		17	2.03%
27 The University of Texas of the Permian Basin	4			4	0.48%
28 University of Houston	142	9	2	153	18.28%
29 University of Houston at Clear Lake	140	8	6	154	18.40%
30 University of Houston - Downtown	19	1		20	2.39%
31 University of Houston at Victoria	7	5		12	1.43%
32 University of North Texas	14		2	16	1.91%
33 University of North Texas Health Science Center	1			1	0.12%
34 West Texas A&M University	2			2	0.24%
Total	<u>776</u>	<u>35</u>	<u>26</u>	<u>837</u>	<u>100%</u>

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ALVIN COMMUNITY COLLEGE

SS-18

CAPITAL ASSET INFORMATION

Fiscal Years 2009 to 2013

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Academic buildings	12	12	12	12	12
Square footage (in thousands)	311	311	311	311	311
Libraries	1	1	1	1	1
Square footage (in thousands)	12	12	12	12	12
Number of Volumes (in thousands)	12	12	12	11	18
Administrative and support buildings	3	3	3	3	3
Square footage (in thousands)	13	13	13	13	13
Dormitories	-	-	-	-	-
Square footage (in thousands)	-	-	-	-	-
Number of Beds	-	-	-	-	-
Apartments	-	-	-	-	-
Square footage (in thousands)	-	-	-	-	-
Number of beds	-	-	-	-	-
Dining Facilities	1	1	1	1	1
Square footage (in thousands)	5	5	5	5	5
Average daily customers	150	150	150	200	200
Athletic Facilities	8	8	8	8	8
Square footage (in thousands)	22	22	22	22	22
Stadiums	0	0	0	0	0
Gymnasiums	1	1	1	1	1
Fitness Centers	1	1	1	1	1
Tennis Courts	6	6	6	6	6
Plant facilities	1	1	1	1	1
Square footage (in thousands)	18	18	18	18	18
Transportation:					
Cars	7	7	6	7	7
Light Trucks/Vans/Ambulance	9	9	9	9	11
Buses	2	2	2	3	3
Heavy Trucks	1	1	0	0	0

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