

ALAMO COMMUNITY COLLEGE DISTRICT

San Antonio, Texas



ALAMO
COLLEGES

Northeast Lakeview College

Northwest Vista College

Palo Alto College

San Antonio College

St. Philip's College

Comprehensive Annual Financial Report

For the Years Ended August 31, 2012 and 2011

ALAMO COMMUNITY COLLEGE DISTRICT
San Antonio, Texas

Comprehensive Annual Financial Report

For the Years Ended
August 31, 2012 and 2011

Prepared by:

Finance and Fiscal Services Department

ALAMO COMMUNITY COLLEGE DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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ALAMO
COLLEGES

Introductory Section



ALAMO
COLLEGES



December 4, 2012

To the Board of Trustees, the Residents of Bexar County and the Alamo Community College District Service Area of Atascosa, Bandera, Comal, Guadalupe, Kendall, Kerr and Wilson Counties:

We are proud to submit the following comprehensive annual financial report (CAFR) for the Alamo Community College District (Alamo Colleges or District) for the fiscal year ended August 31, 2012. The CAFR has been prepared in conformance with the financial reporting standards applicable to governmental entities set forth by reporting requirements of the Government Finance Officers Association (GFOA). The report complies with the requirements of *Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges* as set forth by the Texas Higher Education Coordinating Board (THECB).

State statute requires an annual audit by independent certified public accountants. The purpose of an independent audit is to provide assurance, based on independent review and testing, that the basic financial statements and accompanying notes are fairly stated in all material respects. In 2012, the District's Board of Trustees affirmed the selection of the independent accounting firm of Ernst & Young LLP to perform the annual audit for the District. In addition to meeting the requirements set forth in state statutes, their audit also was designed to meet the requirements of the Federal Single Audit Act Amendments of 1996 and related OMB Circular A-133 and the State Single Audit related to the uniform Grant Management Standards Single Audit Circular. The auditor's report related specifically to the single audit is included in the Single Audit Section.

Management assumes full responsibility for the completeness and reliability of the information contained in this report based upon a comprehensive framework of internal control. The objective of internal control is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements. The auditors' report is located at the front of the financial section of this report. Management's Discussion and Analysis (MD&A) immediately follows the Report of Independent Auditors and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile

The Alamo Community College District was established as a public community college through a public election in 1945. The District operates as a political subdivision under the laws of the State of Texas. A nine-member Board of Trustees is the governing body of the District. The Trustees are elected locally to six-year terms by Bexar County voters. The Chancellor, the District's chief executive officer, guides and implements the programs and policies of the Alamo Colleges.

The Alamo Colleges, a comprehensive two-year system, is dedicated to providing quality education and workforce training to the people of Bexar and surrounding counties. The five colleges—San Antonio, St. Philip's, Palo Alto, Northeast Lakeview and Northwest Vista—provide:

- University transfer programs,
- Workforce education programs,
- Technical programs,
- Developmental courses,
- Adult literacy courses,
- Continuing education and
- Community services.

Students are taught by highly qualified faculty with Master's and Doctorate degrees committed to creating a learning-centered environment. Student services include counseling, computer labs, tutoring, financial services, services for the disabled, developmental instruction, veteran services and job placement.

The Alamo Colleges include two colleges designated as Hispanic-Serving Institutions, the nation's only institution that is designated as both a Historically Black College and a Hispanic-Serving Institution, is the nation's third producer of Hispanic nurses and is Texas' largest provider of online post-secondary education. A vibrant international program brings Central American teachers to San Antonio for advanced education while affording students and faculty the opportunity to travel to all regions of the world.

Economic Conditions and Outlook



The Alamo Colleges have been an integral part of the Greater San Antonio community for more than 100 years, contributing significantly to the economic and social well-being of those who share this community with Alamo Colleges. It is highly regarded by the local business community for the quality of its workforce training and the success of its graduates. In the economic arena, a sizable 80% of its students stay in the region after they leave college and contribute positively to the local economy. The current and past cumulative effect by Alamo Colleges represents \$1.5 billion in additional regional income due to students' higher earnings and the resulting increased productivity of businesses. Higher earnings expand the tax base and reduce the tax burden of local property owners.

The three primary revenue streams to Alamo Colleges, other than federal grants used for scholarships, are ad valorem taxes, state appropriations and tuition and fees.

with the lowest risk from falling prices among large Texas cities, based on the PMI Mortgage insurance's risk index. There was no increase in the District's tax rate for 2012 services.

- State appropriations play a role in keeping tuition rates to students low. Over the last ten years state funding per eligible contact hour, which is the student's time in the classroom, declined 28%, while enrollment dramatically increased 45% over the same period. State statutes previously established community college state appropriations based on a contact hour reimbursement basis with a 2-year lag to cover instruction costs. For fiscal year 2012, the State is only providing 49% of the formula funding.
- Alamo Colleges did not implement an across the board tuition increase for the 2012 budget, but did increase tuition at mid-year for Out of District Resident and Non-resident students. The Board is committed to providing the best education possible for students in its service area at the least direct cost to the students.

Actions taken by the 82nd Texas Legislature in 2011 further impacted Alamo Colleges in the areas of state-funded group health insurance and retirement benefits. Beginning in fiscal year 2012, the State only funded 50% of prior year's state appropriations for state paid benefits resulting in a reduction of approximately \$4.1 million in revenue for group health insurance and approximately \$4.4 million in revenue for retirement benefits to Alamo Colleges.



Strategic and Long-Term Financial Planning

The Board approves a strategic plan in three-year cycles, with a plan recently approved in August 2012. The plan is reviewed and re-affirmed annually, and involves all levels of the organization. Key performance indicators based on state and national peer institutions and annual performance targets are defined. An integrated planning model is used to strengthen the connection between the strategic plan, related action plans and the budget, which is approved annually by the Board of Trustees.



The budget is developed with broad-based staff involvement and is guided by budgetary, debt and financial policies approved by the Board. The budget includes a multi-year financial plan, which incorporates proposed increases for capital budgets, preventive maintenance and student success initiatives. The projection maps a ten-year plan for Alamo Colleges to maintain a 3-5% year over year enrollment growth, while maintaining service levels and faculty staffing to provide excellent education for our students. The plan incorporates increases in tuition and fees, continued expectation of declining state appropriations and increases in property values.

Major Initiatives

The Alamo Colleges use the Baldrige Criteria for Performance Excellence as an organizational self-assessment and self-improvement framework to increase efficiency, operate effectively, and be accountable to all stakeholders. The Alamo Colleges' educational and performance philosophy based on doing things the Baldrige way is called *The Alamo Way*. Baldrige helps assess and improve the approach, deployment, learning (improvement), and integration of key management processes. It also helps examine performance and improvement in student learning outcomes; customer-focused outcomes; budgetary, financial, and market outcomes; employee-focused outcomes; process effectiveness outcomes; and leadership outcomes. This leads to increased value to stakeholders; organizational effectiveness, capabilities, and sustainability; and personal and organizational learning. Alamo Colleges is pursuing the Texas Award for Performance Excellence (TAPE). This Baldrige initiative involves self-assessments of operations and performance with feedback reports used to continuously improve customer service and satisfaction.

Awards and Acknowledgements



Alamo Colleges received the prestigious national 2012 Bellwether Award in the Planning, Governance and Finance category. The Community College Futures Assembly, established in 1995, sponsored by the Institute of Higher Education at the University of Florida, focuses on cutting-edge, trendsetting programs that other colleges might find worthy of replicating. The Bellwether Award has been compared to football's Heisman Award because it is competitively judged and is an award given by peers in community colleges. The Bellwether Awards annually recognize outstanding and innovative programs and practices that are successfully leading community colleges into the future by improving efficiency and effectiveness in the community college. The program entitled, *Collaboration, Communication and Consensus: An Organic Approach to the Budget Crisis* tackled fiscal cuts in the midst of unprecedented enrollment increases and

rising operating costs. Fifty leaders from throughout Alamo Colleges, including trustees, met the challenge head-on during six days of budget retreats. Twenty-five budget reduction strategies, focusing also on student success, were identified and implemented to address over \$20 million in budget pressure.

The San Antonio Business Journal selected the Alamo Colleges' Port of San Antonio Project as the Best Land Deal for its "2012 Best in Commercial Real Estate" edition. The project involved renovation of a 40,000 square foot building situated on over 29 acres that was previously part of Kelly AFB. It now houses the Alamo Colleges' Workforce Development Center of Excellence adjacent to the Southwest Campus of St. Philip's College. This creative transaction yielded over 29 acres to Alamo Colleges to be paid for primarily by credits earned through workforce development training for targeted aerospace tenants and Port San Antonio suppliers and vendors.

The Government Finance Officers Association of the U.S. and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Alamo Colleges for its comprehensive annual financial report for the fiscal year ended August 31, 2011. This was the third consecutive year that the District has achieved this prestigious award. In order to be



awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The staff thanks the members of the Board of Trustees for their support and guidance in conducting the financial operations of Alamo Colleges in a highly responsible manner. The timely preparation of this financial report was made possible by the continued dedication and service of the staff of Alamo Colleges.

Diane E. Snyder, CPA, M.S.
 Vice Chancellor
 Finance and Administration

Pamela K. Ansboury, CPA, M.Ed
 Associate Vice Chancellor
 Finance and Fiscal Services

ALAMO COMMUNITY COLLEGE DISTRICT

**ORGANIZATIONAL DATA
August 31, 2012**

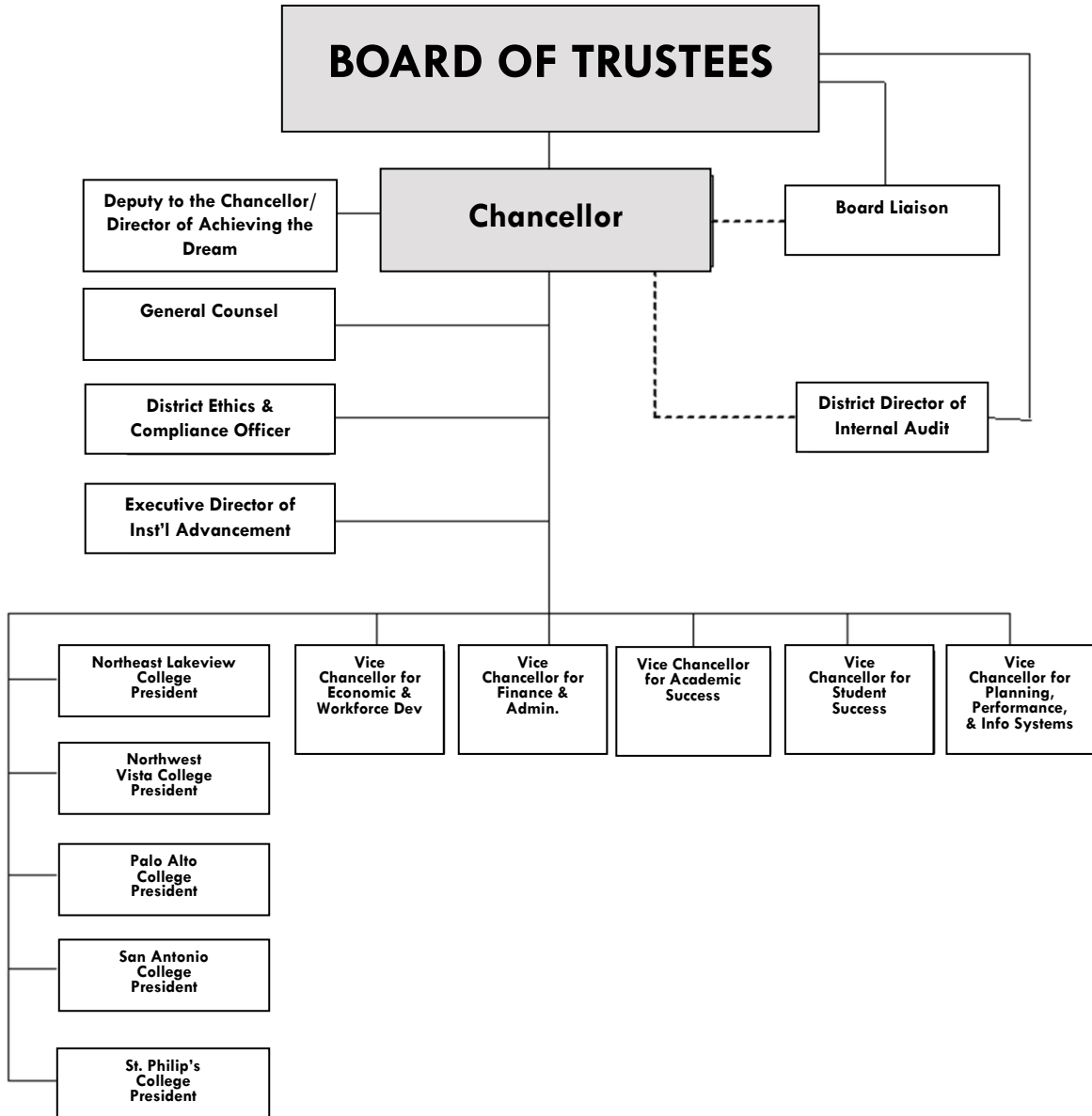
ELECTED OFFICIALS

Member	Position	City, State	Term Expires
James A. Rindfuss	Chairperson	Universal City, Texas	2014
Marcelo S. Casillas	Vice-Chairperson	San Antonio, Texas	2014
Anna U. Bustamante	Secretary	San Antonio, Texas	2016
Dr. Yvonne Katz	Assistant Secretary	San Antonio, Texas	2018
Gary Beitzel	Member of the Board	San Antonio, Texas	2014
Denver McClendon	Member of the Board	San Antonio, Texas	2016
Joe Alderete, Jr.	Member of the Board	San Antonio, Texas	2016
Dr. Gene Sprague	Member of the Board	Helotes, Texas	2018
Roberto Zárate	Member of the Board	San Antonio, Texas	2018

ADMINISTRATIVE OFFICIALS

Dr. Bruce H. Leslie	Chancellor
Diane E. Snyder, CPA, M.S.	Vice Chancellor for Finance and Administration
Dr. Federico Zaragoza	Vice Chancellor of Economic and Workforce Development
Ross Laughead	General Counsel
Dr. Thomas S. Cleary	Vice Chancellor for Planning, Performance & Info. Systems
Dr. Jo Carol Fabianke - Interim	Vice Chancellor for Academic Success
Dr. Adelina Silva	Vice Chancellor for Student Success
Jim Eskin	Executive Director of Institutional Advancement
Dr. Eric Reno	President, Northeast Lakeview College
Dr. Jackie Claunch	President, Northwest Vista College
Dr. Ana Guzman	President, Palo Alto College
Dr. Adena Loston	President, St. Philip's College
Dr. Robert Zeigler	President, San Antonio College
Pamela Ansboury, CPA, M.Ed	Associate Vice Chancellor for Finance and Fiscal Services
Ann DeBarros, CPA, MBA	District Comptroller
Patricia M. Major, CPA, CIA, CGAP	District Director of Internal Audit

ALAMO COMMUNITY COLLEGE DISTRICT



ALAMO COMMUNITY COLLEGE DISTRICT

VISION

The Alamo Colleges will be the best in the nation in Student Success and Performance Excellence.

MISSION

Empowering our diverse communities for success.

VALUES

The members of Alamo Colleges are committed to building individual and collective character through the following set of shared values in order to fulfill our vision and mission.

INTEGRITY: We act ethically, building a culture of trust and respect.

COMMUNICATION: We engage in open and transparent communication, information sharing, and collaboration.

COMMUNITY: We collaborate through a culture of learning and service, where unity in diversity occurs with mutual respect, cooperation, and accessibility.

ACADEMIC FREEDOM: We value creativity, growth, and transformation through vigorous inquiry and a free exchange of ideas.

ACCOUNTABILITY AND INNOVATION: We accept responsibility for our actions and strive for continuous learning and improvement through a safe and secure environment in order to achieve our vision.

Certificate of Achievement for Excellence in Financial Reporting

Presented to
Alamo Community College District
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
August 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Davison

President

Jeffrey R. Emer

Executive Director

Financial Section



ALAMO
COLLEGES

Report of Independent Auditors

The Board of Trustees
Alamo Community College District

We have audited the accompanying financial statements of Alamo Community College District, comprised of San Antonio College, St. Philip's College, Palo Alto College, Northeast Lakeview College and Northwest Vista College (collectively, the District), as of and for the year ended August 31, 2012, which collectively comprise the District's basic financial statements, as listed in the Financial Section of the table of contents. These financial statements are the responsibility of the District's management. 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 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. We were not engaged to perform an audit of the District's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of August 31, 2012, and the respective changes in financial position and its cash flows thereof for the year then ended in conformity with US generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2012 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States require that Management's Discussion and Analysis on pages 13 through 23 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, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements. The Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Introductory Section, Other Information-By Location and Statistical Supplement, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Ernst & Young LLP

December 18, 2012

ALAMO COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis (Unaudited)

Management's Discussion and Analysis is included to provide a narrative introduction, overview and analysis of the financial position and changes in financial position of the Alamo Community College District (Alamo Colleges or District) for the fiscal year ended August 31, 2012. This discussion is prepared by management and should be read in conjunction with the accompanying financial statements and notes.

The financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) as established by the Governmental Accounting Standards Board (GASB) and comply with reporting requirements as set by the Texas Higher Education Coordinating Board (THECB). The notes to the financial statements are considered an integral part of the financial statements and should be read in conjunction with them. Management is responsible for both the accuracy of the data and the completeness and fairness of the presentation of the financial statements and notes.

The District's financial report includes three basic financial statements: the Statements of Net Assets provide a summary of assets, liabilities and net assets as of August 31, 2012; the Statements of Revenues, Expenses and Changes in Net Assets provide a summary of operations for the fiscal year; and the Statements of Cash Flows provide categorized information about cash inflows and outflows for the fiscal year. Highlighted information from each basic financial statement is presented below.

- Total assets increased \$17.1 million and total liabilities increased \$5.2 million.
- The District's net assets at August 31, 2012 were \$286.0 million reflecting a \$11.9 million increase from prior year.
- The District's operating loss was \$273.3 million.
- Cash and Cash Equivalents decreased \$41.2 million during the year ended August 31, 2012.
- The bond rating for the District's general obligation bonds is Aaa by Moody's Investor Services, the highest rating possible, and is AA+ by Standard & Poor's.

Financial statements for the District's component unit, Alamo Community College District Foundation, Inc. (the Foundation), are issued independent of the District since the economic resources received or held by the Foundation that the District is entitled to, or has the ability to otherwise access, are not significant to the District (Notes 1 and 20).

During fiscal year 2012, Alamo Colleges formed the ACCD Public Finance Corporation (the PFC) for the sole purpose of assisting Alamo Colleges in financing or in acquisition of public facilities. The PFC was incorporated on September 23, 2011 as a public non-profit corporation under the Public Facility Corporation Act, Chapter 303, Texas Local Government Code, as amended. The PFC is reported as a blended component unit in the financial statements of Alamo Colleges, and its activities are blended with the activities of the District. (Note 1)

Statements of Net Assets

The Statements of Net Assets represent the District's financial position at the end of the fiscal year and include all assets and liabilities of the District. Net Assets is the difference between assets and liabilities and serves as a general indicator of financial stability.

Current liabilities are generally those liabilities which are due within one year, and current assets are those assets which are available to satisfy current liabilities. Noncurrent assets include restricted cash and cash equivalents, capital assets, investments and other assets not classified as current. Noncurrent liabilities include bonds and tax notes payable and other long-term commitments.

ALAMO COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis (Unaudited)

A Condensed Schedule of Net Assets is presented below. Total assets increased 1.8% or \$17.1 million during fiscal year 2012. The increase is primarily due to an approximate \$8 million increase in net capital assets and a \$11.9 million net increase in overall net assets due to excess revenues over expenses. During fiscal year 2012 the Board of Trustees approved the liquidation of the unrestricted board designated endowment investments. The funds created a revolving capital project account to be used to internally finance approved capital projects. Annual internal repayments will be made through the operating budget, which will replenish the fund for future needs. (Note 4).

During fiscal year 2012 total liabilities increased 0.7% or \$5.2 million and during fiscal year 2011 increased by 3.6% or \$24.1 million. Noncurrent liabilities consist primarily of bonds payable and decreased \$5.5 million during fiscal year 2012. The net change was due to debt service payments, as well as recognition of \$6.7 million in deferred charges on bond refundings. Current liabilities increased \$10.7 million during 2012 primarily related to increases in general accounts payable, deferred tuition and fee revenues offset by reductions in salaries and benefits payable.

The District's net assets at August 31, 2012 were \$286.0 million compared to \$274.1 million at August 31, 2011. This increase of \$11.9 million in excess revenues over expenses primarily relates to an increase of \$17.9 million in unrestricted operations offset by a decrease in net assets related to investment in capital of \$7.9 million.

Condensed Schedule of Net Assets

(in millions)

	Fiscal Year			Change	
	2012	2011	2010	2011 to 2012	2010 to 2011
Assets					
Cash and cash equivalents	\$ 39.3	\$ 80.5	\$ 89.6	\$ (41.2)	\$ (9.1)
Accounts and notes receivable, net	17.2	20.7	18.5	(3.5)	2.2
Investments	175.6	113.0	80.5	62.6	32.5
Endowment investments	-	11.1	10.3	(11.1)	0.8
Deferred charges and other	8.6	6.6	6.7	2.0	(0.1)
Capital assets	974.4	937.6	914.2	36.8	23.4
Accumulated depreciation	(229.7)	(201.2)	(172.4)	(28.5)	(28.8)
Total Assets	985.4	968.3	947.4	17.1	20.9
Liabilities					
Current liabilities	84.9	74.2	87.3	10.7	(13.1)
Noncurrent liabilities	614.5	620.0	582.8	(5.5)	37.2
Total liabilities	699.4	694.2	670.1	5.2	24.1
Net assets					
Invested in capital assets, net of related debt	171.1	179.0	182.6	(7.9)	(3.6)
Restricted (Expendable)	13.0	11.4	11.2	1.6	0.2
Unrestricted	101.9	83.7	83.5	18.2	0.2
Total net assets	\$ 286.0	\$ 274.1	\$ 277.3	\$ 11.9	\$ (3.2)

Statements of Revenues, Expenses and Changes in Net Assets

The Statements of Revenues, Expenses and Changes in Net Assets present the District's results of operations for the fiscal year. Operating revenues are generated from the services provided to students and other customers of the District. Operating expenses include those costs incurred in the production of goods and services which result in operating revenues, as well as depreciation and amortization. All other activity is classified as non-operating revenues, expenses, gains and losses. Since a large portion of the revenue stream including ad valorem property taxes, state appropriations, and all federal financial aid grants are classified as non-operating revenues, Texas

ALAMO COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis (Unaudited)

public community colleges will generally reflect an operating loss with the increase or decrease in net assets reflective of all activity.

Total revenues and total expenses should be considered in assessing the change in the District's financial position. When total revenues exceed total expenses, the result is an increase in net assets. When the reverse occurs, the result is a decrease in net assets. Further detail is presented in the Statements of Revenues, Expenses and Changes in Net Assets and notes to the financial statements.

A summarized comparison of the District's revenues, expenses and changes in net assets for the years ended August 31, 2012, 2011, and 2010 is presented below in table and chart form.

Condensed Schedule of Revenues, Expenses and Changes in Net Assets (in millions)

	Fiscal Year			Change	
	2012	2011	2010	2011 to 2012	2010 to 2011
Operating revenues and expenses:					
Operating revenues (see detail below)	\$ 96.9	\$ 81.4	\$ 91.9	\$ 15.5	\$ (10.5)
Operating expenses (see detail below)	370.2	401.8	400.0	(31.6)	1.8
Operating Loss	(273.3)	(320.4)	(308.1)	47.1	(12.3)
Non-operating revenues (expenses):					
State appropriations	77.8	85.9	90.1	(8.1)	(4.2)
Ad valorem taxes	139.2	136.7	133.6	2.5	3.1
Federal and State grants, non-operating	100.0	122.4	120.1	(22.4)	2.3
Investment income	1.9	1.6	1.4	0.3	0.2
Interest on capital related debt	(27.5)	(27.4)	(28.0)	(0.1)	0.6
Other non-operating revenues (expenses)	(6.2)	(2.0)	(5.7)	(4.2)	3.7
Total non-operating revenues, net	285.2	317.2	311.5	(32.0)	5.7
Capital contributions/additions to					
Permanent endowments	-	-	-	-	-
Increase (decrease) in net assets	11.9	(3.2)	3.4	15.1	(6.7)
Net assets - beginning of year	<u>274.1</u>	<u>277.3</u>	<u>273.9</u>	<u>(3.2)</u>	<u>3.5</u>
Net assets - end of year	<u>\$ 286.0</u>	<u>\$ 274.1</u>	<u>\$ 277.3</u>	<u>\$ 11.9</u>	<u>\$ (3.2)</u>

Operating Revenues (in millions)

	2012		2011		2010		Change	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	2011 to 2012	2010 to 2011
Net tuition and fees	\$ 59.7	61.6%	\$ 48.9	60.1%	\$ 58.9	64.1%	\$ 10.8	\$ (10.0)
Grants and contracts	30.4	31.4%	26.6	32.7%	27.2	29.6%	3.8	(0.6)
Auxiliary enterprises	4.3	4.4%	4.2	5.2%	4.5	4.9%	0.1	(0.3)
Other operating revenues	2.5	2.6%	1.7	2.0%	1.3	1.4%	0.8	0.4
Total operating revenues	<u>\$ 96.9</u>	<u>100.0%</u>	<u>\$ 81.4</u>	<u>100.0%</u>	<u>\$ 91.9</u>	<u>100.0%</u>	<u>\$ 15.5</u>	<u>\$ (10.5)</u>

ALAMO COMMUNITY COLLEGE DISTRICT

**Management’s Discussion and Analysis
(Unaudited)**

As shown above, the percentage makeup of the components of total operating revenues remained relatively consistent over the last three fiscal years. For 2012, net tuition and fees increased \$10.8 million primarily due to a slight increase in gross tuition and fees of \$1.1 million and a decrease in waivers and financial aid (tuition discount) of \$9.7 million.

State appropriations, a component of non-operating revenues, declined in fiscal years 2012 and 2011 due to the Texas Legislature’s decision to adjust funding based on contact hour reimbursement and to lower the funding for state paid group health insurance, as well as state paid retirement benefits. State appropriations declined \$8.1 million or about 10% in fiscal year 2012 and \$4.2 million or 5% in fiscal year 2011. The decrease in non-operating revenues for federal and state grants of \$22.4 million was due to more stringent federal eligibility requirements for federal Pell awards.

**Components of Net Tuition and Fees
(in millions)**

	2012		2011		2010	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Tuition	\$ 89.2	75.4%	\$ 87.4	74.5%	\$ 85.1	73.1%
CE and contract training	4.5	3.8%	4.5	3.9%	8.0	6.8%
Fees	24.6	20.8%	25.3	21.6%	23.5	20.1%
Total tuition and fees	\$ 118.3	100.0%	\$ 117.2	100.0%	\$ 116.6	100.0%
<u>Waivers and financial aid as a % of total tuition and fees:</u>						
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Waivers and financial aid	\$ 58.6	49.5%	\$ 68.3	58.3%	\$ 57.7	49.5%

The primary component of operating revenue is net tuition and fees. A table showing the components of net tuition and fees is presented above. For financial statement presentation, total tuition and fees is presented net of waivers and financial aid applicable to tuition and fees, referred to as discounts, as well as bad debt expense. The table indicates the source of tuition and fees, as well as discounts. For 2012, tuition represents over 75% of the total tuition and fee revenue, with fees contributing approximately 21%, and the remaining approximate 4% being continuing education (CE) and contract training.

As noted earlier, overall net tuition and fees increased \$10.8 million or 22% over 2011. Since there was no tuition rate increase for In District Resident tuition, the slight increase in gross tuition and fees of \$1.1 million or 1% over the 2011 balance was primarily due to a mid-year tuition rate increase to Out of District Resident and Non-resident students. Annual student credit hours, a determining factor of tuition revenue remained relatively flat at \$1.1 million for both 2011 and 2012. The total number of students attending, (including exempt and dual credit students), remained stable - 63,341 for fall 2010 and 63,641 for fall 2011.

The treatment of Federal Pell paid to students represents a tuition discount (financial aid) if the Federal Pell pays tuition and fees on the individual student’s account and scholarships if it pays other charges. Overall combined federal and state student aid decreased \$22.4 million in 2012 due to tightening of federal financial aid regulations. This contributed largely to the \$9.7 million reduction in the category waivers and financial aid or tuition discounts. The discount rate decreased from 58.3% in 2011 to 49.5% in 2012.

ALAMO COMMUNITY COLLEGE DISTRICT

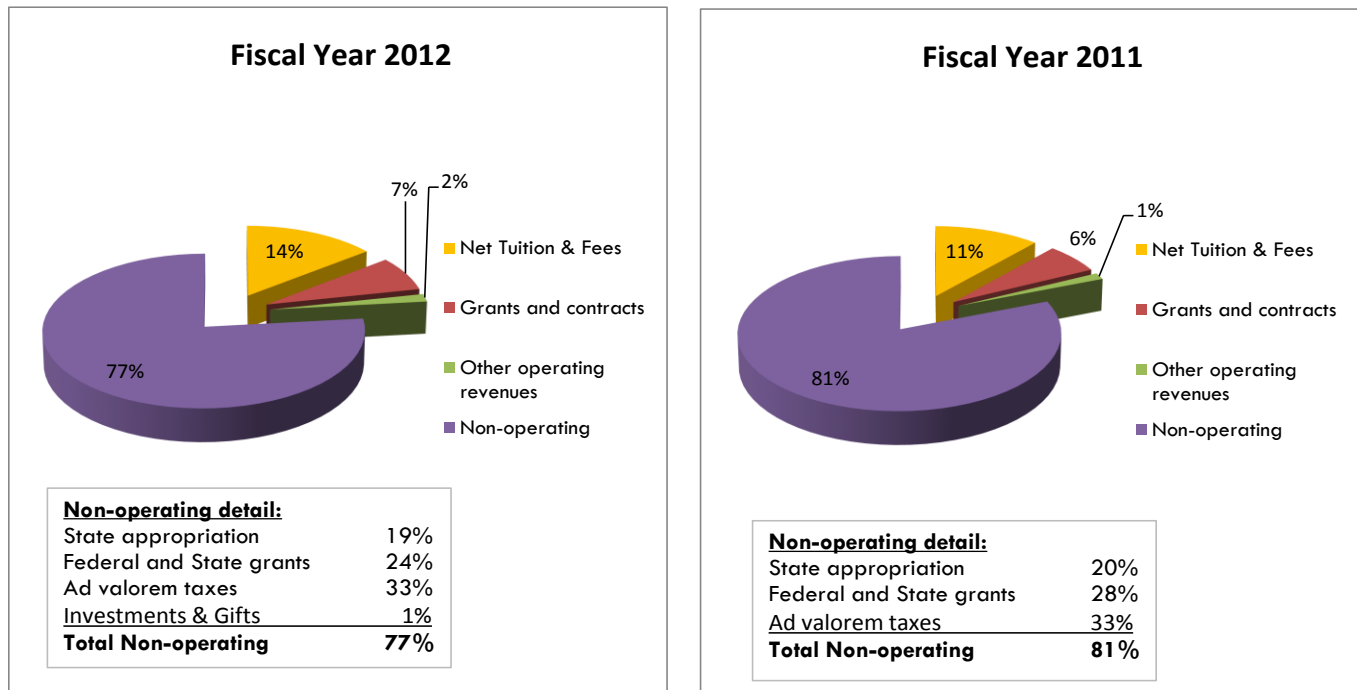
**Management’s Discussion and Analysis
(Unaudited)**

The bad debt expense is an addition to the allowance for loss which represents a reserve for the future, grouped with tuition revenues as required by the Texas Higher Education Coordinating Board. A nominal bad debt expense was recorded for 2012.

Below is a chart of the major sources of revenue for fiscal years 2012 and 2011, comparing both operating and non-operating revenues. The non-operating revenues comprise the largest portion of total revenues at 77% for 2012 and 81% for 2011. The primary components of non-operating revenues remain as state appropriations, federal and state financial aid grants and ad valorem taxes. The chart reflects a decrease in the level of federal and state grants as a component of total non-operating revenues, as previously discussed.

Total non-operating revenue as a percent of total revenue decreased from 81% in 2011 to 77% in 2012. This decrease is related to the reduction of federal and state grants as per financial aid discussed above, as well as the reduction of \$8.1 million in overall state appropriations. The percentage components of operating revenues reflected little change.

Revenue Components – Operating and Non-operating



Operating expenses are presented below for three years in both a natural and a functional classification. Salaries remained relatively flat from fiscal year 2010 to 2011 and decreased \$20.8 million or 11.5% from fiscal 2011 to 2012. The fiscal year 2012 decrease was mainly due to a full-year effect of the early retirement incentive program implemented in 2011, combined with decreased faculty salaries as a result of actively managing class size. For 2011 there were 2,656 full and part time faculty positions and for 2012 there were 2,319. The salary decrease in 2012 is also reflected by the \$15.8 million decrease in instructional expenses, a general functional expense category containing most faculty salaries.

For 2011 compared to 2012, scholarship expenses decreased \$12.7 million from \$78.5 to \$65.8 million, respectively. There was only a slight increase from 2010 to 2011. The decrease was due to changes in federal and state student aid as previously discussed.

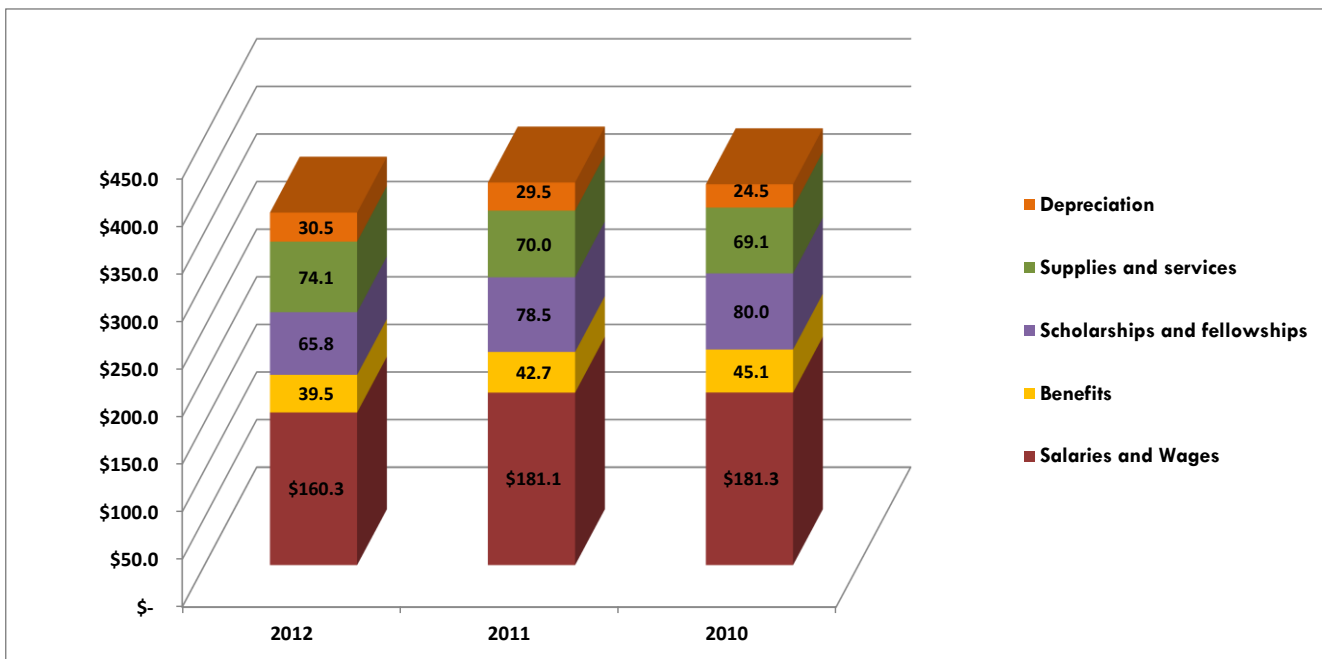
ALAMO COMMUNITY COLLEGE DISTRICT

**Management’s Discussion and Analysis
(Unaudited)**

**Operating Expenses in Natural Classification
(in millions)**

	Fiscal Year			Change	
	2012	2011	2010	2011 to 2012	2010 to 2011
Salaries and Wages	\$ 160.3	\$ 181.1	\$ 181.3	\$ (20.8)	\$ (0.2)
Benefits	39.5	42.7	45.1	(3.2)	(2.4)
Scholarships and fellowships	65.8	78.5	80.0	(12.7)	(1.5)
Supplies and services	74.1	70.0	69.1	4.1	0.9
Depreciation	30.5	29.5	24.5	1.0	5.0
Total operating expenses	<u>\$ 370.2</u>	<u>\$ 401.8</u>	<u>\$ 400.0</u>	<u>\$ (31.6)</u>	<u>\$ 1.8</u>

**Operating Expenses in Natural Classification
(in millions of dollars)**



As previously mentioned, after a slight decrease in fiscal year 2011, salaries and wages and related benefits decreased \$24.0 million in fiscal year 2012 due to full effect of retirement incentive program and class size adjustments.

Scholarship expense represents the amount disbursed to a student after a scholarship award is credited to the student’s account for payment of tuition and fees. Scholarship expense was relatively flat between 2010 and 2011. Scholarship expense decreased for fiscal year 2012 as the number of recipients decreased due to more stringent federal eligibility requirements for federal Pell awards. All other operating expenses remained relatively flat, except for depreciation expense that increased \$5.0 million in fiscal year 2011 due to the increase of capital assets.

ALAMO COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis (Unaudited)

Operating Expenses in Functional Classification (in millions)

	Fiscal Year			Change	
	2012	2011	2010	2011 to 2012	2010 to 2011
Instruction	\$ 128.5	\$ 144.3	\$ 145.1	\$ (15.8)	\$ (0.8)
Public service	0.3	0.3	0.3	(0.0)	(0.0)
Academic support	26.2	28.1	27.5	(1.9)	0.6
Student services	29.1	31.0	33.6	(1.9)	(2.6)
Institutional support	53.5	54.7	55.5	(1.2)	(0.8)
Operation and maintenance of plant	34.9	33.3	31.8	1.6	1.4
Depreciation	30.5	29.5	24.5	1.0	5.0
Scholarships and fellowships	65.8	78.4	80.0	(12.6)	(1.5)
Total educational and general expenses	368.8	399.6	398.4	(30.8)	1.2
Auxiliary enterprise	1.4	2.2	1.6	(0.8)	0.6
Total operating expenses	\$ 370.2	\$ 401.8	\$ 400.0	\$ (31.6)	\$ 1.8

Factors influencing operating expenses grouped by functional classification include the following:

- Instruction includes expenses for all activities that are a part of the instruction program, such as faculty salaries and benefits. Instruction expenses decreased \$15.8 in fiscal year 2012 and \$0.8 million in fiscal year 2011. The full effect of retirement costs and increases in class size primarily account for the \$15.8 decrease in costs for 2012.
- For fiscal year 2012, scholarships and fellowships decreased \$12.6 million as explained above, after a slight decrease of \$1.5 million in fiscal year 2011.

The District's largest operating expense is salaries, wages and benefits. Other significant expense categories include technology and utility costs. As the District continues to experience financial pressure from declining State of Texas appropriations and tax revenues, expense controls are in place as developed by Board members, administrators, faculty, staff and students across the institution. Cost savings strategic initiatives continue to be developed and implemented. Proactive management is in place for controlling the level of temporary staff and agency personnel, increasing class size, and controlling overtime and hiring. Outsourcing strategies implemented continue to hold down workforce related expenses. Non-workforce expenses such as furniture and equipment purchases and costs related to marketing, printing, paper and utilities are also being closely managed. The District implemented *Alamo Ideas*, a plan that rewards employees for contributing cost savings ideas.

Statements of Cash Flows

The Statements of Cash Flows provide information about the sources of cash and the uses of cash in the operations and activities of the District. The Statements of Cash Flows help users determine the entity's ability to meet its obligations as they come due and the impact of external financing. The Statements summarize cash inflows and outflows by operating activities, non-capital financing activities, capital financing activities and investing activities. The Statements of Cash Flows indicated an overall decrease in cash and cash equivalents of \$41.2 million at August 31, 2012 and an overall decrease in cash and cash equivalents of \$9.1 million at August 31, 2011. The primary use of cash in operations is in payment of salaries, wages and benefits, followed by payments to suppliers for goods and services, then payments for scholarships and fellowships. Sources of cash from non-capital financing activities are primarily

ALAMO COMMUNITY COLLEGE DISTRICT

**Management's Discussion and Analysis
(Unaudited)**

from non-operating federal and state revenue, ad valorem taxes and state appropriations. The \$41.2 million decrease in cash and cash equivalents in fiscal year 2012 is related to increased purchases of investments to generate interest income. Excess operating cash earned \$1.9 million in fiscal year 2012 and \$2.1 million in fiscal year 2011. Financing activities include payment of debt, both principal and interest, as well as capital asset acquisitions and construction. During 2012 the District had two major refundings of outstanding bonds, further discussed below in the Debt section.

Capital Assets

Changes in net capital assets are the result of acquisitions, improvements, deletions and changes in accumulated depreciation and amortization. The District had \$744.6 million and \$736.4 million invested in capital assets net of accumulated depreciation and amortization at August 31, 2012 and 2011, respectively. Depreciation and amortization expenses totaled \$30.5 in fiscal year 2012 and \$29.5 million in fiscal year 2011. (Note 5) A summary of net capital assets is presented below:

Net Capital Assets at Fiscal Year End
(in millions)

	Fiscal Year			Change	
	2012	2011	2010	2011 to 2012	2010 to 2011
Land	\$ 54.6	\$ 54.6	\$ 54.6	\$ -	\$ -
Facility and land improvements	62.9	67.7	66.1	(4.8)	1.6
Buildings, work in progress, and works of art	612.5	597.3	604.6	15.2	(7.3)
Furniture and equipment	11.2	13.1	12.3	(1.9)	0.8
Software	0.5	0.6	1.0	(0.1)	(0.4)
Library materials	2.9	3.1	3.2	(0.2)	(0.1)
Total capital assets, net of accumulated depreciation	<u>\$ 744.6</u>	<u>\$ 736.4</u>	<u>\$ 741.8</u>	<u>\$ 8.2</u>	<u>\$ (5.4)</u>

One method of evaluating the continued life of capital assets is to compare the accumulated depreciation to the original cost of the assets as a percentage. The table below lists assets subject to depreciation and the percentage depreciated to August 31, 2012 and 2011.

ALAMO COMMUNITY COLLEGE DISTRICT

**Management's Discussion and Analysis
(Unaudited)**

Depreciable Capital Assets and Accumulated Depreciation Percentages
(in millions)

	Fiscal Year 2012			Fiscal Year 2011		
	Capitalized Amount	Accumulated Depreciation	% Depreciated	Capitalized Amount	Accumulated Depreciation	% Depreciated
Facility and land improvements	\$ 109.2	\$ 46.2	42.4%	\$ 107.8	\$ 40.1	37.2%
Buildings	728.6	143.9	19.8%	701.6	124.4	17.7%
Furniture and equipment	35.1	23.9	68.0%	34.5	21.5	62.2%
Software	3.0	2.6	87.0%	2.9	2.3	78.7%
Library materials	16.1	13.2	82.2%	16.0	12.9	80.7%
TOTAL	\$ 892.0	\$ 229.8	25.8%	\$ 862.8	\$ 201.2	23.3%

Major capital additions and renovations completed or in progress during fiscal years 2012 and 2011 include the following:

	Amount (in Millions)
Fiscal Year 2012	
San Antonio College - FBI Firing Range	\$ 1.4
San Antonio College - Modular Building Foundation	0.6
St. Philip's College - Science Building Renovation	10.4
Southwest Campus SECO Solar Project	1.2
Southwest Campus Workforce Center	0.4
Palo Alto College - Applied Science Building Renovation (Nueces Hall)	4.1
Palo Alto College - Medina Hall Renovation	1.4
Palo Alto College - Gutierrez Learning Labs Renovation	1.7
Palo Alto College - Math and Science Building Renovation (Frio Hall)	4.4
Palo Alto College - Palomino Center Renovation	0.3
Palo Alto College - Site Drainage Improvements	0.5
Northeast Lakeview College - Wellness Center	0.4
Fiscal Year 2011	
San Antonio College - Moody Renovation	\$ 2.0
San Antonio College - FRA Firing Range	1.0
St. Philips College - Sutton Learning Center Renovation	3.0
Southwest Campus Center - Solar Panel ARRA Grant	2.0
Palo Alto College - Applied Science Building Renovation	3.8
Palo Alto College - Math & Science Building Renovation	4.1
Northwest Vista College - Manzanillo Renovation	1.5
Northwest Vista College - Mountain Laurel Renovation	2.0
Northwest Vista College - Landscape Irrigation Improvements	1.1
Northwest Vista College - Fitness Trail	0.5
Northwest Vista College - North Loop Rd. Extension	1.1
Northeast Lakeview College - Outdoor Amphitheater	0.4
Northeast Lakeview College - Canopies and Trellis Structure	1.3

ALAMO COMMUNITY COLLEGE DISTRICT

**Management's Discussion and Analysis
(Unaudited)**

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

The District has entered into several contracts for construction and various other renovation projects financed by bond proceeds. As of August 31, 2012 and 2011, the District was committed for approximately \$46.0 million and \$11.0 million, respectively. For additional information concerning the District's capital assets, see Note 5 to the basic financial statements.

Debt

The District had \$613.9 million and \$622.0 million in outstanding debt at August 31, 2012 and 2011, respectively, before premiums and discounts. Outstanding debt decreased by \$8.1 million and increased by \$32.8 million in fiscal years 2012 and 2011, respectively. The table below summarizes these amounts by type of debt instrument. See also Note 8 to the basic financial statements for additional information.

Outstanding Debt at Fiscal Year End
(in millions)

	Fiscal Year			Change	
	2012	2011	2010	2011 to 2012	2010 to 2011
General obligation bonds	\$ 392.0	\$ 404.1	\$ 411.7	\$ (12.1)	\$ (7.6)
Revenue bonds	78.1	65.9	69.5	12.2	(3.6)
Tax notes	143.8	152.0	108.0	(8.2)	44.0
Total Outstanding Debt	\$ 613.9	\$ 622.0	\$ 589.2	\$ (8.1)	\$ 32.8

The \$8.1 million reduction is due to scheduled payments and two major refundings. In March 2012, the District issued Revenue Financing System Senior Lien Revenue and Refunding Bonds Series 2012A and Taxable Series 2012B in the amounts of \$55,800,000 and \$22,295,000, respectively. These bonds refunded all of the then outstanding Combined Fee Revenue Bonds (Series 2001, 2003, 2004, 2005, 2007 and 2007A) to generate savings, update and modernize pledged revenue requirements and obtain \$15,800,000 in additional funds for construction projects.

In June 2012, the District issued \$74,110,000 Limited Tax Refunding Bonds, Series 2012. Proceeds from the sale refunded \$61,350,000 of the Series 2007 and \$16,595,000 of the Series 2007A Limited Tax Bonds to generate savings. Series 2012 Limited Tax Refunding Bonds were issued at an average coupon of 4.39%; the average coupon of the refunded bonds was 4.60%. The District's total debt service payments over the next 27 years will be reduced by \$11,573,285 to produce an economic gain with a net present value savings of \$6,409,669.

During fiscal year 2011, although tax notes were reduced by \$10.9 million, an additional \$54.8 million in tax notes were approved by the Board of Trustees and issued for building renovations across the District. The new tax note is the primary cause for the net increase of \$44.0 million for fiscal year 2011.

ALAMO COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis (Unaudited)

The District's general obligation debt is payable from the proceeds of a continuing, direct ad valorem tax levied against all taxable property within the taxing district. Revenue bonds are special obligations of the District that are payable solely from and will be equally and ratably secured by an irrevocable first lien on pledged revenues. The pledged revenues include, but are not limited to, tuition, pledged auxiliary revenue and investment income.

The bond ratings for the District's general obligation bonds was Aaa by Moody's Investor Services, the highest rating possible, and was AA+ by Standard & Poor's. More detailed information about the District's noncurrent liabilities is presented in Notes 6, 7 and 8 to the basic financial statements.

Factors Having Probable Future Financial Significance

The District's economic condition is influenced by the economic positions of the State of Texas, County of Bexar and surrounding counties and the City of San Antonio. The Federal Reserve Bank of Dallas reports that the Texas economy continues to expand with employment growing at a 3.1% annual rate as of September 2012 ranking second among the Texas major metropolitan areas. Based on the unemployment rate, San Antonio fares better than the nation or Texas with the unemployment rate for September 2012 being 6% for San Antonio, 6.8% for Texas and 7.8% for the nation.

Companies that are expanding or relocating operations still consider Texas, and San Antonio, to hold greater opportunities compared with other parts of the country. While many U.S. cities continue to experience declines in their specialized core industries, San Antonio and Texas have a brighter economic outlook with its stable, diversified economic base that serves to avoid wide swings in the business cycle.

In December 2011, San Antonio was ranked by the Milken Institute as being the nation's Best-Performing City. The Milken Institute ranks cities based on growth in jobs, wages and salaries, and technology output with all factors weighed over a five-year span. San Antonio's ranking was in part due to the earlier military base realignment, drilling in the Eagle Ford Shale and the growth of health care. The realignment helped to insulate San Antonio from the worst of the recession bringing thousands of jobs and billions of dollars in construction to the city. Drilling permits in the Eagle Ford were 26 in 2008 and were 2,991 in November 2012 based on Texas Railroad Commission data. San Antonio's Federal Reserve senior economist, Keith Phillips, indicates the challenge for San Antonio and Texas will be to sustain the growth and continue to diversify the economy. He believes the best way to diversify the economy is to have strong educational systems and that education spawns business.

The level of state appropriations Texas community colleges historically received directly enables the low tuition rates community colleges provide. Over time the state has decreased appropriations to 49% of contact hour reimbursable rates - contact hours are a direct driver of instruction costs. The Texas Legislature will continue to greatly impact community college services if it does not return to contact hour reimbursement, does not reimburse for past contact hour growth, continues to cut appropriations each biennium and does not fully fund its liability for qualified employee retirement match and employee health insurance. In the long term, without the state's full support, Texas community colleges will be forced to adjust the level of services to students and possibly significantly raise tuition and ad valorem tax rates.

In the future Alamo Colleges will continue to face a growing challenge to fund anticipated increases in demands for services provided by community colleges. The Alamo Colleges' leadership acted swiftly to strategically reduce overall expenses and capitalize on favorable economic conditions by aggressively providing workforce development programs. It will continue to monitor resources carefully, continue to bring the message to the Texas Legislature that budget cuts to community colleges harm students and the workforce needs of the state. The leadership of Alamo Colleges will also continue to preserve its primary mission of empowering its diverse communities for success. The District's outlook for the foreseeable future is positive as a result of its strategic leadership, fiscal management and stable local economy.

**ALAMO COMMUNITY COLLEGE DISTRICT
EXHIBIT 1**

**Statements of Net Assets
August 31, 2012 and 2011**

	2012	2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 18,989,924	\$ 15,531,295
Restricted cash and cash equivalents	-	999,004
Investments	88,540,576	72,143,918
Accounts receivable and notes receivable, net of allowance	17,232,255	20,681,112
Other assets	404,358	462,578
Total current assets	125,167,113	109,817,907
Noncurrent assets:		
Restricted cash and cash equivalents	20,330,137	63,984,287
Endowment investments	-	11,092,426
Restricted short-term investments	52,694,252	-
Long-term investments - Operating	34,381,093	40,878,903
Other assets	8,196,043	6,179,323
Capital assets (net)	744,641,352	736,389,433
Total noncurrent assets	860,242,877	858,524,372
TOTAL ASSETS	985,409,990	968,342,279
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	20,010,125	18,537,147
Funds held for others	630,355	650,892
Deferred revenues	41,247,008	33,762,488
Current portion of bonds and tax notes	23,057,141	21,309,583
Total current liabilities	84,944,629	74,260,110
Noncurrent liabilities	614,489,135	619,999,914
TOTAL LIABILITIES	699,433,764	694,260,024
NET ASSETS		
Invested in capital assets, net of related debt	171,100,350	179,049,528
Restricted for:		
Expendable		
Student aid	4,701,676	4,223,246
Instructional programs	1,074,473	1,074,830
Debt service	7,187,173	6,041,389
Unrestricted	101,912,554	83,693,262
TOTAL NET ASSETS (Schedule D)	\$ 285,976,226	\$ 274,082,255

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

**ALAMO COMMUNITY COLLEGE DISTRICT
EXHIBIT 2**

**Statements of Revenues, Expenses, and Changes in Net Assets
For Years Ended August 31, 2012 and 2011**

	2012	2011
OPERATING REVENUES:		
Tuition and fees (net of discounts of \$58,573,116 and \$68,334,353, respectively)	\$ 59,696,566	\$ 48,916,644
Federal grants and contracts	20,097,631	18,364,222
State grants and contracts	7,061,166	5,863,417
Local grants and contracts	1,991,496	1,107,534
Non-governmental grants and contracts	1,267,044	1,287,850
Auxiliary enterprises	4,327,418	4,193,831
Other operating revenues	2,499,053	1,624,197
Total operating revenues (Schedule A)	96,940,374	81,357,695
OPERATING EXPENSES:		
Instruction	128,485,874	144,316,720
Public service	349,160	291,066
Academic support	26,178,736	28,083,045
Student services	29,090,290	31,004,145
Institutional support	53,487,482	54,684,308
Operation and maintenance of plant	34,891,262	33,258,631
Scholarships and fellowships	65,811,277	78,446,887
Auxiliary enterprises	1,439,831	2,213,641
Depreciation and amortization	30,484,741	29,519,656
Total operating expenses (Schedule B)	370,218,653	401,818,099
Operating loss	(273,278,279)	(320,460,404)
NON-OPERATING REVENUES/(EXPENSES):		
State appropriations	77,777,498	85,942,117
Ad valorem taxes		
Taxes for maintenance and operations	95,326,911	93,559,514
Taxes for general obligation bonds	43,833,032	43,153,029
Federal grants, non-operating	96,450,672	118,192,829
State grants, non-operating	3,548,506	4,213,854
Gifts	745,956	476,222
Investment income	1,858,325	1,566,098
Interest on capital related debt	(27,451,534)	(27,407,637)
Other non-operating revenues/(expenses)	(6,966,116)	(2,533,215)
Net non-operating revenues (Schedule C)	285,123,250	317,162,811
Income (loss) before other revenues (expenses)	11,844,971	(3,297,593)
OTHER REVENUES AND EXPENSES:		
Capital grants and gifts	49,000	49,000
Total other revenues and expenses	49,000	49,000
Increase (decrease) in net assets	11,893,971	(3,248,593)
NET ASSETS:		
Net assets - beginning of year	274,082,255	277,330,848
Net assets - end of year	\$ 285,976,226	\$ 274,082,255

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

**ALAMO COMMUNITY COLLEGE DISTRICT
EXHIBIT 3**

**Statements of Cash Flows
For Years Ended August 31, 2012 and 2011**

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from students and other customers	\$ 66,933,138	\$ 53,501,854
Receipts from grants and contracts	34,789,698	24,814,263
Collection of loans to students	12,579	72,247
Other receipts	1,538,496	2,264,122
Payments to or on behalf of employees	(193,053,356)	(206,981,972)
Payments to suppliers for goods and services	(77,726,332)	(73,846,176)
Payments for scholarships and fellowships	(65,811,277)	(78,446,887)
Payment for loans to students	(43,016)	(65,781)
Net cash provided (used) by operating activities	(233,360,070)	(278,688,330)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Receipts from state appropriations	68,335,274	68,514,375
Receipts from ad valorem taxes	95,235,301	94,251,092
Receipts from non-operating federal and state revenue	104,663,975	118,344,943
Receipts (payments) from gifts and grants (other than capital)	745,956	476,222
Receipts (payments) to student organizations and other agency transactions	(20,537)	57,007
Net cash provided (used) by noncapital financing activities	268,959,969	281,643,639
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Proceeds on issuance of capital debt	162,026,427	60,554,021
Bond issuance costs	(6,517,967)	(554,021)
Receipts from ad valorem taxes for debt service	43,785,462	43,384,280
Receipts from capital grant contracts, grants and gifts	49,000	49,000
Payments for capital assets acquisition and construction of capital assets	(38,264,450)	(34,656,383)
Payments on capital debt - principal	(160,250,000)	(22,023,778)
Payments on capital debt - interest	(27,991,482)	(27,674,764)
Net cash provided (used) by capital and related financing activities	(27,163,010)	19,078,355
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	261,961,326	242,209,397
Interest on investments	1,869,260	2,073,372
Purchase of investments	(313,462,000)	(275,431,320)
Net cash provided (used) by investing activities	(49,631,414)	(31,148,551)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(41,194,525)	(9,114,887)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	80,514,586	89,629,472
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 39,320,061	\$ 80,514,586

(continued)

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

**ALAMO COMMUNITY COLLEGE DISTRICT
EXHIBIT 3**

**Statements of Cash Flows
For Years Ended August 31, 2012 and 2011
(Continued)**

RECONCILIATION OF NET OPERATING LOSS TO NET CASH	2012	2011
USED BY OPERATING ACTIVITIES:		
Operating loss	\$ (273,278,279)	\$ (320,460,404)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation expense	30,484,741	29,519,656
Allowance for doubtful accounts	1,109,734	5,096,617
Non-cash state appropriations - on-behalf payments	9,442,224	17,427,742
Changes in assets and liabilities:		
Receivables (net)	(2,166,992)	(4,628,157)
Other assets	(372,405)	116,528
Accounts payable	(7,487,866)	643,703
Deferred revenue	7,378,216	(1,033,744)
Compensable absences	2,027,843	(5,710,169)
Workers' compensation accrual	-	(116,027)
Utility escrow	(466,849)	449,459
Loans to students	(30,437)	6,466
Net cash used by operating activities	\$ (233,360,070)	\$ (278,688,330)
 SCHEDULE OF NON-CASH INVESTING AND FINANCING TRANSACTIONS:		
Increase (decrease) in fair value of investments	\$ 532,095	\$ (596,282)
Gifts of depreciable and non-depreciable assets	\$ 5,091	\$ 137,140
Decrease in rebatable arbitrage liability	\$ (26,750)	\$ (434,755)
Amortization of premium on bonds	\$ 858,925	\$ 600,936
Amortization of prepaid debt issuance costs	\$ 259,573	\$ 382,208
Amortization of deferred charges on bond refundings	\$ 161,665	\$ 154,174

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

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

1. REPORTING ENTITY

The Alamo Community College District (Alamo Colleges or District) was established in 1945 in accordance with the laws of the State of Texas. It serves the educational needs of Bexar County and surrounding communities through its colleges and educational centers. The District operates five colleges including San Antonio College, St. Philip's College, Palo Alto College, Northwest Vista College and Northeast Lakeview College.

The District is considered to be a special-purpose primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement No. 14. While the District receives funding from local, state, and federal sources and must comply with the spending, reporting and record keeping requirements of these entities, it is not a component unit of any other governmental entity.

ACCD Public Facility Corporation - Blended Component Unit

Using the criteria established by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units-an amendment of GASB Statement No. 14*, the District's management determined that although the ACCD Public Facility Corporation (the PFC) is legally separate from the District, for financial statement purposes the PFC should be blended as a component unit of the District as if it were part of the District due to its sole purpose to assist the District in financing or in the acquisition of public facilities. Financial information for the PFC may be obtained from the District's Finance and Fiscal Services office.

The PFC was incorporated on September 23, 2011 as a public non-profit corporation formed under the Public Facility Corporation Act, Chapter 303, Texas Local Government Code, as amended; is also a public corporation within the meaning of the U.S. Treasury Department, rulings of the Internal Revenue Service per sections 103 and 141 of the IRS Code of 1986, as amended.

The PFC is governed by a nine-member Board of Directors that is the same nine-member Board of Trustees of the District. The PFC was formed exclusively for the purpose of assisting the District in financing, refinancing, or providing public facilities. With the Board of Trustees' approval, the PFC may finance the acquisition of District obligations; provide for the acquisition, construction, rehabilitation, renovation, repair, equipping, furnishing and placement in service of public facilities of the District; issue bonds as permitted by the Act; and perform other such activities on behalf of the District as provided in the Certificate of Formation. The PFC does not have authority to levy taxes.

Alamo Community College District Foundation, Inc.

The Alamo Community College District Foundation, Inc. (the Foundation) is a separate nonprofit organization, and its sole purpose is to provide benefits such as scholarships and grants to the students, faculty and staff of the District. The Foundation is a legally separate entity which utilizes District financial resources for its operation. The District does not appoint any of the Foundation's board members. The financial information of the Foundation is not included in these financial statements in accordance with GASB Statement No. 39, as a component unit because the economic resources received or held by the Foundation that the District is entitled to, or has the ability to otherwise access, are not significant to the District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Guidelines

The significant accounting policies followed in preparing these financial statements are in accordance with the *Texas Higher Education Coordinating Board's Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges* for fiscal year 2012. The District applies all applicable GASB pronouncements and all applicable Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989 unless they conflict with or contradict GASB pronouncements. The District has elected not to apply FASB guidance issued subsequent to November 30, 1989, unless specifically adopted by the GASB. For financial reporting purposes, the District is considered a special-purpose government engaged in business-type activities.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tuition Discounting

Texas Public Education Grants

Certain tuition amounts are required to be set aside for use as scholarships by qualifying students. These amounts, called the Texas Public Education Grant (TPEG), are shown with tuition and fee revenue amounts as a separate set aside amount (Texas Education Code §56.033). When the award is used by the student for tuition and fees, the amount is recorded as tuition discount. When the award is used for purposes other than tuition and fees, the amount is recorded as a scholarship expense.

Title IV Higher Education Act (HEA) Program Funds

Certain Title IV HEA Program funds are received by the District to pass-through to students. These funds are received by the District and recorded as revenue. When a student uses the award for tuition and fees, the amount is recorded as tuition discount. When the award is used for purposes other than tuition and fees, the amount is recorded as a scholarship expense.

Other Tuition Discounts

The District awards tuition and fee scholarships from institutional funds to students who qualify. When these funds are used for tuition and fees, the awards are recorded as tuition discount. When these awards are used for purposes other than tuition and fees, the amounts are recorded as scholarship expense.

Basis of Accounting

The financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) as established by the GASB and comply with reporting requirements as set by the Texas Higher Education Coordinating Board (THECB). The financial statements of the District have been prepared on the accrual basis, whereby all revenues are recorded when earned, and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

Budgetary Data

Each community college district in Texas is required by law to prepare an annual operating budget of anticipated revenues and expenditures for the fiscal year beginning September 1. The District's Board of Trustees adopts the annual budget, which is prepared on the accrual basis of accounting for operating funds and available resources for construction and renewal funds. Copies of the approved budget and subsequent amendments 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 District's cash and cash equivalents consist of operating cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Public funds investment pools (TexPool) are considered to be cash and cash equivalents.

Restricted Cash and Cash Equivalents and Investments

Restricted cash and cash equivalents reserved for payment of restricted current liabilities are included as current assets. Cash and cash equivalents and investments that are externally restricted as to their use are classified as noncurrent assets in the Statements of Net Assets. This category includes unexpended cash balances restricted by donors or other outside agencies for specific purposes; gifts whose donors have placed limitations on their use; grants from private or governmental sources; bond proceeds; and other sponsored funds.

Other Current Assets

Included in this category are prepaid expenses and inventories.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable

Accounts receivable are recorded at the invoiced amounts. The allowance for doubtful accounts is management's best estimate of the amount of probable credit losses and is determined based on historical collectability. Account balances are written-off against the allowance when it is probable the receivable will not be recovered.

Investments

In accordance with GASB 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 include investments with original maturities greater than one year at the time of purchase. The District intends to hold these investments until maturity.

Unamortized Debt Issuance Costs

Unamortized debt issuance costs are amortized over the life of the related bond issue using the straight-line method.

Capital Assets

Assets meeting the applicable capitalization threshold with useful lives extending beyond one year are recorded at cost on the date of acquisition. Donated capital assets are stated at estimated fair market value at the date of donation. Improvements which significantly add value or extend the useful life of the structure are capitalized. The costs of normal maintenance and repairs are charged to operating expense in the year the expense is incurred.

The straight-line method is used for depreciating the assets over their useful lives. Depreciation begins in the following year after capitalization except for equipment, which is prorated in the first year the asset was placed in service. The table below lists the capitalization thresholds and useful lives for each asset category:

Class of Asset	Capitalization Threshold	Useful Life (Years)	Salvage Value
Land	\$ 5,000	Not Depreciated	-
Land improvements (except tennis courts)	100,000	20	-
Tennis courts	10,000	7	
Buildings	100,000	40	10%
Building improvements	100,000	20	-
Portable buildings	10,000	10	10%
Machinery and equipment	5,000	5-10	-
Infrastructure	100,000	20	10%
Software	5,000	5	-
Library books	All	15	-
Works of art/historical treasures	5,000	Not Depreciated	-
Leasehold improvements	10,000	Life of Lease or useful life	-
Technology systems	\$ 50,000	5	-

Capitalization of Interest Cost

The District applies the provisions of Statement of Financial Accounting Standards No. 34, *Capitalization of Interest Costs* (FAS 34), and Statement of Financial Accounting Standards No. 62, *Capitalization of Interest Costs in Situations Involving Certain Tax-exempt Borrowings and Certain Gifts and Grants* (FAS 62), an amendment of FASB Statement No. 34, which requires the District to capitalize the interest and fees on new construction.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

These standards require that the interest cost offset by interest earnings on the related construction proceeds be capitalized as a part of each new construction project unless the net effect is considered immaterial. Accordingly, no interest cost has been capitalized, as the interest earned has approximately equaled the interest cost to the District.

Compensable Absences

It is the District's policy to accrue employee vacation pay as earned. Sick leave is not accrued, as a terminated employee is not paid for accumulated sick leave. See Notes 6 and 12 for additional information.

Self-Insurance

The District is self-insured for a portion of workers' compensation losses. A liability has been recorded for the estimated amount of eventual loss which will be incurred on claims arising prior to the end of the fiscal year including incurred but not reported claims. See Note 16 for additional information.

Revenue Recognition and Deferred Revenues

Tuition and fee revenues are recorded when earned. Unrestricted fall tuition, fees, and other revenues received related to the period after each fiscal year have been deferred. Restricted revenues for the fall are recognized in the year when the expenses have occurred, and all obligations have been fulfilled for the recording of those expenses. Unrestricted deferred charges, such as tuition exemptions, have been netted against deferred revenues. Restricted charges where all obligations have been fulfilled are treated as expenses in the period incurred.

Operating and Non-operating Revenues

The District distinguishes operating and non-operating revenues. The District reports as a Business-Type Activity (BTA) and as a single, proprietary fund. Operating revenues generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues are student tuition and fees net of scholarship discounts and allowances; federal operating non-Title IV grants; state, local and private grants and contracts; auxiliary enterprises and other revenues of a similar nature.

The major non-operating revenues are state appropriations, property tax collections, federal non-operating Title IV grants, investment income and gifts.

Operating and Non-operating Expenses

Operating expenses include the cost of providing instruction, student services and support, administrative expenses, and depreciation and amortization on capital assets. Expenses related to non-operating federal revenues are reported as operating expenses, either as tuition discounts (if applied to tuition) or as scholarship expenses. The auxiliary operations for campus bookstores and food service are not performed by the District.

The major non-operating expenses are interest on capital related debt and capital expenses associated with bond proceeds which fall below the District's capitalization thresholds.

Restricted Resources

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

Net Assets

Invested in Capital Assets, Net of Related Debt

This category represents the District's total investment in capital assets, net of related outstanding debt and accumulated depreciation and amortization related to those capital assets.

Restricted Net Assets, Expendable

These are net assets which the District is legally or contractually obligated to spend in accordance with external restrictions.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unrestricted Net Assets

Unrestricted net assets are resources that are not subject to any external restrictions and may be used at the discretion of the governing board for any lawful purpose of the District.

Estimates

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

Reclassifications

Certain amounts presented in the prior year were reclassified in order to be consistent with the current year's presentation. Accounts receivable and notes receivable were combined and a part of operating state grant revenues related to student aid, was reclassified to non-operating revenues.

3. AUTHORIZED INVESTMENTS

The Board of Trustees of the District has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act (Sec. 2256, Texas Government Code, the "Act") as amended. This policy is reviewed and approved by the Board annually. Investment of non-endowment funds are required to be in compliance with the Act. Investments include (1) obligations of the U.S. government or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than A by a national investment rating firm, (4) certificates of deposit, (5) commercial paper rated at least A-1/P-1, and (6) other instruments and obligations authorized by statute.

The District's investment policy also provides for the investment of its endowment funds in compliance with the Uniform Prudent Management of Institutional Funds Act (Texas Property Code Chapter 163). Eligible investments per the policy include (1) preferred and common stocks, (2) bonds and debentures of corporations or other institutions in an asset allocation approved by the Board of Trustees. These investments may be held separately or within a comingled institutional mutual fund, so long as it complies with the Investment Company Act of 1940.

4. CASH, CASH EQUIVALENTS AND INVESTMENTS

The carrying amount of the District's deposits at August 31, 2012 and 2011 was \$6,508,216 and \$3,154,890, respectively. Total bank balances at August 31, 2012 and 2011 equaled \$10,272,229 and \$12,878,888, respectively. The FDIC insures all of the District's noninterest-bearing bank deposits. Interest-bearing deposits in excess of \$250,000 are collateralized at minimally 105% in U.S. Treasuries and Government Securities.

Cash and cash equivalents as reported on Exhibit 1, Statements of Net Assets, consisted of the following at August 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Bank deposits: Demand deposits	\$ 3,238,348	\$ 2,130,406
Money market	<u>3,269,868</u>	<u>1,024,484</u>
Total bank deposits	6,508,216	3,154,890
TexPool deposits	32,756,325	77,321,596
Petty cash on hand	<u>55,520</u>	<u>38,100</u>
Total cash and cash equivalents	<u>\$ 39,320,061</u>	<u>\$ 80,514,586</u>

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

4. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

The Texas Local Government Investment Pool (TexPool) is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed both of participants in TexPool and of other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

TexPool is managed according to requirements of the Public Funds Investment Act and TexPool Investment Policy. Investments are stated at amortized cost, which in most cases approximates market values of securities. TexPool seeks to maintain a stable \$1.00 net asset value; however, this is not guaranteed or insured by the State of Texas.

The fair value of investments as of August 31, 2012, and 2011, is disclosed below. Fair values of U.S. Government Securities have been calculated using values published by Bloomberg, L.P. Endowment fair values have been provided by the District's endowment's custodial bank, U.S. Bank, N.A.

Investments as reported on Exhibit 1, Statements of Net Assets, consisted of the following types of securities at August 31, 2012 and 2011:

<u>Type of Security</u>	<u>2012</u>	<u>2011</u>
U.S. government securities:		
FHLB Coupon Notes	\$ 10,006,000	\$ 7,003,600
FNMA Coupon Notes	12,546,000	8,015,700
FHLMC Coupon Notes	18,249,396	20,015,900
FFCB Coupon Notes	23,624,650	10,109,690
U.S. Treasury	10,078,500	3,012,600
Commercial Paper	101,111,375	64,865,331
Endowment funds:		
Corporate stock-common	-	6,878,178
Bonds/Cash & Cash Equivalent	-	4,214,248
Total	<u>\$ 175,615,921</u>	<u>\$ 124,115,247</u>

Reconciliation of Deposits and Investments between Note 4 and Exhibit 1, Statement of Net Assets for August 31, 2012 and 2011 is as follows:

	<u>2012</u>	<u>2011</u>
Total cash and cash equivalents	\$ 39,320,061	\$ 80,514,586
Total investments	175,615,921	124,115,247
Total	<u>\$ 214,935,982</u>	<u>\$ 204,629,833</u>
Per Exhibit I:		
Cash and cash equivalents	\$ 18,989,924	\$ 15,531,295
Restricted cash and cash equivalents - Current	-	999,004
Investments - Current	88,540,576	72,143,918
Restricted cash and cash equivalents - Noncurrent	20,330,137	63,984,287
Endowment investments	-	11,092,426
Restricted short-term investments	52,694,252	-
Long-term investments - Operating	34,381,093	40,878,903
Total	<u>\$ 214,935,982</u>	<u>\$ 204,629,833</u>

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

4. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Interest Rate Risk – Interest rate risk is the risk of changes in the market rate of interest that could adversely affect the value of an investment. In addition to statutory limitations on the types of investments, the District’s investment policy mitigates interest rate risk through the use of maturity limits set to meet the needs of various fund types. The District actively manages the time to maturity in reacting to changes in the yield curve, economic forecasts, and liquidity needs of the participating funds. The District further limits interest rate risk by laddering maturities.

The District has selected the weighted average maturity (WAM) as the primary method for reporting interest rate risk. The WAM method expresses investment time horizons, the time when investments become due and payable, in terms of years, weighted to reflect the dollar size of individual investments within an investment type. The overall portfolio weighted average maturity is derived by dollar-weighting the WAM for all investments.

The District had the following investments and maturities at August 31, 2012 and 2011:

Investment Type	2012		2011	
	Fair Value	Weighted Average Maturity (Years)	Fair Value	Weighted Average Maturity (Years)
FHLB	\$ 10,006,000	0.548	\$ 7,003,600	0.178
FNMA	12,546,000	1.097	8,015,700	1.855
FHLMC	18,249,396	1.515	20,015,900	1.989
FFCB	23,624,650	1.122	10,109,690	1.492
U.S. Treasury	10,078,500	0.798	3,012,600	0.833
Commercial paper	101,111,375	0.223	64,865,330	0.185
TexPool	32,756,325	0.003	77,321,596	0.003
Total	<u>\$ 208,372,246</u>		<u>\$ 190,344,416</u>	
Portfolio weighted average maturity at August 31		0.499		0.451

Credit Risk – In accordance with state law and the District’s investment policy, investments in the investment pools are limited to AAA or AAAM by at least one nationally recognized rating agency. At August 31, 2012, TexPool was rated AAAM. All other credit standards are governed by the District’s investment policy, which is in compliance with state statutes for credit standards.

Concentration of Credit Risk – The District’s endowment investment policy limits investments in that portfolio to no more than 25% of any one industry, no more than 5% in any one corporation, and no more than 2% of any one corporation’s outstanding stock. Endowment investments were within limitations set by District policy.

Safekeeping - The District’s internally managed investments are held in safekeeping at its custodian bank, Bank of America, N.A., as required by policy and state statute. The District’s endowment investments are held in custody at U.S. Bank, N.A.

The District is required to disclose investments in any investment type that represents 5% or more of the investments. At August 31, 2012, the District had invested its non-endowment funds in TexPool (15.8%), in Commercial Paper (48.5%), in FHLMC Coupon Notes (8.7%), in FFCB Coupon Notes (11.3%), and in FNMA Coupon Notes (6%).. At August 31, 2011, the District had invested its non-endowment funds in TexPool (40.6%), in Commercial Paper (34.1%), in FHLMC Coupon Notes, (10.5%), and in FFCB Coupon Notes (5.3%).

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

4. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

The District's endowment investments were \$0 and \$11,092,426 as of August 31, 2012 and 2011, respectively. At their meeting on July 24, 2012, the Board of Trustees voted to convert the endowment to a revolving capital project account, which will be used to internally finance approved capital projects. Internal repayments will be made from annual payments through the operating budget, which will replenish the account for future needs. On August 27, 2012, \$12,021,317 was transferred from U.S. Bank, N.A. the custodian of the endowment, to a designated account at TexPool.

5. CAPITAL ASSETS

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

	Balance 9/1/2011	Increases	Decreases	Balance 8/31/2012
<u>Not Depreciated:</u>				
Land	\$ 54,624,153	\$ -	\$ -	\$ 54,624,153
Works of art	169,971	-	-	169,971
Construction in progress	19,950,096	24,301,691	16,653,934	27,597,853
Subtotal	<u>74,744,220</u>	<u>24,301,691</u>	<u>16,653,934</u>	<u>82,391,977</u>
<u>Subject to Depreciation:</u>				
Buildings and building improvements	701,632,305	27,126,899	117,478	728,641,726
Other real estate improvements	107,771,761	1,380,213	-	109,151,974
Total buildings and other real estate improvements	<u>809,404,066</u>	<u>28,507,112</u>	<u>117,478</u>	<u>837,793,700</u>
Software	2,894,741	155,970	-	3,050,711
Furniture, machinery, and equipment	34,526,826	2,379,533	1,827,771	35,078,588
Library books	15,991,931	175,482	68,919	16,098,494
Total buildings and other capital assets	<u>862,817,564</u>	<u>31,218,097</u>	<u>2,014,168</u>	<u>892,021,493</u>
<u>Accumulated Depreciation:</u>				
Buildings and building improvements	124,432,727	19,487,318	6,652	143,913,393
Other real estate improvements	40,091,777	6,135,294	-	46,227,071
Total buildings and other real estate improvements	<u>164,524,504</u>	<u>25,622,612</u>	<u>6,652</u>	<u>190,140,464</u>
Software	2,277,419	263,636	-	2,541,055
Furniture, machinery, and equipment	21,459,401	4,209,688	1,809,404	23,859,685
Library books	12,911,027	388,805	68,918	13,230,914
Total accumulated depreciation	<u>201,172,351</u>	<u>30,484,741</u>	<u>1,884,974</u>	<u>229,772,118</u>
Net capital assets	<u>\$736,389,433</u>	<u>\$ 25,035,047</u>	<u>\$ 16,783,128</u>	<u>\$ 744,641,352</u>

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

5. CAPITAL ASSETS (Continued)

Capital assets activity for the year ended August 31, 2011 was as follows:

	Balance 9/1/2010	Increases	Decreases	Balance 8/31/2011
<u>Not Depreciated:</u>				
Land	\$ 54,624,153	\$ -	\$ -	\$ 54,624,153
Works of art	-	169,971	-	169,971
Construction in progress	20,126,966	18,534,679	18,711,549	19,950,096
Subtotal	<u>74,751,119</u>	<u>18,704,650</u>	<u>18,711,549</u>	<u>74,744,220</u>
<u>Subject to Depreciation:</u>				
Buildings and building improvements	690,282,411	11,349,894	-	701,632,305
Other real estate improvements	100,410,106	7,361,655	-	107,771,761
Total buildings and other real estate improvements	<u>790,692,517</u>	<u>18,711,549</u>	<u>-</u>	<u>809,404,066</u>
Software	2,778,609	116,132	-	2,894,741
Furniture, machinery, and equipment	30,123,612	5,355,473	952,258	34,526,827
Library books	15,895,297	162,098	65,465	15,991,930
Total buildings and other capital assets	<u>839,490,035</u>	<u>24,345,252</u>	<u>1,017,723</u>	<u>862,817,564</u>
<u>Accumulated Depreciation:</u>				
Buildings and building improvements	105,724,135	18,708,592	-	124,432,727
Other real estate improvements	34,299,226	5,792,551	-	40,091,777
Total buildings and other real estate improvements	<u>140,023,361</u>	<u>24,501,143</u>	<u>-</u>	<u>164,524,504</u>
Software	1,981,768	295,651	-	2,277,419
Furniture, machinery, and equipment	17,821,965	4,357,214	719,778	21,459,401
Library books	12,610,844	365,648	65,465	12,911,027
Total accumulated depreciation	<u>172,437,938</u>	<u>29,519,656</u>	<u>785,243</u>	<u>201,172,351</u>
Net capital assets	<u>\$741,803,216</u>	<u>\$ 13,530,246</u>	<u>\$ 18,944,029</u>	<u>\$ 736,389,433</u>

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

6. NONCURRENT LIABILITIES

As of August 31, 2012, noncurrent liabilities are \$614,489,135 with activity for the fiscal year is as follows:

	Total Liabilities				
	Balance 09/01/11	Additions	Reductions	Balance 08/31/12	Current Portion
Bonds and Tax Notes Payable					
General obligation bonds	\$ 404,120,000	\$ 74,110,000	\$ 86,185,000	\$ 392,045,000	\$ 8,625,000
Revenue bonds	65,935,000	78,095,000	65,935,000	78,095,000	4,410,000
Tax notes	151,955,000	-	8,130,000	143,825,000	8,495,000
Premium on bonds payable	16,236,426	9,679,992	858,925	25,057,493	1,180,590
Discount on bonds payable	(141,435)	-	(141,435)	-	-
Deferred charges on refundings	(1,579,174)	(6,737,177)	(161,665)	(8,154,686)	(413,174)
Subtotal	<u>636,525,817</u>	<u>155,147,815</u>	<u>160,805,825</u>	<u>630,867,807</u>	<u>22,297,416</u>
Compensable absences	3,136,828	2,606,820	578,977	5,164,671	653,421
Deferred revenues	1,328,800	-	106,304	1,222,496	106,304
Arbitrage liability	318,052	-	26,750	291,302	-
Total Noncurrent Liabilities	<u>\$ 641,309,497</u>	<u>\$ 157,754,635</u>	<u>\$ 161,517,856</u>	<u>\$ 637,546,276</u>	<u>\$ 23,057,141</u>

As of August 31, 2011, noncurrent liabilities are \$619,999,914 with activity for the fiscal year is as follows:

	Total Liabilities				
	Balance 09/01/10	Additions	Reductions	Balance 08/31/11	Current Portion
Bonds and Tax Notes Payable					
General obligation bonds	\$ 411,718,778	\$ -	\$ 7,598,778	\$ 404,120,000	\$ 8,240,000
Revenue bonds	69,495,000	-	3,560,000	65,935,000	3,715,000
Tax notes	108,025,000	54,795,000	10,865,000	151,955,000	8,130,000
Premium on bonds payable	11,078,341	5,759,021	600,936	16,236,426	758,579
Discount on bonds payable	(151,021)	-	(9,586)	(141,435)	(9,586)
Deferred charges on refundings	(1,733,348)	-	(154,174)	(1,579,174)	(154,174)
Subtotal	<u>598,432,750</u>	<u>60,554,021</u>	<u>22,460,954</u>	<u>636,525,817</u>	<u>20,679,819</u>
Compensable absences	8,846,997	2,284,904	7,995,073	3,136,828	629,764
Deferred revenues	1,328,800	-	-	1,328,800	-
Arbitrage liability	752,807	-	434,755	318,052	-
Total Noncurrent Liabilities	<u>\$ 609,361,354</u>	<u>\$ 62,838,925</u>	<u>\$ 30,890,782</u>	<u>\$ 641,309,497</u>	<u>\$ 21,309,583</u>

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

7. DEBT AND LEASE OBLIGATIONS

Debt service requirements at August 31, 2012 were as follows (amounts in 000's):

For the Year Ended August 31,	General Obligation Bonds		Revenue Bonds		Maintenance Tax Notes		TOTAL BONDS	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 8,625	\$ 18,286	\$ 4,410	\$ 2,742	\$ 8,495	\$ 6,673	\$ 21,530	\$ 27,701
2014	9,050	17,863	5,055	2,448	8,860	6,307	22,965	26,618
2015	9,500	17,420	4,655	2,409	9,235	5,924	23,390	25,753
2016	9,955	16,961	4,720	2,356	9,620	5,545	24,295	24,862
2017	10,490	16,428	4,780	2,288	7,245	5,190	22,515	23,906
2018-2022	60,735	73,861	25,515	9,208	39,925	20,422	126,175	103,491
2023-2027	76,830	57,756	18,660	3,386	48,425	8,992	143,915	70,134
2028-2032	96,330	38,255	6,125	1,238	12,020	1,240	114,475	40,733
2033-2037	110,530	14,191	4,175	402	0	0	114,705	14,593
TOTAL	\$ 392,045	\$ 271,021	\$ 78,095	\$ 26,477	\$ 143,825	\$ 60,293	\$ 613,965	\$ 357,791

Debt service requirements at August 31, 2011 were as follows (amounts in 000's):

For the Year Ended August 31,	General Obligation Bonds		Revenue Bonds		Maintenance Tax Notes		TOTAL BONDS	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 8,240	\$ 19,001	\$ 3,715	\$ 2,943	\$ 8,130	\$ 7,031	\$ 20,085	\$ 28,975
2013	8,625	18,606	3,885	2,773	8,495	6,673	21,005	28,051
2014	9,050	18,183	4,075	2,594	8,860	6,307	21,985	27,085
2015	9,500	17,740	3,820	2,416	9,235	5,924	22,555	26,081
2016	9,955	17,281	4,005	2,237	9,620	5,545	23,580	25,063
2017-2021	45,160	63,802	17,800	6,989	30,005	18,652	92,965	89,443
2022-2026	70,045	66,132	23,185	3,827	46,460	13,862	139,690	83,821
2027-2031	88,050	48,145	4,780	658	27,915	3,249	120,745	52,051
2032-2036	110,250	25,931	670	34	3,235	81	114,155	26,046
2037-2038	45,245	2,939	0	0	0	0	45,245	2,939
TOTAL	\$ 404,120	\$ 297,760	\$ 65,935	\$ 24,472	\$ 151,955	\$ 67,323	\$ 622,010	\$ 389,555

Rental payments of \$1,171,000 and \$940,000 under equipment operating leases and rental agreements were included in operating expenses for the years ended August 31, 2012 and 2011, respectively. Rental payments of \$1,065,000 relate to copiers and rental payments of \$106,000 relate to offsite classroom usage. The term of the rental agreements are less than or equal to one year.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

8. BONDS AND TAX NOTES PAYABLE

Bonds and tax notes payable for the year ended August 31, 2012 and 2011 were as follows:

Series	Instrument Type and Purpose	Amount Issued and Authorized	Interest Rates	Balance August 31, 2012	Balance August 31, 2011
General Obligation Bonds (Repayment source - Ad valorem taxes)					
2006	Construct, renovate, acquire and equip new and existing facilities. Issued April 20, 2006.	\$ 60,710,000	4.0% - 5.0%	\$ 41,260,000	\$ 42,210,000
2006A	Construct, renovate, acquire and equip new and existing facilities. Issued September 14, 2006.	49,580,000	4.0% - 5.0%	48,520,000	49,580,000
2007	Construct, renovate, acquire and equip new and existing facilities. Issued April 5, 2007.	271,085,000	4.0% - 5.625%	190,430,000	256,920,000
2007A	Construct, renovate, acquire and equip new and existing facilities. Issued August 21, 2007.	63,490,000	4.25% - 5.5%	37,725,000	55,410,000
2012	Refund certain of the District's outstanding Limited Bonds Series 2007 and 2007A. Issued July 12, 2012	74,110,000	3.5% - 5.0%	74,110,000	-
SubTotal - General Obligation Bonds				\$ 392,045,000	\$ 404,120,000
Maintenance Tax Notes (Repayment source - Ad valorem taxes)					
2005	Purchase equipment, vehicles and renovate various facilities. Issued September 20, 2005.	\$ 7,450,000	3.625% - 4.0%	\$ 1,700,000	\$ 2,000,000
2006	Purchase equipment, vehicles and renovate various facilities. Issued April 20, 2006	30,435,000	4.0% - 5.0%	24,470,000	25,690,000
2007	Purchase equipment, vehicles and renovate various facilities. Issued September 18, 2007.	81,110,000	4.0% - 5.25%	66,500,000	69,470,000
2011	Renovate and repair existing District facilities. Issued August 5, 2011	54,795,000	2.0% - 5.0%	51,155,000	54,795,000
SubTotal - Maintenance Tax Notes				\$ 143,825,000	\$ 151,955,000
Revenue Financing System/Combined Fee Revenue Bonds (Repayment source - Pledged revenues*)					
2001	Refund prior bond series; and to construct, renovate, and equip academic buildings and acquire sites. Issued September 19, 2001.	\$ 53,615,000	3.5% - 5.375%	\$ -	\$ 24,170,000
2003	Refund prior bond series; and to construct, renovate, and equip academic buildings and acquire sites. Issued September 23, 2003.	10,655,000	2.0% - 4.25%	-	3,525,000
2004	Purchase land and to acquire, construct, improve, enlarge, and equip District facilities. Issued August 11, 2004.	7,235,000	2.0% - 5.0%	-	6,105,000
2005	Purchase land and to acquire, construct, improve, enlarge, and equip District facilities. Issued September 20, 2005.	2,435,000	3.6% - 4.0%	-	1,645,000
2007	Refund prior bond series; and to construct, renovate, and equip academic buildings and acquire sites. Issued March 8, 2007. Matures November 1, 2025.	27,175,000	4.0% - 4.375%	-	25,880,000
2007A	Purchase land and to acquire, construct, improve, enlarge, and equip District facilities. Issued September 18, 2007.	5,150,000	4.0% - 5.0%	-	4,610,000
2012A	Refund certain of the District's outstanding Combined Fee Revenue bonds and to construct a parking facility. Issued March 22, 2012.	55,800,000	1.625% - 5.25%	55,800,000	-
2012B	(Taxable issue). Refund remainder of the District's outstanding Combined Fee Revenue bonds. Issued March 22, 2012.	22,295,000	0.418% - 1.8444%	22,295,000	-
SubTotal - Combined Fee Revenue Bonds				\$ 78,095,000	\$ 65,935,000
Total Bonds				\$ 613,965,000	\$ 622,010,000
*Pledged revenues is all revenues to the extent they may be pledged as security for debt obligations pursuant to applicable Texas law.					

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

8. BONDS AND TAX NOTES PAYABLE (Continued)

Bonds payable are due in annual installments varying from \$20,400 to \$19,903,500 with interest rates from 0.418% to 5.625%, with the final installment due in fiscal year 2037.

The District refunded certain outstanding bonds in the fiscal year ending August 31, 2012.

In March 2012, the District issued Revenue Financing System Senior Lien Revenue and Refunding Bonds Series 2012A and Taxable Series 2012B (collectively, the Combined Series) in the amounts of \$55,800,000 and \$22,295,000 respectively. These bonds refunded all of the then outstanding Combined Fee Revenue Bonds (Series 2001, 2003, 2004, 2005, 2007 and 2007A) and provided additional funds for construction projects. The District placed the proceeds of the new bonds into an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded series bonds. As a result, the refunded bonds are considered defeased, and the liability for these bonds has been removed from the District's Statements of Net Assets. The District's total debt service payments will be reduced by \$3,189,705 to produce an economic gain with a net present value savings of \$2,752,276. Series 2012A bonds maturing on or after November 1, 2023 are subject to redemption at the option of the District on November 1, 2022. Taxable Series 2012B bonds are not subject to early redemption.

In June 2012, the District issued \$74,110,000 Limited Tax Refunding Bonds, Series 2012. Proceeds from the sale partially refunded \$61,350,000 of the Series 2007 and \$16,595,000 of the Series 2007A Limited Tax Bonds. The District placed the proceeds of the new bonds into an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded series bonds. As a result, the refunded bonds are considered defeased, and the liability for these bonds has been removed from the District's Statements of Net Assets. The District's total debt service payments will be reduced by \$11,573,285 to produce an economic gain with a net present value savings of \$6,409,669. The bonds maturing on or after August 15, 2023 are subject to redemption at the option of the District on August 15, 2022.

For the year ended August 31, 2012, the revenue pledged as security for revenue bond debt service includes tuition and general fee revenue, \$35.8 million, investment income, \$0.5 million, and auxiliary revenue, \$3.8 million. For the year ended August 31, 2011, the revenue pledged as security for revenue bond debt service includes a portion of tuition and general fee revenue, \$35.4 million, investment income, \$0.5 million, and auxiliary revenue, \$3.7 million.

The Tax Reform Act of 1986 enacted Section 148(f) of the Internal Revenue Code relating to arbitrage rebate requirements. This section generally provides that in order for interest on any issue of obligations to be excluded from gross income (i.e. tax-exempt) the issuer must rebate to the United States the sum of (1) the excess of the amount earned on all "nonpurpose investments" acquired with "gross proceeds" of the issue over the amount which would have been earned if such investments had been invested at a yield equal to the yield on the issue, and (2) the earnings on such excess earnings.

The U.S. Department of Treasury temporary regulations and the District's bond covenants require the District to calculate annually, on the anniversary date of each bond issue subject to rebate, the arbitrage rebate amount. The due date of the rebate is five years from the date of issue. The amount reserved for arbitrage rebate is reflected as part of noncurrent liabilities in the amount of \$291,302 and \$318,052 as of August 31, 2012, and 2011 respectively.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

9. DEFEASANCE OF DEBT

The District had \$39,765,000 of defeased bonds outstanding at August 31, 2012 and \$17,900,000 as of August 31, 2011.

10. EMPLOYEES' RETIREMENT PLANS

The State of Texas has joint contributory retirement plans for almost all of its employees. The District requires all full-time employees to participate in either the Teacher Retirement System of Texas (TRS) or in the Optional Retirement Plan (ORP). Faculty, administrators, counselors and librarians may enroll in either the TRS or the ORP. Secretarial, clerical and professional employees are limited to participation in the TRS. Employees who are eligible to participate in the ORP have ninety days from the date of their employment to select the optional retirement program. Employees who previously had the opportunity to participate in the ORP but declined, must remain with the TRS for the duration of their employment in the Texas education system.

Teacher Retirement System of Texas

Plan Description: The District contributes to the 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, colleges, universities and the State. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. The Texas 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 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% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% 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 the particular action, the time required to amortize TRS's 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 6.40% for fiscal years 2012, 2011 and 2010 and a state contribution rate of 6.00% for fiscal year 2012 and 6.644% for 2011 and 6.40% for 2010. In certain instances the District is required to make all or a portion of the state's 6.00% contribution for fiscal year 2012.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

10. EMPLOYEES' RETIREMENT PLANS (Continued)

Optional Retirement Plan (ORP)

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

Funding Policy: Contribution requirements are not actuarially determined, but are established and amended by the Texas state legislature. The percentages of participant salaries currently contributed by the State are 6.00% for fiscal year 2012 and 6.40% for fiscal years 2011 and 2010 and each participant contributes 6.65% for fiscal year 2012, 2011 and 2010. In certain instances the District is required to make all or a portion of the state's 6.00% contribution for fiscal years 2012.

The retirement expense for both plans to the State of Texas for the District was approximately \$6,200,000, \$7,300,000 and \$8,600,000 for the fiscal years ended August 31, 2012, 2011 and 2010, respectively. This amount represents the portion of expended appropriations made by the State legislature on behalf of the District. The related retirement expense for the District was approximately \$868,000 and \$1,800,000 for the years ended August 31, 2012 and 2011, respectively, and represents the total required contributions for each year.

The total payroll for all District employees was approximately \$160,300,000, \$181,100,000 and \$181,300,000 for fiscal years 2012, 2011 and 2010, respectively. The total payroll of employees covered by the TRS was approximately \$92,700,000, \$99,100,000 and \$99,400,000 and the total payroll of employees covered by the Optional Retirement Program was approximately \$39,400,000, \$45,300,000 and \$50,400,000 for fiscal years 2012, 2011 and 2010, respectively.

11. DEFERRED COMPENSATION PROGRAM

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

A total of approximately \$2,700,000 was contributed by 410 District employees under the Internal Revenue Code Section 403(b) Tax Sheltered Annuity program and 127 participants contributed a total of approximately \$451,000 to a Section 457 Deferred Compensation Plan in the fiscal year ended August 31, 2012.

A total of approximately \$4,400,000 was contributed by 461 District employees under the Section 403(b) Tax Sheltered Annuity program and 117 participants contributed a total of approximately \$959,000 to a Section 457 Deferred Compensation Plan in the fiscal year ended August 31, 2011.

The District does not contribute to either plan. The deferred compensation program is not included in the basic financial statements because the program assets are assets of the plan participants and not of the District.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

12. COMPENSABLE ABSENCES

The District's full-time employees earn 8 hours of sick leave per month. Administrators earn 14 hours of annual leave per month and other full-time employees earn from 6.66 to 12 hours of annual leave per month depending on their length of employment with the District. Sick leave balances may accumulate with no maximum, and is forfeited at the time of separation.

Employees who successfully complete the ninety-day initial employment period and terminate their employment are entitled to payment for accumulated annual leave up to the maximum allowed. The District's policy is that an employee may carry accrued annual leave forward from one fiscal year to another with a maximum of 288 hours for employees with 16 years or more of service and 336 hours for administrators.

The District recognizes the accrued liability for annual leave as a noncurrent liability in the Statements of Net Assets (see Note 6). The District's reporting of accrued liabilities for compensable absences is in accordance with GASB Statement No. 16, *Accounting for Compensable Absences*. The current portion of the vacation leave liability is that which is projected to be paid during the next fiscal year and is based on a five-year average. The total accrued at August 31, 2012 and August 31, 2011 for annual leave was approximately \$5,200,000 and \$3,100,000, respectively.

13. DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables at August 31, 2012 and 2011 were as follows:

	2012	2011
Tuition and fees receivable	\$ 11,904,139	\$ 7,069,890
Taxes receivable	6,518,849	6,801,982
Contracts and grants receivable	8,163,961	17,201,119
Interest receivable	103,302	114,237
Notes receivable	234,826	204,389
Other receivables	2,818,729	1,885,961
Subtotal	\$ 29,743,806	\$ 33,277,578
Allowance for doubtful accounts:		
Tuition and fees receivable	6,946,462	6,687,579
Taxes receivable	4,985,324	5,407,636
Notes receivable	157,918	157,918
Other receivables	421,847	343,333
Total accounts receivables	\$ 17,232,255	\$ 20,681,112

Other receivables represent amounts due from external entities, employees and students, including returned checks receivable, travel advances, and other miscellaneous receivables.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

13. DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES (Continued)

Accounts payables and accrued liabilities at August 31, 2012 and 2011 were as follows:

	<u>2012</u>	<u>2011</u>
Accounts payable to vendors	\$ 8,092,712	\$ 6,294,657
Accrued liabilities:		
Salaries and benefits	5,281,778	7,464,260
Construction retainage	3,325,689	899,174
Bond interest	2,078,382	2,180,643
Worker's compensation claims	769,553	769,553
Other	462,011	928,860
Total accounts payables and accrued liabilities	<u>\$ 20,010,125</u>	<u>\$ 18,537,147</u>

14. FUNDS HELD FOR OTHERS

The District began participation in the Federal Direct Loan Program in fiscal year 2010. The District holds unapplied federal direct loan program funds, funds for certain students as well as student and staff organizations. These amounts are reflected in the Statements of Net Assets as funds held for others in the amount of \$630,355 as of August 31, 2012 and \$650,892 as of August 31, 2011.

15. CONTRACT AND GRANT AWARDS

Contract and grant revenue for which funds have been expended is included in the Statements of Revenues, Expenses and Changes in Net Assets. Contract and grant awards for which funds have been expended but not yet collected are included in Accounts Receivable in Exhibit 1, Statements of Net Assets. Contract and grant awards for which funds have been received but not yet expended are included in Deferred Revenue in the Statements of Net Assets. Contract and grant awards that are not yet funded and for which the District has not yet performed services are not included in the financial statements. Contract and grant award funds already committed, e.g., multi-year awards, or funds awarded during fiscal years ended August 31, 2012 and 2011 for which no expenses have been incurred totaled \$33,100,000 and \$31,600,000, respectively.

16. SELF-INSURED AND RISK MANAGEMENT PLANS

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District fully insures its buildings, structures, contents and equipment with the purchase of commercial insurance.

Effective February 1, 1991, the District began its Workers' Compensation Self-Insurance Fund (the Fund) administered by a third party administrator. Through the Fund, the District self-insures workers' compensation claims up to \$350,000 per occurrence. Individual losses of over \$350,000 are covered by a specific excess insurance policy up to the maximum statutory benefit per occurrence. Additionally, approximately \$2,900,000 of net assets has been designated by the District to cover losses in excess of those covered by insurance and the Fund. The Fund pays the premium for the specific excess insurance policy and assumes all workers' compensation claims and expenses not covered by the policy. The District transfers the workers' compensation standard premium calculated for the District into the Fund.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

16. SELF-INSURED AND RISK MANAGEMENT PLANS (continued)

Claims and administrative expenses are paid from the Fund and the balance is reserved toward future claims. The accrued liability in the Fund presented below represents a provision for unpaid expected claims of approximately \$770,000 at August 31, 2012 and 2011 and is recorded in accounts payable and accrued liabilities in the accompanying statements of net assets. These liabilities are generally based on actual valuation and the present value of unpaid expected claims. The discount rate used to calculate the present value of liabilities was 4% for August 31, 2012 and 2011.

Fiscal Year	Beginning of Year Liability	Additions	Deductions	End of Year Liability
2012	\$ 769,553	982,746	(982,746)	\$ 769,553
2011	\$ 885,580	1,153,108	(1,269,135)	\$ 769,553

17. HEALTH CARE AND LIFE INSURANCE BENEFITS

The State of Texas pays certain health care and life insurance benefits for certain retired District employees. Almost all of the employees may become eligible for those benefits if they reach normal retirement age while working for the District. The District also provides some additional life insurance for retirees. Those and similar benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year.

The state recognizes the cost of providing these benefits for active employees and retirees by expending the annual insurance premiums. The state's contribution per eligible fulltime employee or retiree was between \$385 and \$1,276 per month for the year ended August 31, 2012 and totaled approximately \$7,800,000 and \$11,900,000 for the years ended August 31, 2012 and 2011, respectively. The state's cost of providing these benefits for 939 District retirees was approximately \$4,700,000 and for 2,469 active employees was approximately \$3,100,000 for the year ended August 31, 2012. The state's cost of providing these benefits for 835 District retirees was approximately \$3,600,000 and for 2,629 active employees was approximately \$8,300,000 for the year ended August 31, 2011.

Contributions by the State of Texas on behalf of the District's employees for group insurance benefits are recorded as state appropriations. In Fiscal Year 2012 and Fiscal year 2011, these funds did not flow through the District's accounts. An equal amount has been recognized in the appropriate functional expense categories.

The following information is provided to comply with the requirements of the GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions*.

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

ERS issues a publicly available financial report that includes financial statements and required supplementary information for SRHP. That report may be obtained from ERS via their website at 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.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

17. HEALTH CARE AND LIFE INSURANCE BENEFITS (continued)

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 45.

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 District’s contributions to SRHP for the years ended August 31, 2012, 2011, and 2010 were \$242,217, \$178,772 and \$144,841, respectively, which equaled the required contributions each year.

18. AD VALOREM TAX

The District’s ad valorem property tax is levied each October 1 on the assessed value as of the prior January 1 for all real and business property located in the District.

General information follows for the years ended August 31, 2012 and 2011:

	<u>2012⁽¹⁾</u>	<u>2011</u>
Assessed valuation of the District	\$ 110,073,622,522	\$ 109,551,409,631
Less : Exemptions	(10,136,852,914)	(9,850,838,178)
Tax Increment Financings	<u>(187,360,493)</u>	<u>(424,772,655)</u>
Net assessed valuation of the District	<u>\$ 99,749,409,115</u>	<u>\$ 99,275,798,798</u>

(1) Based on most recent Supplement to the Certified Total (ARB Approved 2011 supplement 107)

The authorized and assessed property tax rates for the year ended August 31, 2012 and 2011 are as follows:

	<u>2012</u>			<u>2011</u>		
	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Tax rate per \$100 valuation authorized			\$ 0.25000000			\$ 0.25000000
Tax rate per \$100 valuation assessed	\$ 0.09687300	\$ 0.04475000	\$ 0.14162300	\$ 0.09687300	\$ 0.04475000	\$ 0.14162300

Taxes levied for the years ended August 31, 2012 and 2011 are \$138,594,895 and \$137,908,286 respectively. State law automatically places a tax lien on all taxable property on January 1 of each year to secure payment. Taxes are due on October 1 of each year and are delinquent if not paid before February 1 of the year following the year in which imposed, and are subject to penalties and interest.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

18. AD VALOREM TAX (continued)

The tax collection detail at August 31, 2012 and 2011 are as follows:

	2012			2011		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Current taxes	\$ 92,994,286	\$ 42,958,252	\$ 135,952,538	\$ 92,170,767	\$ 42,578,269	\$ 134,749,036
Tax increment financings payment	(157,003)	-	(157,003)	(342,902)	-	(342,902)
Delinquent taxes collected	1,010,165	460,410	1,470,575	977,610	446,883	1,424,493
Penalties and interest	1,305,856	351,415	1,657,271	1,435,893	390,575	1,826,468
Total	\$ 95,153,304	\$ 43,770,077	\$ 138,923,381	\$ 94,241,368	\$ 43,415,726	\$ 137,657,095

Tax collections for the years ended August 31, 2012 and 2011 were 98.32% and 98.08%, respectively, of the current year's tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted for the use of maintenance and operations and/or general obligation debt service.

19. INCOME TAXES

The District is exempt from income taxes under Internal Revenue Code Section 115, *Income of States, Municipalities, Etc.*, although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511(a)(2)(B), *Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations*. The District had no unrelated business income tax liability for the years ended August 31, 2012 and 2011.

20. RELATED PARTIES

The Alamo Community College District Foundation, Inc. (the Foundation) is organized under the Texas Non-Profit Corporation Act and is a tax-exempt institution under Section 501(c)(3) of the Internal Revenue Code. It has a year-end of December 31. Its purpose is to maintain, develop, increase and extend the facilities and services of the District and to provide broader educational service opportunities to its students, staff and faculty. The Foundation Board is separate from that of the District. The District neither appoints a voting majority nor does it fund or have the obligation to pay debt related to the Foundation. The Foundation solicits donations and acts as a coordinator of gifts made by other parties.

The purpose of the Foundation is to support funding initiatives of the District, including remitting proceeds of funding initiatives of the District. The Foundation remitted gifts of approximately \$1,253,000 and \$1,200,000 to the District during the years ended August 31, 2012 and 2011, respectively which is recorded in institutional support in the accompanying statement of revenues, expenses, and change in net assets. At December 31, 2011 and 2010, the Foundation had no amounts due to the District for restricted funds received during the years then ended which had not been remitted as of December 31, 2011 and 2010. Complete financial statements of the Foundation can be obtained from the administrative office of the Alamo Community College District.

The majority of the Foundation's operating and fundraising expenses are paid for by the District. No accruals have been made in the Foundation's financial statements to provide for these revenues and expenses for the years ended December 31, 2011 and 2010.

The District has determined that as of August 31, 2012 the Foundation did not meet the criteria to be considered a component unit.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

21. OTHER OPERATING REVENUES

Other operating revenues (Exhibit 2 and Schedule A) include rental income, printing commissions, paper recycling revenue, Virtual College of Texas provider fees, revenue from various fund raising activities, and other revenues not applicable to any other revenue category.

22. COMMITMENTS AND CONTINGENCIES

As of August 31, 2012, various lawsuits and claims involving the District were pending. While the ultimate liability with respect to litigation and other claims asserted against the District cannot be reasonably estimated at this time, this liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the District.

The District has entered into several contracts for construction and various other renovation projects. As of August 31, 2012, and 2011, the District was committed for approximately \$46,000,000 and \$11,000,000, respectively.

The Texas Constitution provides in article 16, section 67(b)(3) that the State of Texas must contribute *not less than six percent nor more than ten percent of the aggregate compensation paid to individuals participating in the system*, referring to the State's Teacher Retirement System (TRS) including the related faculty and administrator Optional Retirement Program (ORP). During the 2011 legislative session, the Texas Legislature appropriated retirement funds for various types of educational institutions other than community and junior colleges in satisfaction of this requirement, but the community college appropriations restricted the State's contribution to TRS/ORP on behalf of community colleges to only six percent of each district's unrestricted general revenue appropriation for each year of the biennium state budget. There is no pending litigation concerning this issue to construe the constitutional funding requirements; or to hold that the State biennium appropriations satisfy those requirements; or to attempt to collect any shortfall contributions from any community college district. The District calculated that as of August 31, 2012 the contribution that has not been paid to TRS on behalf of District employees is approximately \$3.1 million.

The San Antonio River Authority (SARA) entered into two contracts with Alamo Colleges.

- The *Interlocal Agreement for Wastewater Treatment System Services Between Alamo Community College District and The San Antonio River Authority* dated September 29, 2010 provides that SARA will construct, equip and operate a wastewater treatment plant and related facilities located on property owned by Alamo Colleges in southwest Bexar County at the First Responders Academy of Alamo Colleges. Alamo Colleges agreed to purchase treated wastewater based on monthly sewer rates in an amount sufficient to cover SARA's operations and maintenance of the First Responders Wastewater Project (Project) and to pay an amount sufficient to cover the annual debt service requirement on bonds issued in part by SARA to cover the Project. The Project is not expected to be in operation until mid-2013 at which time any associated liability will be reflected in the books of Alamo Colleges. SARA's associated bond proceeds related to the Project is approximately \$1 million.
- The *Effluent Agreement Between San Antonio River Authority and Alamo Community College District* dated May 19, 2010 provides that SARA will make available to Alamo Colleges wastewater produced from its Salatrillo Wastewater Treatment Plant for non-potable commercial purposes and will construct, equip, operate and finance certain capital improvements to transport such treated wastewater to certain delivery points determined by Alamo Colleges. Alamo Colleges agreed to purchase the treated wastewater and pay an annual amount sufficient to cover SARA's costs of operation and maintenance of the capital improvements and sufficient to pay debt service of bonds issued in part by SARA to cover the capital improvements. The capital improvements are not expected to be complete until 2014 at which time any associated liability will be reflected in the books of Alamo Colleges. SARA's associated bond proceeds related to this project is approximately \$2.2 million.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

22. COMMITMENTS AND CONTINGENCIES (Continued)

The District participates in a City of San Antonio (City) sponsored Tax Increment Reinvestment Zone (TIRZ) known as the Verano TIRZ and has approved the use of 50 percent of its future tax increment revenue to the related Tax Incentive Fund (TIF) up to \$15 million with participation to begin October 1, 2018 or when the TIRZ District incremental tax reaches \$3,000,000 and will continue until \$15,000,000 is received from the District. The TIRZ includes an area of rural undeveloped land located just south of Palo Alto College that is expected to be developed. Subject to participation in the TIRZ, the District purchased 373 acres of land adjacent to Palo Alto College from the City for \$1, conveyed on May 6, 2011. Further, Alamo Colleges agreed to reconstruct Villaret Road for \$15,000,000 and if the road is not complete within 10 years from conveyance, the District will owe \$2,500,000 million plus 2% interest to the City. Alamo Colleges may be reimbursed up to \$5,000,000 from the TIF at a rate of \$1,000,000 per year beginning in 2018 if the road improvements are completed by October 1, 2018.

23. SUBSEQUENT EVENTS

The Board of Trustees in May 2012 approved a cash defeasance of certain maturities of the Series 2007 Maintenance Tax Notes in the principal amount of \$1,595,000. The notice to bond holders was sent in September 2012, with the call date in October 2012. Anticipated net present value savings will be \$1,138,748.

Subsequent to August 31, 2012 Alamo Colleges executed a promissory note in the amount of \$5,126,608 secured by a first lien on 29.51 acres deeded by the Port Authority of San Antonio to Alamo Colleges. The note is repayable in Workforce Development Credits—credits earned for workforce development and/or education programs and training for targeted aerospace tenants and their Port San Antonio located suppliers and vendors more specifically defined in the note. No interest will accrue on any portion of the principal amount amortized by Workforce Development Credits. An amount for infrastructure construction, maintenance and repair will be paid for the full term of the note and any extended term. The infrastructure charge for the initial year is \$100,000 with cash payment due every six months in arrears. The infrastructure charge is subject to adjustment annually by the increase in the Consumer Price Index (Houston-Galveston-Brazoria).



ALAMO
COLLEGES

Supplementary Information



ALAMO
COLLEGES

ALAMO COMMUNITY COLLEGE DISTRICT

Schedule A Schedule of Operating Revenues For the Year Ended August 31, 2012 With Memorandum Totals for the Year Ended August 31, 2011

	Total		Auxiliary Enterprises	FY12 Total	FY11 Total
	Unrestricted	Restricted			
OPERATING REVENUES:					
Tuition					
State Funded Courses					
In District Resident Tuition	\$ 59,372,829	\$ -	\$ 59,372,829	\$ -	\$ 61,421,061
Out of District Resident Tuition	19,314,424	-	19,314,424	-	16,012,029
Non-Resident Tuition	6,910,733	-	6,910,733	-	6,688,652
TPEG - Credit Set Aside *	3,576,084	-	3,576,084	-	3,255,927
State-Funded Continuing Education	2,291,428	-	2,291,428	-	1,294,654
TPEG - Non-Credit Set Aside *	435,241	-	435,241	-	591,859
Non-State Funded Continuing Education	1,802,547	-	1,802,547	-	2,660,074
Total Tuition	93,703,286	-	93,703,286	-	91,924,256
Fees					
General Fee	18,336,611	-	18,336,611	-	19,093,164
Other	6,229,785	-	6,229,785	-	6,233,577
Total Fees	24,566,396	-	24,566,396	-	25,326,741
Total Tuition and Fees	118,269,682	-	118,269,682	-	117,250,997
Allowances and Discounts					
Institutional Allowances and Scholarships	(2,054,200)	-	(2,054,200)	-	(5,192,256)
Remissions and Exemptions - State	(3,158,219)	-	(3,158,219)	-	(1,974,411)
Remissions and Exemptions - Local - Dual Credit	(12,713,047)	-	(12,713,047)	-	(11,328,005)
Federal Grants to Students	-	(36,621,409)	(36,621,409)	-	(44,735,007)
TPEG Awards	-	(1,034,808)	(1,034,808)	-	(1,311,924)
State Grants to Students	-	(2,960,170)	(2,960,170)	-	(3,695,448)
Other Local Awards	-	(31,263)	(31,263)	-	(97,302)
Total Sch Allowances and Discounts	(17,925,466)	(40,647,650)	(58,573,116)	-	(68,334,353)
Total Net Tuition and Fees	100,344,216	(40,647,650)	59,696,566	-	48,916,644
Other Operating Revenues					
Federal Grants and Contracts	1,007,781	19,089,850	20,097,631	-	18,364,222
State Grants and Contracts	-	7,061,166	7,061,166	-	5,863,417
Local Grants and Contracts	1,373,379	618,117	1,991,496	-	1,107,534
Non-Governmental Grants and Contracts	-	1,267,044	1,267,044	-	1,287,850
Other Operating Revenues	2,418,653	80,400	2,499,053	-	1,624,197
Total Other Operating Revenues	4,799,813	28,116,577	32,916,390	-	28,247,220
Sales and Services of Auxiliary Enterprises					
Bookstore Commission	-	-	-	1,019,375	1,230,775
Palo Alto College Natatorium	-	-	-	374,292	337,901
Day Care Centers	-	-	-	851,124	867,879
Vending Machines/Copiers	-	-	-	340,476	363,403
Parking Permits & Fines	-	-	-	1,609,921	1,155,023
Other	-	-	-	132,230	238,850
Total Sales and Services of Auxiliary Enterprises	-	-	-	4,327,418	4,193,831
Total Operating Revenues	\$ 105,144,029	\$ (12,531,073)	\$ 92,612,956	\$ 4,327,418	\$ 81,357,695
				(Exhibit 2)	(Exhibit 2)

*In accordance with Education Code 56.033, \$4,011,325 and \$3,847,786 for the years August 31, 2012 and 2011, respectively, of tuition was set aside for the Texas Public Education Grant.

ALAMO COMMUNITY COLLEGE DISTRICT

**Schedule B
Schedule of Operating Expenses by Object
For the Year Ended August 31, 2012
With Memorandum Totals for the Year Ended August 31, 2011**

	Operating Expenses				FY12 Total	FY11 Total
	Salaries and Wages	Benefits		Other Expenses		
		State	Local			
Unrestricted - Educational Activities						
Instruction	\$ 86,361,221	-	\$ 12,918,160	\$ 11,055,794	\$ 110,335,175	\$ 120,535,284
Public Service	184,665	-	32,390	38,688	255,743	248,671
Academic Support	12,976,863	-	2,340,294	5,221,054	20,538,211	23,703,603
Student Services	16,835,868	-	3,070,626	4,576,125	24,482,619	25,066,155
Institutional Support	27,028,060	-	4,364,381	17,154,886	48,547,327	46,715,394
Operation and Maintenance of Plant	7,767,463	-	3,040,338	24,001,452	34,809,253	33,057,379
Scholarships and Fellowships	-	-	-	299,917	299,917	882,407
Total Unrestricted Educational Activities	151,154,140	-	25,766,189	62,347,916	239,268,245	250,208,893
Restricted - Educational Activities						
Instruction	4,786,093	6,714,439	1,160,444	5,489,723	18,150,699	23,781,436
Public Service	55,541	18,025	11,608	8,243	93,417	42,395
Academic Support	739,764	1,232,726	167,300	3,500,735	5,640,525	4,379,442
Student Services	1,935,257	1,622,192	162,627	887,595	4,607,671	5,937,990
Institutional Support	763,366	2,185,313	177,941	1,813,535	4,940,155	7,968,914
Operation and Maintenance of Plant	-	-	-	82,009	82,009	201,252
Scholarships and Fellowships	-	-	-	65,511,360	65,511,360	77,564,480
Total Restricted Educational Activities	8,280,021	11,772,695	1,679,920	77,293,200	99,025,836	119,875,909
Total Educational Activities	159,434,161	11,772,695	27,446,109	139,641,116	338,294,081	370,084,802
Auxiliary Enterprises - Unrestricted	860,001	-	296,034	278,445	1,434,480	1,612,915
Auxiliary Enterprises - Restricted	207	-	16	5,128	5,351	600,726
Depreciation Expense - Buildings				25,622,612	25,622,612	24,501,143
Depreciation Expense - Equipment				4,862,129	4,862,129	5,018,513
Total Operating Expenses	\$ 160,294,369	\$ 11,772,695	\$ 27,742,159	\$ 170,409,430	\$ 370,218,653	\$ 401,818,099
					(Exhibit 2)	(Exhibit 2)

ALAMO COMMUNITY COLLEGE DISTRICT

**Schedule C
Schedule of Non-Operating Revenues and Expenses
For the Year Ended August 31, 2012
With Memorandum Totals for the Year Ended August 31, 2011**

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	FY12 Total	FY11 Total
NON-OPERATING REVENUES:						
State Appropriations						
Education and General State Support	\$ 66,004,803	\$ -	\$ 66,004,803	\$ -	\$ 66,004,803	\$ 65,658,472
State Group Insurance	-	7,811,768	7,811,768		7,811,768	11,893,840
State Retirement Match	-	3,960,927	3,960,927		3,960,927	8,389,805
Ad Valorem Taxes						
Taxes for Maintenance and Operations	95,326,911	-	95,326,911		95,326,911	93,559,514
Taxes for Debt Service	-	43,833,032	43,833,032		43,833,032	43,153,029
Federal Revenue, non-operating	-	96,450,672	96,450,672		96,450,672	118,192,829
State Revenue, non-operating		3,548,506	3,548,506		3,548,506	4,213,854
Gifts	12,860	733,096	745,956		745,956	476,222
Investment Income	1,554,431	303,894	1,858,325		1,858,325	1,566,098
Total Non-Operating Revenues	<u>162,899,005</u>	<u>156,641,895</u>	<u>319,540,900</u>		<u>319,540,900</u>	<u>347,103,663</u>
NON-OPERATING EXPENSES:						
Interest on Capital Related Debt	-	(27,451,534)	(27,451,534)		(27,451,534)	(27,407,637)
Loss on Disposal of Capital Assets	(4,863)	(124,331)	(129,194)		(129,194)	(232,481)
Arbitrage Rebate Expense	-	(26,750)	(26,750)		(26,750)	105,170
Other Non-Operating Expenses	-	(6,810,172)	(6,810,172)		(6,810,172)	(2,405,904)
Total Non-Operating Expenses	<u>(4,863)</u>	<u>(34,412,787)</u>	<u>(34,417,650)</u>		<u>(34,417,650)</u>	<u>(29,940,852)</u>
Net Non-Operating Revenues	<u>\$ 162,894,142</u>	<u>\$ 122,229,108</u>	<u>\$ 285,123,250</u>	\$ -	<u>\$ 285,123,250</u>	<u>\$ 317,162,811</u>
					(Exhibit 2)	(Exhibit 2)

ALAMO COMMUNITY COLLEGE DISTRICT

**Schedule D
Schedule of Net Assets by Source and Availability
For the Year Ended August 31, 2012
With Memorandum Totals for the Year Ended August 31, 2011**

	Detail by Source					Available for Current Operations	
	Unrestricted	Restricted		Capital Assets Net of Depreciation & Related Debt	Total	Yes	No
		Expendable	Non-Expendable				
Current:							
Unrestricted	\$ 74,247,596	\$ -	\$ -	\$ -	\$ 74,247,596	\$ 74,247,596	\$ -
Board-Designated	2,864,743	-	-	-	2,864,743	-	2,864,743
Restricted	-	5,776,149	-	-	5,776,149	-	5,776,149
Auxiliary Enterprises	5,897,271	-	-	-	5,897,271	5,897,271	-
Loan	203,981	-	-	-	203,981	-	203,981
Plant:							
Unexpended	15,359,548	-	-	-	15,359,548	-	15,359,548
Renewals	3,339,415	-	-	-	3,339,415	-	3,339,415
Debt Service	-	7,187,173	-	-	7,187,173	-	7,187,173
Investment in Plant	-	-	-	171,100,350	171,100,350	-	171,100,350
Total Net Assets, August 31, 2012	\$ 101,912,554	\$ 12,963,322	\$ -	\$ 171,100,350	\$ 285,976,226	\$ 80,144,867	\$ 205,831,359
					(Exhibit 1)		
Total Net Assets, August 31, 2011	83,693,262	11,339,465	-	179,049,528	274,082,255	\$ 64,184,794	\$ 209,897,461
					(Exhibit 1)		
Net Increase (Decrease) in Net Assets	\$ 18,219,292	\$ 1,623,857	\$ -	\$ (7,949,178)	\$ 11,893,971	\$ 15,960,073	\$ (4,066,102)
					(Exhibit 2)		

ALAMO COMMUNITY COLLEGE DISTRICT

**Schedule E
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2012**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass Through Grantor's Number	Expenditures and Pass through Disbursements
U.S. DEPARTMENT OF AGRICULTURE			
Direct Programs:			
Hispanic Serving Institutions Education Grants	10.223		52,276
Pass-Through from:			
Texas State University			
Hispanic Serving Institutions Education Grants	10.223	#1640.2	62,141
Hispanic Serving Institutions Education Grants	10.223	#1640.3A	<u>76,035</u>
			138,176
Texas Department of Agriculture			
Child and Adult Care Food Program	10.558		<u>42,583</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>\$ 233,035</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Program:			
Hispanic-Serving Institutions Assisting Communities	14.514		<u>23,610</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>\$ 23,610</u>
U.S. DEPARTMENT OF LABOR			
Direct Program:			
Community Based Job Training Grants	17.269		395,382
WIA Cluster			
Pass-Through from:			
Texas Workforce Commission			
Pass-Through from:			
Austin Community College			
WIA Youth Activities	17.259		(2,387)
Pass-Through from:			
Texas Workforce Commission			
ARRA-WIA Dislocated Workers	17.260	2011ATP000	(1,057)
WIA Dislocated Workers Formula Grants	17.278	2011WSW000	<u>278,584</u>
			<u>275,140</u>
TOTAL U.S. DEPARTMENT OF LABOR			<u>\$ 670,522</u>
U.S. DEPARTMENT OF STATE			
Pass-Through from:			
CIED, Georgetown University			
Professional and Cultural Exchange Programs-Citizen Exchanges	19.415	ACCD-RX2050-932-12-E	23,684
Professional and Cultural Exchange Programs-Citizen Exchanges	19.415	ACCD-RX2050-932-12-G	<u>25,003</u>
			48,687
Academic Exchange Programs-English Language Programs	19.421	ACCD-RX2050-933-10-A	25,125
Academic Exchange Programs-English Language Programs	19.421	ACCD-RX2050-958-12-A	<u>5,520</u>
			<u>30,645</u>
TOTAL U.S. DEPARTMENT OF STATE			<u>\$ 79,332</u>
NATIONAL AERONAUTICAL AND SPACE ADMINISTRATION			
Pass-Through from:			
The University of Texas at San Antonio			
Aerospace Education Services Program	43.001	1200-615AC	<u>45,194</u>
TOTAL NATIONAL AERONAUTICAL AND SPACE ADMINISTRATION			<u>\$ 45,194</u>

ALAMO COMMUNITY COLLEGE DISTRICT

**Schedule E
Schedule of Expenditures of Federal Awards – (Continued)
For the Year Ended August 31, 2012**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantor's Number</u>	<u>Expenditures and Pass through Disbursements</u>
NATIONAL SCIENCE FOUNDATION			
Direct Programs:			
Education and Human Resources	47.076		586,199
Pass-Throughs from:			
Wright State University			
Education and Human Resources	47.076	DUE-0817332	17,893
The University of Texas at El Paso			
Education and Human Resources	47.076	26-1007-27-30	21,126
TOTAL NATIONAL SCIENCE FOUNDATION			<u>\$ 625,218</u>
U.S. DEPARTMENT OF ENERGY			
Pass-Throughs from:			
Houston Community College			
Renewable Energy Research and Development	81.087		2,235
Texas Comptroller			
ARRA-State Energy Program	81.041	CS-0154	87,311
TOTAL U.S. DEPARTMENT OF ENERGY			<u>\$ 89,546</u>
U.S. DEPARTMENT OF EDUCATION			
Student Financial Aid Cluster:			
Federal Supplemental Educational Opportunity Grants	84.007		2,380,779
Federal Work-Study Program	84.033		1,381,333
Federal Pell Grant Program	84.063		93,078,358
Academic Competitiveness Grants (10-11)	84.375		(32,009)
Federal Direct Student Loans (10-11)	84.268		(498)
Federal Direct Student Loans (11-12)	84.268		28,941,310
Federal Direct Student Loans (12-13)	84.268		5,245,126
Total Student Financial Aid Cluster			130,994,399
TRIO Cluster:			
TRIO_Student Support Services Program	84.042		228,514
TRIO_Upward Bound	84.047		784,955
Total Trio Cluster			1,013,469
Higher Education_Institutional Aid Program	84.031		12,507,714
Women's Educational Equity Program	84.083		81,917
Fund for Improvement of Postsecondary Education	84.116		67,965
Minority Science and Engineering Improvement	84.120		97,422
Child Care Access Means Parents in School	84.335		487,603
Total Direct Programs			145,250,489
Pass-Throughs from:			
Texas Higher Education Coordinating Board			
Career and Technical Education-Basic Grants to States (10-11)	84.048	114201	(21,242)
Career and Technical Education-Basic Grants to States (11-12)	84.048	06612	2,097,492
Total Career and Technical Education-Basic Grants to States			2,076,250
Leveraging Educational Assistance Partnership (10-11)	84.069		(300)
Supplemental Leveraging Educational Assistance Partnership (10-11)	84.069		(300)
Total Leveraging			(600)
Del Mar College			
Career and Technical Education-Basic Grants to States	84.048	THECB PROJECT #111206	6,000
Total Pass-Throughs			2,081,650
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>\$ 147,332,139</u>

ALAMO COMMUNITY COLLEGE DISTRICT

**Schedule E
Schedule of Expenditures of Federal Awards – (Continued)
For the Year Ended August 31, 2012**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass Through Grantor's Number	Expenditures and Pass through Disbursements
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			
Direct Programs:			
Affordable Care Act (ACA) Health Profession Opportunity Grants	93.093		534,233
Nursing Workforce Diversity	93.178		<u>209,540</u>
			743,773
Pass-Throughs from:			
The University of Texas at Austin			
Consolidated Knowledge Development and Application Program	93.230	UTA03-100	12,206
Texas Workforce Commission			
Temporary Assistance for Needy Families	93.558	2012TAN003	<u>29,040</u>
TOTAL U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			<u>\$ 785,019</u>
CORPORATION FOR NATIONAL & COMMUNITY SERVICE			
Pass-Through from:			
Public Allies			
ARRA-AmeriCorps State and National	94.006	OP021-94.006-12-PASA	<u>87,005</u>
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			<u>\$ 87,005</u>
AGENCY FOR INTERNATIONAL DEVELOPMENT			
Pass-Through from:			
CIED, Georgetown University			
USAID Foreign Assistance for Programs Overseas	98.001	ACCD-RX2050-705-11-L-12	279,574
USAID Foreign Assistance for Programs Overseas	98.001	ACCD-RX2050-705-12-A	59,464
USAID Foreign Assistance for Programs Overseas	98.001	ACCD-RX2050-705-10-L-1	74,639
USAID Foreign Assistance for Programs Overseas	98.001	ACCD-RX2050-705-11-K-6	<u>109,481</u>
			523,158
Pass-Through from:			
American Council on Education (ACE)/Higher Education for Development (HED)			
USAID Development Partnerships for University Cooperation and Development	98.012	HED001-9730-MEX-11-01	<u>187,380</u>
TOTAL AGENCY FOR INTERNATIONAL DEVELOPMENT			<u>\$ 710,538</u>
Total Federal Financial Assistance			<u>\$ 150,681,158</u>

See Independent Auditor's Report and accompanying notes to Schedule of Expenditures of Federal Awards.

ALAMO COMMUNITY COLLEGE DISTRICT
Schedule E
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2011

1. Federal Assistance Reconciliation

Other Operating Revenues - federal grants and contracts-per Schedule A	\$ 20,097,631
Add: Non-Operating Revenues - federal revenue, non - operating - per Schedule C	<u>96,450,672</u>
Total Federal Revenues per Schedule A and C	116,548,303
Reconciling Item:	
Add: Federal Direct Student Loans	34,185,938
Less: Federal contracts (Note 3 below)	<u>(53,083)</u>
Total Federal Expenditures per Schedule of Expenditures of Federal Awards	<u><u>\$ 150,681,158</u></u>

2. Significant accounting policies used in preparing the schedule

The expenditures included in the schedule are reported for the District's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds that have been expended by the District for the purposes of the award. The expenditures reported above may not have been reimbursed by the funding agencies as of the end of the fiscal year. Some amounts reported in the schedule may differ from amounts used in the preparation of the basic financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The District has followed all applicable guidelines issued by various entities in the preparation of the schedule.

3. Expenditures not subject to federal single audit

Alamo Community College District received subcontracts from Kentucky Community and Technical College \$ 53,083 and from the National Center of Excellence-Automotive Manufacturing Technical Ed Collaborative for the Advanced Technical Education Program funded by the National Science Foundation. Also, a subcontract was received from Mayatech Corporation for the Minority Serving Institution Initiative funded by the Department of Health & Human Services.

4. Amounts passed-through by the Alamo Community College District

The following amounts were passed through to the listed subrecipients by the District.

U.S. Department of Agriculture	
Passed through the Hispanic Serving Institutions Education Grants (CFDA 10.223) to:	
University of Incarnate Word	\$ 20,043
U.S. Department of Education	
Passed through the Higher Education_Institutional Aid (CFDA 84.031) to:	
Alamo Community College District Foundation	100,000
Passed through the Fund for the Improvement of Postsecondary Education (CFDA 84.116) to:	
Pima County Community College District	3,714
Total	<u><u>\$ 123,758</u></u>

5. Noncash Awards

There were no federal noncash awards received in fiscal 2012.

ALAMO COMMUNITY COLLEGE DISTRICT

Summary Schedule of Prior Year Audit Findings - Federal Year Ended August 31, 2012

PART II – FINANCIAL STATEMENT FINDINGS SECTION

No findings were noted.

Part III—Federal Award Findings and Questioned Costs Section

Finding 11-01—Eligibility

One student's eligibility for Title IV student assistance was inaccurate due to timing of IT data conversion of the student's academic history from an old student system to the new Banner student system. Since all required data has been completely converted, this situation should not repeat.

Finding 11-02—Special Tests and Provisions—Verification

Selected information in Banner for two students did not agree to verification worksheets. During fiscal year 2012 the Vice Chancellor for Student Success directed enhancement of the document tracking procedures to ensure program integrity rules for verification are followed. Banner procedures and controls were reviewed and additional staff training was provided. In May 2012, the Board of Trustees approved outsourcing verification services.

Finding 11-03—Special Tests and Provisions—Return of Title IV Funds

Refunds required for five students were not calculated or returned within 45 days after Alamo Colleges became aware that the student withdrew. The Vice Chancellor for Student Success directed procedures requiring timely processing of student withdrawal records as submitted by faculty. The Student Financial Services department was given access to independently produce listings of withdrawn students for prompt action on return of Title IV funds.

Finding 11-04—Special Tests and Provisions—Enrollment Reporting

Student status changes were processed later than 60 days after the student withdrew or graduated for six students due to incorrect processing of the reports for student status submission. The Center for Student Information, under the direction of the Vice Chancellor for Student Success, now runs updated time status reports prior to each Clearinghouse enrollment transmission to ensure complete and correct status changes are reported for all students. This process is included in written documentation and incorporated in each semester's Clearinghouse refresher training.

Finding 11-05—Special Tests and Provisions—Direct Loan Notification

Supporting documentation was not available for 21 students showing notification within 30 days of crediting the students' accounts in order to notify the students that they had 30 days to cancel all or part of the direct loan. The Vice Chancellor for Student Success directed a notification system be developed and a communications log be maintained to formally notify students by email of their rights regarding direct loans. The notification system and communication log was implemented to impact fall 2012 students.

Finding 11-06—Period of Availability of Federal Funds

Certain expenditures for grants in the WIA Cluster were incurred after the grant funding period end dates and therefore did not relate to the grant period of availability. During 2012 the Vice Chancellor for Finance and Administration directed work to improve period of availability compliance. Processes related to pay authorizations were reviewed with the Human Resources Department, period of availability in the regulations was more thoroughly researched, Grant Accountants were further trained to review closed grants for inappropriate expenses and Grant Program Managers were instructed regarding period of availability relating to federal funds.

ALAMO COMMUNITY COLLEGE DISTRICT

**Schedule F
Schedule of Expenditures of State Awards
For the Year Ended August 31, 2012**

Grantor/Program Title	Pass-Through Grantor's Number	Expenditures
COMPTROLLER OF PUBLIC ACCOUNTS		
Jet Launchpad Fund	3595-13	\$ (4,134)
Jet Launchpad Fund	CMD10-4777-1CH	27,200
Total Comptroller of Public Accounts		\$ 23,066
TEXAS HIGHER EDUCATION COORDINATING BOARD		
Direct Programs:		
Adult Basic Education Innovation Grant	06990	\$ 293,654
Adult Basic Education Innovation Grant	02771	<u>282,641</u>
Total Adult Basic Education Innovation Grant		576,295
Developmental Education Demonstration Project	02771	578,299
Evaluation of College Readiness Assignments Field Test	06081	117,333
Intensive Summer Programs Category C	1421-01	2,545
Pathways	02624	17,219
Professional Nursing Shortage Reduction Program		509,575
Professional Nursing Shortage Reduction Program (10-11)		<u>(362,960)</u>
Total Professional Nursing Shortage Reduction Program		146,615
T STEM Challenge Scholarship Program	9257	110,000
Texas Grant Initial		1,695,617
Texas Grant Renewal		<u>1,131,515</u>
Total Texas Grant Initial and Renewal Program		2,827,132
TEOG Initial		432,381
TEOG Renewal		<u>288,993</u>
Total TEOG initial and Renewal Program		721,374
Workstudy Student Mentorship Program	07076	7,621
Total Direct		5,104,433
Pass-Through from:		
El Paso Community College Community College Developmental Education Initiative		4,028
UT Health Science Center of San Antonio Minority Health Research and Education (Senderos Project)		3,762
Total Pass-Through		7,790
Total Texas Higher Education Coordinating Board		\$ 5,112,223

ALAMO COMMUNITY COLLEGE DISTRICT

**Schedule F
Schedule of Expenditures of State Awards – (Continued)
For the Year Ended August 31, 2012**

Grantor/Program Title	Pass-Through Grantor's Number	Expenditures
TEXAS WORKFORCE COMMISSION		
Direct Programs:		
Apprenticeship Training Program	2012ATP000	\$ 3,120
Skills Development Fund	2010SSD000	291
Skills Development Fund	2010SDF002	3,370,928
Skills Development Fund	2010SDF001	886,987
Skills Development Fund	2010SDF000	1,106,849
Skills Development Fund	2012SDF001	<u>12,476</u>
Total Skills Development Fund		5,377,531
Pass-Through from:		
Austin Community College Skills Development Funding		61,724
Texas State Technical College Skills Development Funding		32,008
Total Skills Development Funding		5,471,263
Total Texas Workforce Commission		\$ 5,474,383
Total State of Texas Financial Assistance		<u>\$ 10,609,672</u>

See Independent Auditor's Report and accompanying notes to Schedule of Expenditures of State Awards.

ALAMO COMMUNITY COLLEGE DISTRICT

**Schedule F
Notes to Schedule of Expenditures of State Awards
For the Year Ended August 31, 2012**

1. State Assistance Reconciliation

Other operating revenues - state grants and contracts per Schedule A	\$	7,061,166
Non-operating revenues - state revenue, non-operating per Schedule C		3,548,506
	\$	<u>10,609,672</u>
Total state expenditures per Schedule of Expenditures of State Awards	\$	<u>10,609,672</u>

2. Significant Accounting Policies Used in Preparing the Schedule

The accompanying schedule is presented using the accrual basis. See Notes to the financial statements for the Alamo Community College District Summary of Significant Accounting Policies. These expenditures are reported on the Alamo Community College District fiscal year. Expenditure reports to funding agencies are prepared on the award period basis.

3. Noncash Awards

There were no state noncash awards received in fiscal year 2012.

ALAMO COMMUNITY COLLEGE DISTRICT

**Summary Schedule of Prior Year Audit Findings - State
Year Ended August 31, 2012**

Part IV – State Award Findings and Questioned Costs Section

No findings were noted.

**Other Information – By Location
(Unaudited)**

ALAMO COMMUNITY COLLEGE DISTRICT
San Antonio, Texas
Schedule of Operating Revenues by Location
For the Year Ended August 31, 2012
(Unaudited)

	DIST SVCS	SAC	SPC	PAC	NVC	NLC	TOTAL
Tuition							
State Funded Courses							
In District Resident Tuition	\$ -	\$ 21,794,546	\$ 10,134,696	\$ 7,575,213	\$ 15,600,590	\$ 4,267,784	\$ 59,372,829
Out of District Resident Tuition		5,091,438	4,551,507	3,374,502	3,283,542	3,013,435	19,314,424
Non-Resident Tuition		3,403,195	923,215	624,889	1,632,623	326,811	6,910,733
TPEG - Credit Set Aside		1,456,950	652,349	549,940	916,845	-	3,576,084
State-Funded Continuing Education		752,481	751,687	555,688	174,369	57,203	2,291,428
TPEG - Non-Credit Set Aside		109,696	122,116	86,667	41,543	75,219	435,241
Non-State Funded Continuing Education	347,769	307,521	773,790	252,174	113,103	8,190	1,802,547
Total Tuition	347,769	32,915,827	17,909,360	13,019,073	21,762,615	7,748,642	93,703,286
Fees							
General Fee		5,821,266	2,981,413	2,391,808	5,034,829	2,107,295	18,336,611
Other	777,485	1,257,631	1,314,683	949,788	736,581	1,193,617	6,229,785
Total Fees	777,485	7,078,897	4,296,096	3,341,596	5,771,410	3,300,912	24,566,396
Total Tuition and Fees	1,125,254	39,994,724	22,205,456	16,360,669	27,534,025	11,049,554	118,269,682
Allowances and Discounts							
Institutional Allowances and Scholarships	(989,113)	(304,976)	(149,500)	(309,573)	(301,032)	(6)	(2,054,200)
Remissions and Exemptions - State		(1,349,688)	(591,849)	(613,892)	(591,532)	(11,258)	(3,158,219)
Remissions and Exemptions - Local - Dual Credit		(3,634,691)	(3,561,642)	(2,289,085)	(3,220,666)	(6,963)	(12,713,047)
Federal Grants to Students	(286,294.00)	(15,287,773.00)	(7,016,053.00)	(5,437,355.00)	(8,593,934.00)		(36,621,409)
TPEG Awards	-	(435,162.00)	(199,962.00)	(154,751.00)	(244,933.00)		(1,034,808)
State Grants to Students	(1,633,015.00)	(558,101.00)	(256,454.00)	(198,470.00)	(314,130.00)		(2,960,170)
Other Local Awards	(250.00)	(20,399.00)	-	(10,614.00)	-		(31,263)
Total Sch Allowances and Discounts	(2,908,672)	(21,590,790)	(11,775,460)	(9,013,740)	(13,266,227)	(18,227)	(58,573,116)
Total Net Tuition and Fees	(1,783,418)	18,403,934	10,429,996	7,346,929	14,267,798	11,031,327	59,696,566
Other Operating Revenues							
Federal Grants and Contracts	2,902,821	2,598,153	11,559,770	2,195,650	820,472	20,765	20,097,631
State Grants and Contracts	6,870,302	536,775	(348,456)	2,545	-	-	7,061,166
Local Grants and Contracts	1,470,594	405,036	115,866	-	-	-	1,991,496
Non-Governmental Grants and Contracts	1,646	1,174,185	67,222	23,991			1,267,044
Other Operating Revenues	1,824,722	218,028	141,091	178,439	110,782	25,991	2,499,053
Total Other Operating Revenues	13,070,085	4,932,177	11,535,493	2,400,625	931,254	46,756	32,916,390
Sales and Services of Auxiliary Enterprises							
Bookstore Commission		284,324	178,640	178,284	235,476	142,651	1,019,375
Palo Alto College Natatorium				374,292			374,292
Day Care Centers		296,124	254,580	300,420			851,124
Vending Machines/Copiers	7,859	121,360	75,916	35,416	80,766	19,159	340,476
Parking Permits & Fines	14,173	527,365	235,179	190,635	451,036	191,533	1,609,921
Other	491	59,104	1,874	33,082	37,679	-	132,230
Total Sales and Services of Auxiliary Enterprises	22,523	1,288,277	746,189	1,112,129	804,957	353,343	4,327,418
Total Operating Revenues	\$ 11,309,190	\$ 24,624,388	\$ 22,711,678	\$ 10,859,683	\$ 16,004,009	\$ 11,431,426	\$ 96,940,374

ALAMO COMMUNITY COLLEGE DISTRICT
San Antonio, Texas
Schedule of Operating Expenses by Location
For the Year Ended August 31, 2012
(Unaudited)

	DIST SVCS	SAC	SPC	PAC	NVC	NLC	TOTAL
Educational Activities							
Instruction	\$ 5,715,785	\$ 47,070,559	\$ 27,986,352	\$ 16,645,787	\$ 22,504,837	\$ 8,562,554	\$ 128,485,874
Public Service	1,246	238,475	109,439	-	-	-	349,160
Academic Support	9,289	5,764,305	8,418,894	3,355,997	6,387,402	2,224,135	26,160,022
Student Services	4,925,879	9,059,614	4,415,792	4,429,009	4,726,884	1,551,826	29,109,004
Institutional Support	31,221,761	8,933,349	4,651,147	2,775,483	3,788,234	2,117,508	53,487,482
Operation and Maintenance of Plant	7,038,006	8,114,990	7,392,948	4,542,310	4,008,717	3,794,291	34,891,262
Scholarships and Fellowships	892,091	25,882,514	13,141,018	10,795,166	15,092,432	8,056	65,811,277
Total Educational Activities	49,804,057	105,063,806	66,115,590	42,543,752	56,508,506	18,258,370	338,294,081
Auxiliary Enterprises	1,476	236,065	126,196	1,069,635	783	5,676	1,439,831
Depreciation Expense - Building	1,360,135	6,345,217	6,249,145	3,856,638	4,211,902	3,599,575	25,622,612
Depreciation Expense - Equipment	1,611,482	971,495	1,498,699	352,268	289,853	138,332	4,862,129
Total Operating Expense	\$ 52,777,150	\$ 112,616,583	\$ 73,989,630	\$ 47,822,293	\$ 61,011,044	\$ 22,001,953	\$ 370,218,653

ALAMO COMMUNITY COLLEGE DISTRICT
San Antonio, Texas
Schedule of Non-Operating Revenues and Expenses by Location
For the Year Ended August 31, 2012
(Unaudited)

	DIST SVCS	SAC	SPC	PAC	NVC	NLC	TOTAL
NON-OPERATING REVENUES:							
State Appropriations							
Education and General State Support	\$ -	23,346,992	13,657,457	8,820,584	15,099,169	5,080,601	\$ 66,004,803
State Group Insurance	892,813	2,673,039	1,440,638	994,599	1,284,298	526,381	7,811,768
State Retirement Match	484,951	1,474,641	733,890	509,103	539,665	218,677	3,960,927
Ad Valorem Taxes							-
Taxes for Maintenance and Operations	29,659,795	21,680,162	20,658,908	11,154,913	5,742,681	6,430,452	95,326,911
Taxes for Debt Service	18,085,495	5,984,390	5,096,903	3,944,582	5,227,945	5,493,717	43,833,032
Federal Revenue, non-operating		39,956,419.00	18,753,809.00	15,444,498.00	22,295,946.00		96,450,672
State Revenue, non-operating		669,295.00	770,740.00	811,580.00	1,296,891.00		3,548,506
Gifts	449,743	96,193	46,021	82,054	70,250	1,695	745,956
Investment Income	1,857,434	601	-	-	-	290	1,858,325
Total Non-Operating Revenues	<u>51,430,231</u>	<u>95,881,732</u>	<u>61,158,366</u>	<u>41,761,913</u>	<u>51,556,845</u>	<u>17,751,813</u>	<u>319,540,900</u>
NON-OPERATING EXPENSES:							
Interest on Capital Related Debt	(1,703,997)	(5,984,390)	(5,096,903)	(3,944,582)	(5,227,945)	(5,493,717)	(27,451,534)
Loss on Disposal of Capital Assets	(34,922)	-	-	(4,453)	(6,574)	(83,245)	(129,194)
Arbitrage Rebate Expense	(26,750)	-	-	-	-	-	(26,750)
Other Non-Operating Expenses	(6,810,172)						(6,810,172)
Total Non-Operating Expenses	<u>(8,575,841)</u>	<u>(5,984,390)</u>	<u>(5,096,903)</u>	<u>(3,949,035)</u>	<u>(5,234,519)</u>	<u>(5,576,962)</u>	<u>(34,417,650)</u>
Net Non-Operating Revenues	<u>\$ 42,854,390</u>	<u>\$ 89,897,342</u>	<u>\$ 56,061,463</u>	<u>\$ 37,812,878</u>	<u>\$ 46,322,326</u>	<u>\$ 12,174,851</u>	<u>\$ 285,123,250</u>

ALAMO COMMUNITY COLLEGE DISTRICT
San Antonio, Texas
Schedule of Capital Assets by Asset Types
For the Year Ended August 31, 2012
(Unaudited)

	Balance 9/1/2011	Additions	Deletions	Balance 8/31/2012
<i>Land:</i>				
San Antonio College	\$ 14,878,517	\$ -	\$ -	\$ 14,878,517
St. Philip's College	5,995,285			5,995,285
Palo Alto College	1,759,561			1,759,561
Northwest Vista College	1,717,000			1,717,000
Northeast Lakeview College	7,060,135			7,060,135
North Central Campus	12,943,381			12,943,381
District Offices	10,270,274			10,270,274
Total grounds	54,624,153	-	-	54,624,153
<i>Buildings:</i>				
San Antonio College	179,698,725	1,680,534		181,379,259
St. Philip's College	157,931,321	12,431,461		170,362,782
Palo Alto College	108,232,369	12,433,401		120,665,770
Northwest Vista College	116,774,035	148,422		116,922,457
Northeast Lakeview College	131,525,148	433,081	87,167	131,871,062
District Offices	7,470,707		30,311	7,440,396
Total buildings	701,632,305	27,126,899	117,478	728,641,726
<i>Facility and land improvements:</i>				
San Antonio College	21,824,354	716,208		22,540,562
St. Philip's College	19,955,218			19,955,218
Palo Alto College	16,168,335	545,304		16,713,639
Northwest Vista College	29,535,707			29,535,707
Northeast Lakeview College	13,684,793			13,684,793
North Central Campus	195,720			195,720
District Offices	6,407,634	118,701		6,526,335
Total facility and land improvements	107,771,761	1,380,213	-	109,151,974
<i>Equipment:</i>				
San Antonio College	6,352,689	381,383	253,308	6,480,764
St. Philip's College	11,236,185	499,613	338,902	11,396,896
Palo Alto College	1,952,113	141,320	155,326	1,938,107
Northwest Vista College	1,828,251	178,767	423,138	1,583,880
Northeast Lakeview College	643,492	114,033	17,679	739,846
District Offices	12,514,096	1,064,417	639,418	12,939,095
Total equipment	34,526,826	2,379,533	1,827,771	35,078,588
<i>Software:</i>				
San Antonio College	53,827	7,500		61,327
St. Philip's College	8,319			8,319
Palo Alto College	9,408			9,408
District Wide	2,823,187	148,470		2,971,657
Total software	2,894,741	155,970	-	3,050,711
<i>Library books:</i>				
San Antonio College	6,225,775	21,537	23,275.00	6,224,037
St. Philip's College	4,732,444	8,516		4,740,960
Palo Alto College	3,884,669	40,102	34,510	3,890,261
Northwest Vista College	785,587	42,826	11,134	817,279
Northeast Lakeview College	363,456	62,501		425,957
Total library books	15,991,931	175,482	68,919	16,098,494
<i>Works of art:</i>				
San Antonio College	88,000			88,000
St. Philip's College	63,000			63,000
Palo Alto College	18,971			18,971
	169,971	-	-	169,971
<i>Construction in Progress</i>				
San Antonio College	1,766,659	9,523,459	1,766,660	9,523,458
St. Philip's College	4,426,765	9,060,892	1,447,301	12,040,356
Palo Alto College	9,457,984	2,943,544	9,369,962	3,031,566
Northwest Vista College	407,337	2,128,421	178,660	2,357,098
Northeast Lakeview College	48,588	214,896	48,588	214,896
North Central Campus	766,764	-	766,764	-
District Offices	3,075,999	430,479	3,075,999	430,479
	19,950,096	24,301,691	16,653,934	27,597,853
Grand total	\$ 937,561,784	\$ 55,519,788	\$ 18,668,102	\$ 974,413,470

ALAMO COMMUNITY COLLEGE DISTRICT
San Antonio, Texas
Schedule of Capital Assets by Location
For the Year Ended August 31, 2011
(Unaudited)

	Balance 9/1/2011	Additions	Deletions	Balance 8/31/2012
<i>San Antonio College:</i>				
Land	\$ 14,878,517	\$ -	\$ -	\$ 14,878,517
Buildings	179,698,725	1,680,534	-	181,379,259
Facility and land improvements	21,824,354	716,208	-	22,540,562
Equipment	6,352,689	381,383	253,308	6,480,764
Software	53,827	7,500	-	61,327
Library books	6,225,775	21,537	23,275	6,224,037
Works of art	88,000	-	-	88,000
Construction in Progress	1,766,659	9,523,459	1,766,660	9,523,458
Total San Antonio College	230,888,546	12,330,621	2,043,243	241,175,924
<i>St. Philip's College:</i>				
Land	5,995,285	-	-	5,995,285
Buildings	157,931,321	12,431,461	-	170,362,782
Facility and land improvements	19,955,218	-	-	19,955,218
Equipment	11,236,185	499,613	338,902	11,396,896
Software	8,319	-	-	8,319
Library books	4,732,444	8,516	-	4,740,960
Works of art	63,000	-	-	63,000
Construction in Progress	4,426,765	9,060,892	1,447,301	12,040,356
Total St. Philip's College	204,348,537	22,000,482	1,786,203	224,562,816
<i>Palo Alto College:</i>				
Land	1,759,561	-	-	1,759,561
Buildings	108,232,369	12,433,401	-	120,665,770
Facility and land improvements	16,168,335	545,304	-	16,713,639
Equipment	1,952,113	141,320	155,326	1,938,107
Software	9,408	-	-	9,408
Library books	3,884,669	40,102	34,510	3,890,261
Works of art	18,971	-	-	18,971
Construction in Progress	9,457,984	2,943,544	9,369,962	3,031,566
Total Palo Alto College	141,483,410	16,103,671	9,559,798	148,027,283
<i>Northwest Vista College:</i>				
Land	1,717,000	-	-	1,717,000
Buildings	116,774,035	148,422	-	116,922,457
Facility and land improvements	29,535,707	-	-	29,535,707
Equipment	1,828,251	178,767	423,138	1,583,880
Library books	785,587	42,826	11,134	817,279
Construction in Progress	407,337	2,128,421	178,660	2,357,098
Total Northwest Vista College	151,047,917	2,498,436	612,932	152,933,421
<i>Northeast Lakeview College:</i>				
Land	7,060,135	-	-	7,060,135
Buildings	131,525,148	433,081	87,167	131,871,062
Facility and land improvements	13,684,793	-	-	13,684,793
Equipment	643,492	114,033	17,679	739,846
Library books	363,456	62,501	-	425,957
Construction in Progress	48,588	214,896	48,588	214,896
Total Northeast Campus	153,325,612	824,511	153,434	153,996,689
<i>North Central Campus:</i>				
Land	12,943,381	-	-	12,943,381
Facility and land improvements	195,720	-	-	195,720
Construction in Progress	766,764	-	766,764	-
Total North Central Campus	13,905,865	-	766,764	13,139,101
<i>District Offices:</i>				
Land	10,270,274	-	-	10,270,274
Buildings	7,470,707	-	30,311	7,440,396
Facility and land improvements	6,407,634	118,701	-	6,526,335
Equipment	12,514,096	1,064,417	639,418	12,939,095
Software	2,823,187	148,470	-	2,971,657
Construction in Progress	3,075,999	430,479	3,075,999	430,479
Total District Offices	42,561,897	1,762,067	3,745,728	40,578,236
Grand Total	\$ 937,561,784	\$ 55,519,788	\$ 18,668,102	\$ 974,413,470



ALAMO
COLLEGES

**Statistical Supplement
(Unaudited)**



ALAMO
COLLEGES

ALAMO COMMUNITY COLLEGE DISTRICT

Statistical Section Introduction

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

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the District's most significant local revenue sources – tuition and fees, state appropriations, and ad valorem taxes.

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the system's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.



ALAMO
COLLEGES

ALAMO COMMUNITY COLLEGE DISTRICT

Statistical Supplement 1 Net Assets by Component Fiscal Years 2003 to 2012 (Unaudited) (in thousands)

	For the Fiscal Year Ended August 31,										
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	
Invested in capital assets, net of related debt	\$ 171,100	\$ 179,050	\$ 182,572	\$ 181,568	\$ 172,395	\$ 155,641	\$ 124,927	\$ 119,012	\$ 135,668	\$ 115,217	
Restricted - Nonexpendable	-	-	-	-	1,299	1,298	1,298	1,277	1,270	1,308	
Restricted - Expendable	12,963	11,339	11,212	10,256	13,185	7,050	8,466	6,970	6,209	10,296	
Unrestricted	101,913	83,693	83,547	82,033	91,556	82,283	66,114	58,647	45,309	50,507	
Total	\$ 285,976	\$ 274,082	\$ 277,331	\$ 273,857	\$ 278,435	\$ 246,272	\$ 200,805	\$ 185,906	\$ 188,456	\$ 177,328	
Net assets beginning of the year	274,082	277,331	273,857	278,435	246,272	200,805	185,906	188,456	177,328	172,506	
Increase (Decrease) in net assets	\$ 11,894	\$ (3,249)	\$ 3,474	\$ (4,578)	\$ 32,163	\$ 45,467	\$ 14,899	\$ (2,550)	\$ 11,128	\$ 4,822	

ALAMO COMMUNITY COLLEGE DISTRICT

Statistical Supplement 2 Revenues by Source Fiscal Years 2003 to 2012 (Unaudited) (in thousands)

For the Years Ended August 31,

	2012		2011		2010		2009		2008		2007		2006		2005		2004		2003	
Tuition and fees (net of discounts)	\$ 59,697	14.3%	\$ 48,917	11.4%	\$ 58,892	13.5%	\$ 51,115	12.9%	\$ 52,797	14.1%	\$ 49,198	14.4%	\$ 45,344	15.6%	\$ 43,235	15.8%	\$ 37,483	14.5%	\$ 31,581	13.3%
Governmental grants and contracts																				
Federal grants and contracts	20,098	4.8%	18,364	4.3%	21,369	4.9%	17,250	4.4%	14,206	3.8%	14,032	4.1%	13,514	4.7%	13,603	5.0%	14,270	5.5%	11,464	4.8%
State grants and contracts	7,061	1.7%	5,863	1.4%	2,758	0.6%	3,022	0.8%	3,155	0.8%	3,169	0.9%	3,382	1.2%	5,085	1.9%	765	0.3%	1,697	0.7%
Local grants and contracts	1,991	0.5%	1,108	0.3%	1,438	0.3%	1,007	0.3%	1,117	0.3%	897	0.3%	663	0.2%	613	0.2%	518	0.2%	761	0.3%
Non-governmental grants and contracts	1,267	0.3%	1,288	0.3%	1,656	0.4%	2,221	0.6%	483	0.1%	787	0.2%	636	0.2%	629	0.2%	297	0.1%	119	0.0%
Investment income	-	0.0%	-	0.0%	4	0.0%	19	0.0%	158	0.0%	184	0.1%	159	0.1%	119	0.0%	91	0.0%	93	0.0%
Auxiliary enterprises	4,327	1.0%	4,194	1.0%	4,523	1.0%	4,265	1.1%	4,236	1.1%	3,754	1.1%	3,622	1.2%	3,750	1.4%	3,306	1.3%	2,654	1.1%
Other operating revenue	2,499	0.6%	1,624	0.4%	1,282	0.3%	2,325	0.6%	2,496	0.7%	2,167	0.6%	2,050	0.7%	1,683	0.6%	1,210	0.5%	1,162	0.5%
Total operating revenues	96,940	23.2%	81,358	19.1%	91,922	21.0%	81,224	20.7%	78,648	20.9%	74,188	21.7%	69,370	23.9%	68,717	25.1%	57,940	22.4%	49,531	20.7%
State appropriation	77,777	18.7%	85,942	20.1%	90,135	20.6%	87,947	22.2%	87,318	23.4%	83,500	24.5%	82,245	28.3%	72,740	26.6%	72,230	28.0%	72,719	30.5%
Ad valorem taxes	139,160	33.4%	136,712	31.7%	133,601	30.7%	131,818	33.1%	118,441	31.9%	103,779	30.5%	72,885	25.3%	67,508	24.7%	63,910	24.8%	59,351	25.2%
Federal revenue, non-operating	96,451	23.2%	118,193	27.6%	113,380	25.9%	82,534	20.9%	62,542	16.7%	56,703	16.6%	55,548	19.1%	58,290	21.3%	57,811	22.4%	49,402	20.7%
State revenue, non-operating	3,549	0.9%	4,214	1.0%	6,746	1.5%	5,075	1.3%	4,041	1.1%	2,752	0.8%	2,994	1.0%	2,249	0.8%	2,018	0.8%	2,701	1.1%
Gifts	746	0.2%	476	0.1%	96	0.0%	601	0.2%	141	0.0%	581	0.2%	549	0.2%	651	0.2%	1,382	0.5%	925	0.4%
Investment income	1,858	0.4%	1,566	0.4%	1,439	0.3%	6,293	1.6%	22,533	6.0%	19,613	5.7%	6,520	2.2%	3,558	1.3%	2,836	1.1%	2,707	1.1%
Other non-operating revenues	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	48	0.0%	4	0.0%	50	0.0%	50	0.0%	761	0.3%
Total non-operating revenues	319,541	76.8%	347,103	80.9%	345,397	79.0%	314,268	79.3%	295,016	79.1%	266,976	78.3%	220,745	76.1%	205,046	74.9%	200,237	77.6%	188,566	79.3%
Total revenues	\$ 416,481	100.0%	\$ 428,461	100.0%	\$ 437,319	100.0%	\$ 395,492	100.0%	\$ 373,664	100.0%	\$ 341,164	100.0%	\$ 290,115	100.0%	\$ 273,763	100.0%	\$ 258,177	100.0%	\$ 238,097	100.0%

Following the GASB implementation guide, starting with fiscal year 2010, non-operating revenues related to financial aid are reported as non-operating revenues, and prior years' amounts have been reclassified in order to be consistent with the current year's presentation.

ALAMO COMMUNITY COLLEGE DISTRICT

Statistical Supplement 3 Program Expenses by Function Fiscal Years 2003 to 2012 (Unaudited) (in thousands)

	For the Year Ended August 31,																			
	2012		2011		2010		2009		2008		2007		2006		2005		2004		2003	
Instruction	\$ 128,486	31.8%	\$ 144,317	33.4%	\$ 145,086	33.4%	\$ 130,794	32.8%	\$ 122,966	35.9%	\$ 116,588	39.4%	\$ 113,581	41.4%	\$ 110,408	41.9%	\$ 100,607	40.7%	\$ 96,872	41.4%
Public service	349	0.1%	291	0.1%	300	0.1%	609	0.2%	591	0.2%	891	0.3%	1,129	0.4%	2,178	0.8%	3,411	1.4%	3,623	1.5%
Academic support	26,179	6.5%	28,083	6.5%	27,529	6.3%	25,131	6.3%	21,931	6.4%	19,693	6.7%	18,315	6.7%	22,105	8.4%	19,163	7.8%	18,403	7.9%
Student services	29,090	7.2%	31,004	7.2%	33,631	7.8%	32,012	8.0%	31,937	9.3%	30,326	10.2%	27,498	10.0%	24,108	9.1%	24,033	9.7%	22,385	9.6%
Institutional support	53,487	13.2%	54,684	12.7%	55,463	12.8%	54,951	13.8%	46,671	13.6%	40,131	13.6%	39,034	14.2%	33,692	12.8%	28,239	11.4%	25,979	11.1%
Operation and maintenance of plant	34,891	8.6%	33,259	7.7%	31,847	7.3%	29,807	7.5%	20,381	6.0%	19,485	6.6%	18,986	6.9%	17,910	6.8%	18,109	7.3%	17,070	7.3%
Scholarships and fellowships	65,811	16.3%	78,447	18.2%	79,979	18.4%	58,582	14.7%	43,887	12.8%	37,913	12.8%	37,593	13.7%	36,688	13.9%	39,439	16.0%	35,726	15.3%
Auxiliary enterprises	1,440	0.4%	2,214	0.5%	1,645	0.4%	2,449	0.6%	2,312	0.7%	2,161	0.7%	1,863	0.7%	1,978	0.8%	1,834	0.7%	1,687	0.7%
Depreciation	30,486	7.5%	29,520	6.8%	24,550	5.7%	17,044	4.3%	11,072	3.2%	10,601	3.6%	9,779	3.6%	8,827	3.3%	7,073	2.9%	7,026	3.0%
Total operating expenses	370,219	91.6%	401,819	93.1%	400,030	92.2%	351,379	88.2%	301,748	88.1%	277,789	93.9%	267,778	97.6%	257,894	97.8%	241,908	97.9%	228,771	97.8%
Interest on capital related debt	27,452	6.8%	27,408	6.3%	28,084	6.5%	28,842	7.2%	29,551	8.6%	14,993	5.1%	6,656	2.4%	4,686	1.8%	4,308	1.7%	4,410	1.9%
Other non-operating expenses	6,836	1.6%	2,300	0.5%	5,118	1.1%	18,541	4.6%	10,333	3.2%	2,773	0.8%	-	0.0%	-	0.0%	-	0.1%	-	0.0%
Loss on disposal of fixed assets	129	0.0%	232	0.1%	662	0.2%	35	0.0%	419	0.1%	499	0.2%	66	0.0%	1,143	0.4%	834	0.3%	787	0.3%
Total non-operating expenses	34,417	8.4%	29,940	6.9%	33,864	7.8%	47,418	11.8%	40,303	11.9%	18,265	6.1%	6,722	2.4%	5,829	2.2%	5,142	2.1%	5,197	2.2%
Total expenses	\$ 404,636	100.0%	\$ 431,759	100.0%	\$ 433,894	100.0%	\$ 398,797	100.0%	\$ 342,051	100.0%	\$ 296,054	100.0%	\$ 274,500	100.0%	\$ 263,723	100.0%	\$ 247,050	100.0%	\$ 233,968	100.0%

Following the GASB implementation guide, starting with fiscal year 2010, non-operating revenues related to financial aid are reported as non-operating revenues, and prior years' amounts have been reclassified in order to be consistent with the current year's presentation.

ALAMO COMMUNITY COLLEGE DISTRICT

Statistical Supplement 4 Tuition and Fees Last Ten Academic Years (Unaudited)

Resident: Fees based on 12 Semester Credit Hours (SCH)

Academic Year (Fall)	Registration Fee (per student)	In-District Tuition	Out-of-District Tuition	Student Activity Fees	General Fee	Library Fee (per student)	Lab Fee	Student Insurance	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Year In-District	Increase from Prior Year Out-of-District
Fall 2011	\$ -	\$ 56.00	\$ 112.00	\$ 12.00	\$ 135.00	\$ -	\$ -	\$ -	\$ 819.00	\$ 1,491.00	4.87%	4.78%
Fall 2010	\$ -	\$ 53.50	\$ 107.00	\$ 12.00	\$ 127.00	\$ -	\$ -	\$ -	\$ 781.00	\$ 1,423.00	0.00%	3.04%
Fall 2009	-	53.50	103.50	12.00	127.00	-	-	-	781.00	1,381.00	9.23%	8.48%
Fall 2008	-	51.00	95.00	12.00	121.00	-	-	-	745.00	1,273.00	4.20%	2.41%
Fall 2007	13.00	44.00	88.00	12.00	121.00	13.00	24.00	4.00	715.00	1,243.00	4.69%	4.72%
Fall 2006	12.00	42.00	84.00	12.00	115.00	12.00	24.00	4.00	683.00	1,187.00	6.72%	5.98%
Fall 2005	11.00	40.00	80.00	-	110.00	11.00	24.00	4.00	640.00	1,120.00	5.09%	5.16%
Fall 2004	10.00	38.00	76.00	-	105.00	10.00	24.00	4.00	609.00	1,065.00	10.13%	9.46%
Fall 2003	10.00	35.00	70.00	-	85.00	10.00	24.00	4.00	553.00	973.00	12.17%	21.78%
Fall 2002	10.00	30.00	55.50	-	85.00	10.00	24.00	4.00	493.00	799.00	0.00%	0.00%

Non Resident: Fees based on 12 Semester Credit Hours (SCH)

Academic Year (Fall)	Registration Fee (per student)	Non-Resident Tuition Out-of-State	Student Activity Fees	General Fee	Library Fee (per student)	Lab Fee	Student Insurance	Cost for 12 SCH Out-of-State	Increase from Prior Year Out-of-State
Fall 2011	\$ -	\$ 224.00	\$ 12.00	\$ 135.00	\$ -	\$ -	\$ -	\$ 2,835.00	4.73%
Fall 2010	\$ -	\$ 214.00	\$ 12.00	\$ 127.00	\$ -	\$ -	\$ -	\$ 2,707.00	5.13%
Fall 2009	-	203.00	12.00	127.00	-	-	-	2,575.00	10.56%
Fall 2008	-	183.00	12.00	121.00	-	-	-	2,329.00	-1.36%
Fall 2007	13.00	176.00	12.00	121.00	13.00	24.00	66.00	2,361.00	4.61%
Fall 2006	12.00	168.00	12.00	115.00	12.00	24.00	66.00	2,257.00	5.37%
Fall 2005	11.00	160.00	-	110.00	11.00	24.00	66.00	2,142.00	5.31%
Fall 2004	10.00	152.00	-	105.00	10.00	24.00	61.00	2,034.00	8.77%
Fall 2003	10.00	140.00	-	85.00	10.00	24.00	61.00	1,870.00	25.34%
Fall 2002	10.00	108.50	-	85.00	10.00	24.00	61.00	1,492.00	0.00%

Beginning with the Fall of 2008, **ONLY** tuition, general fee and student activity fee are charged.
Lab fees ranged from \$2.00 to \$24.00 until Fall 2008

ALAMO COMMUNITY COLLEGE DISTRICT

**Statistical Supplement 5
Assessed Value and Taxable Assessed Value of Property
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value (TAV)	Ratio of Taxable Assessed Value to Assessed Value	Maintenance & Operations	Debt Service	Total
2011-12	\$ 109,886,262,029	\$ 10,136,852,914	\$ 99,749,409,115	90.78%	0.09687	0.04475	0.14162
2010-11	109,126,636,976	9,850,838,178	99,275,798,798	90.97%	0.09687	0.04475	0.14162
2009-10	110,259,418,727	9,570,660,304	100,688,758,423	91.32%	0.09110	0.04475	0.13585
2008-09	108,103,964,593	8,679,501,416	99,424,463,177	91.97%	0.09110	0.04475	0.13585
2007-08	97,076,127,829	7,007,075,783	90,069,052,046	92.78%	0.08980	0.04475	0.13455
2006-07	82,475,118,571	5,436,124,534	77,038,994,037	93.41%	0.09230	0.04475	0.13705
2005-06	71,820,993,201	4,472,598,640	67,348,394,561	93.77%	0.09230	0.01475	0.10705
2004-05	65,421,529,792	3,100,303,029	62,321,226,763	95.26%	0.09230	0.01475	0.10705
2003-04	62,268,015,195	3,136,421,298	59,131,593,897	94.96%	0.09230	0.01475	0.10705
2002-03	57,333,889,663	2,666,692,078	54,667,197,585	95.35%	0.09230	0.01480	0.10710

Source: Bexar County Appraisal District, most recent Certified Supplement for the relevant Tax Year.

TAV is Assessed Value less Exemptions and Tax Incremental Financings.

ALAMO COMMUNITY COLLEGE DISTRICT

**Statistical Supplement 6
State Appropriations per FTSE and Contact Hours
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Appropriation per FTSE			Appropriation per Contact Hour			
	State Appropriation	FTSE (a)	State Appropriation per FTSE	Academic Contact Hours	Voc/Tech Contact Hours	Total Contact Hours (b)	State Appropriation per Contact
2011-12	\$ 66,004,803	39,131	\$ 1,687	18,457,248	4,625,147	23,082,395	\$ 2.86
2010-11	65,658,472	39,162	1,677	18,279,984	4,782,252	23,062,236	2.85
2009-10	69,233,873	41,077	1,685	18,845,612	5,065,508	23,911,120	2.90
2008-09	67,846,696	36,254	1,871	16,578,880	4,564,484	21,143,364	3.21
2007-08	67,846,696	34,173	1,985	15,499,262	4,479,415	19,978,677	3.40
2006-07	65,409,379	33,531	1,957	15,057,632	4,567,944	19,625,576	3.33
2005-06	65,746,811	33,249	1,977	14,771,648	4,760,436	19,532,084	3.37
2004-05	58,069,378	33,951	1,751	15,035,056	4,941,776	19,976,832	2.91
2003-04	58,070,337	32,889	1,766	14,986,560	4,093,900	19,080,460	3.04
2002-03	55,994,039	32,282	1,735	14,228,315	3,937,977	18,166,292	3.08

Notes: FTSE (Full-time Student Equivalent):

Semester credit hours divided by 30 plus non-semester (continuing education) credit hours divided by 900

Excludes contributions by the State of Texas on behalf of the District's employees for the optional retirement program, Teacher Retirement System and group insurance benefits

(a) Source: THECB - Funded only

(b) Source: THECB - Funded only (including reimbursable CE)

FY 2011-12 - FTSE and Contact Hours are preliminary as Summer 2012 is not certified.

ALAMO COMMUNITY COLLEGE DISTRICT

Statistical Supplement 7 Principal Taxpayers Last Ten Fiscal Years (Unaudited)

Tax Payer	Type of Business	Taxable Assessed Value (TAV) (\$000 omitted)									
		2012	2011	2010	2009	2008	2007	2006*	2005	2004*	2003
HEB Grocery Company LP	Groceries	\$ 1,025,290	\$ 968,937	\$ 957,372	\$ 915,618	\$ 860,947	\$ 835,417	\$ 734,917	\$ 684,385	\$ 649,249	\$ 610,809
Toyota Motor Mfg Texas Inc.	Automotive Manuf.	523,666	542,971	447,437	541,478	-	636,047	182,767	-	-	-
VHS San Antonio Ptners LP (Baptist Hospitals)	Healthcare	359,878	404,509	375,935	375,477	390,814	295,830	251,811	184,637	173,023	-
Methodist Healthcare Systems SA	Healthcare	532,699	518,606	455,263	451,594	470,840	239,580	220,975	209,712	194,114	168,580
AT&T (Southwestern Bell)	Telecommunications	391,280	412,841	423,199	408,853	496,917	546,653	568,534	524,283	515,151	631,726
USAA	Insurance	323,095	339,064	336,394	343,721	346,117	338,676	334,521	307,044	319,746	331,742
Frost National Bank	Financial	-	-	-	209,948	186,581	-	174,828	165,252	154,656	-
Marriott Hotel Properties	Hospitality	-	-	-	171,581	188,615	-	-	-	125,113	127,537
Microsoft Corporation	Technology	340,011	343,633	334,968	-	-	-	-	-	-	-
SA Real Estate LLLP	Real Estate	224,013	264,078	266,758	-	-	-	-	-	-	-
La Cantera Retail LTD Partnership	Retail	221,968	212,394	238,190	263,640	-	-	-	-	-	-
Frankel Family Trust	Commercial Real Estate	-	-	-	199,812	194,134	-	-	-	-	-
Wal-Mart Stores, Inc.	Retail	400,886	396,639	384,171	-	371,620	355,246	340,767	327,050	301,334	219,386
VLSI Technologies, Inc. (Philips)	Semiconductor Manuf.	-	-	-	-	-	-	-	-	-	37,420
Time Warner Cable San Antonio LP (Paragon)	Cable Company	-	-	-	-	-	185,569	178,019	177,002	162,962	151,811
Alamo Stonecrest Holdings	Retail	-	-	-	-	-	-	-	144,910	-	-
Inland Western San Antonio Academy LP	Retail	-	-	-	-	-	-	-	143,372	-	-
Melvin Simon Properties	Real Estate	-	-	-	-	-	-	-	-	140,294	117,245
North Star Mall, Inc.	Retail	-	-	-	-	-	-	-	-	-	109,891
New River Center Mall LP	Retail	-	-	-	-	-	209,062	178,977	-	-	-
MBS-Colonnade Ltd	Real Estate	-	-	-	-	215,664	223,505	-	-	-	-
		<u>\$ 4,342,786</u>	<u>\$ 4,403,671</u>	<u>\$ 4,219,687</u>	<u>\$ 3,881,722</u>	<u>\$ 3,722,249</u>	<u>\$ 3,865,585</u>	<u>\$ 3,166,116</u>	<u>\$ 2,867,647</u>	<u>\$ 2,735,642</u>	<u>\$ 2,506,147</u>
Total Taxable Assessed Value		\$99,749,409	\$ 99,275,859	\$100,688,758	\$ 99,836,254	\$ 90,069,052	\$ 77,038,994	\$ 67,348,395	\$ 62,321,227	\$ 59,131,594	\$ 54,667,198

Tax Payer	Type of Business	% of Taxable Assessed Value (TAV)									
		2012	2011	2010	2009	2008	2007	2006*	2005	2004*	2003
HEB Grocery Company LP	Groceries	1.03%	0.98%	0.96%	0.92%	0.86%	0.84%	0.74%	0.69%	0.65%	0.61%
Toyota Motor Mfg Texas Inc.	Automotive Manuf.	0.52%	0.55%	0.45%	0.54%	0.00%	0.64%	0.18%	0.00%	0.00%	0.00%
VHS San Antonio Ptners LP (Baptist Hospitals)	Healthcare	0.36%	0.41%	0.38%	0.38%	0.39%	0.30%	0.25%	0.19%	0.17%	0.00%
Methodist Healthcare Systems SA	Healthcare	0.53%	0.52%	0.46%	0.45%	0.47%	0.24%	0.22%	0.21%	0.19%	0.17%
AT&T	Telecommunications	0.39%	0.42%	0.42%	0.41%	0.50%	0.55%	0.57%	0.53%	0.52%	0.63%
USAA	Insurance	0.32%	0.34%	0.34%	0.34%	0.35%	0.34%	0.34%	0.31%	0.32%	0.33%
Frost National Bank	Financial	0.00%	0.00%	0.00%	0.21%	0.19%	0.00%	0.18%	0.17%	0.16%	0.00%
Marriott Hotel Properties	Hospitality	0.00%	0.00%	0.00%	0.17%	0.19%	0.00%	0.00%	0.00%	0.13%	0.13%
Microsoft Corporation	Technology	0.34%	0.35%	0.34%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SA Real Estate LLLP	Real Estate	0.22%	0.27%	0.27%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
La Cantera Retail LTD Partnership	Retail	0.22%	0.21%	0.24%	0.26%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Frankel Family Trust	Commercial Real Estate	0.00%	0.00%	0.00%	0.20%	0.19%	0.00%	0.00%	0.00%	0.00%	0.00%
Wal-Mart Stores, Inc.	Retail	0.40%	0.40%	0.39%	0.00%	0.37%	0.36%	0.34%	0.33%	0.30%	0.22%
VLSI Technologies, Inc. (Philips)	Semiconductor Manuf.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.04%
Time Warner Cable San Antonio LP (Paragon)	Cable Company	0.00%	0.00%	0.00%	0.00%	0.00%	0.19%	0.18%	0.18%	0.16%	0.15%
Alamo Stonecrest Holdings	Retail	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.15%	0.00%	0.00%
Inland Western San Antonio Academy LP	Retail	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.14%	0.00%	0.00%
Melvin Simon Properties	Real Estate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.14%	0.12%
North Star Mall, Inc.	Retail	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.11%
New River Center Mall LP	Retail	0.00%	0.00%	0.00%	0.00%	0.00%	0.21%	0.18%	0.00%	0.00%	0.00%
MBS-Colonnade Ltd	Real Estate	0.00%	0.00%	0.00%	0.00%	0.22%	0.22%	0.00%	0.00%	0.00%	0.00%
		<u>4.35%</u>	<u>4.44%</u>	<u>4.19%</u>	<u>3.89%</u>	<u>4.13%</u>	<u>5.02%</u>	<u>4.70%</u>	<u>4.60%</u>	<u>4.63%</u>	<u>4.58%</u>

Source: Bexar County Appraisal District.

Fiscal Year corresponds to prior Tax Year.

Taxable value is from most current Certified Supplement.

* ACCD data for Top Ten Taxpayers was not available, therefore Bexar County Top Ten Taxpayers was used

ALAMO COMMUNITY COLLEGE DISTRICT

Statistical Supplement 8 Property Tax Levies and Collections Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended Aug 31	Original Year Levy (a)	Cumulative Levy Adjustments	Adjusted Tax Levy (b)	Year of Original Levy (c)	%	Collections of Prior Levies (d)	Collections of Prior Levies (e)	Total Collections (c+d+e)	Cumulative Collections of Adjusted Levy
2012	\$ 138,594,895	\$ (509,701)	138,085,195	\$ 135,764,825	98.32%	\$ -	\$ -	135,764,825	98.32%
2011	137,908,286	(1,276,708)	136,631,577	134,739,175	98.61%	-	801,661	135,540,836	99.20%
2010	134,340,094	(1,843,645)	132,496,449	130,767,468	98.70%	695,013	238,129	131,700,610	99.40%
2009	132,171,475	(1,578,797)	130,592,678	128,946,515	98.74%	981,361	119,251	130,047,127	99.58%
2008	117,688,619	(471,269)	117,217,350	115,629,413	98.65%	1,137,218	92,445	116,859,076	99.69%
2007	102,947,673	(398,530)	102,549,143	101,029,924	98.52%	1,189,378	57,388	102,276,690	99.73%
2006	72,091,494	(267,056)	71,824,438	70,608,797	98.31%	1,009,407	22,228	71,640,432	99.74%
2005	66,714,921	(375,770)	66,339,151	65,139,162	98.19%	1,016,842	16,414	66,172,418	99.75%
2004	63,298,631	(166,894)	63,131,737	61,773,444	97.85%	1,182,987	11,034	62,967,465	99.74%
2003	58,548,368	(246,512)	58,301,856	57,047,655	97.85%	1,093,963	4,403	58,146,021	99.73%

a) As reported in notes to the financial statements for the year of the levy (Current Yr source: Report TC161)

b) As of August 31st of the current reporting year (Report TC161)

c) Property tax only - does not include penalties and interest as reported in notes to the financial statement (Current Yr source: Report TC168)

d) Represents cumulative collections of prior years not collected in the current year or the year of the tax levy (roll-forward balances from prior year)

e) Represents current year collections of prior years levies (Report TC168 YTD Paid)

ALAMO COMMUNITY COLLEGE DISTRICT

Statistical Supplement 9 Ratios of Outstanding Debt Last Ten Fiscal Years (Unaudited)

For the Year Ended August 31 (amounts expressed in thousands)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Bonded Debt										
General obligation bonds	\$ 392,045	\$ 404,120	\$ 411,719	\$ 419,299	\$ 430,393	\$ 435,819	\$ 75,154	\$ 19,604	\$ 24,696	\$ 31,756
Tax Notes	143,825	151,955	108,025	106,155	116,010	39,410	40,320	5,695	8,155	-
Less: Funds restricted for debt service	5,467	5,315	4,633	3,016	3,420	2,297	1,626	2,532	2,015	1,454
Net general bonded debt	\$ 530,403	\$ 550,760	\$ 515,111	\$ 522,438	\$ 542,983	\$ 472,932	\$ 113,848	\$ 22,767	\$ 30,836	\$ 30,302
Other Debt										
Revenue bonds	\$ 78,095	\$ 65,935	\$ 69,495	\$ 72,900	\$ 76,180	\$ 74,270	\$ 67,645	\$ 67,625	\$ 69,730	\$ 62,017
Notes Payable	-	-	-	207	690	1,145	1,605	2,036	2,451	2,850
Capital lease obligations	-	-	-	-	-	-	-	-	-	-
Total Outstanding Debt	\$ 608,498	\$ 616,695	\$ 584,606	\$ 595,545	\$ 619,853	\$ 548,347	\$ 183,098	\$ 92,428	\$ 103,017	\$ 95,169
General Bonded Debt Ratios										
Per capita	\$ 302.03	\$ 324.61	\$ 300.40	\$ 316.35	\$ 334.91	\$ 297.65	\$ 73.41	\$ 15.06	\$ 20.73	\$ 20.73
Per FTSE	13,555	14,064	12,540	14,410	15,889	14,104	3,424	671	938	939
As a percentage of Taxable Assessed Value	0.53%	0.55%	0.51%	0.53%	0.60%	0.61%	0.17%	0.04%	0.05%	0.06%
Total Outstanding Debt Ratios										
Per Capita	\$ 346.49	\$ 363.47	\$ 340.92	\$ 360.62	\$ 382.32	\$ 345.11	\$ 118.06	\$ 61.15	\$ 69.26	\$ 65.09
Per FTSE	\$ 15,550	\$ 15,747	\$ 14,232	\$ 16,427	\$ 18,139	\$ 16,353	\$ 5,507	\$ 2,722	\$ 3,132	\$ 2,948
As a percentage of Taxable Assessed Value	0.61%	0.62%	0.58%	0.60%	0.69%	0.71%	0.27%	0.15%	0.17%	0.17%

Notes: Ratios calculated using population and TAV from current year. Debt per student calculated using full-time equivalent enrollment.
FTSE is calculated by Semester Credit hours divided by 30 plus non-semester (continuing education) hours divided by 900.

ALAMO COMMUNITY COLLEGE DISTRICT

Statistical Supplement 10 Legal Debt Margin Information Last Ten Fiscal Years (Unaudited) (dollars in thousands)

General Obligation Bonds

For the Year Ended August 31	Net Taxable Assessed Value	Elected Tax Levy Limit for Debt Service	Less: Funds Restricted for Repayment of General Obligation Bonds	Total Net General Obligation Debt	Current Year Debt Service Requirements	Excess of Elected Limit for Debt Service over Current Requirements	Net Current Requirements as a % of Elected Limit	Elected Tax Limit	Elected Tax Limit: Maintenance and Operation	Elected Tax Limit: Debt Service
2012	\$ 99,749,409	\$ 152,743	\$ 5,467	\$ 147,276	\$ 25,745	\$ 121,531	13.28%	0.25000	0.09687	0.15313
2011	99,275,859	152,018	5,315	146,703	27,239	119,464	14.42%	0.25000	0.09687	0.15313
2010	100,688,758	159,994	4,633	155,361	27,205	128,156	14.11%	0.25000	0.09110	0.15890
2009	99,424,463	157,985	3,016	154,969	31,170	123,799	17.82%	0.25000	0.09110	0.15890
2008	90,069,052	144,291	3,420	140,871	31,171	109,700	19.23%	0.25000	0.08980	0.16020
2007	77,038,994	121,490	2,297	119,193	29,979	89,214	22.79%	0.25000	0.09230	0.15770
2006	67,348,395	106,208	1,626	104,582	5,847	98,735	3.97%	0.25000	0.09230	0.15770
2005	62,321,227	98,281	2,532	95,749	6,220	89,529	3.75%	0.25000	0.09230	0.15770
2004	59,131,594	93,251	2,015	91,236	8,328	82,908	6.77%	0.25000	0.09230	0.15770
2003	54,667,198	86,210	1,454	84,756	8,311	76,445	7.95%	0.25000	0.09230	0.15770

Note: By local referendum held on September 30, 1952, the District is limited to a total tax rate not to exceed \$0.25 per \$100 taxable assessed valuation for maintenance and operation and debt services purposes. This tax rate is lower than the \$1.00 per \$100 taxable assessed valuation limitation (of which a maximum of \$0.50 may be utilized for debt service purposes) on ad valorem tax rates for community college districts imposed by Texas Education Code Section 130.122, as amended.

Net Taxable Assessed Value based on most recent Supplement to the Certified Total (ARB Approved 2011 Supplement 107).

ALAMO COMMUNITY COLLEGE DISTRICT

Statistical Supplement 11 Pledged Revenue Coverage Last Ten Fiscal Years (Unaudited) (dollars in thousands)

Revenue Bonds

Fiscal Year Ended August 31	Pledged Revenues (\$000 omitted)					Debt Service Requirements (\$000 omitted)			
	Tuition	General Fee	Investment Income	Auxiliary Income	Total	Principal	Interest	Total	Coverage Ratio
2012	\$ 17,496 (1)	\$ 18,337	\$ 465	\$ 3,843	\$ 40,141	\$ 3,715	\$ 1,513	\$ 5,228	7.68
2011	16,262 (1)	19,093	524	3,651	39,530	3,560	3,105	6,665	5.93
2010	18,407 (1)	19,319	1,634	4,053	43,413	3,405	3,255	6,660	6.52
2009	14,294 (1)	16,269	1,045	3,548	35,156	3,280	3,388	6,668	5.27
2008	14,315 (1)	15,209	4,272	3,501	37,298	3,240	3,434	6,674	5.59
2007	12,783 (1)	14,038	5,034	3,232	35,087	2,650	2,981	5,631	6.23
2006	11,790 (1)	13,038	3,194	2,826	30,849	2,415	3,216	5,631	5.48
2005	11,532 (1)	12,973	2,023	2,806	29,334	2,105	3,150	5,255	5.58
2004	10,482 (1)	10,283	1,100	2,411	24,275	1,000	2,828	3,828	6.34
2003	9,419 (1)	9,756	1,320	2,023	22,518	1,253	3,668	4,921	4.58

(1) During the 2003 Texas Legislative Session, the Texas Legislature enacted H.B. 1621 which, in part, amended Section 130.123 (e) of the Texas Education Code to permit the District to increase the pledge of its Tuition Fee portion of the Pledged Revenues from an amount not to exceed \$15.00 per student, for each regular semester and \$7.50 per student for each summer term, to an amount not exceeding 25 percent of the tuition charges collected from each enrolled student for each semester or term.

ALAMO COMMUNITY COLLEGE DISTRICT

Statistical Supplement 12 Demographics and Economic Statistics—Taxing District Last Ten Fiscal Years (Unaudited)

Calendar Year	District Population	District Personal Income (Thousands of Dollars)	District Personal Income Per Capita	District Annual Unemployment Rate
2011	1,756,153	\$ 59,455,916 **	\$ 34,496 **	7.6%
2010	1,714,773	59,455,916	34,496	7.4%
2009	1,685,628	56,413,739	33,467	6.7%
2008	1,651,709	57,947,289	35,083	4.8%
2007	1,615,210	55,567,978	34,972	4.2%
2006	1,573,935	51,728,440	33,353	4.7%
2005	1,529,270	47,759,064	31,597	5.1%
2004	1,500,919	44,208,973	29,721	5.8%
2003	1,469,623	41,735,151	28,546	6.2%
2002	1,446,775	39,848,832	27,676	5.8%
2001	1,419,020	39,240,215	27,741	4.7%

Source: Texas Workforce Commission, LMI Tracer, Data Link as of 10/02/12, US Census Bureau State and County Facts

** Data are estimates; updated data from Texas Workforce Commission have not been published.

ALAMO COMMUNITY COLLEGE DISTRICT

Statistical Supplement 13 Principal Employers (Unaudited)

Largest Employers Employer	2012 (1)		2011 (2)		2010 (3)		2009 (4)		2008 (5)		2007 (6)		2006 (7)	
	Number of Employees	% of Total Emplmnt	Number of Employees	% of Total Emplmnt	Number of Employees	% of Total Emplmnt	Number of Employees	% of Total Emplmnt	Number of Employees	% of Total Emplmnt	Number of Employees	% of Total Emplmnt	Number of Employees	% of Total Emplmnt
Lackland AFB	37,097	3.6%	37,097	4.0%	28,100	3.1%	28,100	2.8%	33,893	4.0%	23,227	2.8%	35,700	4.6%
Fort Sam Houston - US Army	32,000	3.1%	32,000	3.4%	30,793	3.4%	30,793	3.1%	15,200	1.8%	11,735	1.4%	26,100	3.4%
USAA	15,000	1.5%	14,832	1.6%	14,852	1.6%	14,852	1.5%	14,852	1.7%	14,258	1.7%	14,955	1.9%
HEB Food Stores	14,588	1.4%	14,588	1.6%	14,588	1.6%	14,588	1.5%	14,588	1.7%	14,588	1.8%	14,600	1.9%
Northside ISD	12,751	1.2%	13,300	1.4%	12,597	1.4%	12,597	1.3%	12,810	1.5%	12,701	1.5%	10,000	1.3%
Randolph AFB	11,068	1.1%	11,068	1.2%	10,700	1.2%	10,700	1.0%	10,733	1.3%	7,506	0.9%	10,733	1.4%
Northeast ISD	10,522	1.0%	10,522	1.1%	10,223	1.1%	10,223	1.0%	8,360	1.0%	7,557	0.9%	7,847	1.0%
City of San Antonio	9,145	0.9%	9,145	0.9%	9,000	1.0%	10,687	1.0%	9,830	1.1%	11,239	1.3%	9,813	1.3%
San Antonio ISD	7,000	0.7%	7,581	0.8%	7,581	0.8%	7,425	0.8%	8,000	0.9%			8,000	1.0%
Methodist Healthcare System	7,747	0.8%	7,500	0.8%	7,013	0.8%	7,391	0.8%	7,013	0.8%	6,520	0.8%	7,200	0.9%
AT & T, Inc.											5,611	0.7%		
Total Employment	156,918	15.3%	157,633	16.8%	145,447	16.0%	147,356	14.8%	135,279	15.8%	114,942	13.8%	144,948	18.7%

(1) Source: San Antonio Economic Development Foundation Website 10/18/2012 <http://www.sanantoniodef.com/business-profile/major-employers>

(2) Source: San Antonio Economic Development Foundation Website 9/7/2011 <http://www.sanantoniodef.com/business-profile/major-employers>

(3) Source: San Antonio Economic Development Foundation Website 8/10/2010 <http://www.sanantoniodef.com/business-profile/major-employers>

(4) Source: San Antonio Economic Development Foundation, Northside ISD, Northeast ISD and by contact with institutional representatives as well as Texas Workforce Commission, Tracer 2 (labor Force - June 2009)

(5) Source: San Antonio Business Journal's 2008 Book of Lists and San Antonio Business Journal, May 16, 2008

(6) Source: City of San Antonio Planning Office

(7) Source: San Antonio Economic Development Foundation

Note:

Per GASB S44, this schedule should show the current year and the prior nine years. However, the information for prior periods is unavailable, therefore, this schedule is implemented prospectively.

ALAMO COMMUNITY COLLEGE DISTRICT

Statistical Supplement 14 Faculty, Staff, and Administrators Statistics Last Ten Fiscal Years (Unaudited)

	2012 **	2011 **	2010 **	2009 +	2008 +	2007 +	2006 +	2005 +	2004 +	2003 +
Faculty										
Full-time	837	946	960	1,049	1,024	1,052	992	992	964	961
Part-time	1,482	1,710	1,599	2,957	2,865	3,011	3,052	3,345	3,228	3,034
Total	2,319	2,656	2,559	4,006	3,889	4,063	4,044	4,337	4,192	3,995
Percent										
Full-time	36.09%	35.62%	37.51%	26.19%	26.33%	25.89%	24.53%	22.87%	23.00%	24.06%
Part-time	63.91%	64.38%	62.49%	73.81%	73.67%	74.11%	75.47%	77.13%	77.00%	75.94%
Staff and Administrators										
Full-time	1,532	1,710	1,721	1,823	1,763	1,814	1,720	1,620	1,568	1,516
Part-time	921	978	1,165	888	887	930	926	1,050	964	1,079
Total	2,453	2,688	2,886	2,711	2,650	2,744	2,646	2,670	2,532	2,595
Percent										
Full-time	62.45%	63.62%	59.63%	67.24%	66.53%	66.11%	65.00%	60.67%	61.93%	58.42%
Part-time	37.55%	36.38%	40.37%	32.76%	33.47%	33.89%	35.00%	39.33%	38.07%	41.58%
FTSE *	39,131	39,162	41,077	36,254	34,173	33,531	33,249	33,951	32,889	32,282
FTSE per full-time faculty	46.8	41.4	42.8	34.6	33.4	31.9	33.5	34.2	34.1	33.6
FTSE per full-time staff member	25.5	22.9	23.9	19.9	19.4	18.5	19.3	21.0	21.0	21.3
Average annual full-time faculty salary	\$ 64,987	\$ 63,194	\$ 65,181	\$ 54,121	\$ 52,939	\$ 51,240	\$ 50,142	\$ 49,752	\$ 48,415	\$ 48,189

Faculty - FT (full-time) faculty teaching 12 or more semester hours
Faculty - PT (part-time) faculty teaching less than 12 semester hours

* FTSE (full-time student equivalent) is defined as semester credit hours divided by 30 plus non-semester (continuing education) credit hours divided by 900.

** Unduplicated Headcount - Prepared by Human Resources Department

+ Prepared by ACCD Institutional Research and Effectiveness Services (IRES)

ALAMO COMMUNITY COLLEGE DISTRICT

Statistical Supplement 15 Enrollment Details Last Six Fiscal Years (Unaudited)

Student Classification	Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
00 - 30	34,649	60.5%	35,513	60.4%	35,281	60.2%	31,042	59.3%	28,906	58.0%	28,458	58.0%
31 - 60	21,307	37.2%	21,593	36.7%	16,056	27.4%	14,657	28.0%	14,597	29.0%	14,479	29.0%
Unclassified	-	0.0%	-	0.0%	7,292	12.4%	6,595	12.6%	6,504	13.0%	6,505	13.0%
>60 hours *	1,330	2.3%	1,691	2.9%	9	0.0%	12	0.0%	22	0.0%	46	0.0%
Total	57,286	100.0%	58,797	100.0%	58,638	100.0%	52,306	100.0%	50,029	100.0%	49,488	100.0%

Source: THECB Prep Online

Semester Hour Load	Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Less Than 3	569	1.0%	785	1.3%	529	0.9%	323	0.6%	271	0.5%	270	0.5%
3 - 5 Semester Hours	12,425	21.7%	11,148	19.0%	11,595	19.8%	10,677	20.4%	9,239	18.5%	8,601	17.4%
6 - 8 Semester Hours	16,610	29.0%	16,023	27.3%	17,064	29.1%	15,120	28.9%	14,386	28.8%	14,183	28.7%
9 - 11 Semester Hours	11,084	19.3%	10,565	18.0%	10,472	17.9%	9,097	17.4%	8,864	17.7%	8,651	17.5%
12 - 14 Semester Hours	14,416	25.2%	14,604	24.8%	16,761	28.6%	14,835	28.4%	14,863	29.7%	15,473	31.3%
15 - 17 Semester Hours	1,932	3.4%	3,817	6.5%	1,964	3.3%	2,000	3.8%	2,160	4.3%	2,040	4.1%
18 & Over Semester Hours	250	0.4%	1,855	3.2%	253	0.4%	254	0.5%	246	0.5%	270	0.5%
Total	57,286	100.0%	58,797	100.0%	58,638	100.0%	52,306	100.0%	50,029	100.0%	49,488	100.0%

Average Course Load	8.2 hrs	8.9 hrs	8.5 hrs	8.5 hrs	8.7 hrs	8.8 hrs
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Source: CBM001

Tuition Status	Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Texas Resident- In District	47,567	83%	49,261	84%	48,787	83%	43,116	82%	41,741	83%	41,628	84%
Texas Resident- Out of District	7,631	13%	7,515	13%	7,939	14%	7,295	14%	6,544	13%	6,431	13%
Non Resident Tuition	1,312	2%	1,284	2%	1,096	2%	1,137	2%	1,013	2%	811	2%
Tuition Exemption	-	0%	3	0%	79	0%	165	0%	142	0%	96	0%
Foreign	776	1%	734	1%	737	1%	593	1%	589	1%	522	1%
Total	57,286	100%	58,797	100%	58,638	100%	52,306	100%	50,029	100%	49,488	100%

Source: CBM001

* Includes students w/60 or more hours who have obtained an Associate's or Bachelor's Degree.

ALAMO COMMUNITY COLLEGE DISTRICT

Statistical Supplement 16 Student Profile Last Six Fiscal Years (Unaudited)

	Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Gender												
Female	32,844	57%	33,670	57%	33,607	57%	30,386	58%	29,341	59%	29,350	59%
Male	24,442	43%	25,127	43%	25,031	43%	21,920	42%	20,688	41%	20,138	41%
Total	<u>57,286</u>	<u>100%</u>	<u>58,797</u>	<u>100%</u>	<u>58,638</u>	<u>100%</u>	<u>52,306</u>	<u>100%</u>	<u>50,029</u>	<u>100%</u>	<u>49,488</u>	<u>100%</u>

	Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Ethnic Origin												
Multi-Racial	1,088	2%	750	1%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
White	18,423	32%	20,349	35%	23,327	40%	20,202	39%	19,753	39%	19,725	40%
Hispanic	31,712	55%	30,371	52%	28,943	49%	26,357	50%	24,956	50%	24,585	50%
African-American	3,757	7%	3,860	7%	4,147	7%	3,717	7%	3,453	7%	3,352	7%
Asian	1,429	2%	1,457	2%	1,621	3%	1,414	3%	1,314	3%	1,248	3%
Foreign	324	1%	47	0%	357	1%	408	1%	342	1%	389	1%
Native American	182	0%	177	0%	243	0%	208	0%	211	0%	189	0%
Native Hawaiian/Other Pacific Islander	-	0%	-	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ethnic Origin/Race Unknown	371	1%	1,786	3%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	<u>57,286</u>	<u>100%</u>	<u>58,797</u>	<u>94%</u>	<u>58,638</u>	<u>100%</u>	<u>52,306</u>	<u>100%</u>	<u>50,029</u>	<u>100%</u>	<u>49,488</u>	<u>100%</u>

	Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Age												
Under 18	9,451	16%	9,079	15%	8,584	15%	7,398	14%	6,278	13%	5,323	11%
18-21	21,472	37%	22,219	38%	22,330	38%	20,514	39%	19,539	39%	19,348	39%
22-24	7,639	13%	7,735	13%	8,114	14%	7,257	14%	7,338	15%	7,246	15%
25-35	12,165	21%	13,044	22%	12,931	22%	11,300	22%	11,068	22%	11,482	23%
36-50	5,433	9%	5,618	10%	5,668	10%	4,934	9%	4,901	10%	5,131	10%
51 and over	1,126	2%	1,102	2%	1,011	2%	903	2%	905	2%	956	2%
Unknown	-	0%	-	0%	-	0%	-	0%	-	0%	2	0%
Total	<u>57,286</u>	<u>100%</u>	<u>58,797</u>	<u>100%</u>	<u>58,638</u>	<u>100%</u>	<u>52,306</u>	<u>100%</u>	<u>50,029</u>	<u>100%</u>	<u>49,488</u>	<u>100%</u>

Average Age	24.2	24.3	24.3	24.2	24.4	24.8
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Source: CBM001

ALAMO COMMUNITY COLLEGE DISTRICT

Statistical Supplement 17 Transfer Students to Senior Institutions 2010 Fall Students (Unaudited)

Institutions Attended, Fall 2010	Academic	Technical	Tech-Prep	Total	% Students
1 The University of Texas at San Antonio	3,938	406	85	4,429	43.8%
2 Texas A&M University - San Antonio	1,252	112	25	1,389	13.7%
3 Texas State University	1,050	105	31	1,186	11.7%
4 Texas A&M University	848	56	15	919	9.1%
5 The University of Texas at Austin	743	46	11	800	7.9%
6 Texas Tech University	322	30	2	354	3.5%
7 Texas A&M University - Corpus Christi	143	21	3	167	1.7%
8 University of North Texas	107	15	3	125	1.2%
9 Angelo State University	91	5	3	99	1.0%
10 Texas A&M University - Kingsville	68	4	2	74	0.7%
11 University of Houston	66	6	1	73	0.7%
12 The University of Texas at Arlington	51	14	3	68	0.7%
13 Sam Houston State University	60	3	3	66	0.7%
14 Texas A&M University at Galveston	30	3	-	33	0.3%
15 Tarleton State University	28	3	-	31	0.3%
16 Stephen F. Austin State University	24	6	-	30	0.3%
17 The University of Texas - Pan American	21	8	1	30	0.3%
18 The University of Texas at Dallas	26	3	-	29	0.3%
19 Texas A&M International University	24	4	-	28	0.3%
20 The University of Texas at El Paso	19	7	-	26	0.3%
21 Prairie View A&M University	15	5	-	20	0.2%
22 Sul Ross State University	17	1	1	19	0.2%
23 Texas Woman's University	16	1	-	17	0.2%
24 West Texas A&M University	14	2	-	16	0.2%
25 University of Houston - Downtown	11	1	-	12	0.1%
26 Texas Southern University	10	1	-	11	0.1%
27 University of Houston at Victoria	9	2	-	11	0.1%
28 Texas A&M University - Commerce	6	3	-	9	0.1%
29 The University of Texas at Tyler	7	2	-	9	0.1%
30 Midwestern State University	8	-	-	8	0.1%
31 Lamar University	7	-	-	7	0.1%
32 The University of Texas at Brownsville	3	3	-	6	0.1%
33 The University of Texas of the Permian Basin	5	1	-	6	0.1%
34 Sul Ross State University - Rio Grande College	3	2	-	5	0.0%
35 University of Houston at Clear Lake	4	1	-	5	0.0%
36 University of North Texas at Dallas	1	-	-	1	0.0%
37 Texas A&M University - Central Texas	-	-	-	-	0.0%
Total	9,047	882	189	10,118	100.0%

Source: THECB Report ASALFS Students Pursuing Additional Education, includes only public senior colleges in Texas - Fall 2010

ALAMO COMMUNITY COLLEGE DISTRICT

Statistical Supplement 18 Capital Asset Information Fiscal Years 2005 to 2011 (Unaudited)

	2012	2011	2010	2009	2008	2007	2006	2005
Academic Buildings	109	125	121	120	91	88	70	69
Square Footage (in thousands)	2,478	2,551	2,659	2,769	2,571	2,132	2,132	2,100
Libraries	6	6	8	6	7	6	6	5
Square Footage (in thousands)	282	309	330	370	312	193	193	188
Number of Volumes (in thousands)	498	677	610	666	675	675	482	504
Administrative and Support Buildings	95	66	59	60	44	15	15	15
Square Footage (in thousands)	999	850	824	684	591	147	147	147
Parking Garages	1	1	1	1	1			
Square Footage (in thousands)	394	394	394	394	394			
Dining Facilities	6	6	6	6	5	5	5	5
Square Footage (in thousands)	76	74	73	85	64	48	48	48
Average Daily Customers	3,405	3,210	3,114	2,193	2,193	2,259	2,395	2,722
Athletic Facilities	8	8	8	7	4	4	4	4
Square Footage (in thousands)	270	270	265	247	189	192	192	192
Stadiums	0	0	0					
Gymnasium Buildings	5	5	5	5	4	4	4	4
Fitness Centers	8	7	6	5	4	4	4	4
Tennis Courts	18	18	18	18	14	8	8	8
Swimming Pools	3	3	3	3	3	4	4	4
Soccer Fields	1	1	1					
Fitness Trails	2	2	2					
Putting Green	1	1	1					
Rock Climbing Wall	1	1	1					
Ropes Course	1							
Plant Facilities	33	25	21	20	10	4	4	4
Square Footage (in thousands)	110	108	104	101	88	38	38	38
Transportation								
Cars	26	29	30	35	32	34	42	35
Trucks/Vans	87	82	90	76	64	68	85	59
Buses	2	2	2	2	2	2	2	2
Electric Cars	7	7	5					
ADA Parking Spots	501	489	479	464	401	317	317	301
Non ADA Parking Spots	15,167	14,716	14,309	14,015	13,697	8,944	8,944	8,694

Single Audit Section



ALAMO
COLLEGES

Report on internal control over financial reporting and on compliance
and other matters based on an audit of the financial statements
performed in accordance with *Government Auditing Standards*

Management and the Board of Trustees
Alamo Community College District

We have audited the financial statements of Alamo Community College District, comprised of San Antonio College, St. Philip's College, Palo Alto College, Northeast Lakeview College and Northwest Vista College (collectively, the District) as of and for the year ended August 31, 2012, and have issued our report thereon dated December 18, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal control over financial reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and other matters

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

We noted certain matters that we reported to management of the District in a separate letter dated December 18, 2012.

This report is intended solely for the information and use of management, the Board of Trustees, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ernst & Young LLP

December 18, 2012

Report of independent auditors on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with OMB Circular A-133

Management and the Board of Trustees
Alamo Community College District

Compliance

We have audited Alamo Community College District's, comprised of San Antonio College, St. Philip's College, Palo Alto College, Northeast Lakeview College, and Northwest Vista College (collectively, the District), compliance with the types of compliance requirements described in the US Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each the District's major federal programs for the year ended August 31, 2012. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and 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 District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the 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, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as Findings 12-F01 through 12-F05.

Internal control over compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 District's internal control over compliance.

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

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as Findings 12-F01 through 12-F05. 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 yet important enough to merit attention by those charged with governance.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the District's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the Board of Trustees, others within the entity and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ernst & Young LLP

December 18, 2012

**Alamo Community College District
(Comprised of San Antonio College, St. Philip's College, Palo Alto College,
Northeast Lakeview College, and Northwest Vista College)**

**Schedule of Findings and Questioned Costs
Year Ended August 31, 2012**

Part I – Summary of Auditor's Results

Financial Statements Section

Type of auditor's report issued (unqualified, qualified, adverse or disclaimer):

Unqualified

Internal control over financial reporting:

Material weaknesses identified?

 Yes X No

Significant deficiencies identified?

 Yes X None reported

Noncompliance material to financial statements noted?

 Yes X No

Federal Awards Section

Internal control over major programs:

Material weaknesses identified?

 Yes X No

Significant deficiencies identified?

 X Yes None reported

Type of auditor's report issued on compliance for major programs (unqualified, qualified, adverse or disclaimer):

Unqualified

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?

 X Yes No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

47.076

Education and Human Resources

84.007, 84.033, 84.063, 84.268, 84.375

Student Financial Assistance Cluster

93.093

Affordable Care Act (ACA) Health Profession Opportunity Grants

Dollar threshold used to distinguish between Type A and Type B programs:

\$590,602

Auditee qualified as low-risk auditee?

 Yes X No

Part II – Financial Statement Findings Section

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* require reporting in a Circular A-133 audit.

No findings were noted.

Part III – Federal Award Findings and Questioned Costs Section

This section identifies the audit findings required to be reported by Circular A-133 Section .510(a) (for example: material weaknesses, significant deficiencies and material instances of noncompliance, including questioned costs), as well as any abuse findings involving federal awards that are material to a major program.

Finding 12-Fo1

<u>Federal program information:</u>	<p><u>Federal awarding agencies:</u> National Science Foundation</p> <p><u>Federal Program:</u> Education and Human Resources, CFDA No.: 47.076</p> <p>Award year: 2011-2012</p>
<u>Criteria or specific requirement (including statutory, regulatory or other citation):</u>	<p>The NSF Scholarships in Science, Technology, Engineering, and Mathematics (S-STEM) program solicitation includes the following eligibility criteria for Scholarship Recipients:</p> <p>S-STEM scholarship recipients will be selected by the awardee institution, but must demonstrate financial need, defined for undergraduate students by the US Department of Education rules for need-based Federal financial aid.</p>
<u>Condition:</u>	Program Manager was not actively checking need requirement for renewal students receiving awards.
<u>Questioned costs:</u>	\$-0-
<u>Context:</u>	<p>Performed eligibility testing on a random sample of 25 students. For 21 of the 25 students noted that eligibility was appropriately determined. For four of the 25 students, all of which were renewing students from St. Philip's College, we noted that the students' financial need for 2011-2012 was not validated by the program manager prior to the issuance of the award.</p> <p>No questioned costs were noted as review of the four students' financial need for 2011-2012 was validated after the fact.</p>
<u>Effect:</u>	Alamo Colleges is not consistently in compliance with federal guidelines regarding grant eligibility requirements for renewal students.
<u>Cause:</u>	Alamo Colleges was not following procedures for these four renewal students.
<u>Recommendation:</u>	Alamo Colleges should establish procedures and internal controls to ensure the proper renewal procedures are performed around eligibility.
<u>Views of responsible officials and planned corrective actions:</u>	<p>Procedures and internal controls will be strengthened to ensure eligibility for renewal students is properly documented. Program managers will update a renewal student's file to determine unmet need and will develop separate documentation for each award.</p> <p>Implementation date: 2013 Responsible person: President of St. Philip's College</p>

Finding 12-Fo2

<u>Federal program information:</u>	<p>Federal Awarding Agency: United States Department of Education</p> <p>Federal Program: Student Financial Assistance (SFA) Cluster: Federal Supplemental Educational Opportunity Grant (FSEOG), CFDA No.: 84.007 Federal Work-Study Program, CFDA No.: 84.033 Federal Pell Grant Program, CFDA No.: 84.063 Federal Direct Student Loans, CFDA No.: 84.268 Academic Competiveness Grant, CFDA No.: 84.375</p> <p>Award years: 2011-2012</p>
<u>Criteria or specific requirement (including statutory, regulatory or other citation):</u>	<p>Eligibility – To be eligible for Title IV student assistance, a student must maintain good standing, or satisfactory progress (34 CFR sections 668.32, 690.75, 691.15, 675.9, 676.9, 674.9, 682.201, 685.200, 20 USC 1070h; 42 CFR section 57.306; 42 USC 293a (d) (2)), as defined by school’s satisfactory academic progress policy. Alamo Community College District (Alamo Colleges) policy defines satisfactory academic progress as: (1) maintain a minimum 2.0 overall and per semester grade point average, (2) successfully complete 67% of all course work attempted, and (3) complete the program of study within 99 hours of attempted course work, including hours attempted at other colleges.</p>
<u>Condition:</u>	<p>Of the 40 students tested for the SFA Cluster, one student from San Antonio College did not meet the eligibility criteria of satisfactory progress because he had a 1.0 GPA and 19% course completion.</p>
<u>Questioned costs:</u>	<p>\$1,992 Direct Loans</p>
<u>Context:</u>	<p>Performed eligibility testing on a random sample of 40 students that received student financial assistance during the fiscal year ended August 31, 2012. For 39 of the 40 students, we noted that SFA eligibility was appropriately determined. We noted that one San Antonio College student had inadequate GPA and percentage of course completion and therefore was not eligible to receive Direct Loan assistance for Spring 2012 due to the impartial upload of student information from the District’s old student information system upon conversion to the Banner student system in the fall of 2010.</p>
<u>Effect:</u>	<p>Student was awarded assistance that he was not eligible to receive under the program guidelines.</p>
<u>Cause:</u>	<p>The student’s eligibility was assessed using an incomplete academic history. The student’s academic history was incomplete due to partial academic history uploads as Alamo Colleges converted to a new student system (Banner) in the fall of 2010.</p>
<u>Recommendation:</u>	<p>Alamo Colleges should enhance procedures and internal control surrounding the assessment of students’ satisfactory academic progress necessary for eligibility for federal student financial assistance.</p>
<u>Views of responsible officials and planned corrective actions:</u>	<p>Academic History is now complete for this student. The situation occurred due to timing of IT data conversion from an old student system to the new Banner student system. Due to the large amount of data, the historical academic information was converted over time in phases.</p> <p>Implementation date: 2013 Responsible person: Vice Chancellor for Student Success</p>

Finding 12-F03

<u>Federal program information:</u>	<p><u>Federal awarding agencies:</u> United States Department of Education</p> <p><u>Federal Program:</u> Federal Supplemental Educational Opportunity Grant (FSEOG), CFDA No.: 84.007 Federal Work-Study Program, CFDA No.: 84.033 Federal Pell Grant Program, CFDA No.: 84.063 Federal Direct Student Loans, CFDA No.: 84.268 Academic Competiveness Grant, CFDA No.: 84.375</p> <p>Award years: 2011-2012, 2012-2013</p>
<u>Criteria or specific requirement (including statutory, regulatory or other citation):</u>	<p>Special Tests and Provisions - Return of Title IV Funds</p> <p>Applicable after a student begins attendance - Returns of Title IV funds are required to be deposited or transferred in the SFA account or electronic fund transfers initiated to the Department of Education (ED) or the appropriate lender as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew (34 CFR Section 668.173(b)).</p>
<u>Condition:</u>	<p>The rules regarding return of Title IV funds rules were not timely applied; therefore, it could not be determined whether Alamo Colleges returned Title IV funds for students that withdrew after beginning attendance. Our testing of 40 refund calculations found that refunds required for two students were not calculated correctly or returned within 45 days after Alamo Colleges became aware that the student withdrew.</p>
<u>Questioned costs:</u>	<p>\$1,796</p>
<u>Context:</u>	<p>We tested 40 refund calculations from the total population of student financial assistance refunds for students that withdrew after the start of classes. We noted that 38 of the 40 refund calculations were performed within 45 days of Alamo Colleges becoming aware of the student's withdrawal. For 2 of the 40 refunds tested, we noted:</p> <ul style="list-style-type: none">• The refund required for one student (from Northwest Vista College) was not calculated and returned within 45 days after Alamo Colleges became aware that the student withdrew. Questioned costs: \$1,338• The refund required for one student (from San Antonio College) was calculated incorrectly due to the wrong term length used in the calculation. Alamo Colleges offers different term length courses and uses the last course the student was enrolled in to complete the refund calculation form. In this case, the student was last enrolled in the semester's long course rather than the Flex I course the refund was calculated on. Questioned costs: \$458.
<u>Effect:</u>	<p>Alamo Colleges is not consistently in compliance with federal guidelines regarding timing of return of Title IV funds.</p>
<u>Cause:</u>	<p>Alamo Colleges' personnel did not adhere to processes in place to timely communicate student withdrawals to the Student Financial Assistance Department.</p>
<u>Recommendation:</u>	<p>Establish better procedures to monitor the full transmission of all withdrawal students and to verify accuracy in the manual refund calculations.</p>
<u>Views of responsible officials and planned corrective actions:</u>	<p>Additional training will be held to stress the importance of timely calculation and return of funds, as well as identifying if the student is attending multiple terms before the calculation is performed. Desk audits will be conducted to make sure withdrawals are being recorded timely, and that proper policies and procedures are being followed. In a recent reorganization of the Student Financial Services area, additional staff was assigned to monitor and calculate return of Title IV funds.</p> <p>Implementation date: 2013 Responsible person: Vice Chancellor for Finance and Administration</p>

Finding 12-Fo4

<u>Federal program information:</u>	<p>Federal awarding agencies: United States Department of Education</p> <p>Federal Program: Federal Supplemental Educational Opportunity Grant (FSEOG), CFDA No.: 84.007 Federal Work-Study Program, CFDA No.: 84.033 Federal Pell Grant Program, CFDA No.: 84.063 Federal Direct Student Loans, CFDA No.: 84.268 Academic Competiveness Grant, CFDA No.: 84.375</p> <p>Award years: 2011-2012, 2012-2013</p>
<u>Criteria or specific requirement (including statutory, regulatory or other citation):</u>	<p>Special Tests and Provisions – Enrollment Reporting</p> <p>Under the Federal Direct Loan program, schools must complete and return within 30 days of receipt the Student Status Confirmations Reports (SSCR) sent by the Department of Education (ED) or guaranty agency (OMB No. 1845-0035). The SSCR is transmitted electronically to the National Student Loan Data Services (NSLDS). Unless the school expects to complete its next SSCR within 60 days, the school must notify the lender or the guaranty agency within 30 days if it discovers that a student who received a loan either did not enroll or ceased to be enrolled on at least a half-time basis (FFEL, 34 CFR Section 682.610; Direct Loan, 34 CFR Section 685.309)</p>
<u>Condition:</u>	<p>We selected 25 students that had applicable loans and had a change in status during the fiscal year ended August 31, 2012 and compared the dates of their change in status to the date their status change was transmitted to the NSLDS. For two of the 25 students (one student from San Antonio College and one from St. Philip’s College), their changes in status were not submitted to the NSLDS in the next scheduled SSCR or within 60 days after the student withdrew or graduated.</p>
<u>Questioned costs:</u>	<p>\$-0-</p>
<u>Context:</u>	<p>We selected 25 students with status changes during the year ended August 31, 2012. For two of the 25 students, status changes were processed later than 60 days after the student withdrew or graduated. For one of the two students, we noted that ACCD submitted the status change to the National Student Clearinghouse within 30 days, but the NSLDS did not receive notification from NSC until after the 60 day point (75 days).</p>
<u>Effect:</u>	<p>Students’ repayment of direct loans may be delayed beyond the required repayment timeline.</p>
<u>Cause:</u>	<p>In one instance, the National Student Clearinghouse did not timely report the student status change to NSLDS although ACCD had submitted the status change to the National Student Clearinghouse in 32 days. In the other instance, Alamo Colleges did not comply with procedures to submit enrollment changes timely.</p>
<u>Recommendation:</u>	<p>Alamo Colleges should enhance review procedures and internal controls around the review of the student status changes submission from NSC to NSLDS.</p>
<u>Views of responsible officials and planned corrective actions:</u>	<p>An enhanced review process will be developed to ensure complete student information is transmitted to NSLDS.</p> <p>Implementation date: 2013 Responsible person: Vice Chancellor for Student Success</p>

Finding 12-F05

Federal program information:	<p>Federal awarding agencies: United States Department of Education</p> <p>Federal Program: Federal Supplemental Educational Opportunity Grant (FSEOG), CFDA No.: 84.007 Federal Work-Study Program, CFDA No.: 84.033 Federal Pell Grant Program, CFDA No.: 84.063 Federal Direct Student Loans, CFDA No.: 84.268 Academic Competiveness Grant, CFDA No.: 84.375</p> <p>Award years: 2011-2012, 2012-2013</p>
<u>Criteria or specific requirement (including statutory, regulatory or other citation):</u>	<p>Special Tests and Provisions – Direct Loan Notification:</p> <p>Under the Federal Direct Loan program, the institution must notify the student or parent, in writing, of (1) the date and amount of the disbursement, (2) the student's right or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan, and (3) the procedure and time by which the student or parent must notify the institution that he or she wishes to cancel the loan. (34 CFR 682.604(c)).</p> <p>Institutions that implement an affirmative confirmation process (as described in 34 CFR Section 668.165 (a)(6)(i)) must make this notification to the student or parent no earlier than 30 days before, and no later than 30 days after, crediting the student's account at the institution with Direct Loan, FPL, FFEL funds, or TEACH Grants. Institutions that do not implement an affirmative confirmation process must notify a student no earlier than 30 days before, but no later than seven days after, crediting the student's account and must give the student 30 days (instead of 14) to cancel all or part of the loan.</p>
<u>Condition:</u>	<p>We selected 19 students that received federal direct loan disbursements for year ended August 31, 2012. Noted that for 17 of the 19 students, (7 from San Antonio College, 3 from St. Philip's College, 5 from Northwest Vista College and 2 from Palo Alto College) that received loan disbursements in Fall 2011 and Spring 2012, Alamo Colleges could not provide supporting documentation of the notice sent to the students that received the loan disbursements within 30 days of crediting the students' accounts in order to notify the students that they had 30 days to cancel all or part of the loan. Noted that Alamo Colleges did timely notify two of the 19 students of loan disbursement s received in Summer 2012.</p>
<u>Questioned costs:</u>	<p>\$-0-</p>
<u>Context:</u>	<p>Selected 19 students that received direct loan disbursements during the year ended August 31, 2012. Alamo Colleges could not provide any documentation of the required notification to be sent to 17 of the 19 students within 30 days of the disbursement of direct loans awards. No known questioned costs were identified.</p>
<u>Effect:</u>	<p>Alamo Colleges is not consistently in compliance with federal guidelines regarding student notifications required for direct loan disbursements.</p>
<u>Cause:</u>	<p>Alamo Colleges did not send notifications of direct loan disbursements to students within 30 days of crediting the student's accounts with the loan proceeds.</p>
<u>Recommendation:</u>	<p>Alamo Colleges should establish procedures and internal controls surrounding the timely notification of loan disbursements to students receiving direct loans.</p>
<u>Views of responsible officials and planned corrective actions:</u>	<p>For Fall 2012, a notification system was in place to formally notify students by e-mail that direct loan funds will be or have been credited to their accounts and of their rights to rescind the loan either fully or partially. A log of communications is also being maintained as evidence for the notification.</p> <p>Implementation date: 2012 Responsible person: Vice Chancellor for Finance and Administration</p>

Report of independent auditors on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with Texas Single Audit Circular

Management and the Board of Trustees
Alamo Community College District

Compliance

We have audited the Alamo Community College District's, comprised of San Antonio College, St. Philip's College, Palo Alto College, Northeast Lakeview College, and Northwest Vista College (collectively, the District), compliance with the types of compliance requirements described in the Texas Governor's Office of Budget and Planning, *Uniform Grant Management Standards*, which includes the *State of Texas Single Audit Circular (Texas Single Audit Circular)* that could have a direct and material effect on each of the District's major state programs for the year ended August 31, 2012. The District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Texas Single Audit Circular*. Those standards and the *Texas Single Audit Circular* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

As described in Finding 12-S02 in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding allowable costs that are applicable to its Development Education Demonstration Project program. Compliance with such requirements is necessary, in our opinion, for the District to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended August 31, 2012. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements that are required to be reported in accordance with the Texas Single Audit Circular and which are described in the accompanying schedule of findings and questioned costs as Findings 12-S01 and 12-S03.

Internal control over compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *Texas Single Audit Circular*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control over compliance 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, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 12-S02 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Findings 12-S01 and 12-S03 to be significant deficiencies.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the District's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the Board of Trustees, others within the entity and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ernst & Young LLP

December 18, 2012

Alamo Community College District
(Comprised of San Antonio College, St. Philip's College, Palo Alto College,
Northeast Lakeview College, and Northwest Vista College)

Schedule of State of Texas Findings and Questioned Costs
Year Ended August 31, 2012

Part I – Summary of Auditor's Results

Financial Statements Section

Type of auditor's report issued (unqualified, qualified, adverse or disclaimer):

Unqualified

Internal control over financial reporting:

Material weaknesses identified?

 Yes X No

Significant deficiencies identified?

 Yes X None reported

Noncompliance material to financial statements noted?

 Yes X No

State Awards Section

Internal control over major programs:

Material weakness identified?

 X Yes No

Significant deficiencies identified?

 X Yes None reported

Unqualified for all major programs except for
Developmental Education Demonstration Project which
was qualified

Type of auditor's report issued on compliance for major programs (unqualified, qualified, adverse or disclaimer):

Any audit findings disclosed that are required to be reported in accordance with Part IV of the State of Texas Uniform Grant and Contract Standards Act of 1981?

 X Yes No

Identification of major state programs:

<u>Award Number(s)</u>	<u>Name of State Program</u>
06990, 02771	Adult Basic Education Innovation Grant
02771	Developmental Education Demonstration Project
none	Professional Nursing Shortage Reduction Program
none	Texas Grant Initial and Renewal
Dollar threshold used to distinguish between Type A and Type B programs:	\$318,290
Auditee qualified as low-risk auditee?	<u> X </u> Yes <u> </u> No

Part II – Financial Statement Findings Section

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* require reporting in a State of Texas Single Audit.

No findings were noted.

Part III – State of Texas Award Findings and Questioned Costs Section

This section identifies the audit findings required to be reported by Section .510(a) of the State of Texas Uniform Grant Management Standards, Part IV (for example: material weaknesses, significant deficiencies, and material instances of noncompliance, including questioned costs), as well as any abuse findings involving state awards that are material to a major program.

Finding 12-So1

<u>State program information:</u>	<p><u>State awarding agencies:</u> Texas Higher Education Coordinating Board</p> <p><u>State Programs:</u> Adult Basic Education Innovation Grant (ABE-IG) Award Numbers: 06990, 02771</p> <p>Award year: 2011-2012</p>
<u>Criteria or specific requirement (including statutory, regulatory or other citation):</u>	Per the grant agreements, the awardee is required to submit quarterly program reports and annual financial expenditure reports to the Texas Higher Education Coordinating Board (THECB). Reports should agree to accounting records that support the audited financial statements and the Schedule of Expenditures of State Awards and should be accurate and complete.
<u>Condition:</u>	The reports submitted to the THECB for the ABE-IG program during the year did not have supporting documentation maintained for the actual expenditures incurred to date.
<u>Questioned costs:</u>	\$-0-
<u>Context:</u>	For the reports submitted to THECB during the year ended August 31, 2012, the District did not retain supporting documentation of the amounts reported as expended. The District reported anticipated expenditures based on instructions from the THECB, but retained no documentation supporting the amounts reported. The THECB accepted reports prepared and filed as per their instructions.
<u>Effect:</u>	Alamo Colleges is not consistently in compliance with state guidelines regarding grant reporting.
<u>Cause:</u>	Alamo Colleges' reporting procedures were not followed for these reports.
<u>Recommendation:</u>	Alamo Colleges should establish procedures and internal controls to ensure supporting documentation for program reports is maintained.
<u>Views of responsible officials and planned corrective actions:</u>	While Alamo Colleges followed the methodology and directions provided by THECB for program reports filed to present projected expenditures, additional training will be provided to grant program managers to require that adequate documentation be maintained that supports program expenditure reports. Implementation date: 2013 Responsible person: Vice Chancellor for Economic and Workforce Development

Part III – State of Texas Award Findings and Questioned Costs Section (continued)

Finding 12-So2

<u>State program information:</u>	<p><u>State awarding agencies:</u> Texas Higher Education Coordinating Board</p> <p><u>State Program:</u> Development Education Demonstration Project (DEDP) Award No: 02771</p> <p>Award year: 2011-2012</p>
<u>Criteria or specific requirement (including statutory, regulatory or other citation):</u>	<p>The DEDP and ABE-IG programs were applied for by the District under two separate Requests for Applications but were approved by THECB through one Subrecipient Agreement in the combined amount of \$1,550,000 (\$1,050,000 DEDP and \$500,000 ABE-IG) under P-16 Initiatives – Developmental and Adult Basic Education. According to the Request for Applications for both the DEDP and the ABE-IG grants, sections 9.1.12 and 11.1.8, respectively:</p> <ul style="list-style-type: none"> All awarded applicants must assign a project director at a minimum of 50% time to coordinate all aspects of the project (i.e. reporting, dissemination, DEDP/ABE-IG Advisory Committee activities, faculty development activities, etc.). Applicants are encouraged to employ a full-time project director to oversee all project activities. However, a minimum of 50% time is required for the project director position. The Applicant may allocate up to 5% of the total grant award toward the salary for this position. <p>Alamo Colleges assigned 5% of the total award of \$1,550,000 (\$77,500) to fund the DEDP program director and funded the ABE program director's salary with District (non-grant) funds as a cost-share expenditure.</p>
<u>Condition:</u>	Alamo Colleges submitted 100% of the DEDP's program director's salary expenditures as grant expenditures. This amount exceeded 5% of the total award of \$1,550,000 by \$59,167.
<u>Questioned costs:</u>	\$59,167
<u>Context:</u>	For DEDP, the director charged 100% of her time to the DEDP grant working in various roles and capacities for the grant. The amount expended for her salary during the grant's two-year period of eligibility (\$136,667) exceeded the allowable 5% of the awarded amount of \$77,500. As the 5% maximum was exceeded in FY12, the questioned costs were incurred in FY12.
<u>Effect:</u>	Alamo Colleges was not in compliance with grant requirements regarding maximum program director expenditures allowed for the DEDP program.
<u>Cause:</u>	Alamo Colleges charged in excess of the maximum allowable expenditures for program director for the DEDP program.
<u>Recommendation:</u>	Alamo Colleges should establish procedures and internal controls to ensure compliance with grant requirements related to allowable costs and program budgets.
<u>Views of responsible officials and planned corrective actions:</u>	<p>Alamo Colleges will enhance existing procedures and internal controls to require written grantor approval for contract changes or interpretations and significant budget amendments prior to implementing such changes. Alamo Colleges concurs with the THECB's conclusion that the 5% cap for the director position was exceeded and will return the questioned costs.</p> <p>The nature of the Director's role changed during the grant period as Alamo Colleges moved to implement its organizational philosophy requiring consistency between student success initiatives at each college. The project also successfully surpassed project requirements by developing the project through implementation. Alamo Colleges presented additional information to the THECB supporting the changes.</p> <p>Implementation date: 2013 Responsible person: Vice Chancellor for Academic Affairs</p>

Part III – State of Texas Award Findings and Questioned Costs Section (continued)

Finding 12-S03

<u>State program information:</u>	<p><u>State awarding agencies:</u> Texas Higher Education Coordinating Board</p> <p><u>State Programs:</u> Development Education Demonstration Project (DEDP) Award No: 02771 Nursing Shortage Reduction Program (NSRP) Award Numbers: none</p> <p>Award year: 2011-2012</p>
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<u>Criteria or specific requirement (including statutory, regulatory or other citation):</u>	<p>Expenditure Testing - Allowable Costs/Cost Principles</p> <p>According to the State of Texas Uniform Grant Management Standards, Attachment B, Section 11h:</p> <p>Charges to Federal or state awards for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit. No further documentation is required for the salaries and wages of employees who work in a single indirect cost activity. Where employees are expected to work solely on a single Federal or state award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first- hand knowledge of the work performed by the employee. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation that meet the following standards:</p> <ul style="list-style-type: none"> (a) They must reflect an after-the-fact distribution of the actual activity of each employee, (b) They must account for the total activity for which each employee is compensated, (c) They must be prepared at least monthly and must coincide with one or more pay periods, and (d) They must be signed by the employee and the supervisory official having first- hand knowledge of the work performed by the employee. The employee's signature is not required in the event the employee cannot be reached due to termination of employment, lack of forwarding address, death or other documented reason.
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<u>Condition:</u>	<p>For DEDP, six payroll related expenditures were not supported by timely certifications prepared every semester or at least every six months as required by State of Texas Uniform Grant Management Standards.</p> <p>For NSRP, 21 payroll related expenditures were not supported by timely certifications prepared every semester or at least every six months as required by State of Texas Uniform Grant Management Standards.</p>
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<u>Questioned costs:</u>	\$-0-
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<u>Context:</u>	<p>For DEDP, of the 13 payroll related expenditures tested, six payroll related expenditures were not supported by timely certifications prepared every semester or at least every six months as required by State of Texas Uniform Grant Management Standards.</p> <p>For NSRP, of the 24 payroll related expenditures tested, 21 payroll related expenditures were not supported by timely certifications prepared every semester or at least every six months as required by State of Texas Uniform Grant Management Standards.</p>
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<u>Effect:</u>	Alamo Colleges is not consistently in compliance with state guidelines regarding the certification requirements related to grant payroll related expenditures.
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<u>Cause:</u>	Alamo Colleges' grant payroll related expenditures procedures were not followed for these expenditures.
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Part III – State of Texas Award Findings and Questioned Costs Section (continued)

Recommendation: Alamo Colleges should establish procedures and internal controls to ensure that certifications are prepared timely for all grant payroll-related expenditures.

Views of responsible officials and planned corrective actions: While certifications were completed by grant employees, they were not completed timely. Additional training will be provided to grant program personnel covering the requirement that payroll expenditures be supported by grant employee certification every semester or at least every six months as required by the State of Texas Uniform Grant Management Standards. In addition, certifications will be monitored more closely to ensure the certifications are being performed timely and accurately.

Implementation date: 2013
Responsible person: Vice Chancellor for Economic and Workforce Development and President of San Antonio College



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