

ALVIN COMMUNITY COLLEGE

ANNUAL FINANCIAL REPORT

For the Fiscal Years Ended
August 31, 2012 and 2011

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ALVIN COMMUNITY COLLEGE

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August 31, 2012 and 2011

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ALVIN COMMUNITY COLLEGE

ORGANIZATIONAL DATA

For the Year Ended August 31, 2012

Board of Regents

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

Members

Mac Barrow	Alvin, Texas	2016
Brenda Brown	Alvin, Texas	2014
Cheryl Knape	Alvin, Texas	2014
Mike Pyburn	Alvin, Texas	2014
Bel Sanchez	Alvin, Texas	2018
Doyle Swindell	Alvin, Texas	2018

Principal Administrative Officers

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

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INDEPENDENT AUDITORS' REPORT

To the Board of Regents
Alvin Community College:

We have audited the accompanying basic financial statements of Alvin Community College (the "College"), as of and for the years ended August 31, 2012 and 2011, as listed in the table of contents. These basic financial statements are the responsibility of the College's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements of the Alvin Community College Foundation (the "Foundation") as of and for the years ended December 31, 2011 and 2010 have not been audited. We were not engaged to audit these financial statements as part of our audit of the College's basic financial statements and accordingly, we express no opinion on them. These statements were compiled by and furnished to us by management of the Foundation. The Foundation has omitted all disclosures required by accounting principles generally accepted in the United States of America.

In our opinion, the basic financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the College as of August 31, 2012 and 2011, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2012 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's financial statements as a whole. The organizational data, supplemental schedules (schedules A through D), schedule of expenditures of federal awards (Schedule E), schedule of expenditures of state awards (Schedule F), and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Schedule E and Schedule F are required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations and the State of Texas Single Audit Circular, respectively. Schedules A through F are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The organizational data and statistical information have not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
December 4, 2012

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

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ALVIN COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended August 31, 2012 and 2011

This section of the Annual Financial Report of Alvin Community College (the "College") presents Management's Discussion and Analysis (MD&A) of the College's financial activity during the fiscal years ended August 31, 2012 and 2011, with particular focus on current events, legislation, and other various conditions. Please read this MD&A in conjunction with the College's basic financial statements and the notes to the basic financial statements. Responsibility for the completeness and fairness of the information included in this section of the annual report rests with the College.

Financial Highlights for Fiscal Year 2012-2011

The following factors had a significant effect on the College's financial status for fiscal year 2011-2012:

- There was a decrease in headcount of 6.44% this fiscal year over the previous fiscal year. This decrease in headcount translated into a decrease of 6.69% in contact hours. There was no change in the tuition rates for in-district and out-of-district for the Fall, 2011 semester. The last tuition increase occurred in the previous fiscal year of 2010-2011 in the Spring, 2011 semester along with the following new fees that were added at that time:

	<u>2010-2011*</u>	<u>2011-2012</u>	<u>Increase/Decrease</u>
Learning Resource Fee Revenue	\$94,536	\$158,349	\$63,813 Increase
Bursar Fee Revenue	\$63,024	\$105,569	\$42,545 Increase
Technical Program Fee Revenue	\$27,245	\$ 80,656	\$53,411 Increase
Transcript Fee Revenue	\$ 555	\$ 37,095	\$36,540 Increase

* Fee collection starting in Spring 2011

This translated into an increase of \$196,309 in fees revenue over the previous fiscal year.

- The College Board of Regents passed a combined tax rate of 0.199485. The Maintenance and Operations tax rate declined from 0.174867 to 0.173798 or .61%. However, the Debt Service tax rate increased from 0.024963 to 0.025687 or 2.9%. Despite the decline in the tax rate, overall tax collections increased by \$312,034 from \$11,574,914 in fiscal year 2010-2011 to \$11,886,948 in fiscal year 2011-2012.
- The College received \$1,194,584 less in State Appropriations in fiscal year 2011-2012 than it received in 2010-2011.
- There was no salary or step increase for all employees.
- The 2011-2012 Maintenance and Operations budget was \$25,052,345, which was an increase of \$541,377 or 2.21%. The increase was due to the absorption of retirement costs not covered by the State equaling \$544,000.
- Eleven employees took advantage of the early exit incentive offered at the end of Fiscal Year 2010-2011. Six of those positions previously held were not replaced, and the five others were replaced with new employees at a lower salary. The resulting savings achieved was \$377,880.
- The College refinanced (refunded) part of its outstanding 2005 bond debt in April 2012. This refunding will see cash flow savings that will begin in fiscal year 2012-2013 of \$81,188 per year through fiscal year 2018-2019 and an average cash flow savings of \$62,772 for the remaining fiscal years through 2024-2025 for an overall cash flow savings of \$944,944.
- The College received its reaccreditation from the Southern Association of Colleges and Schools in June 2012.
- The institutional reserve balances as of year-end were \$2,668,001.

ALVIN COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Years Ended August 31, 2012 and 2011

Overview of Financial Statements

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

Under GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units – An Amendment of GASB Statement No. 14*, the Alvin Community College Foundation is considered a component unit of the College for fiscal years 2012 and 2011 and, as such, is discretely presented in the College's basic financial statements. Complete financial statements of the Alvin Community College Foundation can be obtained from their offices.

ALVIN COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Years Ended August 31, 2012 and 2011

Statements of Net Assets

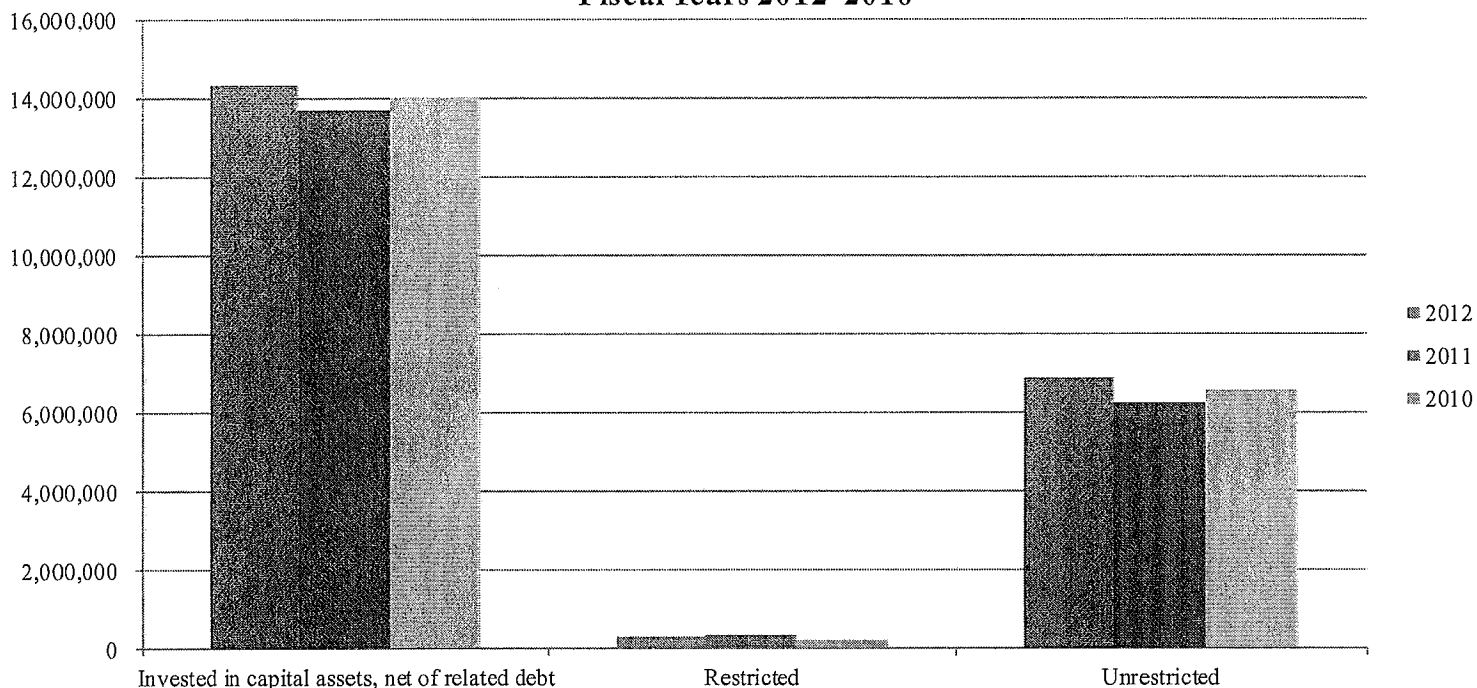
The Statements of Net Assets presents the assets, liabilities, and net assets of the College as of August 31, 2012 and 2011. It is a point of time financial statement. The purpose of the Statements of Net Assets is to provide the readers with a snapshot of the financial condition of the College on August 31, 2012 and 2011. It presents end-of-year data for current and noncurrent assets, current and noncurrent liabilities, and net assets. From the information shown, readers are able to determine the assets that are available to continue operations, how much the College owes, and the net assets and their availability to carry out the College's mission.

CONDENSED STATEMENTS OF NET ASSETS
As of August 31, 2012-2010

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease) 2012-2011</u>	<u>2010</u>	<u>Increase (Decrease) 2011-2010</u>
Current assets	\$ 12,344,900	\$ 11,677,529	\$ 667,371	\$ 11,647,960	\$ 29,569
Noncurrent assets:					
Restricted cash and cash equivalents	538,399	783,038	(244,639)	1,072,535	(289,497)
Deferred charges	291,994	290,884	1,110	302,291	(11,407)
Capital assets, net of accumulated depreciation	30,534,145	30,674,342	(140,197)	31,372,687	(698,345)
Total Assets	<u>43,709,438</u>	<u>43,425,793</u>	<u>283,645</u>	<u>44,395,473</u>	<u>(969,680)</u>
Current liabilities	5,991,653	5,951,309	40,344	5,801,262	150,047
Noncurrent liabilities	16,175,054	17,149,876	(974,822)	17,794,863	(644,987)
Total Liabilities	<u>22,166,707</u>	<u>23,101,185</u>	<u>(934,478)</u>	<u>23,596,125</u>	<u>(494,940)</u>
Invested in capital assets, net of related debt	14,325,023	13,714,342	610,681	14,011,734	(297,392)
Restricted					
Expendable student aid	320,055	348,589	(28,534)	237,437	111,152
Unrestricted	6,897,653	6,261,677	635,976	6,550,177	(288,500)
Total Net Assets	<u>\$ 21,542,731</u>	<u>\$ 20,324,608</u>	<u>\$ 1,218,123</u>	<u>\$ 20,799,348</u>	<u>\$ (474,740)</u>

ALVIN COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Years Ended August 31, 2012 and 2011

Net Assets
Fiscal Years 2012-2010



Fiscal Year 2012 Compared to 2011

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

Current liabilities increased \$40,344 primarily due to an increase in the current bond payment and deferred revenues, offset by a decrease in current exit incentive payments. Noncurrent liabilities decreased \$974,822 due to scheduled debt payments offset by an increase in bond premiums related to the new debt refunding.

Fiscal Year 2011 Compared to 2010

Current assets increased \$29,569 primarily due to an increase in tuition rates and the number of students and an increase in book costs which increased the value of inventory. Noncurrent assets decreased \$999,249 primarily due to the annual amortization of bond issuance costs, expending restricted cash from bond and bond interest funds, and the depreciation of assets.

Current liabilities increased \$286,687 primarily due to the exit incentive payments and an increase in the current bond payment. Noncurrent liabilities decreased \$781,627 mainly due to scheduled debt payments.

ALVIN COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Years Ended August 31, 2012 and 2011

Statements of Revenues, Expenses, and Changes in Net Assets

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

CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Years Ended August 31, 2012-2010

	2012	2011	Increase (Decrease) 2012-2011	2010	Increase (Decrease) 2011-2010
Operating Revenues:					
Tuition and fees, net of discounts	\$ 9,482,131	\$ 8,540,491	\$ 941,640	\$ 7,872,079	\$ 668,412
Auxiliary enterprises, net of discounts	1,755,784	1,971,311	(215,527)	1,943,721	27,590
Non-governmental grants and contracts	1,000	4,000	(3,000)	104,650	(100,650)
State grants and contracts	1,689,611	1,190,265	499,346	1,004,350	185,915
Federal grants and contracts	399,466	595,704	(196,238)	1,487,938	(892,234)
Other operating revenues	-	24,483	(24,483)	25,724	(1,241)
Total Operating Revenues	<u>13,327,992</u>	<u>12,326,254</u>	<u>1,001,738</u>	<u>12,438,462</u>	<u>(112,208)</u>
Less Operating Expenses (Table 1)	<u>38,586,535</u>	<u>40,094,716</u>	<u>(1,508,181)</u>	<u>38,919,708</u>	<u>1,175,008</u>
Operating Loss	<u>(25,258,543)</u>	<u>(27,768,462)</u>	<u>2,509,919</u>	<u>(26,481,246)</u>	<u>(1,287,216)</u>
Nonoperating Revenues (Expenses):					
State appropriations	9,128,164	10,322,748	(1,194,584)	10,437,989	(115,241)
Property tax revenue	11,886,948	11,574,914	312,034	11,880,866	(305,952)
Federal revenue, nonoperating	5,422,687	5,611,546	(188,859)	3,416,097	2,195,449
Investment income	17,296	19,427	(2,131)	28,064	(8,637)
Interest on capital related debt	(665,080)	(800,703)	135,623	(822,725)	22,022
Amortization of issuance costs	(125,921)	(11,408)	(114,513)	(10,101)	(1,307)
Other nonoperating revenues	812,572	577,198	235,374	950,483	(373,285)
Total Nonoperating Revenues, Net	<u>26,476,666</u>	<u>27,293,722</u>	<u>(817,056)</u>	<u>25,880,673</u>	<u>1,413,049</u>
Change in Net Assets	1,218,123	(474,740)	1,692,863	(600,573)	125,833
Beginning Net Assets	20,324,608	20,799,348	(474,740)	21,399,921	(600,573)
Ending Net Assets	<u>\$ 21,542,731</u>	<u>\$ 20,324,608</u>	<u>\$ 1,218,123</u>	<u>\$ 20,799,348</u>	<u>\$ (474,740)</u>

ALVIN COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Years Ended August 31, 2012 and 2011

Fiscal Year 2012 Compared to 2011

Total revenues (Operating and Nonoperating) for the year 2012 were \$40,595,659. Operating revenues increased \$1,001,738 largely due to an increase in tuition and fees revenue resulting from an increase in students. Nonoperating revenues decreased \$838,166 primarily due to a decrease in state appropriations.

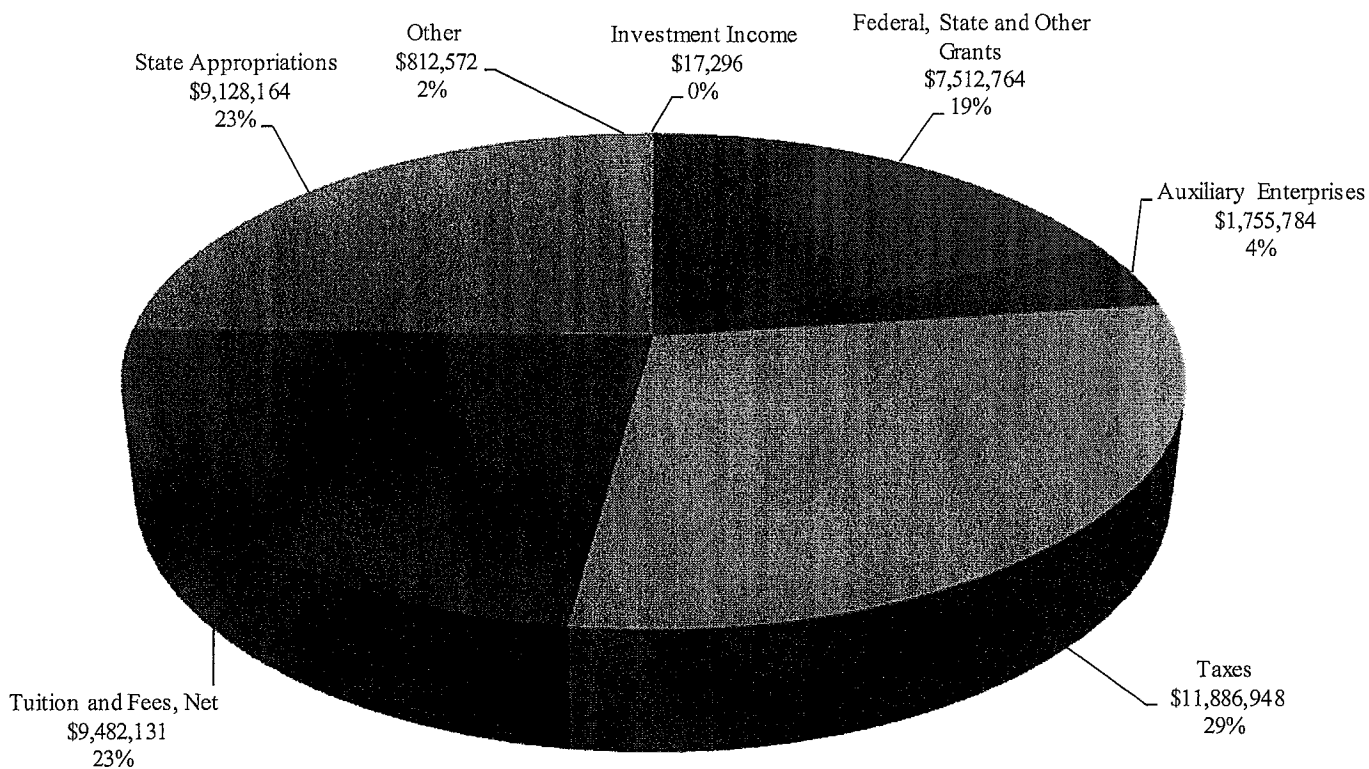
Operating expenses decreased \$1,508,181 mainly due to a decrease in salaries and wages which were the result of employee turnover, the effects of the exit incentive plan, and decreased state appropriations.

Fiscal Year 2011 Compared to 2010

Total revenues (Operating and Nonoperating) for the year 2011 were \$40,432,087. Operating revenues decreased \$112,208 largely due to a federal grant that ended in midyear. Nonoperating revenues increased \$1,392,334 primarily due to an increase in Federal financial aid.

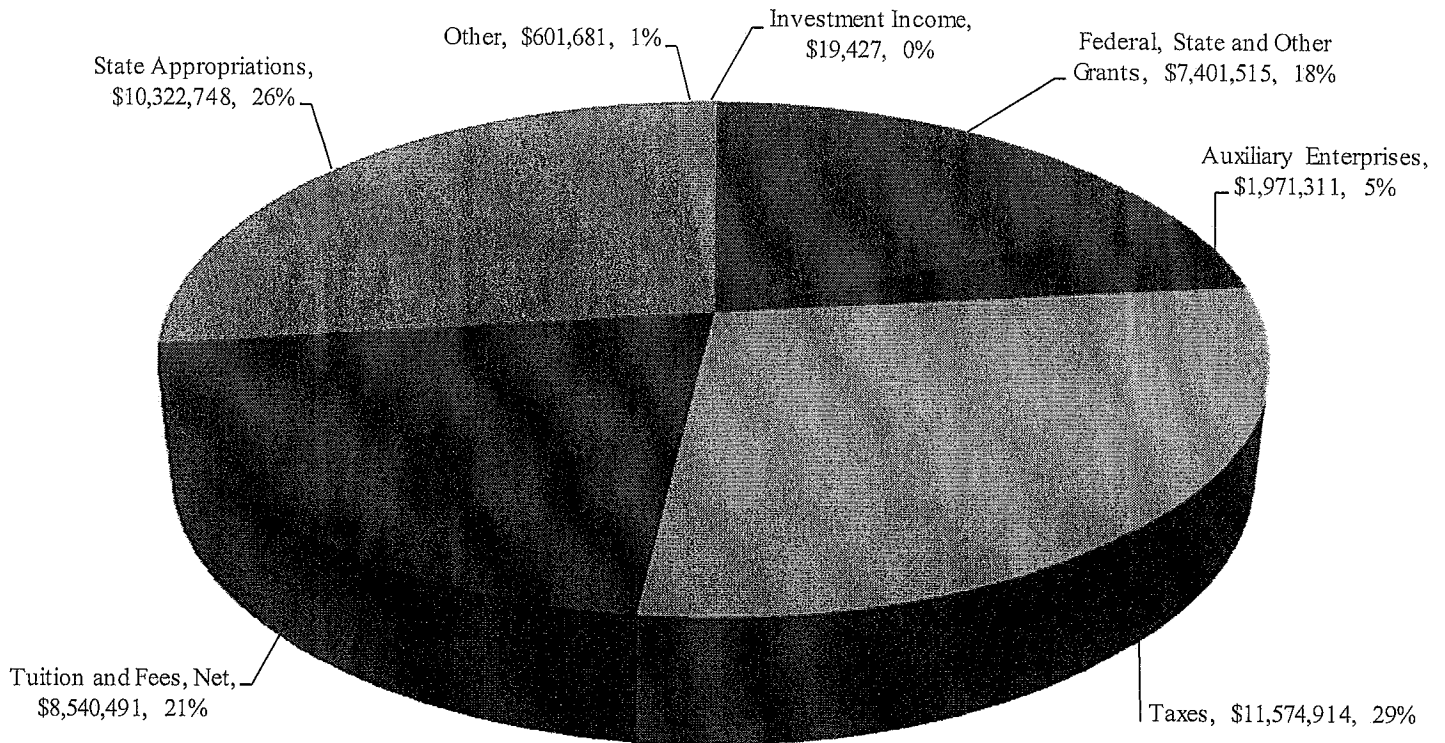
Operating expenses increased \$1,175,008 mainly due to an increase in salaries and more financial aid awarded.

**Revenues by Source and Percentage
Year Ended August 31, 2012**



ALVIN COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
 For the Years Ended August 31, 2012 and 2011

**Revenues by Source and Percentage
 Year Ended August 31, 2011**



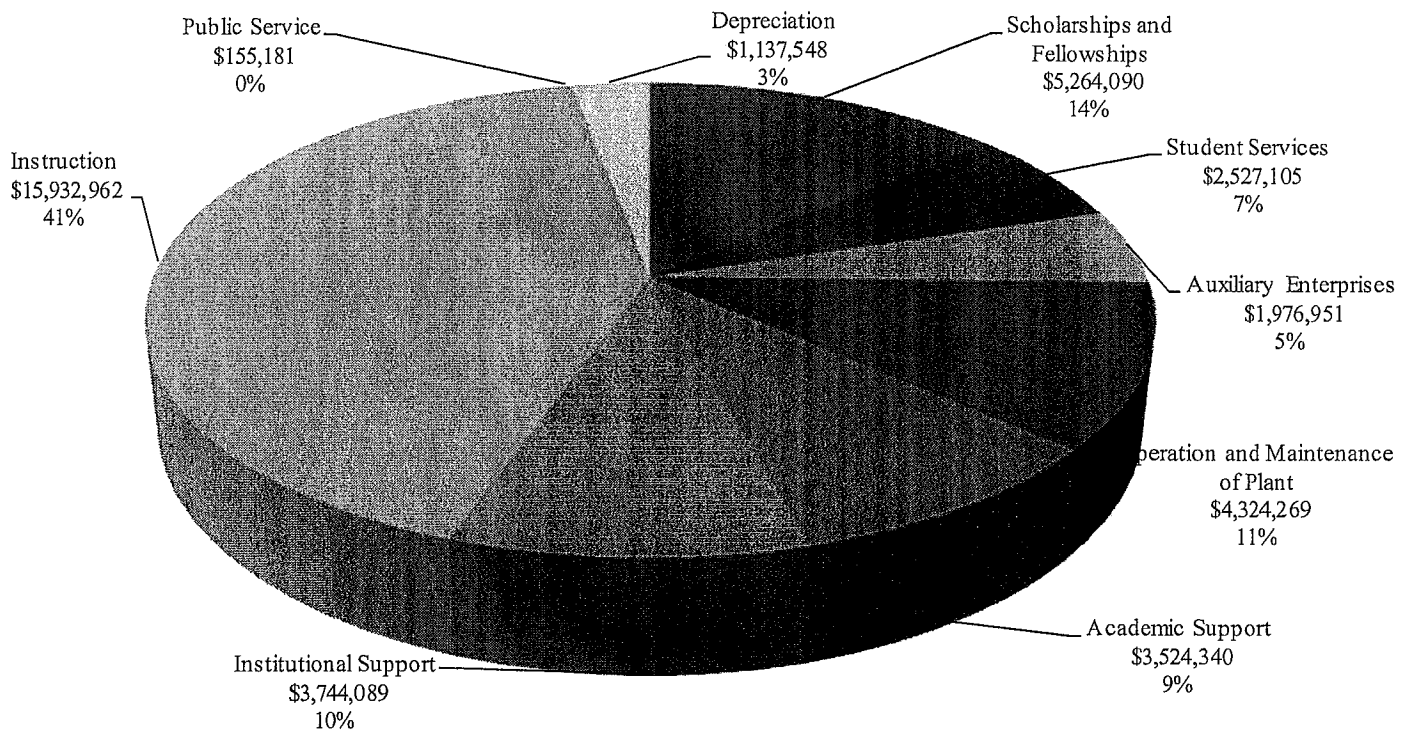
Operating expenses are primarily presented by functional categories, which represent the type of programs and services provided. Nonoperating expenses consist of interest on capital related debt service of \$665,080 and \$800,703 and amortization of issuance costs of \$125,921 and \$11,408 for the years ended August 31, 2012 and 2011, respectively. The following are graphic illustrations of operating expenses by functional category and percentage of total operating expenses for the years ended August 31, 2012 and 2011.

ALVIN COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Years Ended August 31, 2012 and 2011

Table 1
OPERATING EXPENSES
Years Ended August 31, 2012-2010

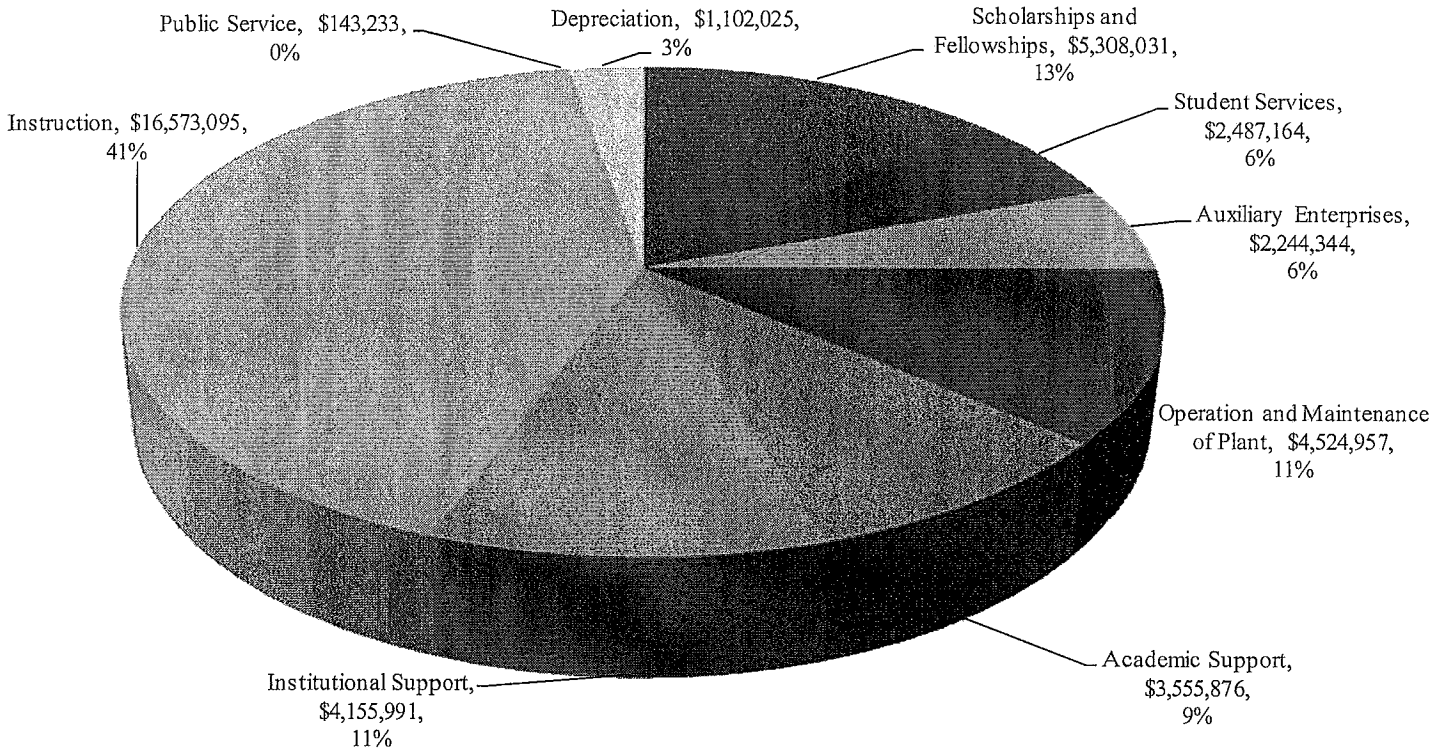
	2012	2011	Increase (Decrease) 2012-2011	2010	Increase (Decrease) 2011-2010
Operating Expenses:					
Instruction	\$ 15,932,962	\$ 16,573,095	\$ (640,133)	\$ 17,030,797	\$ (457,702)
Institutional support	3,744,089	4,155,991	(411,902)	3,763,607	392,384
Academic support	3,524,340	3,555,876	(31,536)	3,972,803	(416,927)
Operation and maintenance of plant	4,324,269	4,524,957	(200,688)	4,769,732	(244,775)
Auxiliary enterprises	1,976,951	2,244,344	(267,393)	2,568,766	(324,422)
Student services	2,527,105	2,487,164	39,941	2,444,249	42,915
Scholarships and fellowships	5,264,090	5,308,031	(43,941)	3,120,561	2,187,470
Depreciation	1,137,548	1,102,025	35,523	1,109,802	(7,777)
Public service	155,181	143,233	11,948	139,391	3,842
Total	\$ 38,586,535	\$ 40,094,716	\$ (1,508,181)	\$ 38,919,708	\$ 1,175,008

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



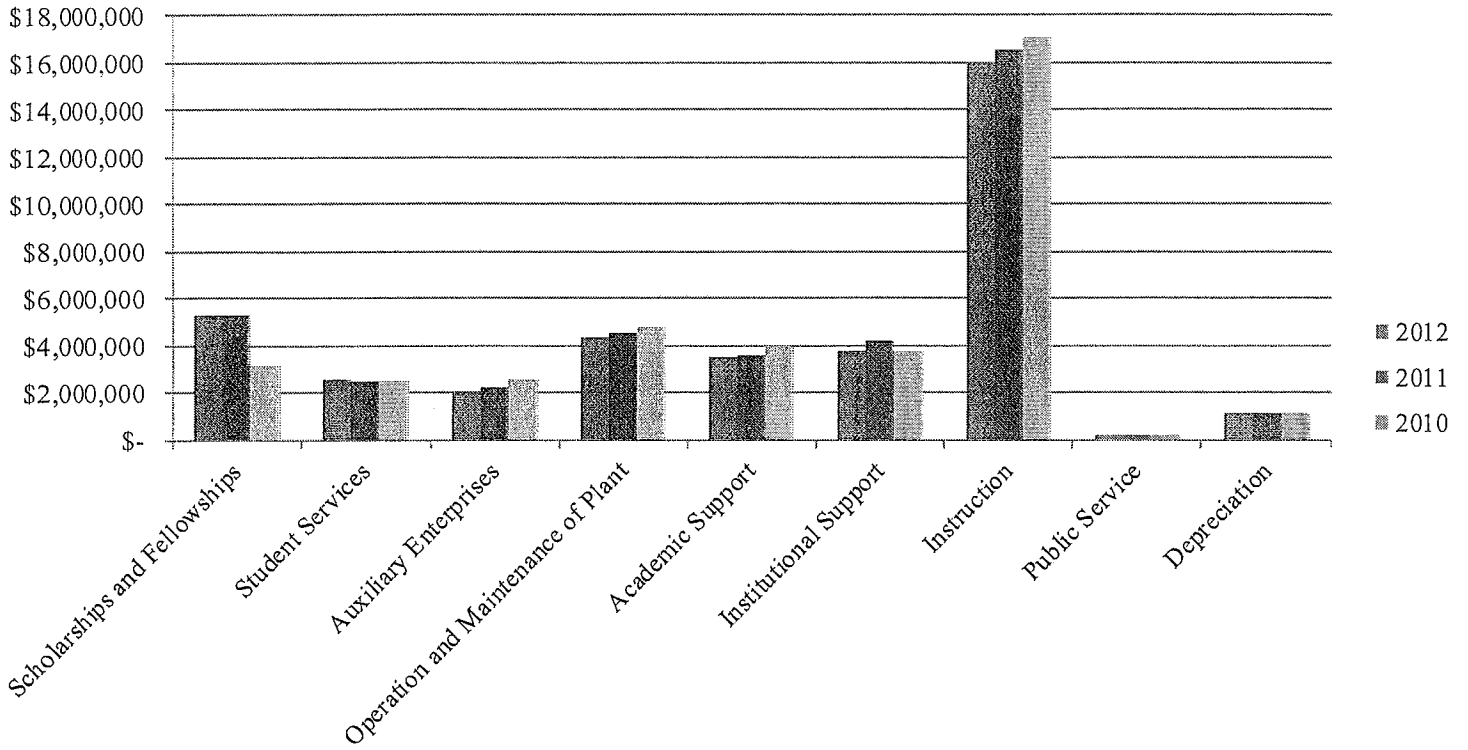
ALVIN COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Years Ended August 31, 2012 and 2011

**Operating Expenses by Function and Percentage
Year Ended August 31, 2011**



ALVIN COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
 For the Years Ended August 31, 2012 and 2011

Comparison of Operating Expenses
Fiscal Years 2012-2010



ALVIN COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Years Ended August 31, 2012 and 2011

Capital Assets

CAPITAL ASSETS ACTIVITY
Years Ended August 31, 2012-2010

	2012	2011	Increase (Decrease) 2012-2011	2010	Increase (Decrease) 2011-2010
Capital assets not depreciated:					
Land	\$ 774,128	\$ 774,128	\$ -	\$ 774,128	\$ -
Total	<u>774,128</u>	<u>774,128</u>	<u>-</u>	<u>774,128</u>	<u>-</u>
Other capital assets:					
Buildings and improvements	36,215,703	36,215,703	-	36,215,703	-
Facilities and improvements	3,263,547	3,250,850	12,697	3,235,030	15,820
Telecommunications equipment	2,631,316	2,570,003	61,313	2,570,003	-
Furniture and equipment	4,613,975	3,702,403	911,572	3,325,769	376,634
Library books	352,644	340,875	11,769	329,649	11,226
Total	<u>47,077,185</u>	<u>46,079,834</u>	<u>997,351</u>	<u>45,676,154</u>	<u>403,680</u>
Less accumulated depreciation	<u>(17,317,168)</u>	<u>(16,179,620)</u>	<u>(1,137,548)</u>	<u>(15,077,595)</u>	<u>(1,102,025)</u>
Net capital assets	<u>\$ 30,534,145</u>	<u>\$ 30,674,342</u>	<u>\$ (140,197)</u>	<u>\$ 31,372,687</u>	<u>\$ (698,345)</u>

Fiscal Year 2012 Compared to 2011

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

Fiscal Year 2011 Compared to 2010

As of August 31, 2011, the College had \$46,853,962 invested in capital assets, \$16,179,620 in accumulated depreciation, and \$30,674,342 in net capital assets. Equipment increased primarily due to purchases of equipment with grant funds for Nursing and Drafting Departments and Physical Plant equipment purchases.

ALVIN COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Years Ended August 31, 2012 and 2011

Debt Administration

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

In order to meet these obligations, the Board of Regents voted a debt service tax rate for 2010-11 of \$0.024963. The debt service rate was raised in 2011 (for the 2011-12 fiscal year) to \$0.025687. The principal balance of the bonds was \$16,160,000 and \$16,960,000 as of August 31, 2012 and 2011, respectively.

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

Future Financial Considerations

The 82nd Session of the Texas Legislature decreased state appropriations. In addition, there were significant cuts in funding for retirement and healthcare placing an increased burden on Alvin Community College.

Historically, the State legislators have funded community colleges on a two year basis. However, beginning September 1, 2011, state funding will be based on a yearly review causing state appropriations to fluctuate yearly rather than bi-annually.

Contact the College's Financial Management

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

ALVIN COMMUNITY COLLEGE**STATEMENTS OF NET ASSETS**

August 31, 2012 and 2011

<u>Assets</u>	<u>2012</u>	<u>2011</u>
Current Assets:		
Cash and cash equivalents	\$ 9,306,142	\$ 8,377,390
Accounts receivable, net	1,965,296	2,319,702
Inventories	623,853	615,553
Prepays	449,609	364,884
Total Current Assets	<u>12,344,900</u>	<u>11,677,529</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	538,399	783,038
Deferred charges	291,994	290,884
Capital assets, net:		
Non-depreciable	774,128	774,128
Depreciable	29,760,017	29,900,214
Total Noncurrent Assets	<u>31,364,538</u>	<u>31,748,264</u>
Total Assets	<u>43,709,438</u>	<u>43,425,793</u>
 Liabilities		
Current Liabilities:		
Accounts payable and accrued liabilities	558,399	589,992
Deferred compensation	17,851	18,358
Funds held for others	34,330	42,409
Deferred revenues	4,178,806	4,121,803
Compensated absences	274,823	295,969
Exit incentive	97,444	142,778
Bonds payable - current portion	830,000	740,000
Total Current Liabilities	<u>5,991,653</u>	<u>5,951,309</u>
Noncurrent Liabilities:		
Deferred compensation	50,919	17,631
Compensated absences	167,419	147,253
Exit incentive	39,196	136,640
Bonds payable	15,917,520	16,848,352
Total Noncurrent Liabilities	<u>16,175,054</u>	<u>17,149,876</u>
Total Liabilities	<u>22,166,707</u>	<u>23,101,185</u>
 Net Assets		
Invested in capital assets, net of related debt	14,325,023	13,714,342
Restricted for expendable student aid	320,055	348,589
Unrestricted	6,897,653	6,261,677
Total Net Assets (Schedule D)	<u>\$ 21,542,731</u>	<u>\$ 20,324,608</u>

See accompanying notes to basic financial statements.

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ALVIN COMMUNITY COLLEGE FOUNDATION

STATEMENTS OF FINANCIAL POSITION

December 31, 2011 and 2010 (unaudited)

<u>Assets:</u>	<u>2011</u>	<u>2010</u>
Cash and cash equivalents	\$ 89,076	\$ 102,205
Investments	1,534,702	1,591,013
Other assets	20,223	20,223
Total Assets	<u>\$ 1,644,001</u>	<u>\$ 1,713,441</u>
<u>Net Assets:</u>		
Unrestricted	\$ 45,159	\$ 45,159
Temporarily restricted	617,492	686,932
Permanently restricted	981,350	981,350
Total Net Assets	<u>\$ 1,644,001</u>	<u>\$ 1,713,441</u>

See accompanying notes to basic financial statements.

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ALVIN COMMUNITY COLLEGE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Years Ended August 31, 2012 and 2011

	2012	2011
Revenues:		
Operating Revenues:		
Tuition and fees, net of discounts of \$2,185,772 for 2012 and \$2,367,164 for 2011	\$ 9,482,131	\$ 8,540,491
Federal grants and contracts	399,466	595,704
State grants and contracts	1,689,611	1,190,265
Non-governmental grants and contracts	1,000	4,000
Auxiliary enterprises, net of discounts of \$422,145 for 2012 and \$398,066 for 2011	1,755,784	1,971,311
Other operating revenues	-	24,483
Total Operating Revenues (Schedule A)	13,327,992	12,326,254
Expenses:		
Operating Expenses:		
Instruction	15,932,962	16,573,095
Public service	155,181	143,233
Academic support	3,524,340	3,555,876
Student services	2,527,105	2,487,164
Institutional support	3,744,089	4,155,991
Operation and maintenance of plant	4,324,269	4,524,957
Scholarships and fellowships	5,264,090	5,308,031
Auxiliary enterprises	1,976,951	2,244,344
Depreciation	1,137,548	1,102,025
Total Operating Expenses (Schedule B)	38,586,535	40,094,716
Operating Loss	(25,258,543)	(27,768,462)
Nonoperating Revenues (Expenses):		
State appropriations	9,128,164	10,322,748
Property tax revenue	10,359,143	10,131,238
Debt service ad valorem taxes	1,527,805	1,443,676
Federal revenue, nonoperating	5,422,687	5,611,546
Investment income	17,296	19,427
Interest on capital related debt	(665,080)	(800,703)
Amortization of issuance costs	(125,921)	(11,408)
Other nonoperating revenues	812,572	577,198
Total Nonoperating Revenues, Net (Schedule C)	26,476,666	27,293,722
Change in Net Assets	1,218,123	(474,740)
Beginning net assets	20,324,608	20,799,348
Ending Net Assets	\$ 21,542,731	\$ 20,324,608

See accompanying notes to basic financial statements.

ALVIN COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Years Ended December 31, 2011 and 2010 (unaudited)

	2011			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Support and Revenue:				
Contributions and grants	\$ -	\$ 52,566	\$ -	\$ 52,566
Author luncheon income, net	3,427	3,428	-	6,855
Gala income, net	23,346	23,347	-	46,693
Interest and dividend income	-	69,871	-	69,871
Travel/Fundraisers	3,233	3,233	-	6,466
Other income	-	9,275	-	9,275
Unrealized appreciation (depreciation) on investments, net	-	(118,456)	-	(118,456)
Net assets released from restrictions	112,704	(112,704)	-	-
Total Support and Revenue	142,710	(69,440)	-	73,270
Program and Support Services:				
Scholarships	71,435	-	-	71,435
Other expenses	250	-	-	250
K219/Theatre chair donations	32,857	-	-	32,857
Awards	20,500	-	-	20,500
Investment management fee	16,243	-	-	16,243
Management and general	1,425	-	-	1,425
Total Expenses	142,710	-	-	142,710
Change in Net Assets	-	(69,440)	-	(69,440)
Beginning net assets	45,159	686,932	981,350	1,713,441
Ending Net Assets	\$ 45,159	\$ 617,492	\$ 981,350	\$ 1,644,001

See accompanying notes to basic financial statements.

2010

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ -	\$ 18,942	\$ -	\$ 18,942
2,793	2,794	-	5,587
9,082	9,082	-	18,164
-	55,311	-	55,311
163	162	-	325
-	1,190	-	1,190
-	(5,054)	-	(5,054)
108,817	(108,817)	-	-
<u>120,855</u>	<u>(26,390)</u>	<u>-</u>	<u>94,465</u>
38,350	-	-	38,350
2,498	-	-	2,498
29,778	-	-	29,778
35,300	-	-	35,300
14,740	-	-	14,740
189	-	-	189
<u>120,855</u>	<u>-</u>	<u>-</u>	<u>120,855</u>
-	(26,390)	-	(26,390)
45,159	713,322	981,350	1,739,831
<u>\$ 45,159</u>	<u>\$ 686,932</u>	<u>\$ 981,350</u>	<u>\$ 1,713,441</u>

ALVIN COMMUNITY COLLEGE**STATEMENTS OF CASH FLOWS**

For the Years Ended August 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities:		
Receipts from students and other customers	\$ 11,334,087	\$ 10,898,455
Receipts of grants and contracts	2,348,311	1,791,505
Payments to or on behalf of employees	(23,779,171)	(24,853,810)
Payments to suppliers for goods or services	(8,592,397)	(9,162,199)
Payments of scholarships	(5,264,090)	(5,308,031)
Net Cash Used by Operating Activities	<u>(23,953,260)</u>	<u>(26,634,080)</u>
Cash Flows from Noncapital Financing Activities:		
Receipts of State appropriations	9,128,164	10,322,748
Receipts of maintenance and operations ad valorem taxes	10,359,143	10,158,815
Receipts from nonoperating Federal revenue	5,422,687	5,611,546
Other	812,572	588,605
Net Cash Provided by Noncapital Financing Activities	<u>25,722,566</u>	<u>26,681,714</u>
Cash Flows from Capital and Related Financing Activities:		
Receipts from debt service ad valorem taxes	1,527,805	1,443,676
Purchases of capital assets	(1,000,260)	(406,670)
Sale of capital assets	2,909	2,990
Proceeds from issuance of refunding bonds	9,943,263	-
Payments to escrow account	(10,003,263)	-
Payments on principal debt	(740,000)	(655,000)
Fiscal charges	(167,863)	(35,675)
Interest payments on principal debt	(665,080)	(800,703)
Net Cash Used by Capital and Related Financing Activities	<u>(1,102,489)</u>	<u>(451,382)</u>
Cash Flows from Investing Activities:		
Receipts from investment income	17,296	19,427
Net Cash Provided by Investing Activities	<u>17,296</u>	<u>19,427</u>
Increase (Decrease) in Cash and Cash Equivalents	684,113	(384,321)
Beginning cash and cash equivalents	9,160,428	9,544,749
Ending Cash and Cash Equivalents	<u>\$ 9,844,541</u>	<u>\$ 9,160,428</u>
Unrestricted cash and cash equivalents	\$ 9,306,142	\$ 8,377,390
Restricted cash and cash equivalents	538,399	783,038
Total Cash and Cash Equivalents	<u>\$ 9,844,541</u>	<u>\$ 9,160,428</u>

ALVIN COMMUNITY COLLEGE

STATEMENTS OF CASH FLOWS, *Continued*

For the Years Ended August 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Reconciliation of Operating Loss		
to Net Cash Used by Operating Activities:		
Operating loss	\$ (25,258,543)	\$ (27,768,462)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	1,137,548	1,102,025
Changes in assets and liabilities:		
Receivables, net	354,406	(50,540)
Inventories	(8,300)	(100,924)
Prepays	(84,725)	(506)
Accounts payable and accrued liabilities	(31,593)	(491,900)
Deferred compensation	32,781	(17,927)
Funds held for others	(8,079)	6,686
Deferred revenues	57,003	407,560
Exit incentive	(142,778)	279,418
Compensated absences	(980)	490
Net Cash Used by Operating Activities	<u>\$ (23,953,260)</u>	<u>\$ (26,634,080)</u>

See accompanying notes to basic financial statements.

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ALVIN COMMUNITY COLLEGE FOUNDATION

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2011 and 2010 (unaudited)

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ (69,440)	\$ (26,390)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Unrealized depreciation on investments	118,456	5,054
Net Cash Provided (Used) by Operating Activities	<u>49,016</u>	<u>(21,336)</u>
Cash Flows from Investing Activities:		
Purchases of investment securities	(62,145)	(17,109)
Net Cash Used by Investing Activities	<u>(62,145)</u>	<u>(17,109)</u>
Decrease in Cash and Cash Equivalents	(13,129)	(38,445)
Beginning cash and cash equivalents	102,205	140,650
Ending Cash and Cash Equivalents	<u>\$ 89,076</u>	<u>\$ 102,205</u>

See accompanying notes to basic financial statements.

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ALVIN COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

For the Years Ended August 31, 2012 and 2011

NOTE 1 - Reporting Entity

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

GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units – An Amendment of GASB Statement No. 14*, provides guidance for determining whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with the primary government. Generally, it requires reporting as a component unit any organization that raises and holds economic resources for the direct benefit of the governmental unit and the government unit is significant compared to the primary government. GASB Statement No. 39 has been applied as required in the preparation of these basic financial statements, and accordingly the Alvin Community College Foundation (the "Foundation") is considered a component unit of the College as of August 31, 2012 and 2011. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further discussed below.

The Foundation is a separate nonprofit organization, with the sole purpose of supporting the educational and other activities of the College. The Foundation reports its financial results under the standards of the Financial Accounting Standards Board (FASB). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences. The College furnished certain services, such as office space, supplies, and staff assistance to the Foundation during the years ended August 31, 2012 and 2011. The costs of these services were not significant to the College.

NOTE 2 - Summary of Significant Accounting Policies

Reporting Guidelines

The significant accounting policies followed by the College in preparing these basic financial statements are in accordance with the Texas Higher Education Coordinating Board's (THECB) *Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges*. The College applies all applicable GASB pronouncements and all applicable FASB statements and interpretations issued on or before November 30, 1989, unless they conflict or contradict GASB pronouncements. The College has elected not to apply FASB guidance issued subsequent to November 30, 1989, unless specifically adopted by the GASB. Under GASB Statement No. 35, *Basic Financial Statements - Management's Discussion and Analysis for Public Colleges and Universities* and Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis – for State and Local Governments: Omnibus - an Amendment of GASB Statements No. 21 and No. 34*, the College is reported as a special purpose government engaged in business-type activities.

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2012 and 2011

Basis of Accounting

The basic financial statements of the College have been prepared using the economic resources measurement focus and on the accrual basis of accounting whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay. Management of the College has evaluated subsequent events through December 04, 2012, the date which the financial statements were available to be issued.

Net Assets

Net assets are classified as follows:

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

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

Restricted net assets - nonexpendable: Restricted nonexpendable net assets are subject to externally imposed provisions that they be maintained permanently by the College.

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

Operating and Nonoperating Revenue and Expense Policy

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

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

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

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2012 and 2011

Budgetary Data

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

Cash and Cash Equivalents

The College's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with maturities of three months or less from the date of acquisition. Restricted cash consists of bond and bond interest funds and funds held for others.

Investments

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

Inventories

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

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation. The College capitalizes all furniture and equipment with a unit cost equal to or greater than \$5,000 and an estimated useful life in excess of one year. Renovations of \$100,000 or greater to buildings and facilities and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are charged to operating expense in the year in which the expense is incurred.

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

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

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2012 and 2011

Collections

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

Deferred Revenues

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

Tuition Discounting

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

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

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

Bond Premiums and Issuance Costs

Premiums received and costs incurred in connection with bond issuances are amortized over the term of the related bond.

Estimates

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

Income Taxes

The College is exempt from income taxes under Internal Revenue Code Section 115, *Income of States, Municipalities, etc.*, although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511 (a) (2) (8), *Imposition of Tax on Unrelated Business Income of Charitable, etc., Organizations*. The College had no unrelated business income tax liability for the years ended August 31, 2012 and 2011 and therefore has not recorded a liability for income taxes.

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2012 and 2011

Reclassifications

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

NOTE 3 - Authorized Investments

The Board of Regents of the College has adopted a written investment policy regarding the investments of its funds as defined in the Public Funds Investment Act (Chapter 2256.001 Texas Government Code). The investments of the College are in compliance with the Board of Regents' investment policy and the Public Funds Investment Act. The College is authorized to invest in obligations and instruments as follows: (1) obligations of the United States and its agencies, (2) directed obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than A by a national investment rating firm, (4) certificates of deposits and (5) other instruments and obligations authorized by statute.

NOTE 4 - Deposits and Investments

Deposits

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank failure, the College's deposits may not be returned to it. The College's investment policy requires pledging of collateral for all bank balances in excess of Federal Deposit Insurance Corporation (FDIC) limits at a minimum of 102 percent of market value. As of August 31, 2012 and 2011, the College's cash and cash equivalents balances were either insured or collateralized, and thus not exposed to custodial credit risk.

Cash and cash equivalents reported on the statements of net assets consist of the items reported below at August 31:

	2012	2011
Cash and cash equivalents:		
Bank deposits - demand deposits	\$ 3,084,071	\$ 2,579,279
Money market account	751,514	2,574,661
Certificates of deposit	6,000,000	4,000,000
Petty cash	8,956	6,488
Total cash and cash equivalents	\$ 9,844,541	\$ 9,160,428

Reconciliation of cash and cash equivalents to Exhibit 1 and 3:

	2012	2011
Unrestricted cash and cash equivalents	\$ 9,306,142	\$ 8,377,390
Restricted cash and cash equivalents	538,399	783,038
Total cash and cash equivalents	\$ 9,844,541	\$ 9,160,428

Investments

As of August 31, 2012 and 2011, the College held certificates of deposit of \$6,000,000 and \$4,000,000, respectively, that were classified as cash equivalents due to the certificates of deposit having maturities of less than three months from the date of acquisition.

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2012 and 2011

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

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

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

NOTE 5 - Disaggregation of Accounts Receivable

Accounts receivable were as follows at August 31:

	2012	2011
Student receivables	\$ 1,564,170	\$ 1,593,160
Taxes receivable	467,935	521,983
Interest receivable	5,767	4,520
Federal receivables	78,169	87,302
State receivables	90,134	339,234
Sponsor receivables	174,469	190,464
Total accounts receivable	<u>2,380,644</u>	<u>2,736,663</u>
Less allowance for doubtful accounts	<u>(415,348)</u>	<u>(416,961)</u>
Total accounts receivable, net	<u><u>\$ 1,965,296</u></u>	<u><u>\$ 2,319,702</u></u>

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2012 and 2011

NOTE 6 - Disaggregation of Accounts Payable and Accrued Liabilities

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

	2012	2011
Vendor payables	\$ 512,361	\$ 529,278
Sales tax payable	46,038	60,714
Total accounts payable and accrued liabilities	\$ 558,399	\$ 589,992

NOTE 7 - Capital Assets

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

	Balance September 1, 2011	Additions	Deletions/ Adjustments	Balance August 31, 2012
Not depreciated - land	\$ 774,128	\$ -	\$ -	\$ 774,128
Other capital assets:				
Buildings and improvements	36,215,703	-	-	36,215,703
Facilities and improvements	3,250,850	12,697	-	3,263,547
Furniture and equipment	3,702,403	911,572	-	4,613,975
Telecommunications equipment	2,570,003	61,313	-	2,631,316
Library books	340,875	14,678	(2,909)	352,644
Subtotal	46,079,834	1,000,260	(2,909)	47,077,185
Less accumulated depreciation:				
Buildings and improvements	9,550,375	651,883	-	10,202,258
Facilities and improvements	1,745,774	102,979	-	1,848,753
Furniture and equipment	2,334,691	232,611	-	2,567,302
Telecommunications equipment	2,343,484	131,969	-	2,475,453
Library books	205,296	18,106	-	223,402
Total accumulated depreciation	16,179,620	1,137,548	-	17,317,168
Net capital assets	\$ 30,674,342	\$ (137,288)	\$ (2,909)	\$ 30,534,145

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2012 and 2011

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

	Balance September 1, 2010	Additions	Deletions/ Adjustments	Balance August 31, 2011
Not depreciated - land	\$ 774,128	\$ -	\$ -	\$ 774,128
Other capital assets:				
Buildings and improvements	36,215,703	-	-	36,215,703
Facilities and improvements	3,235,030	15,820	-	3,250,850
Furniture and equipment	3,325,769	376,634	-	3,702,403
Telecommunications equipment	2,570,003	-	-	2,570,003
Library books	329,649	14,216	(2,990)	340,875
Subtotal	<u>45,676,154</u>	<u>406,670</u>	<u>(2,990)</u>	<u>46,079,834</u>
Less accumulated depreciation:				
Buildings and improvements	8,898,492	651,883	-	9,550,375
Facilities and improvements	1,682,047	104,924	(41,197)	1,745,774
Furniture and equipment	2,142,282	219,626	(27,217)	2,334,691
Telecommunications equipment	2,166,835	176,649	-	2,343,484
Library books	187,939	17,357	-	205,296
Total accumulated depreciation	<u>15,077,595</u>	<u>1,170,439</u>	<u>(68,414)</u>	<u>16,179,620</u>
Net capital assets	<u>\$ 31,372,687</u>	<u>\$ (763,769)</u>	<u>\$ 65,424</u>	<u>\$ 30,674,342</u>

NOTE 8 - Long-Term Liabilities

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

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

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2012 and 2011

Long-term liabilities activity for the year ended August 31, 2011 was as follows:

	Balance September 1, 2010	Additions	Payments	Balance August 31, 2011	Current Portion
Bonds:					
General obligation bonds - 2005	\$ 17,615,000	\$ -	\$ (655,000)	\$ 16,960,000	\$ 740,000
Deferred amounts:					
For premiums	652,619	-	(24,267)	628,352	-
	<u>18,267,619</u>	<u>-</u>	<u>(679,267)</u>	<u>17,588,352</u>	<u>740,000</u>
Other liabilities -					
Compensated absences	442,732	296,132	(295,642)	443,222	295,969
Deferred compensation payable	53,916	835	(18,762)	35,989	18,358
Total long-term liabilities	<u>\$ 18,764,267</u>	<u>\$ 296,967</u>	<u>\$ (993,671)</u>	<u>\$ 18,067,563</u>	<u>\$ 1,054,327</u>

Advance Refunding

The College issued \$8,690,000 of limited tax refunding bonds to defease certain portions of limited tax bonds, series 2005 in the amount of \$8,750,000 by placing proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the College's financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$1,017,299. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next nine years by \$944,944 and resulted in an economic gain of \$814,358. At August 31, 2012, \$8,750,000 of limited tax series 2005 bonds outstanding was considered defeased related to the 2012 refunding.

NOTE 9 - Bonds Payable

General information related to bonds payable is summarized as follows:

Limited Tax Bonds, Series 2005

- To construct and equip a new Health Science Building and to pay the costs of issuing the bonds.
- Issued August 15, 2005.
- Original amount of issue - \$19,610,000, with all authorized bonds issued.
- Interest rates range from 3.75% to 5.0%.
- Due in semiannual installments each February 15 and August 15, with the final installment due February 2025.
- Source of revenue for debt service - annual ad valorem taxes.
- Requires the College to maintain an insurance policy guaranteeing payment of bond principal and interest. All related premiums have been paid.
- The College advance refunded \$8,690,000 during the fiscal year 2012.
- Outstanding bonds payable of \$7,470,000 and \$16,960,000 at August 31, 2012 and 2011, respectively.

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2012 and 2011

Limited Tax Refunding Bonds, Series 2012

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

Bond Debt Service Requirements

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 830,000	\$ 663,813	\$ 1,493,813
2014	925,000	629,232	1,554,232
2015	1,030,000	590,132	1,620,132
2016	1,075,000	548,032	1,623,032
2017	1,125,000	498,407	1,623,407
2018-2022	6,510,000	1,654,591	8,164,591
2023-2025	4,665,000	254,387	4,919,387
Total	\$ 16,160,000	\$ 4,838,594	\$ 20,998,594

Arbitrage Liability

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

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2012 and 2011

NOTE 10 - Termination Benefits

During the 2010-11 fiscal year, the College approved a one-time early retirement incentive plan, known as the Exit Incentive Program, for all employees. To be eligible, employees are required to have 10 or more years of service with the College. Under the plan, employees who took advantage of this incentive will receive annual payments for a set number of years based on the following:

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

A total of 11 employees accepted the agreement. As of August 31, 2012 and 2011, the College was liable for \$136,640 and \$279,418, respectively.

NOTE 11 - Unrestricted Net Assets

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

	2012	2011
Building renovations	\$ 1,340	\$ 1,340
Campus telephone system	196	196
Restroom renovations	3,450	5,544
HVAC	780	74,709
Sidewalks and parking lot	-	7,885
Other capital items	25,361	28,695
Total	\$ 31,127	\$ 118,369

NOTE 12 - Employee Retirement Plans

The College's employees may participate in one of three retirement plans. Faculty, administrators, counselors and librarians may enroll in either the Teacher Retirement System of Texas (TRS) or the Optional Retirement Plan (ORP). Secretarial and clerical employees participate in TRS and part-time employees not enrolled in either TRS or ORP participate in the Alvin Community College Money Purchase Plan (Money Purchase Plan). The total payroll for all College employees was \$19,298,899 and \$20,678,162 for the fiscal years ended August 31, 2012 and 2011, respectively.

Texas Teacher Retirement System

Plan Description. The College contributes to TRS, a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2012 and 2011

8, Subtitle C. The Texas State legislature has the authority to establish and amend benefit provisions of the pension plan. TRS issues a publicly available financial report with required supplementary information which can be obtained from www.trs.state.tx.us under the TRS Publications heading.

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas State legislature. The State funding policy is as follows: (1) The State constitution requires the legislature to establish a member contribution rate of not less than 6.0 percent of the member's annual compensation and a State contribution rate of not less than 6.0 percent and not more than 10 percent of the aggregate annual compensation of all members of the system; (2) A State statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS'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 6.4 percent for fiscal years 2012 and 2011 and a State contribution rate of 6.0 percent and 6.644 percent for fiscal years 2012 and 2011, respectively. In certain instances, the reporting college is required to make all or a portion of the State's contribution.

The total payroll of employees covered by TRS was \$8,718,199, \$9,119,391 and \$8,409,367 for fiscal years 2012, 2011, and 2010, respectively. The TRS retirement expense to the State for the College was \$523,092, \$605,891, and \$558,382 for fiscal years 2012, 2011, and 2010, respectively.

Optional Retirement Plan

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

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas State legislature. For fiscal years 2012 and 2011, the percentage of participant salaries contributed by the State and each participant was 6.0 percent and 6.4 percent, respectively. For employees who were employed as of September 1, 1995, the College contributed 2.5 percent and 2.1 percent for fiscal years 2012 and 2011, respectively. Benefits are fully vested after one year plus one day of employment. Because these are individual annuity contracts, neither the State nor the College has an additional or unfunded liability for this program.

The total payroll of employees covered by ORP was \$5,853,206, \$6,075,558, and \$6,166,194 for fiscal years 2012, 2011, and 2010, respectively. The ORP retirement expense to the State for the College was \$350,785, \$382,722, and \$394,637 for fiscal years 2012, 2011, and 2010, respectively.

Alvin Community College Money Purchase Plan

The Money Purchase Plan is a defined contribution plan created in accordance with the Internal Revenue Code Section 401(a) and is available to eligible, part-time employees of the College. Under the Money Purchase Plan, employees may contribute 6.2 percent of their total gross earnings and the College contributes 1.3 percent of the participant's total gross earnings. Benefits are immediately vested. The total payroll of employees covered by the Money Purchase Pension Plan was \$2,384,108, \$2,422,261, and \$2,965,231 for the years ended August 31, 2012, 2011, and 2010, respectively. Contributions made by the

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2012 and 2011

College during the years ended August 31, 2012, 2011, and 2010 were approximately \$30,993, \$31,490, \$38,548, respectively.

NOTE 13 - Post Retirement Health Care and Life Insurance Benefits

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

Funding Policy. Section 1551.055 of Chapter 1551, Texas Insurance Code provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS board of trustees. Plan members or beneficiaries receiving benefits pay any premium over and above the employer contribution. The employer's share of the cost of retiree healthcare coverage for the current year is known as the implicit rate subsidy. It is the difference between the claims costs for the retirees and the amounts contributed by the retirees. The ERS board of trustee's sets the employer contribution rate based on the implicit rate subsidy, which is actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*. The employer contribution rate represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contribution per full-time employee was \$438 to \$856 per month for fiscal year 2012, \$413 to \$808 per month for fiscal year 2011 and \$383 to \$751 per month for fiscal year 2010, depending on the coverage elected. The State's contribution totaled \$893,729, \$1,492,190, and \$1,546,659 for the years ended August 31, 2012, 2011, and 2010, respectively.

The College also provides dental benefits for retired employees. The College recognizes the cost of providing these benefits annually on a pay as you go basis. The College's contributions per retiree were approximately \$24, \$22, and \$22 per month for fiscal years 2012, 2011, and 2010, respectively. The College's total contributions for the dental benefits were approximately \$72,966, \$30,660, and \$30,750 for the years ended August 31, 2012, 2011, and 2010, respectively.

NOTE 14 - Compensated Absences

Compensated absences represent the liability associated with vacation benefits and compensatory time earned but not yet taken by employees of the College. The expense associated with vacation benefits and comp time benefits earned is recognized in the periods in which the associated employee services are rendered. Full time employees earn annual leave at the rate of eight hours per month (September through May). No employee may accrue more than 192 hours of vacation benefits and upon termination, an employee is paid for vacation benefits and accrued comp time (if comp time is applicable). As of August 31, 2012 and 2011, the College had an accrued vacation and comp time liability of \$442,242 and \$443,222, respectively.

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2012 and 2011

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

NOTE 15 - Deferred Compensation Program

The College has established a deferred compensation program under which the President may elect to defer a portion of his earnings for income tax purposes pursuant to authority granted in Government Code 609.001. As of August 31, 2012 and 2011, the College had an accrued liability of \$68,770 and \$35,989, respectively.

NOTE 16 - Contract and Grant Awards

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

NOTE 17 - Property Taxes

The College's ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the tax area of the College. Property taxes are recorded on the accrual basis of accounting.

At August 31:

	<u>2012</u>	<u>2011</u>		
Assessed valuation of the tax district	\$ 6,657,771,801	\$ 6,898,889,376		
Less exemptions	(768,841,480)	(1,187,556,316)		
Net assessed valuation of the tax district	<u>\$ 5,888,930,321</u>	<u>\$ 5,711,333,060</u>		
	<u>Maintenance & Operations</u>	<u>Debt Service</u>	<u>Total</u>	
For fiscal year 2012:				
Tax rate per \$100 valuation authorized	\$ 0.500000	\$ 0.500000	\$ 1.000000	
Tax rate per \$100 valuation assessed	0.173798	0.025687	0.199485	
For fiscal year 2011:				
Tax rate per \$100 valuation authorized	\$ 0.500000	\$ 0.500000	\$ 1.000000	
Tax rate per \$100 valuation assessed	0.174867	0.024963	0.199830	

Taxes levied for the years ended August 31, 2012 and 2011 were \$11,488,207 and \$11,418,154, respectively. Taxes are due upon receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2012 and 2011

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

For the Year Ended August 31, 2012:

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

For the Year Ended August 31, 2011:

	Maintenance & Operations	Debt Service	Total
Current taxes collected	\$ 9,819,603	\$ 1,401,782	\$ 11,221,385
Delinquent taxes collected	170,364	25,318	195,682
Penalties and interest collected	127,094	16,575	143,669
Total taxes collected	<u>\$ 10,117,061</u>	<u>\$ 1,443,675</u>	<u>\$ 11,560,736</u>

Tax collections for the years ended August 31, 2012 and 2011 were 99 percent and 98 percent of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to maintenance and operations and debt service.

NOTE 18 - Contingent Liabilities

Legal Matters

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

State and Federally Assisted Programs

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

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2012 and 2011

NOTE 19 - Risk Management

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

NOTE 20 - State TRS/ORP Contributions

Texas Constitution article 16, section 67(b)(3) states that "the amount contributed by the state may not be less than six percent nor more than ten percent of the aggregate compensation paid to individuals participating in the system." However, during the 2011 legislative session the Texas Legislature established "Rider 13" which restricted the State's contributions 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. This change results in significantly less unrestricted general revenue appropriations for the biennium than previously anticipated based upon the college's compensation to be paid to employees who are TRS/ORP participants.

State agencies responsible for the administration of the TRS/ORP funds expect community colleges to make up any shortfalls in funding. These agencies have not sought to enforce the position that the community college districts are responsible for appropriation shortfalls. Currently, there are not any legal requirements imposed on the community college districts to make up the State appropriation shortfalls. The College has been advised that the State constitutional requirement is not clear whether suits, if prosecuted, would be successful. The College has decided not to recognize a liability for the appropriation shortfalls until the State determines the College is legally required to cover the appropriation shortfalls. The amount of the potential liability is not known at this time.

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ALVIN COMMUNITY COLLEGE**SCHEDULE OF OPERATING REVENUES**

For the Year Ended August 31, 2012

(With Memorandum Totals For the Year Ended August 31, 2011)

	2012			Auxiliary Enterprises
	Educational Activities			
	Unrestricted	Restricted	Total	
Tuition				
State funded courses:				
In-district resident tuition	\$ 2,127,653	\$ -	\$ 2,127,653	\$ -
Out-of-district resident tuition	4,234,657	-	4,234,657	-
TPEG - credit (set aside) *	231,640	-	231,640	-
Non-resident tuition	259,153	-	259,153	-
State funded continuing education	1,310,535	-	1,310,535	-
TPEG - non-credit (set aside) *	76,921	-	76,921	-
Non-state funded continuing education	435,085	-	435,085	-
Total Tuition	8,675,644	-	8,675,644	-
Fees				
General fees	1,024,625	-	1,024,625	-
Student service fees	-	-	-	206,703
Laboratory fees	524,355	-	524,355	-
Building use fees	546,026	-	546,026	-
Technology fees	475,042	-	475,042	-
Security fees	-	-	-	191,027
Other fees	24,480	-	24,480	-
Total Fees	2,594,528	-	2,594,528	397,730
Scholarship Allowances and Discounts				
Remissions and exemptions - State	(680,394)	-	(680,394)	-
Remissions and exemptions - local	-	-	-	(5,785)
TPEG allowances	(308,561)	-	(308,561)	-
Federal grants to students	(1,027,899)	-	(1,027,899)	-
Other	(163,132)	-	(163,132)	-
Total Scholarship Allowances and Discounts	(2,179,986)	-	(2,179,986)	(5,785)
Total Net Tuition and Fees	\$ 9,090,186	\$ -	\$ 9,090,186	\$ 391,945

<u>2012</u>	<u>2011</u>
<u>Total</u>	<u>Total</u>
\$ 2,127,653	\$ 1,999,960
4,234,657	4,067,175
231,640	208,980
259,153	223,048
1,310,535	1,217,060
76,921	71,772
435,085	503,660
8,675,644	8,291,655
1,024,625	783,694
206,703	204,538
524,355	401,568
546,026	547,205
475,042	468,937
191,027	185,669
24,480	24,390
2,992,258	2,616,001
(680,394)	(818,336)
(5,785)	(5,378)
(308,561)	(280,752)
(1,027,899)	(1,118,063)
(163,132)	(144,636)
(2,185,771)	(2,367,165)
\$ 9,482,131	\$ 8,540,491

ALVIN COMMUNITY COLLEGE
SCHEDULE OF OPERATING REVENUES, Continued
For the Year Ended August 31, 2012
(With Memorandum Totals For the Year Ended August 31, 2011)

	2012			
	Educational Activities			Auxiliary Enterprises
	Unrestricted	Restricted	Total	
Other Operating Revenues				
Federal grants and contracts	\$ -	\$ 399,466	\$ 399,466	\$ -
State grants and contracts	-	1,689,611	1,689,611	-
Non-governmental grants and contracts	-	1,000	1,000	-
Other operating revenues	-	-	-	-
Total Other Operating Revenues	-	2,090,077	2,090,077	-
Auxiliary Enterprises				
Bookstore	-	-	-	1,844,455
Scholarships allowances and discounts	-	-	-	(422,145)
Net Bookstore	-	-	-	1,422,310
Child care center	-	-	-	220,356
Food services	-	-	-	81,603
Fitness center	-	-	-	31,515
Total Net Auxiliary Enterprises	-	-	-	1,755,784
Total Operating Revenues (Exhibit 2)	\$ 9,090,186	\$ 2,090,077	\$ 11,180,263	\$ 2,147,729

* In accordance with Texas Education Code 56.033, \$308,561 and \$280,752 of tuition was set aside for Texas Public Education Grants (TPEG) during fiscal years 2012 and 2011, respectively.

<u>2012</u>	<u>2011</u>
<u>Total</u>	<u>Total</u>
\$ 399,466	\$ 595,704
1,689,611	1,190,265
1,000	4,000
-	24,483
2,090,077	1,814,452
1,844,455	1,966,260
(422,145)	(398,066)
1,422,310	1,568,194
220,356	284,211
81,603	92,101
31,515	26,805
1,755,784	1,971,311
\$ 13,327,992	\$ 12,326,254

ALVIN COMMUNITY COLLEGE
SCHEDULE OF OPERATING EXPENSES BY OBJECT

For the Year Ended August 31, 2012

(With Memorandum Totals For the Year Ended August 31, 2011)

	2012			
	Educational Activities			Other Expenses
	Salaries and Wages	Benefits		
	State	Local		
Unrestricted - Educational Activities				
Instruction	\$ 11,170,108	\$ -	\$ 1,385,379	\$ 1,311,139
Public service	77,529	-	9,616	60,048
Academic support	1,953,516	-	242,286	908,967
Student services	1,785,324	-	221,426	272,347
Institutional support	2,168,054	-	278,350	1,074,288
Operation and maintenance of plant	1,391,876	-	379,917	2,552,476
Total Unrestricted - Educational Activities	18,546,407	-	2,516,974	6,179,265
Restricted - Educational Activities				
Instruction	66,788	1,150,970	3,825	844,753
Public service	-	7,988	-	-
Academic support	163,370	201,291	34,327	20,583
Student services	64,048	183,960	-	-
Institutional support	-	223,397	-	-
Scholarships and fellowships	-	-	-	5,264,090
Total Restricted Educational Activities	294,206	1,767,606	38,152	6,129,426
Total Educational Activities	18,840,613	1,767,606	2,555,126	12,308,691
Auxiliary enterprises	458,286	-	103,566	1,415,099
Depreciation expense - buildings and other real estate improvements	-	-	-	754,862
Depreciation expense - equipment and furniture	-	-	-	382,686
Total Operating Expenses	\$ 19,298,899	\$ 1,767,606	\$ 2,658,692	\$ 14,861,338

<u>2012</u>			
<u>Total</u>		<u>2011</u>	<u>Total</u>
\$ 13,866,626	\$	14,082,135	
147,193		133,657	
3,104,769		2,778,144	
2,279,097		2,170,712	
3,520,692		3,801,967	
4,324,269		4,524,957	
<u>27,242,646</u>		<u>27,491,572</u>	
2,066,336		2,490,961	
7,988		9,576	
419,571		777,732	
248,008		316,452	
223,397		354,023	
5,264,090		5,308,031	
<u>8,229,390</u>		<u>9,256,775</u>	
35,472,036		36,748,347	
1,976,951		2,244,344	
754,862		688,393	
382,686		413,632	
<u>\$ 38,586,535</u>	<u>\$</u>	<u>40,094,716</u>	

ALVIN COMMUNITY COLLEGE
SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES

For the Year Ended August 31, 2012

(With Memorandum Totals For the Year Ended August 31, 2011)

	2012			Total
	Unrestricted	Restricted	Auxiliary Enterprises	
Nonoperating Revenues				
State appropriations:				
Education and general State support	\$ 7,360,558	\$ -	\$ -	\$ 7,360,558
State group insurance	-	893,729	-	893,729
State retirement matching	-	873,877	-	873,877
Total State Appropriations	7,360,558	1,767,606	-	9,128,164
Taxes for maintenance and operations	10,359,143	-	-	10,359,143
Taxes for debt service	-	1,527,805	-	1,527,805
Federal revenue, nonoperating	-	5,422,687	-	5,422,687
Investment income	8,309	5,619	3,368	17,296
Other nonoperating revenues	812,572	-	-	812,572
Total Nonoperating Revenues	18,540,582	8,723,717	3,368	27,267,667
Nonoperating Expenses				
Interest on capital related debt	-	665,080	-	665,080
Bond issuance costs	125,921	-	-	125,921
Total Nonoperating Expenses	125,921	665,080	-	791,001
Nonoperating Revenues, Net	\$ 18,414,661	\$ 8,058,637	\$ 3,368	\$ 26,476,666

2011

Total

\$ 7,841,945

1,492,190

988,613

10,322,748

10,131,238

1,443,676

5,611,546

19,427

577,198

28,105,833

800,703

11,408

812,111

\$ 27,293,722

ALVIN COMMUNITY COLLEGE
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			Capital Assets Net of Depreciation and Related Debt
	Unrestricted	Restricted		
	Unrestricted	Expendable	Non-Expendable	
Current				
Unrestricted	\$ 5,465,492	\$ -	\$ -	\$ -
Board designated	31,127	-	-	-
Auxiliary	1,401,034	-	-	-
Scholarships	-	320,055	-	-
Plant				
Investment in plant	-	-	-	14,325,023
Total Net Assets, August 31, 2012	6,897,653	320,055	-	14,325,023
Total Net Assets, August 31, 2011	6,261,677	348,589	-	13,714,342
Net Increase (Decrease) in Net Assets	\$ 635,976	\$ (28,534)	\$ -	\$ 610,681

<u>Detail by Source</u>	<u>Available for Current Operations</u>	
	<u>Yes</u>	<u>No</u>
\$ 5,465,492	\$ 5,465,492	\$ -
31,127	-	31,127
1,401,034	1,401,034	-
320,055	-	320,055
<u>14,325,023</u>	<u>-</u>	<u>14,325,023</u>
21,542,731	6,866,526	14,676,205
<u>20,324,608</u>	<u>6,143,308</u>	<u>14,181,300</u>
<u>\$ 1,218,123</u>	<u>\$ 723,218</u>	<u>\$ 494,905</u>

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Regents of
Alvin Community College:

We have audited the financial statements of Alvin Community College (the "College"), as of and for the year ended August 31, 2012, which collectively comprise the College's basic financial statements and have issued our report thereon dated December 4, 2012. We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the College is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College'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 over financial reporting 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 College’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 did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Texas Public Funds Investment Act

We have performed tests designed to verify the College’s compliance with the requirements of the Texas Public Funds Investment Act (the “Act”). During the year ended August 31, 2012, the results of our tests disclosed no instances of noncompliance with the Act. However, providing an opinion on compliance with the Act was not an objective of our audit and accordingly, we do not express an opinion.

This report is intended solely for the information and use of management, Board of Regents, oversight agency, and federal 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.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
December 4, 2012



**INDEPENDENT AUDITORS' REPORT 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 AND THE STATE OF
TEXAS SINGLE AUDIT CIRCULAR**

To the Board of Regents of
Alvin Community College:

Compliance

We have audited Alvin Community College's (the "College") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal and State of Texas (State) programs for the fiscal year ended August 31, 2012. The College's major federal and State programs are identified in the summary of auditors' 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 and State programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *State of Texas Single Audit Circular*. Those standards and OMB Circular A-133 and the *State of Texas Single Audit Circular* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or State program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the College's compliance with those requirements.

In our opinion, the College 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 and State programs for the year ended August 31, 2012.

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Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and State programs. In planning and performing our audit, we considered the College's internal control over compliance with the requirements that could have a direct and material effect on a major federal or 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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

This report is intended solely for the information and use of management, Board of Regents, oversight agency, and federal 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.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
December 4, 2012

ALVIN COMMUNITY COLLEGE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended August 31, 2012

Finding 2010-1

Federal Program: CFDA ARRA 17.258 – WIA Adult Program U.S. Department of Labor, Passed-through from Houston-Galveston Area Council, and CFDA 17.260 – WIA Dislocated Worker, U.S. Department of Labor, Passed-through from Houston-Galveston Area Council.

Criteria: Subrecipient monitoring

Condition: The OMB Circular A-133 states that a recipient of Federal assistance which passes that assistance to another recipient is responsible for monitoring the Federal assistance activities of that subrecipient, as well as ensuring that they are both complying with laws and regulations. It is essential that the College comply with Federal regulations regarding subrecipient monitoring of Federal programs.

Context: During our audit, we noted that the College passed-through funds to subrecipients during the fiscal year ended August 31, 2011 and did not perform adequate monitoring of said subrecipients as prescribed by OMB Circular A-133.

Questioned Costs: None

Cause: The College does not have proper internal control processes in place regarding subrecipient monitoring.

Recommendation: We recommend that management establish policies and procedures to ensure proper subrecipient monitoring occurs and that such policies and procedures are in compliance with Federal OMB Circular A-133 regulations.

Management's response and corrective action plan: The Administration of Alvin Community College worked with the Business Office and the Continuing Education Department and developed procedures to ensure proper subrecipient monitoring that is in compliance with Federal OMB Circular A-133. These new procedures were presented to the ACC Board of Regents at the August 25, 2011 meeting and subsequently approved as presented at the October 27, 2011 ACC Board of Regents meeting.

2012 Status: This finding has been resolved for the fiscal year ended August 31, 2012.

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ALVIN COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2012

A. SUMMARY OF AUDIT RESULTS

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

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

<u>Name of State Program</u>	<u>State Contract Number</u>
Texas Workforce Commission – Partnership with a Petrochemical Consortium	2810SDF011

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

B. FINDINGS – BASIC FINANCIAL STATEMENT AUDIT

None

C. FINDINGS – FEDERAL AND STATE AWARDS

None

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ALVIN COMMUNITY COLLEGE
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>U.S. Department of Education</u>			
Direct Programs:			
Federal Supplemental Educational Opportunity Grants	84.007	P007A113951	\$ 68,094
Federal Work-Study Program	84.033	P033A113951	53,727
Federal Work-Study Program	84.033	P033A123951	6,305
TRIO Upward Bound	84.047	P047A080423	252,078
Federal Pell Grant Program	84.063	P063P112256	3,784,308
Federal Direct Student Loans	84.268	P268K122256	1,510,252
Pass-Through From:			
Texas Higher Education Coordinating Board:			
Career & Technical Education - Basic Grants to States	84.048	114202.000	119,938
Amarillo College:			
Career & Technical Education - Basic Grants to States	84.048	121101.000	1,362
Total U.S. Department of Education			<u>5,796,064</u>
<u>U.S. Department of Housing and Urban Development</u>			
Pass-Through From -			
Brazoria County -			
Community Development Block Grants/Entitlement Grants	14.218	B09-UC-48-0005	4,680
<u>U.S. Department of Health and Human Services</u>			
Pass-Through From:			
Texas Commission on Alcohol and Drug Abuse -			
University of Texas at Austin:			
Substance Abuse and Mental Health Services - 11	93.243	5-UD1-TI 013423-09	5,937
Substance Abuse and Mental Health Services - 12	93.243	1-UD1-TI 13423-09	15,472
Total Substance Abuse and Mental Health Services			<u>21,409</u>
Total U.S. Department of Health and Human Services			<u>21,409</u>
Total Expenditures of Federal Awards			<u><u>\$ 5,822,153</u></u>

See accompanying notes to schedules of expenditures of Federal and State awards.

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ALVIN COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended August 31, 2012

Grantor Agency/Program Title	Grant Contract Number	Expenditures
Texas Higher Education Coordinating Board:		
Nursing Shortage Reduction Grant FY2007	9601744M	\$ 21,432
Nursing Shortage Reduction Grant FY2011	9106824M	8,090
Texas College Work Study	9111940M	7,382
Texas Grant I	9112211M	117,907
TEOG formerly Texas Grant II	9112058M	49,016
Total Texas Higher Education Coordinating Board		203,827
Texas Workforce Commission -		
Partnership with a Petrochemical Consortium	2810SDF011	1,482,911
Small Business Grant	2811SSD001	2,873
Total Texas Workforce Commission		1,485,784
Total State Financial Assistance		\$ 1,689,611

See accompanying notes to schedules of expenditures of Federal and State awards.

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ALVIN COMMUNITY COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AND STATE AWARDS
For the Years Ended August 31, 2012 and 2011

1. SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING THE SCHEDULES

The schedules of expenditures of Federal and State awards (schedules) present the activity of Federal and State of Texas financial assistance programs of the College for the year ended August 31, 2012. Federal financial assistance received directly from Federal agencies are included in this schedule.

Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds which have been expended by the College for the purposes of the award during fiscal year 2012. The expenditures reported above may not have been reimbursed by the funding agencies as of the end of fiscal year 2012. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the schedules.

2. FEDERAL ASSISTANCE RECONCILIATION

Federal revenues:	
Federal grants and contracts – per Schedule A	\$ 399,466
Federal revenue, nonoperating – per Schedule C	<u>5,422,687</u>
 Total per schedule of expenditures of Federal awards	 <u>\$5,822,153</u>

3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

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STATISTICAL INFORMATION
(Unaudited)

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

ALVIN COMMUNITY COLLEGE**NET ASSETS BY COMPONENT**

Last 10 Years

(Amounts expressed in thousands)

	For the Years Ended August 31,			
	2012	2011	2010	2009
Primary government				
Invested in capital assets, net of related debt	\$ 14,325	\$ 13,714	\$ 14,012	\$ 13,553
Restricted - expendable	320	349	237	356
Unrestricted	6,898	6,262	6,550	7,491
Total Primary Government				
Net Assets	<u>\$ 21,543</u>	<u>\$ 20,325</u>	<u>\$ 20,799</u>	<u>\$ 21,400</u>

For the Years Ended August 31,

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 13,713	\$ 14,391	\$ 14,514	\$ 12,500	\$ 11,934	\$ 11,059
651	658	672	983	622	593
<u>7,120</u>	<u>6,084</u>	<u>5,297</u>	<u>5,154</u>	<u>5,060</u>	<u>2,955</u>
<u>\$ 21,484</u>	<u>\$ 21,133</u>	<u>\$ 20,483</u>	<u>\$ 18,637</u>	<u>\$ 17,616</u>	<u>\$ 14,607</u>

ALVIN COMMUNITY COLLEGE

REVENUES BY SOURCE

Last Ten Fiscal Years

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

	2012	2011	2010	2009
Operating Revenues:				
Tuition and fees (net of discounts)	\$ 9,482	\$ 8,541	\$ 7,872	\$ 6,893
Governmental grants and contracts				
Federal grants and contract	399	596	1,485	594
State grants and contracts	1,690	1,190	1,007	1,569
Non-governmental grants and contracts	1	4	105	96
Sales and services of educational revenues				
Auxiliary enterprises	1,756	1,971	1,944	2,146
Other operating revenues	-	24	25	24
Total Operating Revenues	13,328	12,326	12,438	11,322
Nonoperating Revenues:				
State appropriations	9,128	10,323	10,438	10,996
Ad valorem taxes	11,887	11,575	11,881	11,830
Federal revenue, nonoperating	5,423	5,612	3,416	2,419
Gifts	-	-	156	-
Investment income	17	19	28	65
Other nonoperating revenues	687	566	785	427
Total Nonoperating Revenues	27,142	28,095	26,704	25,737
Total Primary Government Program Revenues	\$ 40,470	\$ 40,421	\$ 39,142	\$ 37,059

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

	2012	2011	2010	2009
Operating Revenues:				
Tuition and fees (net of discounts)	23.43%	21.13%	20.54%	19.04%
Governmental grants and contracts				
Federal grants and contract	0.99%	1.47%	3.88%	1.64%
State grants and contracts	4.18%	2.94%	2.63%	4.33%
Local grants and contracts	0.00%	0.00%	0.00%	0.00%
Non-governmental grants and contracts	0.00%	0.01%	0.27%	0.27%
Sales and services of educational revenues				
Auxiliary enterprises	4.34%	4.88%	5.07%	5.93%
Other operating revenues	0.00%	0.06%	0.07%	0.07%
Total Operating Revenues	32.93%	30.49%	32.46%	31.28%
Nonoperating Revenues:				
State appropriations	22.55%	25.54%	27.24%	30.37%
Ad valorem taxes	29.37%	28.64%	31.01%	32.66%
Federal revenue, nonoperating	13.40%	13.88%	8.91%	6.68%
Gifts	0.00%	0.00%	0.41%	0.00%
Investment income	0.04%	0.05%	0.07%	0.18%
Other nonoperating revenues	1.70%	1.40%	2.05%	1.18%
Total Nonoperating Revenues	67.07%	69.51%	69.69%	71.07%
Total Primary Government Program Revenues	100.00%	100.00%	102.15%	102.35%

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

2008	2007	2006	2005	2004	2003
\$ 5,826	\$ 5,062	\$ 4,997	\$ 4,477	\$ 4,998	\$ 4,048
473	1,179	478	869	1,397	729
534	113	80	106	97	183
141	131	62	7	4	222
2,026	1,895	1,841	1,908	1,940	1,801
5	7	31	27	51	10
<u>9,005</u>	<u>8,387</u>	<u>7,489</u>	<u>7,394</u>	<u>8,487</u>	<u>6,993</u>
10,904	10,353	10,342	10,128	10,001	9,898
11,102	9,969	9,178	7,778	7,121	6,664
2,431	2,436	2,461	2,733	2,474	1,560
-	-	-	7	-	20
351	1,003	1,435	119	68	49
505	553	(11)	22	30	19
<u>25,293</u>	<u>24,314</u>	<u>23,405</u>	<u>20,787</u>	<u>19,694</u>	<u>18,210</u>
<u>\$ 34,298</u>	<u>\$ 32,701</u>	<u>\$ 30,894</u>	<u>\$ 28,181</u>	<u>\$ 28,181</u>	<u>\$ 25,203</u>

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

2008	2007	2006	2005	2004	2003
17.44%	15.92%	16.68%	15.93%	17.79%	16.13%
1.42%	3.71%	1.60%	3.09%	4.97%	2.90%
1.60%	0.36%	0.27%	0.38%	0.35%	0.73%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.42%	0.41%	0.20%	0.02%	0.01%	0.88%
6.06%	5.96%	6.15%	6.79%	6.91%	7.18%
0.01%	0.02%	0.10%	0.10%	0.18%	0.04%
<u>26.95%</u>	<u>26.38%</u>	<u>25.00%</u>	<u>26.31%</u>	<u>30.21%</u>	<u>27.86%</u>
32.63%	32.57%	34.53%	36.04%	35.60%	39.43%
33.23%	31.36%	30.64%	27.68%	25.35%	26.55%
7.28%	7.66%	8.22%	9.72%	8.81%	6.21%
0.00%	0.00%	0.00%	0.02%	0.00%	0.08%
1.05%	3.17%	4.78%	0.42%	0.24%	0.20%
1.51%	1.74%	-0.04%	0.08%	0.11%	0.08%
<u>75.70%</u>	<u>76.50%</u>	<u>78.13%</u>	<u>73.96%</u>	<u>70.11%</u>	<u>72.55%</u>
<u>102.65%</u>	<u>102.88%</u>	<u>103.13%</u>	<u>100.27%</u>	<u>100.32%</u>	<u>100.41%</u>

ALVIN COMMUNITY COLLEGE**PROGRAM EXPENSES BY FUNCTION**

Last Ten Fiscal Years

	For the Years Ended August 31, (amounts expressed in thousands)			
	2012	2011	2010	2009
Operating Expenses:				
Instruction	\$ 15,933	\$ 16,574	\$ 17,031	\$ 17,157
Public service	155	143	139	134
Academic support	3,525	3,556	3,973	3,348
Student services	2,527	2,487	2,444	2,250
Institutional support	3,744	4,156	3,764	3,610
Operation and maintenance of plant	4,324	4,525	4,770	4,016
Scholarships and fellowships	5,264	5,308	3,120	2,213
Auxiliary enterprises	1,977	2,244	2,569	2,510
Depreciation	1,138	1,102	1,110	1,054
Total Operating Expenses	38,587	40,095	38,920	36,292
Nonoperating Expenses:				
Interest on capital related debt	665	801	823	851
Total Expenses	\$ 39,252	\$ 40,896	\$ 39,743	\$ 37,143

	For the Years Ended August 31, (amounts expressed in percentages)			
	2012	2011	2010	2009
Operating Expenses:				
Instruction	41.29%	41.34%	43.76%	47.27%
Public service	0.40%	0.36%	0.36%	0.37%
Academic support	9.14%	8.87%	10.21%	9.23%
Student services	6.55%	6.20%	6.28%	6.20%
Institutional support	9.70%	10.37%	9.67%	9.95%
Operation and maintenance of plant	11.21%	11.29%	12.26%	11.07%
Scholarships and fellowships	13.64%	13.24%	8.02%	6.10%
Auxiliary enterprises	5.12%	5.60%	6.60%	6.92%
Depreciation	2.95%	2.75%	2.85%	2.90%
Total Operating Expenses	100.00%	100.00%	100.00%	100.00%
Nonoperating Expenses:				
Interest on capital related debt	1.69%	1.96%	2.07%	2.29%
Total Expenses	100.00%	100.00%	100.00%	100.00%

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

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 14,680	\$ 15,564	\$ 12,847	\$ 12,286	\$ 11,168	\$ 10,398
147	236	221	207	173	212
3,195	3,146	3,146	2,925	2,827	2,547
2,067	1,934	1,845	1,649	1,700	1,575
3,639	3,021	2,962	2,716	2,831	3,468
4,358	2,950	2,580	2,370	2,218	2,281
1,819	1,645	1,948	1,723	1,473	1,459
2,172	2,052	1,975	2,125	2,103	1,855
985	589	586	632	588	582
33,062	31,137	28,110	26,633	25,081	24,377
885	914	939	77	90	103
\$ 33,947	\$ 32,051	\$ 29,049	\$ 26,710	\$ 25,171	\$ 24,480

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

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
44.40%	49.99%	45.70%	46.13%	44.53%	42.65%
0.44%	0.76%	0.79%	0.78%	0.69%	0.87%
9.66%	10.10%	11.19%	10.98%	11.27%	10.45%
6.25%	6.21%	6.56%	6.19%	6.78%	6.46%
11.01%	9.70%	10.54%	10.20%	11.29%	14.23%
13.18%	9.47%	9.18%	8.90%	8.84%	9.36%
5.50%	5.28%	6.93%	6.47%	5.87%	5.99%
6.57%	6.59%	7.03%	7.98%	8.38%	7.61%
2.98%	1.89%	2.08%	2.37%	2.34%	2.39%
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
2.61%	2.85%	3.23%	0.29%	0.36%	0.42%
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

ALVIN COMMUNITY COLLEGE

TUITION AND FEES

Last Ten Academic Years

Academic Year (Fall)	Resident Fees per Semester Credit Hour (SCH)			Resident Fees per Semester		
	In-District Tuition	Out-of-District Tuition	General Service Fee	Registration Fee (per Student)	Technology Fee	Student Activity Fee
2011	\$ 42	\$ 84	\$ 5	\$ 30	\$ 45	\$ 22
2010	36	72	5	21	45	22
2009	32	65	5	21	40	22
2008	30	58	5	21	30	22
2007	30	58	5	21	30	17
2006	28	54	5	21	30	17
2005	28	54	5	21	30	17
2004	26	52	5	21	30	17
2003	26	52	5	21	30	17
2002	18	36	5	21	30	17

Academic Year (Fall)	Resident Fees per Semester Credit Hour (SCH)			Resident Fees per Semester		
	Non-Resident Tuition Out of State	Non-Resident Tuition International	General Service Fee	Registration Fee (per Student)	Technology Fee	Student Activity Fee
2011	\$ 130	\$ 130	\$ 5	\$ 30	\$ 45	\$ 22
2010	130	130	5	21	45	22
2009	110	110	5	21	40	22
2008	110	110	5	21	30	22
2007	110	110	5	21	30	17
2006	110	110	5	21	30	17
2005	110	110	5	21	30	17
2004	96	96	5	21	30	17
2003	96	96	5	21	30	17
2002	50	50	5	21	30	17

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

Resident Fees per Semester

Security Fee	LRC Fee	Bursar Fee	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
\$ 20	\$ 15	\$ 10	\$ 716	\$ 1,220	17.38%	17.08%
20	-	-	610	1,042	11.52%	9.34%
20	-	-	547	953	8.75%	13.59%
10	-	-	503	839	1.00%	0.60%
10	-	-	498	834	5.06%	6.11%
10	-	-	474	786	0.00%	0.00%
10	-	-	474	786	5.33%	3.15%
10	-	-	450	762	0.00%	0.00%
10	-	-	450	762	27.12%	33.68%
10	-	-	354	570	7.93%	9.62%

Resident Fees per Semester

Security Fee	LRC Fee	Bursar Fee	Cost for 12 SCH Non-Resident	Cost for 12 SCH International	Increase from Prior Year Non-Resident	Increase from Prior Year International
\$ 20	\$ 15	\$ 10	\$ 1,772	\$ 1,772	1.96%	1.96%
20	-	-	1,738	1,738	17.19%	17.19%
20	-	-	1,483	1,483	1.37%	1.37%
10	-	-	1,463	1,463	0.34%	0.34%
10	-	-	1,458	1,458	0.00%	0.00%
10	-	-	1,458	1,458	0.00%	0.00%
10	-	-	1,458	1,458	13.02%	13.02%
10	-	-	1,290	1,290	0.00%	0.00%
10	-	-	1,290	1,290	74.80%	74.80%
10	-	-	738	738	0.27%	0.27%

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

(Amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Assessed Valuation of Property</u>	<u>Less Exemptions</u>	<u>Taxable Assessed Value (TAV)</u>	<u>Ratio of Taxable Assessed Value to Assessed Value</u>
2011-12	\$ 6,657,772	\$ 768,842	\$ 5,888,930	88.45%
2010-11	6,898,889	1,187,556	5,711,333	82.79%
2009-10	6,905,533	1,044,338	5,861,195	84.88%
2008-09	6,728,205	916,132	5,812,073	86.38%
2007-08	6,020,738	843,423	5,177,315	85.99%
2006-07	5,164,489	718,678	4,445,811	86.08%
2005-06	4,433,472	654,631	3,778,841	85.23%
2004-05	3,775,034	627,574	3,147,460	83.38%
2003-04	3,281,498	537,287	2,744,211	83.63%
2002-03	3,152,192	592,291	2,559,901	81.21%

Source: Local Appraisal District

Notes: Property is assessed at full market value.

(a) per \$100 Taxable Assessed Valuation

Direct Rate

<u>Maintenance & Operations (a)</u>	<u>Debt Service (a)</u>	<u>Total (a)</u>
0.173798	0.025687	0.199485
0.174867	0.024963	0.199830
0.176312	0.023518	0.199830
0.177329	0.022503	0.199832
0.186741	0.023539	0.210280
0.193221	0.026300	0.219521
0.208306	0.029249	0.237555
0.240561	-	0.240561
0.254766	-	0.254766
0.255300	-	0.255300

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

<u>Fiscal Year</u>	<u>State Appropriation</u>	<u>Appropriation per FTSE</u>		<u>Appropriation per Contact Hour</u>
		<u>FTSE (a)</u>	<u>State Appropriation per FTSE</u>	<u>Academic Contact Hours (a)</u>
2011-12	\$ 9,128	\$ 7,562	\$ 1,207	1,396
2010-11	10,323	7,621	1,355	1,503
2009-10	10,438	7,790	1,340	1,461
2008-09	10,996	6,778	1,622	1,032
2007-08	10,904	6,425	1,697	1,140
2006-07	10,353	6,500	1,593	1,158
2005-06	10,342	6,753	1,531	1,152
2004-05	10,128	6,844	1,480	1,226
2003-04	10,001	7,134	1,402	1,245
2002-03	9,898	7,620	1,299	1,315

Notes:

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

- (a) Source CBM 001
(b) Source CBM 00A

Appropriation per Contact Hour

<u>Voc/Tech Contact Hours (a)</u>	<u>Total Contact Hours</u>	<u>State Appropriation per Contact Hour</u>
857	2,253	\$ 4.05
905	2,408	4.29
1,011	2,472	4.22
978	1,978	5.56
978	2,118	5.15
903	2,061	5.02
861	2,013	5.14
881	2,107	4.81
889	2,133	4.69
928	2,243	4.41

ALVIN COMMUNITY COLLEGE

PRINCIPAL TAXPAYERS

Last Ten Tax Years

Taxpayer	Type of Business	Year		
		(amounts expressed in thousands)		
		2011	2010	2009
Ineos USA LLC	petrochemical	\$ 419,543	\$ 442,249	\$ 418,260
Ascend Performance Materials	manufacturing	94,886	82,367	-
Denbury Onshore LLC	oil & gas	116,260	103,859	-
Innovene USA LLC	petrochemical	-	-	-
BP Amoco Chemicals	petrochemical	-	-	-
Solutia, Inc.	petrochemical	-	-	-
Equistar Chemicals LP	petrochemical	-	-	-
Innovene LLC	petrochemical	-	-	-
Novus International Inc	agriculture	54,451	55,390	53,501
Schlumberger Well Svcs	oilfield services	32,614	37,026	35,471
Center Point Energy	utility	37,008	36,014	-
Huntsman Petrochemical Corp	petrochemical	47,405	58,560	40,949
Tex Cal Energy LLC	utility	-	-	-
Amreit SPF Shadow Creek LP	investment	43,672	41,007	50,744
Monsanto Company	refinery	-	-	-
Southwestern Bell Telephone	utility	-	-	16,757
Perry Homes	real estate	-	-	-
Pearland Investments LTD PRT	real estate	21,155	31,697	35,554
Inland American Waterford LTD	real estate	-	-	17,125
Pearland Town Center LP	investment	68,763	66,933	67,661
Team Services Inc.	manufacturing	20,724	-	22,348
Noble Energy Incorporated	utility	-	-	-
IPOP Management Incorporated	oil & gas	-	-	-
Houston Lighting & Power Company	utility	-	-	-
Dune Operating Company	oil & gas	29,759	-	-
12400 Shadow Creek Parkway LLC	real estate	28,229	-	-
Discovery Shadow Creek Owner	real estate	26,392	-	-
Shadow Kirby LTD	real estate	25,000	-	-
Weatherford US LP	oil & gas	22,985	-	-
Energyquest Inc.	utility	19,883	-	-
BNSF Railway Co.	transportation	18,140	-	-
Texas New Mexico Power Co.	utility	16,493	-	-
Rice-Tec Inc.	agriculture	16,434	-	-
Zenergy Inc	oil & gas exploration	-	-	-
Oxy Petrochemical Incorporated	petrochemical	-	-	-
	Totals	<u>\$ 1,159,796</u>	<u>\$ 955,102</u>	<u>\$ 758,370</u>
	Total Taxable Assessed Value	<u>\$ 5,888,930</u>	<u>\$ 5,711,333</u>	<u>\$ 5,861,195</u>

Year
(amounts expressed in thousands)

2008	2007	2006	2005	2004	2003	2002
\$ 428,791	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
112,253	-	-	-	-	-	-
-	507,006	340,150	-	-	-	-
-	-	-	433,628	397,875	438,328	468,289
198,216	202,162	197,715	192,821	205,158	199,753	210,044
72,131	171,509	202,509	176,080	153,498	157,676	145,163
-	-	129,186	-	-	-	-
53,767	54,174	57,935	55,660	54,456	55,993	57,352
63,885	70,395	58,735	49,425	33,254	-	-
-	32,024	34,895	36,413	28,405	24,804	-
-	22,082	24,274	22,578	19,929	22,051	22,622
-	69,738	26,369	-	-	-	-
49,614	-	-	-	-	-	-
-	-	-	21,313	20,941	22,356	23,967
-	-	-	19,190	19,228	21,756	26,234
-	-	-	17,989	-	-	-
41,742	26,876	-	-	25,311	-	-
-	-	-	-	-	-	-
75,533	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	30,239	-	-	19,442	-
-	-	-	-	-	17,144	20,881
-	-	-	-	-	-	21,648
-	-	-	-	-	-	11,749
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
36,196	-	-	-	-	-	-
-	68,176	-	-	-	-	-
<u>\$ 1,132,128</u>	<u>\$ 1,224,142</u>	<u>\$ 1,102,007</u>	<u>\$ 1,025,097</u>	<u>\$ 958,055</u>	<u>\$ 979,303</u>	<u>\$ 1,007,949</u>
<u>\$ 5,812,073</u>	<u>\$ 5,177,315</u>	<u>\$ 4,445,811</u>	<u>\$ 3,778,841</u>	<u>\$ 3,147,460</u>	<u>\$ 2,744,211</u>	<u>\$ 2,559,901</u>

ALVIN COMMUNITY COLLEGE

PRINCIPAL TAXPAYERS

Last Ten Tax Years

Taxpayer	Type of Business	Year		
		2011	2010	2009
Ineos USA LLC	petrochemical	6.30%	7.74%	7.14%
Ascend Performance Materials	manufacturing	1.43%	1.44%	0.00%
Denbury Onshore LLC	oil & gas exploration	1.75%	1.82%	0.00%
Innovene USA LLC	petrochemical	0.00%	0.00%	0.00%
BP Amoco Chemicals	petrochemical	0.00%	0.00%	0.00%
Solutia, Inc.	petrochemical	0.00%	0.00%	0.00%
Equistar Chemicals LP	petrochemical	0.00%	0.00%	0.00%
Innovene LLC	petrochemical	0.00%	0.00%	0.00%
Novus International Inc	agriculture	0.82%	0.97%	0.91%
Schlumberger Well Svcs	oilfield services	0.49%	0.65%	0.61%
Center Point Energy	utility	0.56%	0.63%	0.00%
Huntsman Petrochemical Corp	petrochemical	0.71%	1.03%	0.70%
Tex Cal Energy LLC	utility	0.00%	0.00%	0.00%
Amreit SPF Shadow Creek LP	investment	0.66%	0.72%	0.87%
Monsanto Company	refinery	0.00%	0.00%	0.00%
Southwestern Bell Telephone	utility	0.00%	0.00%	0.29%
Perry Homes	real estate	0.00%	0.00%	0.00%
Pearland Investments LTD PRT	real estate	0.32%	0.55%	0.61%
Inland American Waterford LTD	real estate	0.00%	0.00%	0.29%
Pearland Town Center LP	investment	1.03%	1.17%	1.15%
Team Services Inc.	manufacturing	0.31%	0.00%	0.38%
Noble Energy Incorporated	utility	0.00%	0.00%	0.00%
IPOP Management Incorporated	oil & gas	0.00%	0.00%	0.00%
Houston Lighting & Power Company	utility	0.00%	0.00%	0.00%
Dune Operating Company	oil & gas	0.45%	0.00%	0.00%
12400 Shadow Creek Parkway LLC	real estate	0.42%	0.00%	0.00%
Discovery Shadow Creek Owner	real estate	0.40%	0.00%	0.00%
Shadow Kirby LTD	real estate	0.38%	0.00%	0.00%
Weatherford US LP	oil & gas	0.35%	0.00%	0.00%
Energyquest Inc.	utility	0.30%	0.00%	0.00%
BNSF Railway Co.	transportation	0.27%	0.00%	0.00%
Texas New Mexico Power Co.	utility	0.25%	0.00%	0.00%
Rice-Tec Inc.	agriculture	0.25%	0.00%	0.00%
Alvin Autoland, Incorporated	auto dealership	0.00%	0.00%	0.00%
Phillips Petroleum Company	petrochemical	0.00%	0.00%	0.00%
Zenergy Inc	oil & gas exploration	0.00%	0.00%	0.00%
Oxy Petrochemical Incorporated	petrochemical	0.00%	0.00%	0.00%
		17.42%	16.72%	12.94%

Year

2008	2007	2006	2005	2004	2003	2002
7.38%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.93%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	9.79%	7.65%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	11.48%	12.64%	15.97%	18.29%
3.41%	3.90%	4.45%	5.10%	6.52%	7.28%	8.21%
1.24%	3.31%	4.56%	4.66%	4.88%	5.75%	5.67%
0.00%	0.00%	2.91%	0.00%	0.00%	0.00%	0.00%
0.93%	1.05%	1.30%	1.47%	1.73%	2.04%	2.24%
1.10%	1.36%	1.32%	1.31%	1.06%	0.00%	0.00%
0.00%	0.62%	0.78%	0.96%	0.90%	0.90%	0.00%
0.00%	0.43%	0.55%	0.60%	0.63%	0.80%	0.88%
0.00%	1.35%	0.59%	0.00%	0.00%	0.00%	0.00%
0.85%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.56%	0.67%	0.81%	0.94%
0.00%	0.00%	0.00%	0.51%	0.61%	0.79%	1.02%
0.00%	0.00%	0.00%	0.48%	0.00%	0.00%	0.00%
0.72%	0.52%	0.00%	0.00%	0.80%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.30%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.68%	0.00%	0.00%	0.71%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%	0.62%	0.82%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.85%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.46%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.62%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	1.32%	0.00%	0.00%	0.00%	0.00%	0.00%
<u>19.48%</u>	<u>23.64%</u>	<u>24.79%</u>	<u>27.13%</u>	<u>30.44%</u>	<u>35.69%</u>	<u>39.37%</u>

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ALVIN COMMUNITY COLLEGE

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year Ended August 31	Total Tax Levy (a)	Collections Current Levy (b)	Percentage	Current Collections of Prior Levies (b)	Total Collections (c)	Percentage of Current Levy
2012	\$ 11,746	\$ 11,574	98.54%	\$ 313	\$ 11,887	101.20%
2011	11,418	11,221	98.27%	354	11,575	101.38%
2010	11,722	11,497	98.08%	259	11,916	101.66%
2009	11,651	11,394	97.79%	291	11,830	101.54%
2008	10,891	10,625	97.56%	261	11,102	101.94%
2007	9,758	9,488	97.23%	271	9,969	102.16%
2006	8,973	8,722	97.20%	456	9,178	102.28%
2005	7,594	7,366	97.00%	412	7,778	102.42%
2004	7,003	6,766	96.62%	355	7,121	101.68%
2003	6,541	6,315	96.54%	349	6,664	101.88%

Source: Local Tax Assessor/Collector and District records

(a) As of August 31st

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

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

ALVIN COMMUNITY COLLEGE

RATIOS OF OUTSTANDING DEBT

Last Ten Fiscal Years

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

	2012	2011	2010	2009
General Bonded Debt:				
General obligation bonds	\$ 16,160	\$ 16,960	\$ 17,615	\$ 18,194
Less: Funds restricted for debt service	(1,528)	(1,444)	(1,399)	(1,325)
Net general bonded debt	<u>14,632</u>	<u>15,516</u>	<u>16,216</u>	<u>16,869</u>
Revenue Bonds	-	-	-	-
Notes	-	-	-	-
Total Outstanding Debt	<u>\$ 14,632</u>	<u>\$ 15,516</u>	<u>\$ 16,216</u>	<u>\$ 16,869</u>
General Bonded Debt Ratios:				
As a percentage of Taxable Assessed Value	0.03%	0.02%	0.02%	0.02%
Total Outstanding Debt Ratios:				
Per capita	487.73	517.20	540.53	562.33
Per student	2,090	2,217	2,317	2,410
As a percentage of Taxable Assessed Value	248.47%	269.43%	276.67%	290.26%

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

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

2008	2007	2006	2005	2004	2003
\$ 18,675	\$ 19,065	\$ 19,375	\$ -	\$ -	\$ -
(1,236)	(1,174)	(1,105)	-	-	-
<u>17,439</u>	<u>17,891</u>	<u>18,270</u>	<u>-</u>	<u>-</u>	<u>-</u>
302	584	849	1,099	1,332	1,552
-	-	-	68	141	208
<u>\$ 17,741</u>	<u>\$ 18,475</u>	<u>\$ 19,119</u>	<u>\$ 1,167</u>	<u>\$ 1,473</u>	<u>\$ 1,760</u>

0.02%	0.03%	0.02%	0.00%	0.00%	0.00%
-------	-------	-------	-------	-------	-------

591.37	615.83	637.30	38.91	50.78	62.85
2,534	2,639	2,731	167	210	220
342.67%	415.56%	505.95%	37.08%	53.68%	68.75%

ALVIN COMMUNITY COLLEGE**LEGAL DEBT MARGIN INFORMATION**

Last Ten Fiscal Years

	For the Years Ended August 31, (amounts expressed in thousands)			
	2012	2011	2010	2009
Taxable Assessed Value	\$ 5,888,930	\$ 5,758,810	\$ 5,861,196	\$ 5,812,073
General Obligation Bonds:				
Statutory tax levy limit for debt service	28,557	28,794	29,306	29,060
Less: Funds restricted for repayment of general obligation bonds	(1,528)	(1,444)	(1,399)	(1,325)
Total Net General Obligation Debt	<u>27,029</u>	<u>27,350</u>	<u>27,907</u>	<u>27,735</u>
Current Year Debt Service Requirements	1,405	1,456	1,403	1,321
Excess of Statutory Limit for Debt Service over Current Requirements	<u>\$ 25,624</u>	<u>\$ 25,894</u>	<u>\$ 26,504</u>	<u>\$ 26,414</u>
Net Current Requirements as a % of Statutory Limit	0.05%	0.04%	0.01%	-0.01%

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

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

2008	2007	2006	2005	2004	2003
\$ 5,177,315	\$ 4,445,811	\$ 3,778,841	\$ 3,147,460	\$ 2,744,211	\$ 2,559,901
30,104	22,229	22,167	15,737	13,721	12,800
(1,236)	(1,174)	(1,105)	-	-	-
28,868	21,055	21,062	15,737	13,721	12,800
1,247	1,178	1,111	-	-	-
<u>\$ 27,621</u>	<u>\$ 19,877</u>	<u>\$ 19,951</u>	<u>\$ 15,737</u>	<u>\$ 13,721</u>	<u>\$ 12,800</u>
0.04%	0.02%	0.03%	0.00%	0.00%	0.00%

ALVIN COMMUNITY COLLEGE***PLEDGED REVENUE COVERAGE***

Last Ten Fiscal Years

Revenue Bonds				Debt Service Requirement (in thousands)
Year	Technology Fee	General Services Fee	Total	Principal
2012	\$ -	\$ -	\$ -	\$ -
2011	-	-	-	-
2010	-	-	-	-
2009	238,467	387,715	626,182	302,000
2008	230,855	380,244	611,099	282,000
2007	228,978	378,389	607,367	265,000
2006	227,218	377,139	604,357	250,000
2005	235,365	396,158	631,523	233,000
2004	238,762	405,130	643,892	220,000
2003	217,253	417,335	634,588	208,000

Debt Service Requirements (in thousands)

<u>Interest</u>	<u>Total</u>	<u>Coverage Ratio</u>
\$ -	\$ -	-
-	-	-
-	-	-
9,815	311,815	2.01
28,654	310,654	1.97
46,026	311,026	1.95
62,123	312,123	1.94
76,863	309,863	2.04
90,288	310,288	2.08
102,703	310,703	2.04

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

Year	District Population	District Personal Income (a) (in Thousands)	District Personal Income Per Capita	District Unemployment Rate
2011	319,973	\$ (a)	\$ (a)	8.4%
2010	313,166	11,749,744 *	37,344 *	9.0%
2009	309,208	11,275,252 *	36,462 *	8.1%
2008	301,044	11,455,625	38,030	5.2%
2007	294,233	10,120,236	34,529	4.4%
2006	287,898	9,241,458	32,513	5.0%
2005	276,956	8,298,208	29,962	6.3%
2004	270,870	7,701,167	28,431	7.1%
2003	263,571	7,375,136	27,982	7.1%
2002	256,891	7,204,298	28,044	5.9%

Sources:

Population from U.S. Bureau of the Census

Personal income from U.S. Bureau of Economic Analysis

Unemployment rate from Texas Workforce Commission

Notes:

(a) Not yet available

* Updated from last year

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ALVIN COMMUNITY COLLEGE

PRINCIPAL EMPLOYERS

Current Fiscal Year

<u>Employer</u>	<u>Employees (1)</u>	<u>Employment (2)</u>
Ascend Performance Materials	1000+	0.77%
Dish Network Customer Call Center	500-999	0.77%
Wal-Mart Supercenter	500-999	0.77%
Ahi Supply Lp	100-499	0.31%
Alvin Autoland	100-499	0.31%
Alvin Community College	100-499	0.31%
Alvin High School	100-499	0.31%
Diversified Ceramics	100-499	0.31%
GTE Inc.	100-499	0.31%
House Calls Home Health	100-499	0.31%
Home Depot	100-499	0.31%
Kroger	100-499	0.31%
Ron Carter Used Cars Inc	100-499	0.31%
T & L Lease Svc	100-499	0.31%
Team Engineering	100-499	0.31%
Team Inc	100-499	0.31%
Team Industrial Svc Inc	100-499	0.31%
Teco Manufacturing Inc	100-499	0.31%
	<u>3,500 - 10,483</u>	<u>6.96%</u>

Source:

(1) Texas Workforce Commission - SOCRATES, Employer Search

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

Note:

Percentages are calculated using the midpoints of the ranges.

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Faculty				
Full-Time	108	109	108	108
Part-Time	180	180	199	171
Total	<u><u>288</u></u>	<u><u>289</u></u>	<u><u>307</u></u>	<u><u>279</u></u>
Faculty				
Full-Time	37.5%	37.7%	35.2%	38.7%
Part-Time	62.5%	62.3%	64.8%	61.3%
Staff and Administrators				
Full-Time	168	163	169	162
Part-Time	50	54	47	46
Total	<u><u>218</u></u>	<u><u>217</u></u>	<u><u>216</u></u>	<u><u>208</u></u>
Faculty				
Full-Time	77.1%	75.1%	78.2%	77.9%
Part-Time	22.9%	24.9%	21.8%	22.1%
FTSE per Full-time Faculty	59.5	58.9	59.5	59.5
FTSE per Full-Time Staff Member	38.2	39.4	38.0	39.7
Average Annual Faculty Salary	\$ 59,598	\$ 57,416	\$ 54,458	\$ 54,064

2008	2007	2006	2005	2004	2003
103	100	100	96	93	93
153	168	145	152	161	162
<u>256</u>	<u>268</u>	<u>245</u>	<u>248</u>	<u>254</u>	<u>255</u>
40.2%	37.3%	40.8%	38.7%	36.6%	36.5%
59.8%	62.7%	59.2%	61.3%	63.4%	63.5%
169	154	158	154	149	145
45	54	56	42	42	35
<u>214</u>	<u>208</u>	<u>214</u>	<u>196</u>	<u>191</u>	<u>180</u>
79.0%	74.0%	73.8%	78.6%	78.0%	80.6%
21.0%	26.0%	26.2%	21.4%	22.0%	19.4%
62.4	65.0	67.5	71.3	76.7	81.9
38.0	42.2	42.7	44.4	47.9	52.6
\$ 52,518	\$ 50,978	\$ 50,700	\$ 52,526	\$ 49,960	\$ 48,973

ALVIN COMMUNITY COLLEGE

ENROLLMENT DETAILS

Last Five Fall Semesters

Student Classification	Fall 2011		Fall 2010	
	Number	Percent	Number	Percent
0-30 hours	3,630	69.90%	3,947	68.99%
31-60 hours	897	17.27%	981	17.15%
> 60 hours	666	12.82%	793	13.86%
Total	5,193	100.00%	5,721	100.00%

Semester Hour Load	Fall 2011		Fall 2010	
	Number	Percent	Number	Percent
Less than 3	44	0.85%	155	2.71%
3-5 semester hours	1,438	27.69%	1,555	27.18%
6-8 Semester hours	1,391	26.79%	1,512	26.43%
9-11 semester hours	1,010	19.45%	1,071	18.72%
12-14 semester hours	942	18.14%	1,064	18.60%
15-17 semester hours	273	5.26%	248	4.33%
18 & over	95	1.83%	116	2.03%
Total	5,193	100.00%	5,721	100.00%

Average course load

Tuition Status	Fall 2011		Fall 2010	
	Number	Percent	Number	Percent
Texas Resident (in-District)	2,495	48.05%	2,603	45.50%
Texas Resident (out-of-District)	2,543	48.97%	2,963	51.79%
Non-Resident Tuition	77	1.48%	73	1.28%
Tuition Exemption - TX Resident	78	1.50%	82	1.43%
Total	5,193	100.00%	5,721	100.00%

Fall 2009		Fall 2008		Fall 2007	
Number	Percent	Number	Percent	Number	Percent
3,629	69.94%	3,218	74.01%	2,664	65.12%
874	16.84%	713	16.40%	812	19.85%
686	13.22%	417	9.59%	615	15.03%
5,189	100.00%	4,348	100.00%	4,091	100.00%

Fall 2009		Fall 2008		Fall 2007	
Number	Percent	Number	Percent	Number	Percent
806	15.53%	885	20.35%	34	0.83%
1,199	23.11%	911	20.95%	1,089	26.62%
1,154	22.24%	962	22.13%	1,110	27.13%
652	12.57%	685	15.75%	817	19.97%
1,011	19.48%	678	15.59%	772	18.87%
283	5.45%	173	3.98%	199	4.86%
84	1.62%	54	1.24%	70	1.71%
5,189	100.00%	4,348	100.00%	4,091	100.00%

Fall 2009		Fall 2008		Fall 2007	
Number	Percent	Number	Percent	Number	Percent
2,386	45.98%	2,001	46.02%	1,899	46.42%
2,737	52.75%	2,291	52.69%	2,143	52.38%
66	1.27%	56	1.29%	49	1.20%
-	-	-	-	-	-
5,189	100.00%	4,348	100.00%	4,091	100.00%

ALVIN COMMUNITY COLLEGE

STUDENT PROFILE

Last Five Fall Semesters

Student Classification	Fall 2011		Fall 2010	
	Number	Percent	Number	Percent
Female	3,002	57.81%	3,141	54.90%
Male	2,191	42.19%	2,580	45.10%
Total	5,193	100.00%	5,721	100.00%

Semester Hour Load	Fall 2011		Fall 2010	
	Number	Percent	Number	Percent
White	4,123	64.05%	4,609	65.44%
Hispanic**	1,396	21.69%	1,446	20.53%
African American	481	7.47%	572	8.12%
Asian	225	3.50%	247	3.51%
Foreign	36	0.56%	37	0.53%
Native American	94	1.46%	64	0.91%
Native Hawaiian/ Pacific Islander	11	0.17%	11	0.16%
Unknown	71	1.10%	57	0.81%
Total	6,437	100.00%	7,043	100.00%

Tuition Status	Fall 2011		Fall 2010	
	Number	Percent	Number	Percent
Under 18	1,207	23.24%	1,422	24.86%
18 -21	1,832	35.28%	1,804	31.53%
22 - 24	535	10.30%	567	9.91%
25 - 35	978	18.83%	1,171	20.47%
36 - 50	522	10.05%	635	11.10%
51 & over	119	2.29%	122	2.13%
Total	5,193	100.00%	5,721	100.00%

Average Age

24

24

**Numbers are skewed because Hispanic is no longer considered a race by the Federal Government. It is an origin, and Hispanic students can declare their origin without declaring a race.

Fall 2009	
Number	Percent
2,886	55.62%
2,303	44.38%
5,189	100.00%

Fall 2008	
Number	Percent
2,450	56.35%
1,898	43.65%
4,348	100.00%

Fall 2007	
Number	Percent
2,313	56.54%
1,778	43.46%
4,091	100.00%

Fall 2009	
Number	Percent
3,098	59.70%
1,290	24.86%
515	9.92%
205	3.95%
22	0.42%
37	0.71%
-	-
22	0.42%
5,189	100.00%

Fall 2008	
Number	Percent
2,753	63.32%
1,017	23.39%
377	8.67%
128	2.94%
29	0.67%
35	0.80%
-	-
9	0.21%
4,348	100.00%

Fall 2007	
Number	Percent
2,651	64.80%
929	22.71%
342	8.36%
114	2.79%
22	0.54%
24	0.59%
-	-
9	0.22%
4,091	100.00%

Fall 2009	
Number	Percent
1,337	25.77%
1,710	32.95%
526	10.14%
945	18.21%
560	10.79%
111	2.14%
5,189	100.00%

Fall 2008	
Number	Percent
852	19.60%
1,547	35.58%
489	11.25%
860	19.78%
504	11.59%
96	2.21%
4,348	100.00%

Fall 2007	
Number	Percent
590	14.42%
1,499	36.64%
485	11.86%
875	21.39%
550	13.44%
92	2.25%
4,091	100.00%

24

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ALVIN COMMUNITY COLLEGE

TRANSFERS TO SENIOR INSTITUTIONS

779 Fall Students as of Fall 2011

(Included only Public Senior Colleges in Texas)

	Transfer Student Count <u>Academic</u>	Transfer Student Count <u>Technical</u>	Transfer Student Count <u>Tech-Prep</u>	Total of All Sample Transfer Students	% of All Sample Transfer Students
1 Angelo State University	1			1	0.13%
2 Lamar University	11	1		12	1.54%
3 Midwestern State University	1		1	2	0.26%
4 Prairie View A&M University	12			12	1.54%
5 Sam Houston State University	49		2	51	6.55%
6 Stephen F. Austin State University	24			24	3.08%
7 Tarleton State University	4			4	0.51%
8 Texas A&M University	99	1	1	101	12.97%
9 Texas A&M University - Commerce	1			1	0.13%
10 Texas A&M University - Corpus Christi	6			6	0.77%
11 Texas A&M University - Kingsville	7			7	0.90%
12 Texas A&M University at Galveston	17			17	2.18%
13 Texas Southern University	5			5	0.64%
14 Texas State University	49		1	50	6.42%
15 Texas Tech University	36		1	37	4.75%
16 Texas Woman's University	7			7	0.90%
17 The University of Texas - Pan American	1			1	0.13%
18 The University of Texas at Arlington	7	1	1	9	1.16%
19 The University of Texas at Austin	55	1		56	7.19%
20 The University of Texas at Dallas	10			10	1.28%
21 The University of Texas at El Paso	2			2	0.26%
22 The University of Texas at San Antonio	20		1	21	2.70%
23 The University of Texas at Tyler	3			3	0.39%
24 The University of Texas of the Permian Basin	1			1	0.13%
25 University of Houston	123	9	3	135	17.33%
26 University of Houston - Downtown	10	1		11	1.41%
27 University of Houston at Clear Lake	157	8	1	166	21.31%
28 University of Houston at Victoria	11			11	1.41%
29 University of North Texas	11			11	1.41%
30 West Texas A&M University	5			5	0.64%
	<u>745</u>	<u>22</u>	<u>12</u>	<u>779</u>	<u>100%</u>

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ALVIN COMMUNITY COLLEGE
SCHEDULE OF CAPITAL ASSET INFORMATION
 Fiscal Years 2008 to 2012

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Academic buildings	12	12	12	12	10
Square footage (in thousands)	311	311	311	311	305
Libraries	1	1	1	1	1
Square footage (in thousands)	12	12	12	12	12
Number of Volumes (in thousands)	12	12	11	18	18
Administrative and support buildings	3	3	3	3	3
Square footage (in thousands)	13	13	13	13	13
Dormitories	-	-	-	-	-
Square footage (in thousands)	-	-	-	-	-
Number of Beds	-	-	-	-	-
Apartments	-	-	-	-	-
Square footage (in thousands)	-	-	-	-	-
Number of beds	-	-	-	-	-
Dining Facilities	1	1	1	1	1
Square footage (in thousands)	5	5	5	5	5
Average daily customers	150	150	200	200	200
Athletic Facilities	8	8	8	8	5
Square footage (in thousands)	22	22	22	22	22
Stadiums	0	0	0	0	0
Gymnasiums	1	1	1	1	1
Fitness Centers	1	1	1	1	1
Tennis Courts	6	6	6	6	3
Plant facilities	1	1	1	1	1
Square footage (in thousands)	18	18	18	18	18
Transportation:					
Cars	7	6	7	7	7
Light Trucks/Vans/Ambulance	9	9	9	11	9
Buses	2	2	3	3	3
Heavy Trucks	1	0	0	0	0

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