



**Comprehensive Annual Financial Report
for the fiscal year ended August 31, 2012**

**Austin Community College District
Texas**

Austin Community College District
Austin, Texas

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Years Ended August 31, 2012 and 2011

Prepared by
Business Services
Austin Community College District

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Introductory Section

**AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas**

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Austin, Texas

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Austin, Texas**

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AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

BOARD OF TRUSTEES AND KEY OFFICERS
August 31, 2012

BOARD OF TRUSTEES

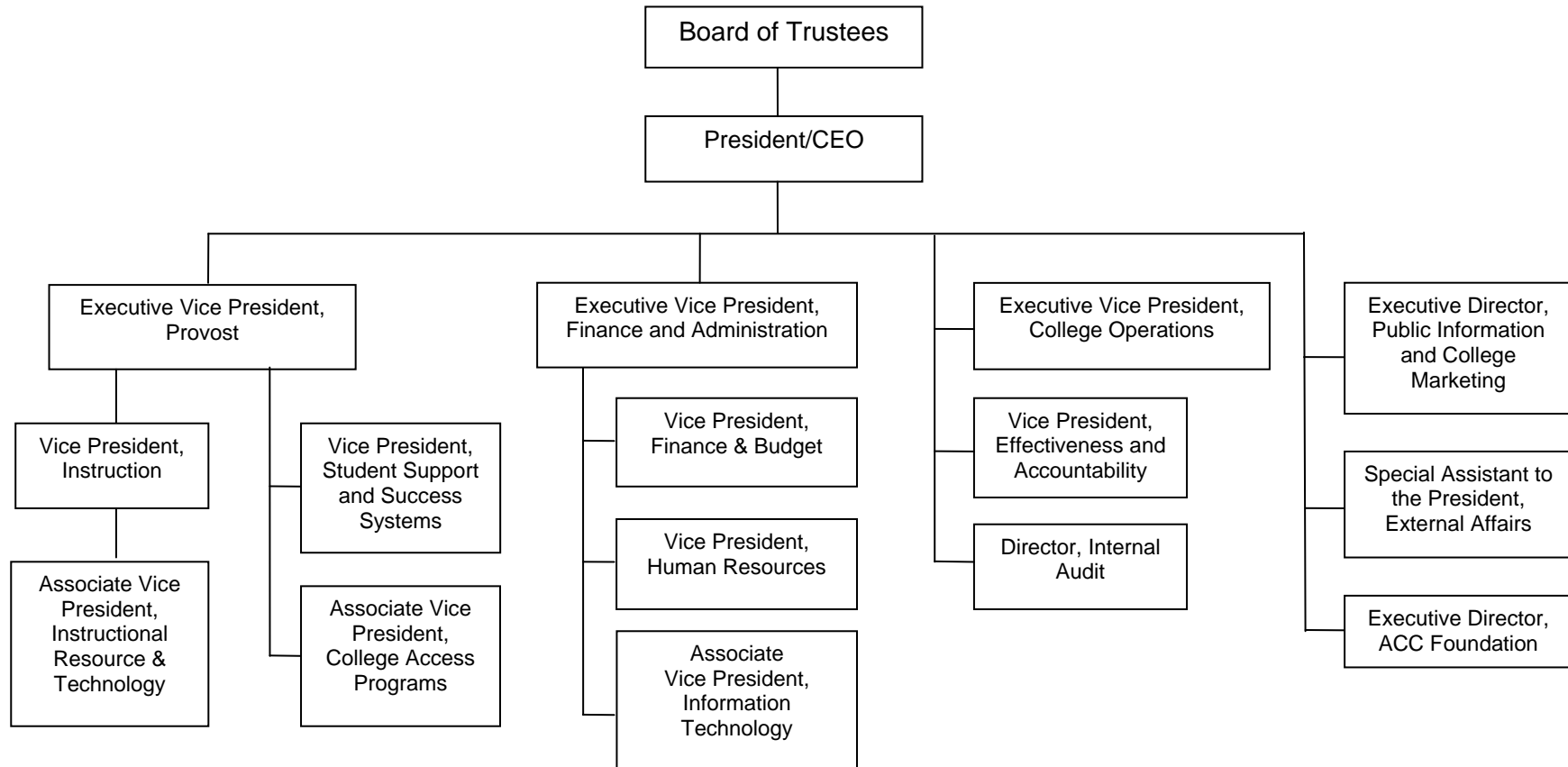
<u>Place #</u>	<u>Members</u>	<u>Term Expires</u>
1	Mr. Tim Mahoney	November 30, 2014
2	Mr. John Michael-Cortez, Secretary	November 30, 2014
3	Ms. Nan McRaven,	November 30, 2014
4	Mr. Jeffrey Richard, Vice Chair	November 30, 2016
5	Dr. Victor Villarreal	November 30, 2016
6	Ms. Guadalupe Sosa	November 30, 2016
7	Dr. Barbara Mink, Chair	November 30, 2012
8	Dr. James McGuffee	November 30, 2012
9	Mr. Allen Kaplan	November 30, 2012

KEY OFFICERS

<u>Name</u>	<u>Title</u>
Dr. Richard Rhodes, CPA	President/CEO
Dr. Enrique Solis	Executive Vice President, Provost (Interim)
Mr. Ben Ferrell, CPA	Executive Vice President, Finance and Administration
Dr. Mary Hensley	Executive Vice President, College Operations
Mr. Mike Midgley, CPA	Vice President, Instruction
Mr. Neil Vickers, CPA	Vice President, Finance & Budget
Ms. Gerry Tucker	Vice President, Human Resources
Dr. Kathleen Christensen	Vice President, Student Support and Success Systems
Ms. Soon Merz	Vice President, Effectiveness and Accountability
Ms. Stephanie Hawley	Associate Vice President, College Access Programs
Mr. Stan Gunn	Associate Vice President, Information Technology
Mr. Richard Smith	Associate Vice President, Instructional Resources & Technology
Ms. Brette Lea	Executive Director, Public Information and College Marketing
Ms. Stephanie Dempsey	Executive Director, ACC Foundation
Ms. Linda Young	Special Assistant to the President, External Affairs
Mr. Imad Mouchayleh	Director, Internal Audit

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

ORGANIZATIONAL CHART
August 31, 2012



December 3, 2012

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

Dear Board Members and President:

The following comprehensive annual financial report of the Austin Community College District (“the College”) for the fiscal year ended August 31, 2012, is hereby submitted. Responsibility for the preparation and integrity of the financial information, and the completeness and fairness of the presentation, including all disclosures, rests with the College. The financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) as established by the Financial Accounting Standards Board (FASB) and the Governmental Accounting Standards Board (GASB) and comply with Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges as set forth by the Texas Higher Education Coordinating Board (THECB). The Notes to the Basic Financial Statements are provided in the financial section and are considered essential to fair presentation and adequate disclosure for this financial report. The notes include the Summary of Significant Accounting Policies for the College and other necessary disclosures of important matters relating to the financial position of the College. The notes are treated as an integral part of the financial statements and should be read in conjunction with them.

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

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

The College is required to undergo an annual federal single audit in conformity with the provisions of the Single Audit Act Amendments of 1996, and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and an annual state single audit in conformity with the Texas Governor’s Office of Budget and Planning *Uniform Grant Management Standards Single Audit Circular*. Information related to these Single Audits, including the schedule of expenditures of federal awards, schedule of expenditures of state awards, and auditor’s reports on compliance and on internal controls are included in the federal and state single audit sections of this report.

Governmental Structure

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

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

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

Mission and Values

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

The vision statement is as follows:

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

Furthermore, these are the core values that guide the Austin Community College District’s internal and external interactions with each other and our community:

- **C - Communication:** ACC values open, responsible exchange of ideas;
- **A - Access:** ACC values an open door to educational potential.
- **R - Responsiveness:** ACC values targeted actions to address Service Area and internal needs within available resources.
- **E - Excellence:** ACC values commitment to integrity and exemplary standards.
- **S - Stewardship:** ACC values personal and professional ownership that generates accountability.

Economic Condition and Outlook

The College's service area is located in Central Texas, about 150 miles inland from the Gulf of Mexico. According to the US Census Bureau, the population in 2011 of the Austin-Round Rock-San Marcos MSA was 1,783,519, an increase of 41% since 2000. Growth in these counties is expected to continue at this rate or faster in the future. Austin is the state capital, and consequently 16% of its workforce is employed with state and local government agencies. The remainder of the counties' economic base consists of manufacturing, computer technology, and trade and service industries.

The Austin-Round Rock-San Marcos MSA continues to outpace the national averages in economic indicators. According to the Texas Workforce Commission, the Austin-Round Rock MSA civilian workforce had increased 2.3% from 945,746 in 2011 to 967,357 in 2012. The unemployment rate in 2012 was 5.9%, which is lower than the statewide unemployment rate of 7.0%, and significantly lower than the national unemployment rate of 8.1%. According to the US Census, residents of the Austin-Round Rock MSA are typically well educated, with 40.6% of the workforce population over 25 possessing a bachelor's degree or higher.

During the past five years, the College experienced significant improvements in its financial condition, increasing its unrestricted net assets from \$19.9 million to \$25.7 million over that time. This is due to a commitment from the Board and administration to sound financial planning and budget performance. The College has increased its use of long-term planning and financial forecasting which has improved the decision making process. At the same time, the College has benefited from a strong local economy, record enrollments, and favorable annexations. This strengthened financial position will allow the College to weather the current economic downturn with minimal impact on College operations.

State funding continues to be a concern. The State reduced the 2010-2011 appropriations by 7.5% mid-year. Additionally, there was a 10% reduction for the 2012-2013 biennium. The current funding rate is significantly less per contact hour than the College was receiving in 2000. The State continues to deal with a deficit budget, so the future of State funding continues to be a concern. The College is committed to the legislative process, and will continue to work with State leaders to inform them of the crucial role of community colleges for the State's economic and social well-being. At the same time, the College has taken significant steps to mitigate the impact of state appropriations on the College's fiscal stability.

Financial Planning and Budgeting

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

- Long-Term Facilities Plan
- Three Year Master Plan
- Annual Budget, including 10 year projections

The College recently developed a regional facilities master plan designed specifically to address the College's *Closing the Gaps* target, which identifies the College's enrollment targets up the year 2025. The plan includes six recommendations for meeting this demand, all of which were adopted by the Board:

- 1) Approve land acquisition for a campus in Round Rock;
- 2) Hire an A/E firm to begin the design of a campus in Round Rock;
- 3) Reaffirm master plan recommendation for a campus in San Marcos;
- 4) Form a Public Facilities Corporation (PFC) to finance new campuses;
- 5) Pursue land donations and/or purchases in strategic areas with future growth potential;
- 6) Develop individual master plans for expansion and renovations at existing campuses.

In general, the College has completed all of the above recommendations, including item 6 which is the development of individual campus master plans for all of the existing campuses. These campus master plans address the potential expansions and needed renovations at each campus in order to meet the future enrollment projections.

The recommendations, along with the major instructional and operational initiatives, are incorporated into a three year master plan, which is driven by strategic goals developed by the President and approved by the Board. This is a rolling three year plan that is updated annually prior to the annual budget cycle. This master plan identifies the initiatives that the College will focus on for the next three years, and therefore drive the annual budget decisions.

The annual budget is developed with a bottom-up approach with the approved master plan serving as a guide. During the budget development cycle, departments are asked to identify the funds needed in their departmental budgets in order to accomplish the goals laid out in the master plan. After this information is collected from the departments, it is compiled into a proposed college-wide budget. The budget is then presented to the Board, including budget projections for the next 10 years. These projections incorporate the proposed new initiatives and other operating increases in order to demonstrate the long-term impact of the current year funding decisions. It also projects future tuition rate increases.

The combined use of these three planning devices allows the College to develop funding strategies to meet the future expenditure needs, and maintain a strong financial balance. Due to the College's commitment to planning, in the last four years the College has met the demands of record enrollment increases, increased programs and service available to students, and all while increasing its net assets each year.

Major Initiatives

The College has devoted significant time and effort in planning for the future. During 2012 the College continued to make progress with its current facilities master plan in order to provide space to meet the State's *Closing the Gaps* initiative of increasing participation in higher education. The College has clearly emerged as the regional leader in the *Closing the Gaps* effort to promote economic development through an educated workforce. Unique and innovative programs such as the *College Connection*, which automatically admits area graduating high school seniors to the College, helped increase enrollment, particularly among traditionally under-represented students. *College Connection* has received national recognition and is being emulated by other community colleges in Texas and other states.

Other major initiatives that highlighted 2012 include:

- Successfully acquired the remainder of Highland Mall providing 1.2 million sq. ft. of space, paving the way for a state-of-the-art learning environment and center for community and business partnerships, expanding education opportunities for all Central Texans.

- Welcomed the citizens of Elgin ISD and Hays CISD into the ACC taxing district with a successful annexation election in November 2010. These annexations will allow for the construction of new campuses in each of these communities. The new campuses are scheduled to open in Fall 2013 and Spring 2014, respectively.

The College is moving ahead with significant plans for expansion thanks to its community support, and expects to maintain its role as a major source of post-secondary education and economic development in the Central Texas region. For 2013, the College plans to further develop its strategic academic and facilities planning for the region, which will include pursuing expansion of its taxing district through annexation.

Independent Audit

State statutes require an annual audit by independent certified public accountants. The College's Board of Trustees selected the accounting firm of Grant Thornton LLP. In addition to meeting the requirements set forth in state statutes, their audit also was designed to meet the requirements of the Federal Single Audit Act Amendments of 1996 and related OMB Circular A-133 and the state single audit related to the Uniform Grant Management Standards Single Audit Circular. The auditor's reports related specifically to the Single Audits are included in the Single Audit Sections.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Austin Community College District for its comprehensive annual financial report for the fiscal year ended August 31, 2011. This was the ninth consecutive year that the College has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

We are grateful to the Board of Trustees for its interest in planning and oversight of the financial operations of the College. We especially want to acknowledge the staff of Business Services for their hard work and dedicated service, for we could not have accomplished the preparation of this report without their diligent efforts. We would also like to thank the accounting firm of Grant Thornton LLP for their assistance with the audit.

Respectively submitted,



Ben Ferrell, C.P.A.
Executive Vice President,
Finance & Administration



Neil Vickers, C.P.A.
Vice President,
Finance & Budget

Certificate of Achievement for Excellence in Financial Reporting

Presented to
Austin Community College District
Texas

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

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



Christopher P. Moivell

President

Jeffrey R. Emer

Executive Director

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Financial Section



Grant Thornton

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Report of Independent Certified Public Accountants

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Board of Trustees
Austin Community College District

We have audited the accompanying financial statements of the Austin Community College District (the "District") as of and for the year ended August 31, 2012, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of ACC Foundation, Inc., which represents the discretely presented component unit of the College. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for that component unit, is based on the report of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of August 31, 2012, and the changes in its financial position and cash flows for the year 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 13, 2012 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 15 and the Schedule of Funding Progress on page 68 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants. These limited procedures 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 audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards and the Schedule of Expenditures of State Awards for the year ended August 31, 2012 required by 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, on pages 101 through 114, and other schedules required by the Texas Higher Education Coordinating Board ("THECB") on pages 69 through 72, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

GRANT THORNTON LLP

Dallas, Texas
December 12, 2012

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MANAGEMENT'S DISCUSSION AND ANALYSIS

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

Financial Statement Analysis and Overview

The following discussion and analysis of the Austin Community College District's ("the College") annual financial statements provides an overview of the College's financial activities for the years ended August 31, 2012 (Fiscal Year 2012), 2011 (Fiscal Year 2011), and 2010 (Fiscal Year 2010), and identifies changes in its financial position for these years. In conformity with Government Accounting Standards Board (GASB) Statement No. 34, the discussion focuses on currently known facts, decisions, and conditions that have an impact on the financial activities of the College, and is intended to assist the reader in the interpretation of the financial statements. The financial statements should be read in conjunction with the Notes to the Basic Financial Statements.

The financial statements are prepared in accordance with the GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* and Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. Three primary statements are required: the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows.

Financial statements for the College's discrete component unit, Austin Community College Foundation ("the Foundation"), are issued independent of the College. The Foundation's financial information for fiscal years 2012 and 2011 is shown on separate pages behind the College's basic financial statements. Refer to Notes 1 and 26 in the Notes to the Basic Financial Statements for more detail on the Foundation.

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

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

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

Statement of Net Assets

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

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

CONDENSED FINANCIAL INFORMATION

Condensed Statement of Net Assets
(in Millions)

	<u>August 31</u>			<u>Change</u>	
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2011 to</u> <u>2012</u>	<u>2010 to</u> <u>2011</u>
Assets					
Current Assets	\$ 102.8	\$ 85.7	\$ 104.6	\$ 17.1	\$ (18.9)
Capital Assets, Net of Accumulated Depreciation	392.1	376.5	325.4	15.6	51.1
Other Noncurrent Assets	74.2	68.6	33.6	5.6	35.0
Total Assets	<u>569.1</u>	<u>530.8</u>	<u>463.6</u>	<u>38.3</u>	<u>67.2</u>
Liabilities					
Current Liabilities	73.4	68.2	75.3	5.2	(7.1)
Noncurrent Liabilities	401.9	370.6	291.1	31.3	79.5
Total Liabilities	<u>475.3</u>	<u>438.8</u>	<u>366.4</u>	<u>36.5</u>	<u>72.4</u>
Net Assets					
Invested in Capital Assets, Net of Related Debt	50.2	49.3	53.6	0.9	(4.3)
Restricted: Expendable	17.9	18.3	17.5	(0.4)	0.8
Unrestricted	25.7	24.4	26.1	1.3	(1.7)
Total Net Assets	<u>\$ 93.8</u>	<u>\$ 92.0</u>	<u>\$ 97.2</u>	<u>\$ 1.8</u>	<u>\$ (5.2)</u>

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

Total Assets increased from 2011 to 2012 by \$38.3 million. The increase was primarily due to increases in restricted cash and investment related to the Hays Campus construction project. Since is project funded with bonds, the increase in assets is offset by an increase in liabilities. Unrestricted cash and investments were basically unchanged. Since 2010, the College has increased its total assets before considering liabilities by \$105.5 million, most of which is related to real estate acquisitions and facility construction.

Total Liabilities increased from 2011 to 2012 by \$36.5 million. The increase resulted from the \$44.4 million bond issue during 2012 for the Hays Campus. This increase in bonds payable was partly offset by a decrease bonds and capital lease payables, other than the new issuance above, by \$7.3 million due to principal payments made during the year.

The College's net assets (assets less liabilities) increased by \$1.8 million from the previous year. Specifically, net assets were \$93.8 in 2012, \$92.0 million in 2011, and \$97.2 million in 2010. The increase in 2012 is attributed to positive cash flows from operations. In 2011 and 2010, net assets decreased by \$5.2 million and increase \$7.2 million, respectively. The decrease in 2011 is attributable to a \$3.2 million increase in depreciation, a mid-year reduction in state appropriations of \$2.1 million and a \$1.7 million reduction in tuition revenue due to the successful annexation of Elgin ISD and Hays CISD. The increase in depreciation expense is attributed to the completion and opening of the Round Rock Campus. This campus is by far the College's largest and most costly to date, and therefore it had a significant impact on depreciation expense. While the College's original budget included capital purchases that would have offset the impact of depreciation on net assets, the mid-year cuts in state appropriations forced the College to delay most of the capital expenditures included in the operating budget. Delaying the capital expenditures allowed the College to preserve cash and therefore maintain liquidity levels. Preserving cash was a priority for the College, but the reduction to the capital budget prevented the College from investing enough in new capital assets to offset the impact of depreciation on those assets, thus resulting in a decrease in net assets. Additionally, the College's tuition revenue was \$1.7 million less than budgeted due to the successful annexation of Elgin and Hays ISDs. While these annexations are very positive for the College and will generate positive cash flows in the future, there is a timing difference between the reduction in tuition revenue and the increase in property tax revenue. Since the annexation occurred mid-year 2011, the residents of those territories became eligible for the reduced in-district tuition rate immediately which was for the Spring 2011 semester. However, because property taxes are paid in arrears, the tax collections will not begin until the College's fiscal year 2012. This timing difference resulted in a loss of tuition revenue of about \$1.7 million during the current year. Since the future tax revenues will exceed the reduced tuition revenues, this impact will be reversed in 2012 and all future years thereafter. A more detailed discussion follows in the Statement of Revenues, Expenses, and Changes in Net Assets section.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

Statement of Revenues, Expenses, and Changes in Net Assets

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

Condensed Statement of Revenues, Expenses and Changes in Net Assets
(in Millions)

	<u>Fiscal Year</u>			<u>Change</u>	
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2011 to</u> <u>2012</u>	<u>2010 to</u> <u>2011</u>
Operating Revenues					
Tuition and Fees	\$ 59.0	\$ 52.7	\$ 50.5	\$ 6.3	\$ 2.2
Grants and Contracts	10.1	13.5	12.2	(3.4)	1.3
Auxiliary Enterprises	1.2	1.2	1.1	-	0.1
Other Operating Revenues	9.0	7.8	7.6	1.2	0.2
Total Operating Revenues	<u>79.3</u>	<u>75.2</u>	<u>71.4</u>	<u>4.1</u>	<u>3.8</u>
Operating Expenses	<u>266.5</u>	<u>275.5</u>	<u>262.4</u>	<u>(9.0)</u>	<u>13.1</u>
Operating Loss	(187.2)	(200.3)	(191.0)	13.1	(9.3)
Non-Operating Revenues (Expenses)					
State Appropriations	53.1	59.1	59.1	(6.0)	-
Ad Valorem Taxes	106.2	100.8	104.5	5.4	(3.7)
Federal Revenue, Non Operating	45.0	48.8	40.3	(3.8)	8.5
Investment Income	0.4	0.4	1.3	-	(0.9)
Interest on Capital-Related Debt	(15.7)	(13.9)	(7.0)	(1.8)	(6.9)
Other Non-Operating Revenue (Expense)	-	(0.1)	-	0.1	(0.1)
Net Non-Operating Revenues	<u>189.0</u>	<u>195.1</u>	<u>198.2</u>	<u>(6.1)</u>	<u>(3.1)</u>
Increase (Decrease) in Net Assets	1.8	(5.2)	7.2	7.0	(12.4)
Net Assets					
Net Assets, Beginning of Year	92.0	97.2	90.0	(5.2)	7.2
Net Assets, End of Year	<u>\$ 93.8</u>	<u>\$ 92.0</u>	<u>\$ 97.2</u>	<u>\$ 1.8</u>	<u>\$ (5.2)</u>

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

Key Factors impacting total revenues:

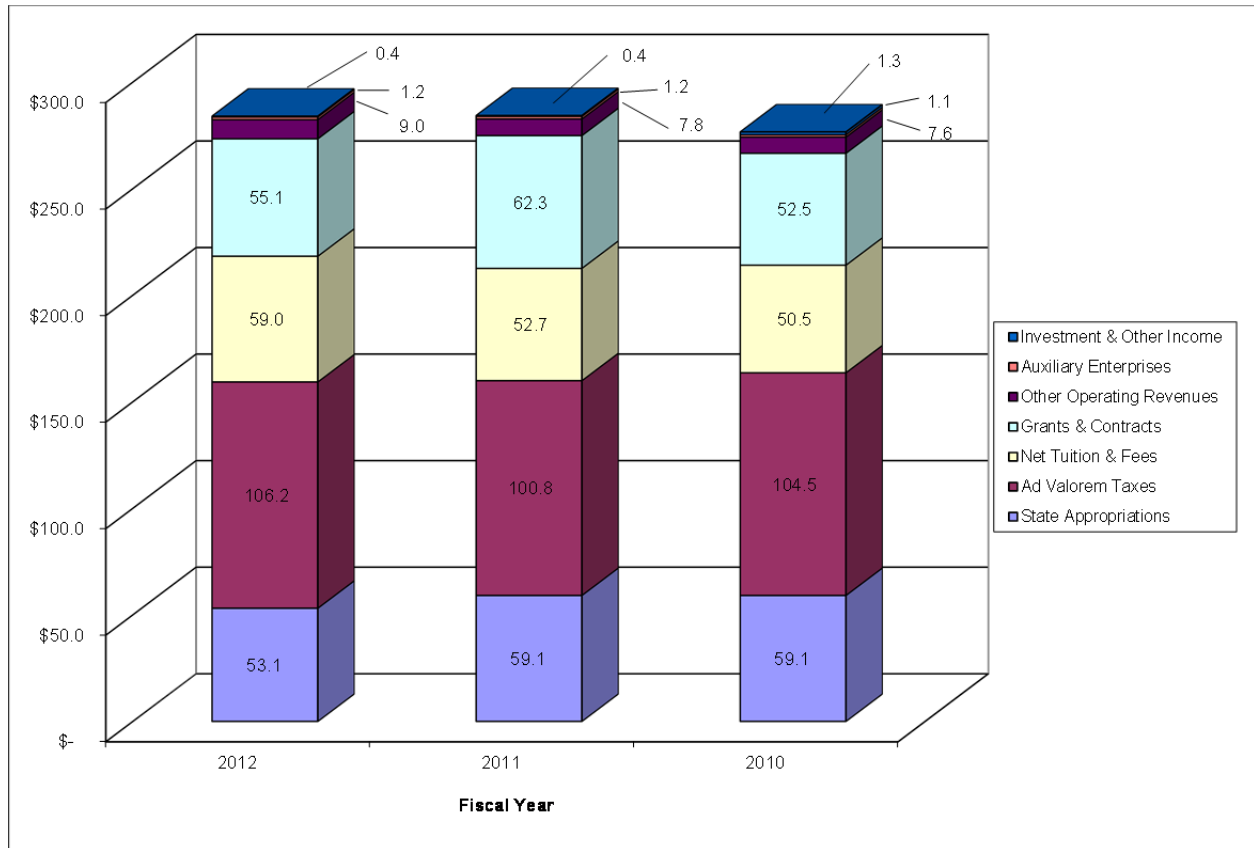
- State appropriations, which are categorized as non-operating revenues, at \$ 53.1 million declined \$6.0 million from fiscal year 2011. This decline of 10% was in addition to the state reductions in 2011 and 2010. In 2011 and 2010 state appropriations were reduced by 7.5% and 5%, respectively, from the amounts that were originally approved in the State's General Appropriation Act for the 2010-2011 biennium. State appropriations accounted for 18.7% of total revenue in current year, compared to 20.8% in 2011, and 21.4% in 2010.
- Tuition and Fees, net of discounts, were up \$6.3 million in 2012. However, discounts were up by \$6.4 million. Therefore, gross tuition & fee revenues increased by \$12.7 million as a result of tuition rate increases of \$15 per credit hour for all students and an additional \$34 per credit hour for out-of-district students. Tuition and Fees accounted for 20.7% of total revenue in the current year, compared to 18.6% in 2011 and 18.3% in 2010.
- Grants and Contracts revenue decreased primarily as a result of decreased funding for student financial aid.
- Other Operating Revenue, which includes interest income, continuing education programs, miscellaneous fees, property rental, and testing fees, totaled \$9.0 million in 2012, \$7.8 million in 2011, and \$7.6 million in 2010. The increase in 2012 is due to increases in property rental income related to the Highland Mall acquisitions, and new service contracts with local school districts.
- Property taxes, which are categorized as non-operating revenues, increased by \$5.4 million in 2012 and decreased by \$3.7 million in 2011. Specifically, the College recognized \$106.2 million of property tax revenue in 2012, \$100.8 million in 2011, and \$104.5 million in 2010. The increase in 2012 was largely due to the successful annexations of Elgin Independent School District and Hays Consolidated Independent School District. In November 2010, the voters of these areas held successful elections to enter the College's taxing district. The College began collecting property taxes from these areas in fiscal year 2012. These areas added about \$4.5 billion in taxable property to the College, generating about \$4.0 million in new revenues. The decrease in 2011 was due to reductions in appraised values throughout the central Texas region. The drop in values was attributed to the slow national economy, however the value decreases in central Texas were modest compared to the national average. The net decrease to the total tax base in 2011 was about 4%. In 2010, the increase in property tax revenue is attributed to increases in appraised property values and new construction driven by a strong Austin economy, plus there was an additional increase as a consequence of the May 2008 special election in which the voters approved the annexation of the portions of the Round Rock Independent School District that were not already in the College's taxing district. This annexation added about \$13 billion in taxable property values, which generated an additional \$12 million in property tax revenues for 2010. Property taxes in 2012 were 37.4% of total revenues compared to 35.4% in 2011 and 37.8% in 2010. See graphical illustration on next page.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

Total Revenue by Source
(in Millions)

	<u>Fiscal Year</u>			<u>Change</u>	
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2011 to 2012</u>	<u>2010 to 2011</u>
Revenue Sources:					
State Appropriations	\$ 53.1	\$ 59.1	\$ 59.1	\$ (6.0)	\$ -
Ad Valorem Taxes	106.2	100.8	104.5	5.4	(3.7)
Net Tuition & Fees	59.0	52.7	50.5	6.3	2.2
Grants & Contracts	55.1	62.3	52.5	(7.2)	9.8
Other Operating Revenues	9.0	7.8	7.6	1.2	0.2
Auxiliary Enterprises	1.2	1.2	1.1	-	0.1
Investment & Other Income	0.4	0.4	1.3	-	(0.9)
Total Revenue	<u>\$ 284.0</u>	<u>\$ 284.3</u>	<u>\$ 276.6</u>	<u>\$ (0.3)</u>	<u>\$ 7.7</u>

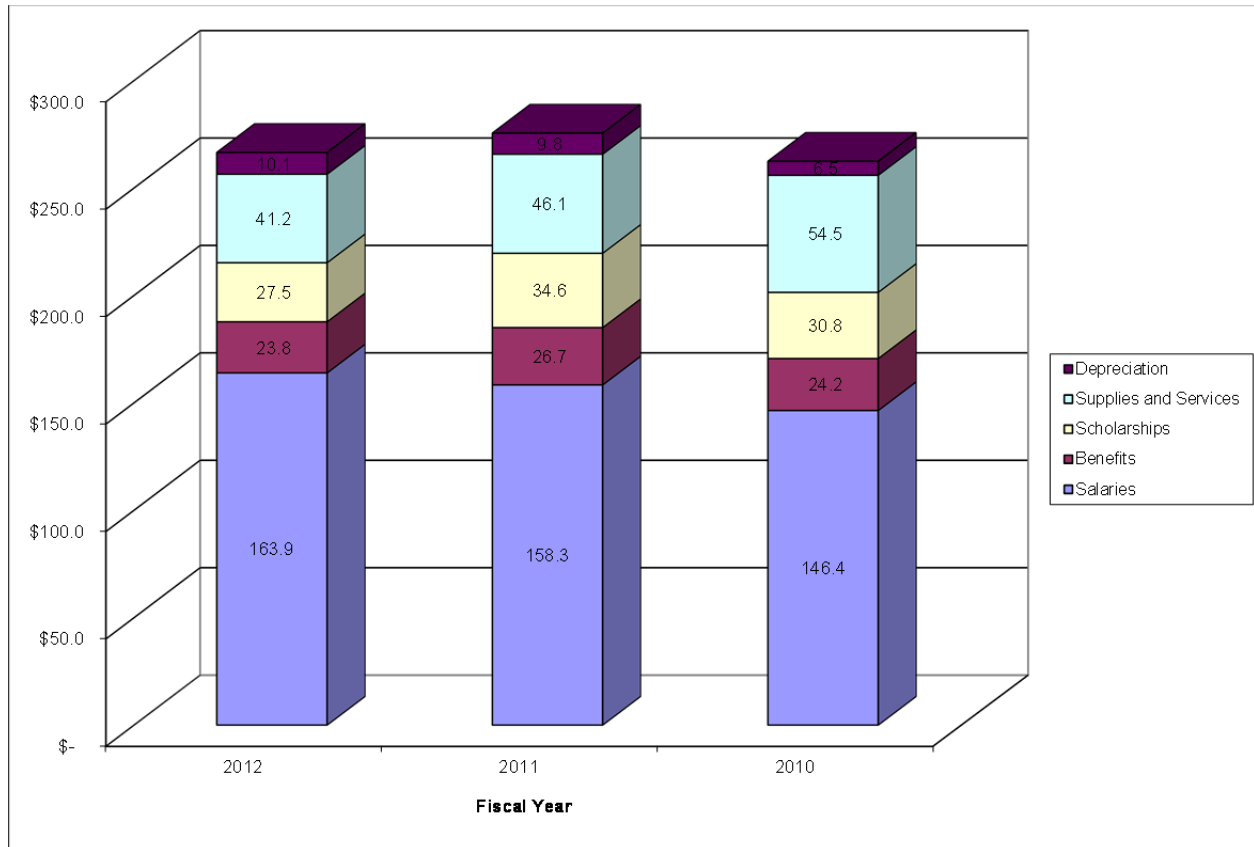


AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

Operating Expenses - Natural Classification
(in Millions)

	<u>Fiscal Year</u>			<u>Change</u>	
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2011 to 2012</u>	<u>2010 to 2011</u>
Operating Expenses:					
Salaries	\$ 163.9	\$ 158.3	\$ 146.4	\$ 5.6	\$ 11.9
Benefits	23.8	26.7	24.2	(2.9)	2.5
Scholarships	27.5	34.6	30.8	(7.1)	3.8
Supplies and Services	41.2	46.1	54.5	(4.9)	(8.4)
Depreciation	10.1	9.8	6.5	0.3	3.3
Total Operating Expenses	<u>\$ 266.5</u>	<u>\$ 275.5</u>	<u>\$ 262.4</u>	<u>\$ (9.0)</u>	<u>\$ 13.1</u>



AUSTIN COMMUNITY COLLEGE DISTRICT
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MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

Factors impacting operating expenses by natural classification include the following:

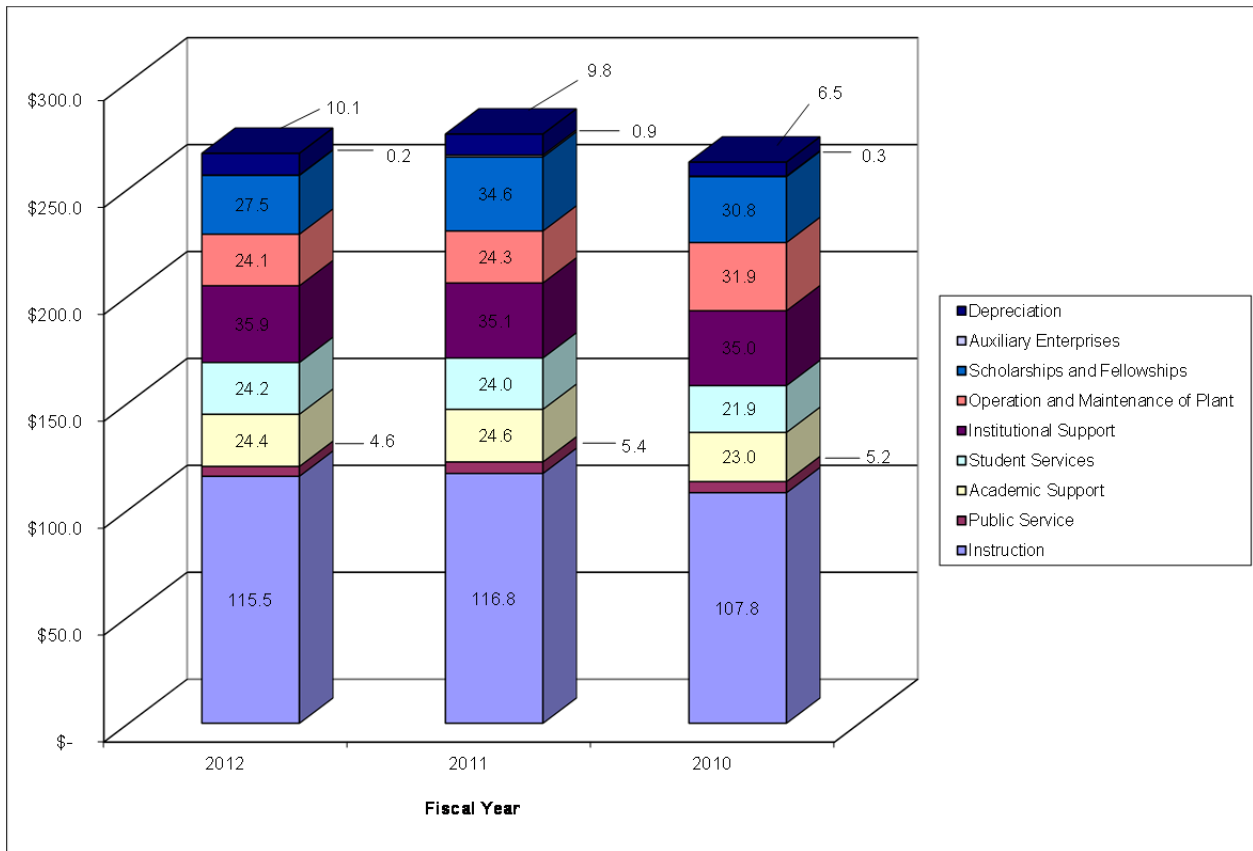
- Salary expense in 2012 increased by \$5.6 million, a 3.5% increase over 2011. The increase was primarily due employee raises. Salary expense in 2011 increased by \$12.0 million, an 8.2% increase over 2010. There was a \$5.6 million increase in Faculty salaries due to a 6% enrollment increase, and \$6.4 million for newly created positions mostly related to staffing at the new Round Rock campus which opened in the Fall of 2010.
- Other operating expenses decreased by \$4.9 million in 2012 and decreased by \$8.3 million in 2011. The decrease in 2012 was due to budget reductions and freezes implemented to counter the decrease in state funding and enrollments. The decrease in 2011 is due to the unusual increase in 2010. In 2010, the majority of the increase was due to one-time startup costs related to the new Round Rock Campus. For both years, there were increases due to the support for higher enrollments.
- Depreciation expense increased in 2012 by \$0.3 million primarily due to addition of buildings at the Highland Mall location. Depreciation expense increased in 2011 by \$3.2 million primarily due to the opening of the new Round Rock Campus and the new Building 3000 at the Rio Grande Campus.
- Total scholarship costs for 2012 were \$27.5 million compared to \$34.6 million in 2011 and \$30.8 million in 2010. The decrease in 2012 is due to a 4% decrease in enrollments, plus an increase in tuition rates. The increased tuition rates reduce the amount of financial aid that is disbursed to students after tuition and fees are deducted, thus reducing scholarship expense.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

Operating Expenses - Functional Classification
(in Millions)

	<u>Fiscal Year</u>			<u>Change</u>	
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2011 to 2012</u>	<u>2010 to 2011</u>
Operating Expenses:					
Instruction	\$ 115.5	\$ 116.8	\$ 107.8	\$ (1.3)	\$ 9.0
Public Service	4.6	5.4	5.2	(0.8)	0.2
Academic Support	24.4	24.6	23.0	(0.2)	1.6
Student Services	24.2	24.0	21.9	0.2	2.1
Institutional Support	35.9	35.1	35.0	0.8	0.1
Operation and Maintenance of Plant	24.1	24.3	31.9	(0.2)	(7.6)
Scholarships and Fellowships	27.5	34.6	30.8	(7.1)	3.8
Auxiliary Enterprises	0.2	0.9	0.3	(0.7)	0.6
Depreciation	10.1	9.8	6.5	0.3	3.3
Total Operating Expenses	\$ 266.5	\$ 275.5	\$ 262.4	\$ (9.0)	\$ 13.1



AUSTIN COMMUNITY COLLEGE DISTRICT
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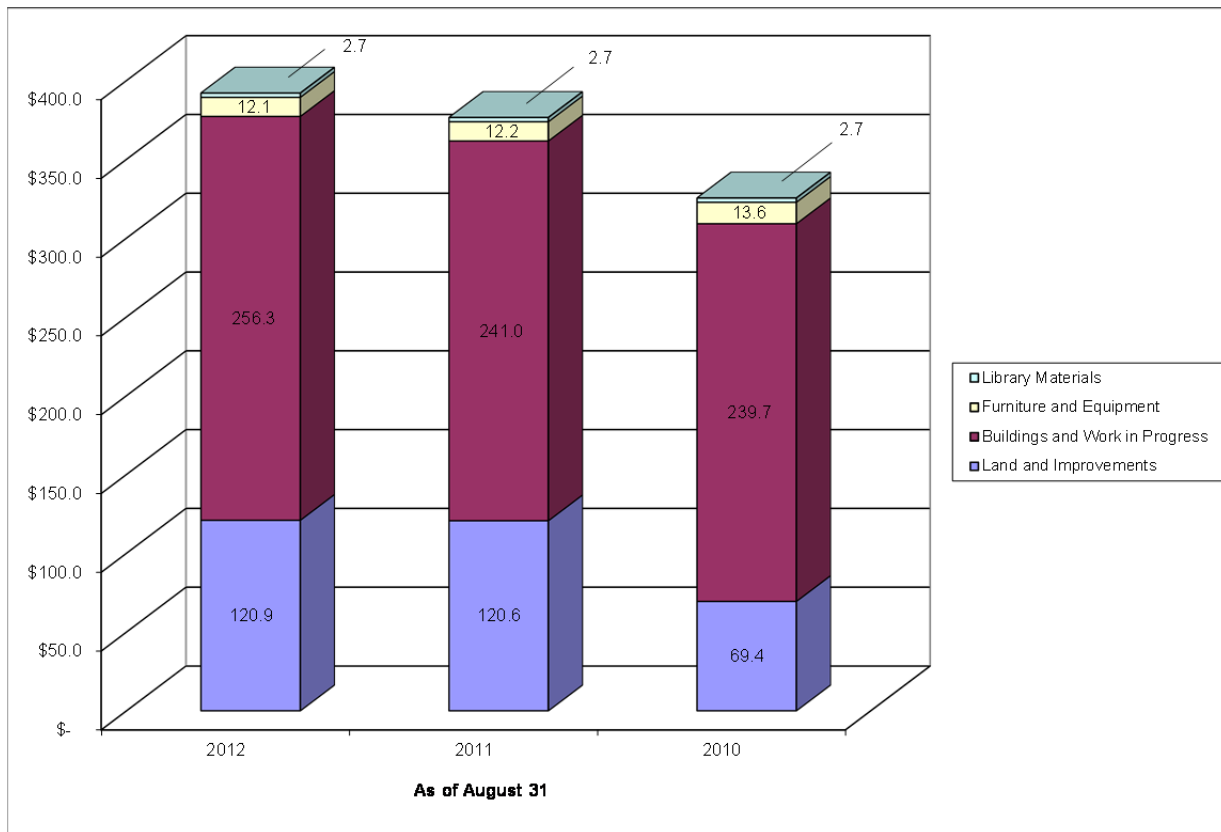
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

In 2012, most of the functions decreased due to budget reductions and freezes implemented to counter the decrease in state funding and enrollments. In 2011, all of the functions, except Operations and Maintenance of Plant, increased. The increases were fairly consistent and proportional for the different functions. The increases were primarily due to increases in salaries and staffing for growing enrollments. The decrease in Operations and Maintenance of Plant is due to the unusual increase in 2010.

CAPITAL ASSET AND DEBT ADMINISTRATION

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

	August 31			Change	
	2012	2011	2010	2011 to 2012	2010 to 2011
Capital Assets:					
Land and Improvements	\$ 120.9	\$ 120.6	\$ 69.4	\$ 0.3	\$ 51.2
Buildings and Work in Progress	256.3	241.0	239.7	15.3	1.3
Furniture and Equipment	12.1	12.2	13.6	(0.1)	(1.4)
Library Materials	2.7	2.7	2.7	-	-
Works of Art	0.1	-	-	0.1	-
Total Capital Assets	\$ 392.1	\$ 376.5	\$ 325.4	\$ 15.6	\$ 51.1



AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

The College had \$392.1 million, \$376.5 million, and \$325.4 million invested in capital assets, net of accumulated depreciation, at August 31, 2012, 2011, and 2010, respectively. The amount of accumulated depreciation was \$72.5 million, \$63.5 million and \$54.2 million for fiscal years 2012, 2011, and 2010, respectively. Depreciation charges totaled \$10.1 million, \$9.8 million and \$6.5 for fiscal years 2011, 2010, and 2009, respectively.

Changes in net capital assets are the result of acquisitions, improvements, deletions, and changes in accumulated depreciation. During 2012, the College began construction of the Elgin Campus (\$13.1 million) and acquired the final component of the Highland Mall (\$2 million). During 2011, the College completed construction of a new parking lot at the Pinnacle campus (\$2.7 million). Additionally, the College completed land acquisitions in Elgin and Hays ISDs related to the successful annexation elections in those areas (\$13.2 million). Finally, the College made additional acquisitions at the Highland Mall site (\$36.5 million). During 2010, the College completed construction of the new Round Rock Campus (\$89.4 million) and a new building (Building 3000) at the Rio Grande Campus (\$11.3 million). Additionally, the College completed three property acquisitions for future expansion (\$19.2 million).

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

More detailed information about the College's capital assets is presented in Note 6 of the Basic Financial Statements.

Debt Administration

At August 31, 2012 the College had approximately \$406.5 million in outstanding debt, compared to \$373.9 million in 2011 and \$294.2 million in 2010. The 2012 increase resulted from the \$44.4 million PFC lease revenue bond issuance for the Hays Campus. This increase in bonds payable was partly offset by a decrease bonds and capital lease payables by \$7.3 million due to principal payments made during the year. The increase in 2011 is the result of a \$33.5 million PFC lease revenue bond issuance related to the Elgin ISD annexation election and future campus there. Additionally, \$10.0 million in combined fee revenue bonds was issued related to the Hays ISD annexation election and the land acquisition there. Finally, the College issued \$42.5 million in combined fee revenue bonds related to additional acquisitions at the Highland mall site. These increases were offset by \$6.5 million in reduction due to regularly scheduled principal payments.

AUSTIN COMMUNITY COLLEGE DISTRICT
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MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

Outstanding Debt at Year End
(in Millions)

	August 31			Change	
	2012	2011	2010	2011 to 2012	2010 to 2011
Outstanding Debt:					
Revenue Bonds	\$ 112.1	\$ 125.8	\$ 76.3	\$ (13.7)	\$ 49.5
General Obligation Bonds	96.2	95.2	96.4	1.0	(1.2)
Lease Revenue Bonds - PFC	197.0	152.4	120.4	44.6	32.0
Capital Leases	1.2	0.5	1.1	0.7	(0.6)
Total Outstanding Debt	\$ 406.5	\$ 373.9	\$ 294.2	\$ 32.6	\$ 79.7

In 2012, the College issued, via its public facilities corporation, Series 2012 Lease Revenue Bonds with a par of \$44.4 million. These bonds will be used to construct a campus in Hays CISD and defease the Series 2011B Combined Fee Revenue Bonds. Additionally, the College issued Limited Tax Refunding Bonds, Series 2011 which refunded certain portions of Series 2003 Bonds and Series 2004 Bonds. The present value refunding gain was \$1.6 million. In 2011, the College issued, via its public facilities corporation, Series 2010 Lease Revenue Bonds with a Par of \$33.5 million. These bonds will be used to acquire land and construct a campus in Elgin ISD. Also, the College issued the Series 2010 Combined Fee Revenue Refunding Bonds with a par of \$3.9 million. These bonds were used to refund the callable outstanding series 2002 bonds in order to achieve present value savings. The College also issued \$52.5 million for Series 2011, 2011A, and 2011B Combined Fee Revenue Bonds to be used for real estate acquisitions in Hays CISD and at the Highland mall site. In 2010, the College issued Combined Fee Revenue Building Bonds, Series 2009A with a par of \$31.5 million. These bonds will be primarily used to complete the strategic property acquisition goals of the College's master plan. Additionally, the College issued Combined Fee Revenue Refunding Bonds, Series 2009B which refunded certain portions of Series 1998 Bonds and Series 2000 Bonds. The present value refunding gain was \$0.4 million.

The College's combined fee revenue bonds are special obligations of the College that are payable solely from, and will be equally and ratably secured by, an irrevocable first lien on pledged revenues. The pledged revenues include, but are not limited to: general fees; pledged tuition, and investment income derived from any and all funds of the College. General obligation bonds are payable from ad valorem taxes levied, within the limitation prescribed by law, against all property located within the College's taxing district. Payments are derived from taxes levied and collected on an annual basis in an amount sufficient to pay the principal and interest when due, full allowance made for delinquencies and collection costs. The PFC lease revenue bonds will be paid with the proceeds from the lease payments made by the College to the PFC at such times and in such amounts as will be required to timely pay the principal of, premium, and interest on the bonds. The obligation of the College to make lease payments is a current expense, payable solely from funds annually appropriated by the College for such use. Capital lease obligations are paid from any legally available operating source.

For 2012, the College's bond ratings, assigned by Moody's Investors Service and Standard and Poor's Rating Services, are "Aa2" and "AA+" for general obligation bonds, "A1" and "AA-" for

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

combined fee revenue bonds, and "Aa3" and "AA" for lease revenue bonds, respectively. The Standard and Poor's ratings represent an upgrade in 2010 for the College's combined fee revenue bonds from A to AA-. Standard & Poor's attributes the upgrade to the College's historically positive operations, growing enrollment, diverse property tax base, and operating revenue diversity. Historically, the College has purchased financial guaranty insurance in order to get a higher rating on all the outstanding bond issues. However, due to recent upgrades in the College's bond ratings and other market conditions, the College has not purchased insurance on any bonds since 2006.

More detailed information about the College's long-term liabilities is presented in Notes 7, 8, and 9 of the Basic Financial Statements.

Economic Factors That Will Affect the Future

The economic position of the College is influenced in part by the economic position of the State of Texas and of the Austin-Round Rock-San Marcos MSA. State appropriations are expected to be approximately \$53.9 million for fiscal year 2013, in accordance with the funding awarded for the State's 2012-2013 biennium. This is \$0.8 million more than the appropriation received in 2012 and \$5.2 million less than the appropriation received in 2011.

Tax revenues in 2013 are projected to increase by \$6.7 million or 6.3% to \$112.9 million from \$106.2 million in 2012, and \$100.8 million in 2011. The expected increase in 2013 is primarily due to valuation and new property growth in the local tax base. The increase in 2012 was due to the successful annexations of Elgin Independent School District and Hays Consolidated Independent School District. In November 2010, the voters of these areas held successful elections to enter the College's taxing district. The College began collecting property taxes from these areas in fiscal year 2012. These areas added about \$4.5 billion in taxable property to the College, generating about \$4.0 million in new revenues.

Tuition and fee revenue for 2013 is projected to be approximately \$64.0 million which is up compared to \$59.0 million in 2012. The College increased tuition rates for 2013 by \$5 per credit hour, plus there were additional increases to the Out-of-District Fee, which is the fee paid by those students that do not pay property taxes to the College.

These projected increases in revenue will be necessary to fund new or increased expenses in instructional and support functions as the College continues to achieve the State's *Closing the Gaps* initiative. The College's 2013 budget is balanced and structurally sound, however the College will continue to face challenges in the future to fund anticipated increases in demands for services provided by community colleges.

BASIC FINANCIAL STATEMENTS

Exhibit 1
AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATEMENTS OF NET ASSETS
August 31, 2012 and 2011

	2012	2011
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 25,649,682	\$ 29,947,121
Restricted Cash & Cash Equivalents	14,545,451	10,946,442
Investments	30,626,026	12,501,266
Accounts Receivable (Net) (See Note 17)	23,751,916	22,330,224
Deferred Charges	7,244,207	9,148,578
Prepaid Expenses	940,772	822,066
Total Current Assets	102,758,054	85,695,697
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	36,583,673	11,089,742
Investments	-	12,508,253
Restricted Investments	30,386,127	40,153,426
Deferred Charges	7,227,004	4,840,620
Capital Assets (Net) (See Note 6)	392,183,387	376,526,172
Total Noncurrent Assets	466,380,191	445,118,213
Total Assets	569,138,245	530,813,910
LIABILITIES		
Current Liabilities:		
Accounts Payable	8,578,259	5,735,299
Accrued Liabilities	7,462,004	5,977,542
Accrued Compensable Absences - Current Portion	2,955,898	2,683,420
Funds Held for Others	1,615,532	2,149,246
Deferred Revenues	43,918,174	44,362,483
Capital Leases - Current Portion	286,381	534,295
Bonds Payable - Current Portion	8,601,485	6,763,391
Total Current Liabilities	73,417,733	68,205,676
Noncurrent Liabilities:		
Accrued Compensable Absences	2,179,203	2,166,871
Deferred Revenues	514,583	609,583
OPEB Payable	1,615,677	1,241,605
Capital Leases	872,557	-
Bonds Payable	396,762,524	366,587,368
Total Noncurrent Liabilities	401,944,544	370,605,427
Total Liabilities	475,362,277	438,811,103

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

Exhibit 1
AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATEMENTS OF NET ASSETS – (Continued)
August 31, 2012 and 2011

	2012	2011
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	50,220,966	49,330,529
Restricted for:		
Expendable		
Scholarships	211,901	353,801
Departmental Activities	77,190	111,363
Loans	27,609	27,609
Debt Service	17,559,033	17,777,580
Unrestricted	25,679,269	24,401,925
Total Net Assets	\$ 93,775,968	\$ 92,002,807

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

Exhibit 1A
AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATEMENTS OF FINANCIAL POSITION OF ACC FOUNDATION
(A Component Unit of Austin Community College District)
May 31, 2012 and 2011

	2012	2011
ASSETS		
Cash and cash equivalents	\$ 927,348	\$ 749,104
Investments (Note 26C)	4,409,504	4,050,733
Accrued interest/dividends receivable	24,463	24,545
Promises to give (Note 26D)	233,325	239,976
Total assets	5,594,640	5,064,358
 LIABILITIES AND NET ASSETS		
Liabilities	-	-
Net assets		
Unrestricted	293,376	269,659
Temporarily restricted (Note 26G)	825,331	802,015
Permanently restricted (Note 26F)	4,475,933	3,992,684
Total net assets	5,594,640	5,064,358
Total liabilities and net assets	\$ 5,594,640	\$ 5,064,358

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

Exhibit 2
AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For The Years Ended August 31, 2012 and 2011

	2012	2011
OPERATING REVENUES		
Tuition and Fees (Net of Discounts of \$34,205,736 and \$27,782,324, Respectively)	\$ 59,016,812	\$ 52,739,591
Federal Grants and Contracts	4,971,208	7,850,298
State Grants and Contracts	3,770,618	4,214,920
Local Grants and Contracts	239,027	336,749
Non-Governmental Grants and Contracts	1,156,993	1,047,028
Sales and Services of Educational Activities	5,011,926	4,394,812
Auxiliary Enterprises	1,119,464	1,243,305
General Operating Revenues	4,026,945	3,441,312
Total Operating Revenues (Schedule A)	79,312,993	75,268,015
OPERATING EXPENSES		
Instruction	115,497,657	116,846,968
Public Service	4,606,902	5,445,969
Academic Support	24,373,531	24,572,271
Student Services	24,217,549	24,033,999
Institutional Support	35,851,029	35,079,981
Operation and Maintenance of Plant	24,171,808	24,335,986
Scholarships and Fellowships	27,442,126	34,550,434
Auxiliary Enterprises	237,311	938,515
Depreciation	10,100,006	9,749,746
Total Operating Expenses (Schedule B)	266,497,919	275,553,869
Operating Loss	(187,184,926)	(200,285,854)
NON-OPERATING REVENUES (EXPENSES)		
State Appropriations	53,087,767	59,097,142
Ad Valorem Taxes	106,213,851	100,785,060
Federal Revenue, Non Operating	44,963,539	48,823,118
Gifts	105,245	2,559
Investment Income	411,655	406,506
Interest on Capital Related Debt	(15,797,675)	(13,942,317)
Losses on Disposal of Capital Assets	(26,295)	(87,890)
Net Non-Operating Revenues (Schedule C)	188,958,087	195,084,178
Increase (Decrease) in Net Assets	1,773,161	(5,201,676)
NET ASSETS		
Net Assets, Beginning of Year	92,002,807	97,204,483
Net Assets, End of Year	\$ 93,775,968	\$ 92,002,807

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

**Exhibit 2A
AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas**

**STATEMENTS OF ACTIVITIES OF ACC FOUNDATION
(A Component Unit of Austin Community College District)
For The Years Ended May 31, 2012 and 2011**

	2012	2011
CHANGES IN UNRESTRICTED NET ASSETS:		
Revenues		
Contributions	\$ 39,920	\$ 27,854
Interest and Dividend Income	14,523	12,141
Investment (Losses) Gains	(16,042)	68,369
Net Assets Released from Restrictions	529,802	474,474
Total Unrestricted Revenues	568,203	582,838
Expenses		
Program Services	529,697	492,680
General and Administrative	12,289	11,021
Fundraising	2,500	2,500
Total Expenses	544,486	506,201
Increase in Unrestricted Net Assets	23,717	76,637
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:		
Contributions	521,497	588,900
Interest and Dividend Income	91,411	62,450
Investment (Losses) Gains	(59,790)	251,304
Net Assets Released from Restrictions	(529,802)	(474,474)
Increase in Temporarily Restricted Net Assets	23,316	428,180
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS:		
Contributions	481,588	2,144,500
Interest and dividends	1,661	-
Increase in Permanently Restricted Net Assets	483,249	2,144,500
Change in Net Assets	530,282	2,649,317
Net Assets, Beginning of Year	5,064,358	2,415,041
Net Assets, End of Year	\$ 5,594,640	\$ 5,064,358

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

Exhibit 3
AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATEMENTS OF CASH FLOWS
For The Years Ended August 31, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Students and Other Customers	\$ 60,794,218	\$ 55,294,387
Receipts from Grants and Contracts	9,711,522	13,817,647
Other Receipts	7,132,894	7,074,239
Payments to or On-Behalf of Employees	(180,704,750)	(171,122,632)
Payments to Suppliers for Goods and Services	(38,753,000)	(56,386,654)
Payments for Scholarships and Fellowships	(25,537,755)	(33,140,285)
Net Cash Used in Operating Activities	(167,356,871)	(184,463,298)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Receipts from Ad Valorem Taxes	106,183,279	100,790,115
Receipts from State Appropriations	47,299,548	45,838,953
Receipts from Title IV Federal Financial Aid Programs	44,963,539	48,823,118
(Payments to) Receipts from Student Org and Other Agency Transactions	(533,714)	1,657,415
Net Cash Provided by Non-Capital Financing Activities	197,912,652	197,109,601
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds on Issuance of Capital Debt	79,372,278	90,159,026
Proceeds from the Sale of Capital Assets	3,070	1,514
Other Payments Associated with Issuance of Capital Debt	(1,485,231)	(1,390,407)
Purchases of Capital Assets	(21,219,447)	(63,952,184)
Payments on Capital Debt and Leases - Principal	(47,737,430)	(10,416,190)
Payments on Capital Debt and Leases - Interest	(19,475,805)	(14,326,240)
Net Cash (Used in) Provided by Capital and Related Financing Activities	(10,542,565)	75,519
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from Sales and Maturities of Investments	30,484,002	26,285,505
Interest on Investments	855,083	157,592
Purchase of Investments	(26,556,800)	(52,301,217)
Net Cash Provided by (Used in) Investing Activities	4,782,285	(25,858,120)
Increase (Decrease) in Cash and Cash Equivalents	24,795,501	(13,136,298)
Cash and Cash Equivalents, Beginning of Year	51,983,305	65,119,603
Cash and Cash Equivalents, End of Year	\$ 76,778,806	\$ 51,983,305

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

Exhibit 3
AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATEMENTS OF CASH FLOWS – (Continued)
For The Years Ended August 31, 2012 and 2011

	2012	2011
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating Loss	\$ (187,184,926)	\$ (200,285,854)
Adjustments to Reconcile Net Operating Loss to Net Cash Used in Operating Activities		
State On-Behalf Payments	5,788,219	13,258,189
Depreciation Expense	10,100,006	9,749,746
Changes in Assets and Liabilities:		
Receivables (Net)	(1,527,141)	(2,871,008)
Other Assets	(456,494)	(123,755)
Deferred Charges	1,904,371	1,410,148
Accounts Payable	2,160,279	(9,549,244)
Accrued Liabilities	1,739,242	(479,661)
Compensated Absences	284,810	258,100
OPEB Payable	374,072	380,807
Deferred Revenues	(539,309)	3,789,234
Net Cash Used in Operating Activities	\$ (167,356,871)	\$ (184,463,298)

**SCHEDULE OF NON-CASH INVESTING, CAPITAL,
AND FINANCING ACTIVITIES:**

State On-Behalf Payments	\$ 5,788,219	\$ 13,258,189
Non-Cash Gifts	105,245	2,559
Change in Fair Value of Investments	(373,923)	(212,861)
Net Non-Cash Investing, Capital, and Financing Activities	\$ 5,519,541	\$ 13,047,887

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

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2012 and 2011

NOTE 1. REPORTING ENTITY

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

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

Blended Component Unit

Using the criteria established by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units - an amendment of GASB Statement No. 14*, the College’s management has determined that the Austin Community College District Public Facility Corporation (“the PFC”) should be blended with the activities of the College because its sole purpose is to assist the College in financing or otherwise assisting in the acquisition of public facilities.

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

Discrete Component Unit

Using the criteria established by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units - an amendment of GASB Statement No. 14*, the College’s management has determined that the Austin Community College Foundation (“the Foundation”) should be reported as a discrete component unit of the College because of the nature and significance of its relationship with the College. GASB Statement No. 39 requires reporting the Foundation as a component unit if the Foundation raises and holds economic resources for the direct benefit of the College and the Foundation is significant compared to the College.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2012 and 2011

NOTE 1. REPORTING ENTITY (Continued)

The Foundation is a Texas nonprofit corporation chartered in 1991 to provide supplemental financial resources to advance the institutional goals and expand the educational services of the College. It is the intention of the Foundation to support educational initiatives which will enhance the quality of facilities and instruction, increase and diversify educational services, and improve accessibility to educational opportunities for students, faculty, staff, and residents of the geographic areas served by the College. The Foundation is accounted for separately in the Basic Financial Statements of the College and has a May 31 fiscal year end. The Foundation's Notes to Financial Statements are disclosed in Note 26. Complete financial statements of Austin Community College Foundation can be obtained from the business office of the College.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Guidelines

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

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

Basis of Accounting

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

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 is used by the student for tuition and fees, the amount is recorded as a tuition discount. If the amount is disbursed directly to the student, the amount is recorded as a scholarship expense.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2012 and 2011

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Tuition Remissions and Exemptions:

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

Budgetary Data

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

Cash and Cash Equivalents

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

Board policy requires the College to maintain a minimum unrestricted, unallocated cash and investments level of 16.7% of budgeted total annual expenses plus total accounts payable. The College was in compliance with this policy as of August 31, 2012 and 2011.

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 date greater than three months but less than one year at the time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2012 and 2011

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation. Equipment with an estimated useful life less than one year is not capitalized. Land and works of art are capitalized but not depreciated. Renovations to buildings and infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the useful life of the asset are charged to operating expense in the year in which the expense is incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

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

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

Net Assets

The College's net assets are classified as follows:

Invested in Capital Assets, Net of Related Debt: This category represents the College's total investment in capital assets, net of related outstanding debt and accumulated depreciation.

Restricted Net Assets, Nonexpendable: Net Assets, such as endowments and similar type funds, which are subject to externally imposed stipulations requiring that the funds be maintained permanently by the College.

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

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

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2012 and 2011

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deferred Revenues

Tuition, fees, and other revenues received and related to periods after August 31, 2012 or 2011, respectively, have been deferred to the subsequent fiscal year.

Estimates

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

Operating and Non-Operating Revenue and Expense Policy

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

In response to guidance provided by GASB as question/answer 7.72.10 in the Implementation Guide, revenue received for federal Title IV grant programs (e.g. Pell grants) is characterized as non operating revenue as opposed to operating revenue.

NOTE 3. AUTHORIZED INVESTMENTS

The College is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act ("PFIA") (Sec. 2256.001 Texas Government Code). The Board has adopted a written investment policy regarding the investment of its funds as defined in the PFIA. Such investments include (1) obligations of the United States or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than "A" by a national investment rating firm, (4) certificates of deposit, and (5) other instruments and obligations authorized by statute. During the years ended August 31, 2012 and 2011 the College was in compliance with the Public Funds Investment Act.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2012 and 2011

NOTE 4. DEPOSITS AND INVESTMENTS

At August 31, 2012 and 2011, the College had demand deposits with the carrying amount of \$18,224,491 and \$3,046,329, respectively, and total bank balances equaled \$18,811,748 and \$3,360,994, respectively.

Bank balances up to \$250,000 were covered under the Federal Deposit Insurance Corporation ("FDIC") for the years ended August 31, 2012 and 2011. Additionally, from December 31, 2010 to December 31, 2012, all noninterest-bearing transactions are fully insured under Bank of America's Temporary Unlimited Coverage. Consequently, all of the College's non-interest bearing accounts at Bank of America are fully FDIC insured regardless of the amount.

Demand deposits not covered under the FDIC require pledged collateral with a market value of at least 102% of the par value of the deposit. Monthly collateral reports reporting the pledged securities and their market values are required from each financial institution. As of August 31, 2012 and 2011, the College had demand deposits not covered under the FDIC in the amount of \$17,512,227 and \$0, respectively.

In addition to insurance and collateral, the College utilizes sweep agreements as a funding mechanism for its demand deposit accounts. Under this agreement the funds are maintained in a money market account in the College's name, and then swept into the demand deposit account as needed to fund disbursements. Since the funds reside in a money market fund, custodial risk is kept to a minimum.

The College's investments in certificates of deposits require pledged collateral with a market value of at least 102% of the par value of the deposit. In addition, monthly collateral reports reporting the pledged securities and their market values are required from each financial institution. As of August 31, 2012 and 2011, the College had certificates of deposits in the amount of \$36,707,576 and \$37,545,393, respectively.

Cash and Cash Equivalents

Cash and cash equivalents and restricted cash and cash equivalents, included on Exhibit 1, Statements of Net Assets, consist of the items reported below:

	<u>2012</u>	<u>2011</u>
Petty Cash on Hand	\$ 17,257	\$ 17,482
Demand Deposits	18,224,491	3,046,329
Money Market Mutual Funds	44,619,252	12,844,588
Investment Pools	<u>13,917,806</u>	<u>36,074,906</u>
Total Cash and Cash Equivalents	<u>\$ 76,778,806</u>	<u>\$ 51,983,305</u>

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2012 and 2011

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

As of August 31, 2012 the College had the following investments and maturities:

Investment Type	Fair Value	Weighted Average Maturity (Years)	Credit Exposure	Exposure Permitted by Investment Policy
Investment Pools	\$ 13,917,806	0.00	11.64%	80%
Money Market Mutual Funds	44,619,252	0.00	37.32%	50%
Certificates of Deposit	36,707,576	1.24	30.71%	80%
U.S. Agency Securities	24,304,577	2.38	20.33%	80%
Total Portfolio	\$ 119,549,211	0.86		

Reconciliation of Deposits and Investments to Statement of Net Assets:

Type of Security	Fair Value August 31, 2012	Fair Value August 31, 2011
Investment Pools	\$ 13,917,806	\$ 36,074,906
Money Market Mutual Funds	44,619,252	12,844,588
Cash and Deposits	18,241,748	3,063,811
Total	76,778,806	51,983,305
Investments	61,012,153	65,162,945
Total Deposits and Investments	\$ 137,790,959	\$ 117,146,250

Per Statement of Net Assets (Exhibit 1):

Cash and Cash Equivalents	\$ 25,649,682	\$ 29,947,121
Restricted Cash and Cash Equivalents (Current)	14,545,451	10,946,442
Restricted Cash and Cash Equivalents (Noncurrent)	36,583,673	11,089,742
Investments (Current)	30,626,026	12,501,266
Investments (Noncurrent)	-	12,508,253
Restricted Investments	30,386,127	40,153,426
Total Deposits and Investments	\$ 137,790,959	\$ 117,146,250

Interest Rate Risk - In accordance with state law and College's policy, the College does not purchase any investments with maturities greater than five years. The College manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio to a maximum of one and one-half years.

Credit Risk and Concentration of Credit Risk - In accordance with state law and the College's investment policy, investments in investment pools must be rated at least "AAA" or "AAA-m", commercial paper must be rated at least "A-1" or "P-1", and investments in obligations from other states, municipalities, counties, etc. must be rated at least "A". The College does not limit the amount it may invest in any one issuer.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2012 and 2011

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

As of August 31, 2012, the College had an investment of \$24,304,577 in U.S. Agency Securities. All of those securities had a Standard and Poor rating of AA+ and a Moody's rating of Aaa.

The State Comptroller of Public Accounts exercises oversight responsibility over TexPool, the Texas Local Government Investment Pool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. TexPool invests in securities that meet the requirements of Texas Public Funds Investment Act. Standard & Poor rates TexPool AAA-m. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor, as well as to the Office of Comptroller of Public Accounts, for review. As of August 31, 2012 and 2011, the College had an investment of \$13,917,806 and \$36,074,906, respectively, in TexPool, the Texas Local Government Investment Pool.

TexPool operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Act of 1940. TexPool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the market value of the position in TexPool is the same as the value of TexPool shares. The College reports investments in TexPool as cash and cash equivalents.

NOTE 5. DERIVATIVES

Derivatives are investment products that may be a security or contract that derives its value from another security, currency, commodity, or index, regardless of the source of funds used.

At August 31, 2012 and 2011, the College had not engaged in any derivative transactions either for investment purposes or as a risk management strategy.

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AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2012 and 2011

NOTE 6. CAPITAL ASSETS

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

	Balance September 1, 2011	Additions	Reductions	Transfers	Balance August 31, 2012
Not Depreciated					
Land	\$ 92,264,108	\$ 487,857	\$ -	\$ -	\$ 92,751,965
Artwork	-	95,004	-	-	95,004
Construction in Progress	6,241,294	19,985,773	-	(4,796,232)	21,430,835
Subtotal	<u>98,505,402</u>	<u>20,568,634</u>	<u>-</u>	<u>(4,796,232)</u>	<u>114,277,804</u>
Other Capital Assets					
Buildings	267,042,049	1,953,299	-	3,252,124	272,247,472
Infrastructure	2,913,746	-	-	-	2,913,746
Land Improvements	35,461,364	-	-	1,544,108	37,005,472
Library Books	4,827,720	256,291	(391,840)	-	4,692,171
Equipment	28,750,276	1,551,291	(784,743)	-	29,516,824
Subtotal	<u>338,995,155</u>	<u>3,760,881</u>	<u>(1,176,583)</u>	<u>4,796,232</u>	<u>346,375,685</u>
Accumulated Depreciation					
Buildings	32,190,852	5,143,455	-	-	37,334,307
Infrastructure	1,456,873	97,125	-	-	1,553,998
Land Improvements	8,560,276	1,625,457	-	-	10,185,733
Library Books	2,123,321	262,409	(391,840)	-	1,993,890
Equipment	17,542,562	2,288,492	(755,377)	-	19,075,677
Subtotal	<u>61,873,884</u>	<u>9,416,938</u>	<u>(1,147,217)</u>	<u>-</u>	<u>70,143,605</u>
Net Other Capital Assets	<u>277,121,271</u>	<u>(5,656,057)</u>	<u>(29,366)</u>	<u>4,796,232</u>	<u>276,232,080</u>
Assets Under Capital Leases					
Equipment	2,561,255	1,457,072	-	-	4,018,327
Accumulated Depreciation					
Equipment	1,661,756	683,068	-	-	2,344,824
Net Assets Under Capital Lease	<u>899,499</u>	<u>774,004</u>	<u>-</u>	<u>-</u>	<u>1,673,503</u>
Net Capital Assets	<u>\$ 376,526,172</u>	<u>\$ 15,686,581</u>	<u>\$ (29,366)</u>	<u>-</u>	<u>\$ 392,183,387</u>

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2012 and 2011

NOTE 6. CAPITAL ASSETS (Continued)

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

	Balance September 1, 2010	Additions	Reductions	Transfers	Balance August 31, 2011
Not Depreciated					
Land	\$ 58,235,054	\$ 34,029,054	\$ -	\$ -	\$ 92,264,108
Construction in Progress	2,638,541	9,220,810	-	(5,618,057)	6,241,294
Subtotal	<u>60,873,595</u>	<u>43,249,864</u>	<u>-</u>	<u>(5,618,057)</u>	<u>98,505,402</u>
Other Capital Assets					
Buildings	264,445,358	15,834,827	-	(13,238,136)	267,042,049
Infrastructure	2,913,746	-	-	-	2,913,746
Land Improvements	16,605,171	-	-	18,856,193	35,461,364
Library Books	4,606,391	307,942	(86,613)	-	4,827,720
Equipment	27,626,123	1,550,848	(426,695)	-	28,750,276
Subtotal	<u>316,196,789</u>	<u>17,693,617</u>	<u>(513,308)</u>	<u>5,618,057</u>	<u>338,995,155</u>
Accumulated Depreciation					
Buildings	27,364,494	4,826,358	-	-	32,190,852
Infrastructure	1,359,748	97,125	-	-	1,456,873
Land Improvements	6,997,959	1,562,317	-	-	8,560,276
Library Books	1,943,388	266,546	(86,613)	-	2,123,321
Equipment	15,394,703	2,485,150	(337,291)	-	17,542,562
Subtotal	<u>53,060,292</u>	<u>9,237,496</u>	<u>(423,904)</u>	<u>-</u>	<u>61,873,884</u>
Net Other Capital Assets	<u>263,136,497</u>	<u>8,456,121</u>	<u>(89,404)</u>	<u>5,618,057</u>	<u>277,121,271</u>
Assets Under Capital Leases					
Equipment	2,561,255	-	-	-	2,561,255
Accumulated Depreciation					
Equipment	<u>1,149,506</u>	<u>512,250</u>	<u>-</u>	<u>-</u>	<u>1,661,756</u>
Net Assets Under Capital Lease	<u>1,411,749</u>	<u>(512,250)</u>	<u>-</u>	<u>-</u>	<u>899,499</u>
Net Capital Assets	<u>\$ 325,421,841</u>	<u>\$ 51,193,735</u>	<u>\$ (89,404)</u>	<u>-</u>	<u>\$ 376,526,172</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2012 and 2011

NOTE 7. LONG-TERM LIABILITIES

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

	Balance September 1, 2011	Additions	Reductions	Balance August 31, 2012	Current Portion
Bonds					
2002 Revenue Bonds	\$ 7,606,185	\$ 421,031	\$ -	\$ 8,027,216	\$ (444,327)
2005 Revenue Bonds	22,218,602	-	(1,661,572)	20,557,030	1,737,208
2009A Revenue Bonds	31,336,731	-	(340,108)	30,996,623	334,185
2009B Revenue Bonds	7,958,225	-	(1,431,334)	6,526,891	1,465,221
2010 Revenue Bonds	4,088,965	-	(335,991)	3,752,974	347,398
2011 Revenue Bonds	22,225,000	-	-	22,225,000	-
2011A Revenue Bonds	20,275,000	-	(300,000)	19,975,000	325,000
2011B Revenue Bonds	10,050,000	-	(10,050,000)	-	-
Total Revenue Bonds	125,758,708	421,031	(14,119,005)	112,060,734	3,764,685
2003 G.O. Bonds	65,927,515	5,605	(22,568,767)	43,364,353	1,239,825
2004 G.O. Bonds	10,666,440	-	(8,798,495)	1,867,945	597,218
2006 G.O. Bonds	18,574,657	312,785	(375,572)	18,511,870	63,982
2011 G.O. Bonds	-	32,886,761	(381,412)	32,505,349	566,962
Total G.O. Bonds	95,168,612	33,205,151	(32,124,246)	96,249,517	2,467,987
2008 Lease Revenue Bonds (PFC)	118,953,439	-	(1,821,673)	117,131,766	2,266,391
2010A Lease Revenue Bonds (PFC)	33,470,000	-	-	33,470,000	-
2012 Lease Revenue Bonds (PFC)	-	46,485,517	(33,525)	46,451,992	102,422
Total Lease Revenue Bonds (PFC)	152,423,439	46,485,517	(1,855,198)	197,053,758	2,368,813
Total Bonds	373,350,759	80,111,699	(48,098,449)	405,364,009	8,601,485
Other Long-Term Liabilities					
Capital Leases	534,295	1,457,073	(832,430)	1,158,938	286,381
Compensable Absences	4,850,291	7,930,856	(7,646,046)	5,135,101	2,955,898
OPEB Payable	1,241,605	374,072	-	1,615,677	-
Deferred Revenue	704,583	-	(95,000)	609,583	95,000
Total Other Long-Term Liabilities	7,330,774	9,762,001	(8,573,476)	8,519,299	3,337,279
Total Long-Term Liabilities	\$ 380,681,533	\$ 89,873,700	\$ (56,671,925)	\$ 413,883,308	\$ 11,938,764

AUSTIN COMMUNITY COLLEGE DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2012 and 2011

NOTE 7. LONG-TERM LIABILITIES (Continued)

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

	Balance September 1, 2010	Additions	Reductions	Balance August 31, 2011	Current Portion
Bonds					
2002 Revenue Bond	\$ 11,394,935	\$ 401,250	\$ (4,190,000)	\$ 7,606,185	\$ (421,032)
2005 Revenue Bond	23,896,056	-	(1,677,454)	22,218,602	1,661,573
2009A Revenue Bond	31,683,772	-	(347,041)	31,336,731	340,108
2009B Revenue Bond	9,364,925	-	(1,406,700)	7,958,225	1,431,334
2010 Revenue Bond	-	4,127,358	(38,393)	4,088,965	335,991
2011 Revenue Bond	-	22,225,000	-	22,225,000	-
2011A Revenue Bond	-	20,275,000	-	20,275,000	300,000
2011B Revenue Bond	-	10,050,000	-	10,050,000	-
Total Revenue Bonds	<u>76,339,688</u>	<u>57,078,608</u>	<u>(7,659,588)</u>	<u>125,758,708</u>	<u>3,647,974</u>
2003 G.O. Bond	66,840,519	-	(913,004)	65,927,515	974,251
2004 G.O. Bond	10,922,834	-	(256,394)	10,666,440	256,706
2006 G.O. Bond	18,635,920	284,780	(346,043)	18,574,657	62,788
Total G.O. Bonds	<u>96,399,273</u>	<u>284,780</u>	<u>(1,515,441)</u>	<u>95,168,612</u>	<u>1,293,745</u>
2008 Lease Revenue Bonds (PFC)	120,364,635	-	(1,411,196)	118,953,439	1,821,672
2010A Lease Revenue Bonds (PFC)	-	33,470,000	-	33,470,000	-
Total Lease Revenue Bonds (PFC)	<u>120,364,635</u>	<u>33,470,000</u>	<u>(1,411,196)</u>	<u>152,423,439</u>	<u>1,821,672</u>
Total Bonds	<u>293,103,596</u>	<u>90,833,388</u>	<u>(10,586,225)</u>	<u>373,350,759</u>	<u>6,763,391</u>
Other Long-Term Liabilities					
Capital Leases	1,050,485	-	(516,190)	534,295	534,295
Compensable Absences	4,592,191	7,317,398	(7,059,298)	4,850,291	2,683,420
OPEB Payable	860,798	380,807	-	1,241,605	-
Deferred Revenue	799,583	-	(95,000)	704,583	95,000
Total Other Long-Term Liabilities	<u>7,303,057</u>	<u>7,698,205</u>	<u>(7,670,488)</u>	<u>7,330,774</u>	<u>3,312,715</u>
Total Long-Term Liabilities	<u>\$ 300,406,653</u>	<u>\$ 98,531,593</u>	<u>\$ (18,256,713)</u>	<u>\$ 380,681,533</u>	<u>\$ 10,076,106</u>

AUSTIN COMMUNITY COLLEGE DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2012 and 2011

NOTE 8. DEBT AND LEASE OBLIGATIONS

Lease Revenue Bonds

On April 1, 2012, the College and the PFC entered into a Lease with an Option to Purchase agreement whereby the PFC will lease the Hays Campus Facility to the College, and as a result the PFC issued \$44,430,000 in Lease Revenue Bonds (Hays New Campus Project), Series 2012. The Bonds were issued at a premium of \$2,055,517. Proceeds from the Bonds will be used to finance the costs of acquisition, construction and equipment of the Hays campus that will be used by the College. A portion of the proceeds will also be used to pay for the costs of issuing the Bonds.

The College also has outstanding Lease Revenue Bonds issued in 2010 and 2008 which proceeds were used to finance the costs of acquisition, construction and equipment of the Elgin and the Round Rock campuses, respectively, and to pay the costs of issuing the Bonds.

The PFC pays Lease Revenue Bonds from the lease payments made by the College. The Lease payments are due at such times and in such amounts as will be required to timely pay the principal and interest on the Lease Revenue Bonds. The Lease Revenue Bonds, Series 2012 are due and payable in annual installments varying from \$190,000 to \$6,500,000, with interest rates varying from 2.0% to 5.0% and the final installment is due in 2036. The Lease Revenue Bonds, Taxable Series 2010A are due and payable in annual installments varying from \$130,000 to \$3,980,000, with interest rates varying from 3.828% to 6.523% and the final installment is due in 2035. The Lease Revenue Bonds, Series 2008 are due and payable in annual installments varying from \$1,500,000 to \$9,000,000 with interest rates varying from 5.0% to 5.5% and the final installment is due in 2033.

The obligation of the College to make lease payments is a current expense, payable solely from funds annually appropriated by the College for such use. Remedies available upon a failure of the College to appropriate or pay lease payments are limited to termination of the College's leasehold interest, the right to take possession and control of the Project, and the right to sell or lease the Project upon foreclosure.

Build America Bonds

The PFC designated the Lease Revenue Bonds, Taxable Series 2010A as "Build America Bonds" for purposes of the American Recovery and Reinvestment Act of 2009 the ("the Recovery Act"). The PFC will receive periodic Federal Payments from the United States Treasury equal to 35% of the interest payable on these Bonds. In order to receive Federal Payments, the PFC is required to file a form with the Internal Revenue Service prior to each interest payment date for the Bonds. The Federal payments do not constitute a full faith and credit guarantee of the United States Government, but are required to be paid by the United States Treasury under the Recovery Act. The Federal Payments will not be pledged to secure payment of the Bonds; however, the PFC has agreed to deposit all Federal Payments with respect to the Bonds to the Interest and Sinking Fund.

AUSTIN COMMUNITY COLLEGE DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2012 and 2011

NOTE 8. DEBT AND LEASE OBLIGATIONS (Continued)

General Obligation Bonds

On December 1, 2011, the College issued \$28,200,000 in Limited Tax Refunding Bonds, Series 2011. The Bonds were issued to refund certain outstanding General Obligation Bonds issued in 2004 and 2003 and to pay the costs of issuance related to the Bonds. These General Obligation Bonds are due and payable in annual installments varying from \$540,000 to \$4,185,000, with interest rates varying from 3.0% to 5.0% and the final installment due in 2025.

The refunding 2006 General Obligation Bonds are due and payable in annual installments varying from \$40,000 to \$1,645,000, with interest rates varying from 4.0% to 9.6% and the final installment due in 2034. The remaining 2003 and 2004 General Obligation Bonds not refunded by the 2011 and 2006 bond issuances are due and payable in annual installments varying from \$250,000 to \$5,130,000, with interest rates ranging from 3.0% to 5.0% and the final installment due in 2033.

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

Revenue Bonds

On May 1, 2012, the College paid the Subordinate Lien Combined Fee Revenue Bonds, Series 2011B with the proceeds received from the Hays land transfer to the PFC. These Bonds had been previously issued on July 29, 2011 for \$10,050,000 to acquire the Hays campus land and to pay for the cost of issuing the Bonds. On July 1, 2011, the College issued \$20,275,000 in Combined Fee Revenue Building Bonds, Taxable Series 2011A. The proceeds of the Bonds were used to acquire real property including property in the vicinity of Highland Mall, and renovate and improve College facilities and to pay for the cost of issuing the Bonds. On April 1, 2011, the College issued \$22,225,000 in Combined Fee Revenue Building Bonds, Taxable Series 2011. The proceeds of the bonds are to pay for the acquisition, construction, and improvement of property, buildings and facilities for the College, including a substantial portion of the Highland Mall, and to pay the costs of issuance for the Bonds. And on October 15, 2010, the College issued \$3,860,000 Combined Fee Revenue Refunding Bonds, Series 2010. The Bonds were issued to refund all the callable outstanding 2002 Bonds and to pay for the costs of issuing the Bonds.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2012 and 2011

NOTE 8. DEBT AND LEASE OBLIGATIONS (Continued)

Repayment of the revenue bond indebtedness is collateralized by a first lien on a pledge of certain tuition and fees described below. The bond indentures for all outstanding Revenue Bonds require that the College deposit into an interest and sinking fund the following: 1) Tuition Fee pledged at the maximum amount permitted by Section 130.123 of the Texas Education Code, as amended. Section 130.123 currently limits the maximum pledge to an amount equal to 25% of all tuition collections; 2) the General Fee of \$13 per semester credit hour from all nonexempt students for each semester and summer term; and 3) investment income derived from any and all funds. Such pledged tuition and fees amounted to \$29,762,337 and \$27,761,102 for the years ended August 31, 2012 and 2011, respectively. The pledged amount equates to 34.7% and 36.3% of the above revenue streams, respectively. The actual debt service payment for those years was \$8,835,527 and \$6,616,939, respectively. Compared to the minimum required pledge to debt service coverage ratio of 1.25, the actual coverage ratio was 3.37 and 4.20, respectively. Revenue bonds payable are due in annual installments varying from \$125,000 to \$5,035,000, with interest rates ranging from 0.711% to 5.767% and the final installment due in 2036. The College has complied with all significant bond covenants for the years ended August 31, 2012 and 2011.

The debt service requirement at August 31, 2012 is summarized below:

For Year Ended August 31,	General Obligation Bonds		Combined Fee Revenue Bonds		Lease Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest (1)
2013	2,105,000	3,891,330	4,050,000	4,693,938	1,960,000	9,474,900
2014	2,545,000	3,807,130	4,170,000	4,575,257	2,460,000	9,372,000
2015	2,560,000	3,721,105	4,315,000	4,442,095	2,970,000	9,242,851
2016	3,290,000	3,628,555	7,546,420	4,716,134	3,460,000	9,090,516
2017	1,609,694	3,467,005	7,732,344	4,421,316	4,175,000	8,913,777
2018 - 2022	16,533,966	16,108,563	32,787,775	19,419,157	29,080,000	40,849,241
2023 - 2027	23,415,000	11,461,340	24,577,977	10,664,287	44,235,000	31,921,625
2028 - 2032	29,495,000	5,855,881	16,055,000	3,246,720	64,655,000	19,390,314
2033 - 2036	8,350,000	443,363	6,440,000	769,318	40,280,000	4,046,312
SubTotal	\$89,903,660	\$52,384,272	\$107,674,516	\$56,948,222	\$193,275,000	\$142,301,536
Net premium	4,894,977	-	941,345	-	3,778,758	-
Accreted Interest	1,450,880	-	3,444,873	-	-	-
Total	\$96,249,517	\$52,384,272	\$112,060,734	\$56,948,222	\$197,053,758	\$142,301,536

Note:

(1) Future interest amount is shown net of "Build America Bonds" Federal subsidy. As "Build America Bonds," the PFC will receive periodic Federal Payments from the United States Treasury equal to 35% of the interest payable on its Lease Revenue Bonds, Taxable Series 2010A.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2012 and 2011

NOTE 8. DEBT AND LEASE OBLIGATIONS (Continued)

General information related to general obligation, revenue and lease revenue bonds payable is summarized below:

General Obligation Bonds:

- Limited Tax Bonds Refunding, Series 2011.
 - To refund a portion of Series 2003 and 2004 bonds.
 - Issued December 1, 2011.
 - Total authorized \$28,200,000; all authorized bonds have been issued.
 - Source of revenue for debt service is ad valorem taxes.
 - Outstanding principal balance as of August 31, 2012 and 2011 is \$28,200,000 and \$0, respectively.

- Limited Tax Bonds Refunding, Series 2006.
 - To refund a portion of Series 2003 and 2004 bonds.
 - Issued December 12, 2006.
 - Total authorized \$17,573,659; \$15,530,000 Current Interest Bonds and \$2,043,659 Capital Appreciation Bonds; all authorized bonds have been issued.
 - Source of revenue for debt service is ad valorem taxes.
 - Outstanding principal balance as of August 31, 2012 and 2011 is \$15,953,659 and \$16,203,659, respectively.

- Limited Tax Bonds, Series 2004.
 - To construct, renovate and equip college buildings district-wide, including phase 2 of the Health Careers Building, construction of the South Austin campus, parking and other such improvements as determined by the College.
 - Issued June 30, 2004.
 - Total authorized \$99,000,000; \$23,910,000 issued.
 - Source of revenue for debt service is ad valorem taxes.
 - Outstanding principal balance as of August 31, 2012 and 2011 is \$1,860,000 and \$10,645,000, respectively.

- Limited Tax Bonds, Series 2003.
 - To construct, renovate and equip college buildings district-wide, including student parking and other such improvements as determined by the College.
 - Issued July 10, 2003.
 - Total authorized \$99,000,000; \$75,000,000 issued.
 - Source of revenue for debt service is ad valorem taxes.
 - Outstanding principal balance as of August 31, 2012 and 2011 is \$43,890,000 and \$66,315,000, respectively.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 8. DEBT AND LEASE OBLIGATIONS (Continued)

Combined Fee Revenue Bonds:

- Subordinate Lien Combined Fee Revenue Bonds, Series 2011B.
 - To acquire land for Hays Campus construction.
 - Issued July 29, 2011.
 - Total authorized \$10,050,000; all authorized bonds have been issued.
 - Source of revenue for debt service is tuition and general fees.
 - Outstanding principal balance as of August 31, 2012 and 2011 is \$0 and \$10,050,000 respectively.

- Combined Fee Revenue Building Bonds, Taxable Series 2011A.
 - To acquire real property and renovate and improve college facilities including real property in the vicinity of Highland Mall.
 - Issued July 1, 2011.
 - Total authorized \$20,275,000; all authorized bonds have been issued.
 - Source of revenue for debt service is tuition and general fees.
 - Outstanding principal balance as of August 31, 2012 and 2011 is \$19,975,000 and \$20,275,000, respectively.

- Combined Fee Revenue Building Bonds, Taxable Series 2011.
 - To acquire real property and renovate and improve college facilities including acquiring a substantial portion of Highland Mall.
 - Issued April 1, 2011.
 - Total authorized \$22,225,000; all authorized bonds have been issued.
 - Source of revenue for debt service is tuition and general fees.
 - Outstanding principal balance as of August 31, 2012 and 2011 is \$22,225,000 and \$22,225,000, respectively.

- Combined Fee Revenue Refunding Bonds, Series 2010.
 - To refund all the callable outstanding Series 2002 Bonds.
 - Issued October 15, 2010.
 - Total authorized \$3,860,000; all authorized bonds have been issued.
 - Source of revenue for debt service is tuition and general fees.
 - Outstanding principal balance as of August 31, 2012 and 2011 is \$3,565,000 and \$3,860,000, respectively.

- Combined Fee Revenue Building Bonds, Series 2009A.
 - To acquire real property and renovate and improve college facilities.
 - Issued November 1, 2009.
 - Total authorized \$31,510,000; all authorized bonds have been issued.
 - Source of revenue for debt service is tuition and general fees.
 - Outstanding principal balance as of August 31, 2012 and 2011 is \$30,855,000 and \$31,180,000, respectively.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2012 and 2011

NOTE 8. DEBT AND LEASE OBLIGATIONS (Continued)

- Combined Fee Revenue Refunding Bonds, Series 2009B.
 - To refund the remaining 1998 and 2000 Series bonds.
 - Issued November 1, 2009.
 - Total authorized \$9,300,000; all authorized bonds have been issued.
 - Source of revenue for debt service is tuition and general fees.
 - Outstanding principal balance as of August 31, 2012 and 2011 is \$6,505,000 and \$7,920,000, respectively.

- Combined Fee Revenue Refunding Bonds, Series 2005.
 - To refund a portion of Series 2000 bonds, and the remaining 1995 Series bonds.
 - Issued April 21, 2005.
 - Total authorized \$25,255,000; all authorized bonds have been issued.
 - Source of revenue for debt service is tuition and general fees.
 - Outstanding principal balance as of August 31, 2012 and 2011 is \$19,965,000 and \$21,525,000, respectively.

- Combined Fee Revenue Refunding Bonds, Series 2002.
 - To purchase, acquire, renovate, construct and equip college facilities and to refund the remaining 1992 Series bonds.
 - Issued April 3, 2002.
 - Total authorized \$10,389,516; \$5,805,000 Current Interest Bonds and \$4,584,516 Capital Appreciation Bonds; all authorized bonds have been issued.
 - Source of revenue for debt service is tuition and general fees.
 - Outstanding principal balance as of August 31, 2012 and 2011 is \$4,584,516 and \$4,584,516, respectively.

Lease Revenue Bonds:

- Lease Revenue Bonds, Series 2012.
 - To finance the cost of acquisition, construction and equipment of the Hays Campus.
 - Issued April 1, 2012.
 - Total authorized \$44,430,000; all authorized bonds have been issued.
 - Source of revenue for debt service is lease payments in amounts required by lease purchase agreement between the College and the PFC.
 - Outstanding principal balance as of August 31, 2012 and 2011 is \$44,430,000 and \$0, respectively.

- Lease Revenue Bonds, Taxable Series 2010A (Build America Bonds – Direct Payment).
 - To finance the cost of acquisition, construction and equipment of the Elgin Campus.
 - Issued December 1, 2010.
 - Total authorized \$33,470,000; all authorized bonds have been issued.
 - Source of revenue for debt service is lease payments in amounts required by lease purchase agreement between the College and the PFC.
 - Outstanding principal balance as of August 31, 2012 and 2011 is \$33,470,000 and \$33,470,000, respectively.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2012 and 2011

NOTE 8. DEBT AND LEASE OBLIGATIONS (Continued)

- Lease Revenue Bonds, Series 2008.
 - To finance the cost of acquisition, construction and equipment of the Round Rock Campus.
 - Issued August 1, 2008.
 - Total authorized \$118,980,000; \$93,305,000 Serial Bonds and a \$25,675,000 2033 Term Bond; all authorized bonds have been issued.
 - Source of revenue for debt service is lease payments in amounts required by lease purchase agreement between the College and the PFC.
 - Outstanding principal balance as of August 31, 2012 and 2011 is \$115,375,000 and \$116,875,000, respectively.

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. The College had no arbitrage liability for the years ended August 31, 2012 and 2011.

Capital Leases

As of August 31, 2012 and 2011 the College made annual lease payments for capital leased property of \$853,130 and \$553,057, respectively.

Obligations under capital leases at August 31, 2012, were as follows:

For the year ended August 31,	Total
2013	\$ 300,073
2014	300,073
2015	300,073
2016	300,072
Total Minimum Lease Payments	1,200,291
Less: Amount Representing Interest Costs	(41,353)
Present Value of Minimum Lease Payments	\$ 1,158,938

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 8. DEBT AND LEASE OBLIGATIONS (Continued)

Interest Expense

For the year ended August 31, 2012, the College incurred \$17,921,992 in interest cost, of which \$15,797,675 was expensed and \$2,124,317 was capitalized. For the year ended August 31, 2011, the College incurred \$15,126,263 in interest cost, of which \$13,942,317 was expensed and \$1,183,946 was capitalized.

NOTE 9. DEFEASED BONDS OUTSTANDING

The liability for the bonds below does not appear on the College's financial statements as these bonds are considered legally defeased as of August 31, 2012 and 2011:

<u>Bond Issued</u>	<u>Year Refunded</u>	<u>2012 Par Value Outstanding</u>	<u>2011 Par Value Outstanding</u>
Limited Tax Bonds, Series 2004	2011	\$ 8,535,000	\$ -
Limited Tax Bonds, Series 2003	2011	21,495,000	-
Limited Tax Bonds, Series 2004	2006	12,265,000	12,265,000
Limited Tax Bonds, Series 2003	2006	<u>5,320,000</u>	<u>5,320,000</u>
		<u>\$ 47,615,000</u>	<u>\$ 17,585,000</u>

On December 21, 2011, the College issued Limited Tax Refunding Bonds, Series 2011. The par value was \$28,200,000 and they were issued for the refunding of certain outstanding Limited Tax Bonds Series 2004 and 2003. The present value of the net refunding gain was \$1,653,548. The total cash flows to service the refunded bonds and cash flows required to service the refunding bonds as of the effective date of the refunding were \$41,861,369 and \$39,362,808.

On October 15, 2010, the College issued Combined Fee Revenue Refunding Bonds, Series 2010. The par value was \$3,860,000 and they were issued for the refunding of all the callable outstanding Series 2002 Bonds. The present value of the net refunding gain was \$384,517. The total cash flows to service the refunded bonds and cash flows required to service the refunding bonds as of the effective date of the refunding were \$5,246,875 and \$4,824,147, respectively.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2012 and 2011

NOTE 10. OPERATING LEASE COMMITMENTS AND RENTAL AGREEMENTS

The College leases various classrooms, offices, parking lots, and equipment under Rental Agreements. These agreements have clauses which allow the College to terminate the agreement if funding becomes unavailable or the Board does not approve funding. Rental payments during the fiscal year ended August 31, 2012 and 2011 were \$1,446,465 and \$1,440,528, respectively.

The lease with the City of Austin (see Note 18) is the only non-cancelable lease for the College, and the future minimum rental payments are as follows:

For the Year Ending August 31,	Total
2013	\$ 70,000
2014	70,000
2015	70,000
2016	70,000
2017	70,000
2018-2019	140,000
Total Future Minimum Lease Payments	\$ 490,000

NOTE 11. EMPLOYEES' RETIREMENT PLANS

Defined Benefit Plan

The State of Texas ("the State") has joint contributory retirement plans for almost all of its employees. One of the primary plans in which the College participates is administered by the Teacher Retirement System of Texas (TRS), a multiple-employer public employee retirement system (PERS). It is a cost-sharing PERS with one exception: all risks and costs are not shared by the employer but are the liability of the State. TRS administers retirement and disability annuities and death and survivor benefits to employees and beneficiaries of employees covered under the plan. It operates primarily under the provisions of Texas Constitution, Article XVI § 67 and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapter 803 and Chapter 805, respectively. Structure, benefits and contributions are established by state statute. State law provides a state contribution rate of 6.0%, 6.644% and 6.644% for fiscal years 2012, 2011, and 2010, respectively, and a member contribution rate of 6.4%. Contribution requirements are not actuarially determined but are legally established each biennium pursuant to the following state funding policy:

AUSTIN COMMUNITY COLLEGE DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2012 and 2011

NOTE 11. EMPLOYEES' RETIREMENT PLANS (Continued)

- (1) The state constitution requires legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation of all members of the system during that fiscal year.
- (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of the particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

All College employees, except those employed less than one-half the standard workload, those exempted by law, and those participating in the Optional Retirement Program (ORP) are required to participate in TRS. Some employees, like physical plant or grant funded employees, are not funded by the State and therefore the College funds TRS for these employees.

The State's, the College's, and the participants' combined contributions to TRS were \$7,042,922, \$11,397,994, and \$10,273,134 for the years ended August 31, 2012, 2011, and 2010, respectively. These contributions represent 100% of the annual required contributions for each year. For the years ended August 31, 2012, 2011, and 2010, TRS contributions made by employees were \$5,870,316, \$5,570,098, and \$5,079,637, respectively; contributions made by the State were \$786,639, \$5,360,013, and \$4,773,837, respectively; and the expense to the College was \$385,967, \$467,883, and \$419,660, respectively. Total payroll for employees covered by the System for the years ended August 31, 2012, 2011, and 2010 was \$91,722,333, \$87,041,567, and \$79,369,464, respectively.

TRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Road, Austin, Texas 78701, by calling 1-800-223-8778, or by downloading the report from the TRS internet website, www.trs.state.tx.us, under the TRS Publications heading.

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

AUSTIN COMMUNITY COLLEGE DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2012 and 2011

NOTE 11. EMPLOYEES' RETIREMENT PLANS (Continued)

Defined Contribution Retirement Plans

The State has also established the ORP for institutions of higher education that is subject to amendment by the Texas Legislature. Participation in the ORP is in lieu of participation in the TRS. The ORP provides for the purchase of annuity contracts as individual retirement accounts and is a defined contribution plan. For fiscal years 2012 and 2011, the employee contribution rate is 6.65% and the State contribution rate is 6.40%. For those employees hired prior to September 1, 1995, the College contributes an additional 2.10% for the fiscal years ended August 31, 2012 and 2011. For the years ended August 31, 2012 and 2011, ORP contributions made by employees were \$2,146,484 and \$2,070,438, respectively; contributions made by the State were \$1,936,700 and \$1,986,852, respectively; and the expense to the College was \$408,763 and \$408,759, respectively. Total payroll of employees participating in ORP for the fiscal years ended August 31, 2012 and 2011 are \$32,279,502 and \$31,135,270, respectively.

In addition, the College has established a defined contribution Money Purchase Plan for part-time employees, called the Part-Time Employees Retirement System (PTERS). To be eligible for participation in the PTERS, an employee must complete one hour of service in a service period. Participation in this plan is in lieu of participation in the TRS or the ORP. Under the PTERS, the College is required to withhold from an employee's compensation 6% and match an amount equal to 1.5% of the employee's total compensation for a combined contribution of 7.5% of the employee's total annual compensation. The College has contracted with Ohio National Life Insurance Company to administer the PTERS. The College maintains the authority to amend plan provisions and contributions of the PTERS. For the years ended August 31, 2012 and 2011, PTERS contributions made by employees were \$2,110,228 and \$2,170,178; and the expense to the College was \$528,578 and \$542,571, respectively. Total payroll of employees participating in PTERS for the fiscal years ended August 31, 2012 and 2011 are \$35,171,107 and \$36,169,987, respectively.

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

NOTE 12. HEALTHCARE AND LIFE INSURANCE BENEFITS

In addition to the pension benefits described in Note 11, the State provides certain health care and life insurance benefits for most active and retired employees. Some employees, like physical plant or grant funded employees, are not funded by the State and therefore the College funds the benefits for these employees. The State appropriates a sum-certain amount for these benefits to the College based on employee enrollments during the legislative cycle, and any additional expense must be funded by the College. These benefits are administered by the Employee Retirement System of Texas and provided through an insurance company whose premiums are based on benefits paid during the previous year.

AUSTIN COMMUNITY COLLEGE DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2012 and 2011

NOTE 12. HEALTHCARE AND LIFE INSURANCE BENEFITS (Continued)

For the year ended August 31, 2012, the State's maximum contribution per full-time employee was \$461 per month for the year and totaled \$5,527 per employee for the year. The State also paid a maximum amount for a spouse, child(ren), or family of \$986, \$812, and \$1,337 per month, respectively. The total cost of providing those benefits for the year was \$1,558,346 for 277 retirees and \$12,849,752 for 2,166 active employees.

For the year ended August 31, 2011, the State's maximum contribution per full-time employee was \$438 per month for the year and totaled \$5,254 per employee for the year. The State also paid a maximum amount for a spouse, child(ren), or family of \$688, \$606, and \$856 per month, respectively. The total cost of providing those benefits for the year was \$1,217,188 for 260 retirees and \$11,785,284 for 2,196 active employees.

Of the costs above, the health insurance expense to the State on-behalf of the College was \$5,001,580 and \$7,898,176 for the fiscal years ended August 31, 2012 and 2011, respectively. The expense to the College was \$9,457,286 and \$5,104,296 for the fiscal years ended August 31, 2012 and 2011, respectively.

NOTE 13. ON-BEHALF PAYMENTS

For the fiscal years ended August 31, 2012 and 2011 the College recorded State on-behalf contributions for the Teacher's Retirement System of \$786,639 and \$5,360,013, respectively, and contributions for the Optional Retirement Program of \$1,936,700 and \$1,986,852, respectively. The Optional Retirement Program contributions are received as cash reimbursements from the State for payments made by the College to the respective investment funds on behalf of the employees.

The College recorded State on-behalf contributions for health insurance of \$5,001,580 and \$7,898,176 for the fiscal years ended August 31, 2012 and 2011, respectively. These were non-cash, on-behalf contributions.

The State's total on-behalf contributions for the fiscal years ended August 31, 2012 and 2011 of \$7,724,919 and \$15,245,041, respectively, were recorded as revenues and expenses in the accompanying basic financial statements.

AUSTIN COMMUNITY COLLEGE DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2012 and 2011

NOTE 14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Retiree Medical Insurance - Plan Description

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

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

Retiree Medical Insurance - Funding Policy

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

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

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

The employer contribution for the retiree medical insurance is funded by the State as an on-behalf contribution. The State's on-behalf contributions to SRHP for the years ended August 31, 2012, 2011, and 2010, were \$1,558,346, \$1,217,188, and \$1,182,778, respectively.

Retiree Dental Care – Plan Description

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

AUSTIN COMMUNITY COLLEGE DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2012 and 2011

NOTE 14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Retiree Dental Care – Funding Policy Annual OPEB Cost

The College reimburses 100% of the retirees cost of the dental benefits provided by the SRHP. These costs are funded on a pay-as-you-go basis. A retired employee becomes eligible for dental benefits upon retirement from the College assuming they meet the eligibility requirements for participation in the SRHP. The College’s annual cost per retiree was \$282.96, \$269.52, and \$269.52 for the years 2012, 2011, and 2010, respectively. The total annual contributions made by the College were \$59,817, \$53,082, and \$50,694 for the years 2012, 2011, and 2010, respectively.

Retiree Dental Care – Net OPEB Obligation

The College’s annual other post employment benefits (OPEB) cost related to the “Retiree Dental Care Plan” is calculated based on the annual required contributions of the employer (ARC), an amount actuarially determined in accordance with the parameter of GASB Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The College’s annual OPEB cost for the years ended August 31, 2012, 2011, and 2010 is as follows:

	2012	2011	2010
Annual Required Contribution (ARC)	\$ 433,889	\$ 433,889	\$ 333,910
Interest on OPEB Obligation	-	-	-
Adjustment to ARC	-	-	-
Annual OPEB Cost, End of Year	\$ 433,889	\$ 433,889	\$ 333,910
Employer contributions	59,817	53,082	50,694
Increase in net OPEB obligation	\$ 374,072	\$ 380,807	\$ 283,216
Net OPEB Obligation, Beginning of Year	1,241,605	860,798	577,582
Net OPEB Obligation, End of Year	<u>\$ 1,615,677</u>	<u>\$ 1,241,605</u>	<u>\$ 860,798</u>

AUSTIN COMMUNITY COLLEGE DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2012 and 2011

NOTE 14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended August 31, 2012, 2011, and 2010 are as follows:

Fiscal Year Ended	Net OPEB Obligation Beginning of Year	Annual OPEB Cost	Employer Contributions	Net OPEB Obligation End of Year	Annual OPEB Cost Contributed
2012	\$ 1,241,605	\$ 433,889	\$ 59,817	\$ 1,615,677	13.79%
2011	860,798	433,889	53,082	1,241,605	12.23%
2010	577,582	333,910	50,694	860,798	15.18%

Funding Status and Funding Progress

The funded status of the College's retiree dental care plan, under GASB Statement No. 45 as of August 31, 2012, 2011, and 2010 is as follows:

Actuarial Valuation Date as of August 31	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll	UAAL as a Percentage of Covered Payroll
2012	\$ -	\$ 4,112,179	\$ 4,112,179	0%	\$ 124,001,834	3.32%
2011	-	4,112,179	4,112,179	0%	118,176,838	3.48%
2010	-	3,190,301	3,190,301	0%	109,886,696	2.90%

Actuarial Methods and Assumptions

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

Projections of dental benefits are based on the plan as understood by the College and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the College and the College's employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions for the years ended August 31, 2012, 2011, and 2010 were as follows:

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NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2012 and 2011

NOTE 14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Actuarial Methods and Assumptions	
Rate of Inflation	3.0% per Year
Investment Rate of Return	4.50% Net of Expenses
Actuarial Cost Method	Projected Unit Credit Cost Method
Amortization Method	Level as a Percentage of Employee Payroll
Salary Growth Rate	3.0% per Year
Dental Trend	3.0% per Year

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

NOTE 15. COMPENSABLE ABSENCES

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

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

For the fiscal years ended August 31, 2012 and 2011 the College recognized \$5,135,101 and \$4,850,291, respectively, as an accrued liability for the unpaid annual and sick leave. The College's reporting of accrued liabilities for compensable absences is in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*. The total amount accrued at August 31, 2012, of \$5,135,101 is allocated \$1,063,690 to sick leave and \$4,071,411 to annual leave. The total amount accrued at August 31, 2011, of \$4,850,291 is allocated \$957,812 to sick leave and \$3,892,479 to annual leave.

AUSTIN COMMUNITY COLLEGE DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2012 and 2011

NOTE 16. PENDING LAWSUITS AND CLAIMS

On August 31, 2012 and 2011, various lawsuits and claims involving the College were pending. While the ultimate liability with respect to litigation and other claims asserted against the College cannot be reasonably estimated at this time, this liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the College.

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

NOTE 17. DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables

Accounts Receivable at August 31, 2012 and 2011 were as follows:

	<u>2012</u>	<u>2011</u>
Tuition and Fees Receivable (net of allowance for doubtful accounts of \$5,624,342 and \$4,333,552)	\$ 17,415,955	\$ 16,281,596
Taxes Receivable (net of allowance for doubtful accounts of \$272,228 and \$275,007)	2,505,634	2,475,062
Contracts and Grants Receivable	2,888,573	3,013,303
Investment Income Receivable	242,724	378,744
Other Receivable	699,030	181,519
Total Receivables	<u>\$ 23,751,916</u>	<u>\$ 22,330,224</u>

AUSTIN COMMUNITY COLLEGE DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 17. DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES
(Continued)

Payables

Payable balances at August 31, 2012 and 2011 were as follows:

	2012	2011
Payable to Vendors	\$ 8,578,259	\$ 5,735,299
Salaries and Benefits Payable	4,061,260	3,082,667
Payable to Students	1,305,916	1,227,949
Accrued Interest Payable	1,509,639	1,447,369
Construction Retainage	585,189	219,557
Total Payables	\$ 16,040,263	\$ 11,712,841

NOTE 18. DEFERRED REVENUE – CITY OF AUSTIN LEASE

In 1997, the College and the City of Austin (“the City”) desired to jointly develop a “One Stop Career Center” to more efficiently coordinate the training and employment of individuals needing specialized vocational job training and educational opportunities. In order to accomplish and develop the Center, the College and the City executed several lease agreements that allowed the City to provide money to the College for the construction of the One Stop Career Center as part of the College’s development of its Eastview Campus.

The College entered into a lease with the City for a portion of the Eastview Campus. The College and the City then entered into a sublease agreement in connection with the lease-back of the premises to the College. This lease-back allowed the College to enter into a second sublease with the Capital Area Workforce Development Board for the ultimate purpose of providing work space for the One Stop Career Center. All leases are effective February 1, 1999 through January 31, 2019.

The City funded this lease with funds received from the United States Department of Housing and Urban Development, and it discounted the cost of the rent payment under the Sublease Agreement with the College as a grant to enable the College to reduce the cost of its sublease to the Capital Area Workforce Development Board for the One Stop Career Center project.

The College and the City agreed that the City would begin paying an annual base rent of \$95,000 once the building was completed, or by May 31, 2000. As a result of the prime lease, the City prepaid the entire twenty year annual base rent of \$1,900,000 to the College. For the years ended August 31, 2012 and 2011, the College has recognized \$95,000 each year as lease payments. The remaining liability is recorded as deferred revenue for the fiscal years ended August 31, 2012 and 2011 in the amounts of \$609,583 and \$704,583, respectively.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 19. FUNDS HELD FOR OTHERS

The College holds funds for certain student organizations and other agencies. These amounts are reflected in the basic financial statements as funds held for others in the amount of \$1,615,532 and \$2,149,246 for the fiscal years ended August 31, 2012 and 2011, respectively.

NOTE 20. CONTRACT AND GRANT AWARDS

Contract and grant awards are accounted for in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized on *Statements of Revenues, Expenses and Changes in Net Assets* (Exhibit 2), *Schedule of Operating Revenues* (Schedule A) and *Schedule of Non-Operating Revenues and Expenses* (Schedule C). Contract and grant awards for which funds are expended but not yet collected are included in Accounts Receivable in the *Statement of Net Assets* (See Contracts and Grants Receivable, Note 17). Contract and grant awards that are not yet funded or expended are not included in the financial statements. Contract and grant awards funds already committed, e.g., multi-year awards, or funds awarded during fiscal years ended August 31, 2012 and 2011 for which no expenses have been incurred totaled \$7,808,814 and \$7,218,871, respectively.

These amounts are comprised of the following:

	<u>2012</u>	<u>2011</u>
Federal Contracts and Grant Awards	\$ 2,924,191	\$ 3,687,645
State Contracts and Grant Awards	4,363,229	3,335,782
Local Contracts and Grant Awards	176,043	48,613
Private Contracts and Grant Awards	345,351	146,831
Total Contract and Grant Awards	<u>\$ 7,808,814</u>	<u>\$ 7,218,871</u>

NOTE 21. PROPERTY TAXES

The College's ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the College's taxing jurisdiction. The College's Taxable Assessed Values for the years ended August 31, 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Appraised Valuation	\$ 135,788,176,309	\$ 124,833,359,961
Less: Exemptions	(23,541,278,777)	(19,963,728,179)
Less: Abatements	-	-
Taxable Assessed Value	<u>\$ 112,246,897,532</u>	<u>\$ 104,869,631,782</u>

AUSTIN COMMUNITY COLLEGE DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2012 and 2011

NOTE 21. PROPERTY TAXES (Continued)

Tax rates for the years ended August 31, 2012 and 2011, are as follows:

Fiscal Year 2012:

	Current Operations	Debt Service	Total
Tax Rate per \$100 valuation Authorized	\$ 0.0900	\$ 0.5000	\$ 0.5900
Tax Rate per \$100 valuation Assessed	\$ 0.0900	\$ 0.0048	\$ 0.0948

Fiscal Year 2011:

	Current Operations	Debt Service	Total
Tax Rate per \$100 valuation Authorized	\$ 0.0900	\$ 0.5000	\$ 0.5900
Tax Rate per \$100 valuation Assessed	\$ 0.0900	\$ 0.0051	\$ 0.0951

Taxes levied for the years ended August 31, 2012 and 2011 are \$106,050,760 and \$100,446,970, respectively (which includes adjustments for the year, if applicable). Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1st of the year following the year in which imposed. On January 1 of each year a tax lien attaches to property to secure payment of all taxes, penalties, and interest.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 21. PROPERTY TAXES (Continued)

Taxes collected for the years ended August 31, 2012 and 2011, are as follows:

Fiscal Year 2012:

	Current Operations	Debt Service	Total
Current Taxes Collected	\$ 99,924,417	\$ 5,329,303	\$105,253,720
Delinquent Taxes Collected	302,125	16,113	318,238
Penalties & Interest Collected	485,367	25,886	511,253
Other Tax Related Collections	68,547	3,656	72,203
Total Collections	<u>\$100,780,456</u>	<u>\$ 5,374,958</u>	<u>\$106,155,414</u>

Fiscal Year 2011:

	Current Operations	Debt Service	Total
Current Taxes Collected	\$ 94,219,850	\$ 5,336,122	\$ 99,555,972
Delinquent Taxes Collected	468,537	26,535	495,072
Penalties & Interest Collected	636,407	36,043	672,450
Other Tax Related Collections	63,050	3,571	66,621
Total Collections	<u>\$ 95,387,844</u>	<u>\$ 5,402,271</u>	<u>\$100,790,115</u>

Tax collections for the years ended August 31, 2012 and 2011 are 99.25% and 99.11%, respectively, of the current tax levy. The allowance for uncollectible property taxes amounted to \$272,228 and \$275,007 for the years ended August 31, 2012 and 2011, respectively. The use of debt service tax proceeds is restricted for the retirement of general obligation bonds.

NOTE 22. INCOME TAXES

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

AUSTIN COMMUNITY COLLEGE DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2012 and 2011

NOTE 23. GREATER AUSTIN AREA TELECOMMUNICATIONS NETWORK

The College entered into a telecommunications network interlocal agreement with the Austin Independent School District, Travis County, the State of Texas, the University of Texas System, and the City of Austin (“the Participants”) to provide a governmental communications network linking each of the Participants’ facilities. The Participants formed the Greater Austin Area Telecommunications Network Interlocal Agency to manage the network. No compensation is paid to any entity for use of the network. Instead, the cost of the construction of the network and use of the network is allocated among the owners on the basis of their respective interests.

NOTE 24. CONSTRUCTION COMMITMENTS

The College has entered into construction commitments for various projects including the renovation of facilities and the construction of buildings. At August 31, 2012 and 2011, the outstanding commitments under construction contracts for facilities and other projects are \$40,388,126 and \$3,596,372, respectively.

NOTE 25. SUBSEQUENT EVENTS

On November 14, 2012, the College issued \$74,790,000 in Combined Fee revenue Building Bonds, Series 2012. The bonds were issued at a premium of \$2,930,868. Proceeds from the bonds will be used to provide for the acquisition of real property, and the renovation and improvement of District facilities, and to pay for the costs of issuing the bonds.

NOTE 26. DISCRETE COMPONENT UNIT– AUSTIN COMMUNITY COLLEGE FOUNDATION

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

Notes to the Foundation Financial Statements

The following footnotes are excerpted from the Foundation’s audited financial statements dated May 31, 2012:

A: ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

1. Organization and Nature of Activities

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

AUSTIN COMMUNITY COLLEGE DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 26. DISCRETE COMPONENT UNIT– AUSTIN COMMUNITY COLLEGE FOUNDATION
(Continued)

A: ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Organization and Nature of Activities (Continued)

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

2. Basis of Accounting

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

3. Basis of Presentation

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

4. Cash Equivalents

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

5. Investments

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

6. Contributions

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

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2012 and 2011

NOTE 26. DISCRETE COMPONENT UNIT– AUSTIN COMMUNITY COLLEGE FOUNDATION
(Continued)

A: ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Functional Expenses

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

8. Estimates

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

B: TAX EXEMPT STATUS

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

The tax years 2008 through 2011 remain open to examination by the major taxing jurisdictions in which returns are filed.

C: INVESTMENTS

Investments comprised the following at May 31,

	<u>2012</u>	<u>2011</u>
Mutual funds	\$ 2,612,497	\$ 2,331,622
Corporate bonds	1,616,959	1,542,568
Government securities	130,056	126,673
Certificates of deposit	<u>49,992</u>	<u>49,870</u>
	<u>\$ 4,409,504</u>	<u>\$ 4,050,733</u>

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2012 and 2011

NOTE 26. DISCRETE COMPONENT UNIT– AUSTIN COMMUNITY COLLEGE FOUNDATION
(Continued)

C: INVESTMENTS (Continued)

Investments held by the Foundation’s brokerage firm are insured by the Securities Investor Protection Corporation (SIPC) for loss, theft, or destruction of securities while in the brokerage firm’s custody. In the event of a brokerage firm’s failure, coverage is provided for up to \$500,000. This coverage does not protect against market risks and fluctuations associated with normal market investments.

D: PROMISES TO GIVE

The promises to give balances as of May 31, 2012 and 2011 were considered fully collectible. Therefore, no allowances for uncollectible balances are reflected in these financial statements. Due to the immaterial amounts of discounts calculated as of May 31, 2012 and 2011, no discounts to present value are reflected in these financial statements. Promise to give comprised the following at May 31,

	2012	2011
Collection expected in less than one year	\$ 130,092	\$ 79,043
Collection expected in one to five years	103,233	160,933
Promises to give, gross	233,325	239,976
Less discounts to present value	-	-
Less allowances for uncollectible balances	-	-
Promises to give, net	\$ 233,325	\$ 239,976

E: RESTRICTIONS ON NET ASSETS

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

ACC Counseling Services Endowed Scholarship

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

AMD/Gary Heerssen Memorial Scholarship

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

Denius/Schulman Commercial Music Management Endowed Scholarship

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

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2012 and 2011

**NOTE 26. DISCRETE COMPONENT UNIT– AUSTIN COMMUNITY COLLEGE FOUNDATION
(Continued)**

E: RESTRICTIONS ON NET ASSETS (Continued)

Denius/Schulman Recording Workshop Endowed Scholarship

Provide support for ACC's Commercial Music Management summer music workshop for high school students.

Drs. John and Suanne Roueche Endowed Scholarship

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

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

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

Robert W. Galvin Endowed Scholarship

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

Royce & Donna Faulkner Family Endowed Scholarship

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

Roy F. and Joann Mitte Foundation Endowed Scholarship

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

St. David's Neal Kocurek ACC Endowed Scholarship

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

F: PERMANENTLY RESTRICTED NET ASSETS

The Foundation's endowment comprised approximately 50 individual funds established for a variety of purposes. The Foundation does not have any Board designated endowment funds.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2012 and 2011

NOTE 26. DISCRETE COMPONENT UNIT– AUSTIN COMMUNITY COLLEGE FOUNDATION
(Continued)

F: PERMANENTLY RESTRICTED NET ASSETS (Continued)

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

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

Funds with Deficiencies

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donors require the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature that are reported in unrestricted net assets were \$26,956 and \$21,150 at May 31, 2012 and 2011, respectively.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended achieve a rate of return on investments over a 10-year period at least equal to the rate of inflation plus 5%. Actual returns in any given year may vary.

AUSTIN COMMUNITY COLLEGE DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2012 and 2011

NOTE 26. DISCRETE COMPONENT UNIT– AUSTIN COMMUNITY COLLEGE FOUNDATION
(Continued)

F: PERMANENTLY RESTRICTED NET ASSETS (Continued)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation has adopted the following strategic asset allocation ranges: 45%-55% equity; 35%-45% fixed income; and 5%-15% cash. The Foundation's Investment Committee reviews the performance of its investments and makes reports and/or recommendations to the Foundation's Board of Trustees on at least an annual basis.

Spending Policy and How the Investment Objectives Relate to Spending Policy

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

Changes in Endowment Funds

Changes in the Foundation's endowment funds (excludes promises to give) were as follows for the years ended May 31, 2012 and 2011:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment funds, May 31, 2010	\$ (39,784)	\$ -	\$ 1,836,385	\$ 1,796,601
Contributions	-	-	2,133,198	2,133,198
Return on investments	18,634	313,756	-	332,390
Appropriations	<u>-</u>	<u>(52,146)</u>	<u>-</u>	<u>(52,146)</u>
Endowment funds, May 31, 2011	(21,150)	261,610	3,969,583	4,210,043
Contributions	-	-	443,489	443,489
Return on investments	(5,806)	31,622	1,661	27,477
Appropriations	<u>-</u>	<u>(87,372)</u>	<u>-</u>	<u>(87,372)</u>
Endowment funds, May 31, 2012	<u>\$ (26,956)</u>	<u>\$ 205,860</u>	<u>\$ 4,414,733</u>	<u>\$ 4,593,637</u>

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2012 and 2011

NOTE 26. DISCRETE COMPONENT UNIT– AUSTIN COMMUNITY COLLEGE FOUNDATION
(Continued)

F: PERMANENTLY RESTRICTED NET ASSETS (Continued)

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

	2012	2011
AAUW - Frances Malmberg Endowed Scholarship	\$ 78,455	\$ 78,455
ACC Counseling Services Endowed Scholarship	100,025	100,025
AMD/Gary Heerssen Memorial Scholarship	155,516	155,516
Assistance League of Austin Endowed Scholarship	15,000	15,000
Austin Hotel & Lodging Association Hospitality Mgmt Endowed Scholarship	20,000	15,000
Automotive Technology Endowed Scholarship	36,025	36,025
Benjamin Clough Endowed Scholarship	40,495	40,495
Bob Lain Endowed Scholarship	16,425	16,425
Boone Baker Endowed Scholarship	4,504	4,504
ConnectTel Endowed Scholarship	20,000	-
Delco Endowed Scholarship	32,894	32,894
Denius/Schulman Commercial Music Management Endowed Scholarship	150,000	150,000
Denius/Schulman Recording Workshop Endowed Scholarship	100,000	100,000
Diagnostic Radiology Endowed Scholarships	15,000	15,000
Didi Stuart Endowed Scholarship in the Graphic Arts	16,510	16,510
Drs. John and Suanne Roueche Endowed Scholarship	150,500	-
Earl Maxwell Endowed Scholarship	30,050	22,550
Edwina Fredlund Traverso Endowed Scholarship	27,718	25,618
Eric Hanson Endowed Scholarship	39,000	39,000
Ethel Mae Hafernik Hummell Endowed Scholarship	17,000	17,000
Gus Garcia Endowed Scholarship	-	6,335
H.E. and Karla Bost Endowed Scholarship	15,450	-
James and Oda Thompson Memorial Endowed Scholarship	15,000	15,000
James Lee Williams Endowed Scholarship	15,237	15,237
Jo Frances Hill Endowed Scholarship	16,310	16,060
Maxine Black Endowed Scholarship	16,734	16,734
Melinda Townsel & Greg Dunn Endowed Scholarship	15,000	15,000
Thomas M. Madison and O.B. Ross/Merrill Lynch Endowed Scholarships	45,000	45,000
Military Order of the Purple Heart Serv. Foundation, Inc. Endowed Scholarship	101,662	100,000
Myra A. McDaniel Endowed Scholarship	15,000	15,000
Nursing Program Endowed Scholarship	10,000	10,000
Pat Dobbs Endowed Scholarship	38,808	36,808
Peggy Hale Croshaw Endowed Scholarship	14,593	14,593
Pradeau Endowed Scholarship	36,000	36,000
Reagan Bradshaw Endowed Scholarship	26,455	26,445
Robert W. Galvin Endowed Scholarship	104,708	104,708
Robyn Richter Endowed Scholarship	15,000	15,000
Roy F. & Joann Cole Mitte Foundation Endowed Scholarship	150,000	150,000
Royce & Donna Faulkner Family Endowed Scholarship	152,500	102,500
Round Rock Endowed Scholarship	27,584	27,584
Ruth Townley Endowed Scholarship	9,462	9,462
"Ryan" Endowed Scholarship	18,884	18,884
South Austin Hospital Auxiliary Endowed Scholarship	40,000	35,000
St. David's Neal Kocurek ACC Endowed Scholarship	2,230,000	2,030,000
Steve E. and Anna D. Rinehart Endowed Scholarship	15,000	15,000
Dr. Stephen B. Kinslow Endowed Scholarship	36,525	17,000
Steve Kramer Endowed Scholarship	36,024	33,436
Student Emergency Fund Scholarship	65,000	57,000
Suzanne Cooper Endowed Scholarship	50,000	50,000
Tommy Cowan Endowed Scholarship	17,450	17,450
Travis County Medical Alliance Endowed Scholarship	11,431	11,431
Visual Communication Endowed Scholarship	50,000	50,000
	<u>\$ 4,475,933</u>	<u>\$ 3,992,684</u>

AUSTIN COMMUNITY COLLEGE DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2012 and 2011

NOTE 26. DISCRETE COMPONENT UNIT– AUSTIN COMMUNITY COLLEGE FOUNDATION
(Continued)

G: TEMPORARILY RESTRICTED NET ASSETS

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

	2012	2011
AAUW - Frances Malmberg Endowed Scholarship	\$ 394	\$ 2,250
ACC Counseling Services Endowed Scholarship	10,395	12,700
AMD/Gary Heerssen Memorial Scholarship	2,437	6,106
Assistance League of Austin Endowed Scholarship	1,179	1,527
Austin Hotel & Lodging Assoc. Hospitality Mgmt Endowed Scholarship	1,518	1,848
Automotive Technology Endowed Scholarship	-	405
Benjamin Clough Endowed Scholarship	5,640	6,564
Bob Lain Endowed Scholarship	455	841
Boone Baker Endowed Scholarship	-	-
ConnectTel Endowed Scholarship	63	-
Delco Endowed Scholarship	-	350
Denius/Schulman Commercial Music Mgmt Endowed Scholarship	2,983	11,096
Denius/Schulman Recording Workshop Endowed Scholarship	11,239	8,960
Diagnostic Radiology Endowed Scholarships	19	375
Didi Stuart Endowed Scholarship in the Graphic Arts	192	582
Drs. John and Suanne Roueche Endowed Scholarship	314	-
Earl Maxwell Endowed Scholarship	2,464	2,959
Edwina Fredlund Traverso Endowed Scholarship	809	1,403
Eric Hanson Endowed Scholarship	2,487	3,395
Ethel Mae Hafernik Hummell Endowed Scholarship	845	988
Gus Garcia Endowed Scholarship	-	707
H.E. and Karla Bost Endowed Scholarship	48	-
James and Oda Thompson Memorial Endowed Scholarship	1,089	1,003
James Lee Williams Endowed Scholarship	464	822
Jo Frances Hill Endowed Scholarship	-	306
Maxine Black Endowed Scholarship	-	-
Melinda Townsel & Greg Dunn Endowed Scholarship	-	332
Thomas M. Madison and O.B. Ross/Merrill Lynch Endowed Scholarships	-	-
Military Order of the Purple Heart Serv. Foundtn, Inc. Endowed Schlrship	-	3,378
Myra A. McDaniel Endowed Scholarship	339	291
Nursing Program Endowed Scholarship	-	-
Pat Dobbs Endowed Scholarship	1,831	2,655
Peggy Hale Croshaw Endowed Scholarship	-	-
Pradeau Endowed Scholarship	304	1,155
Reagan Bradshaw Endowed Scholarship	-	-
Robert W. Galvin Endowed Scholarship	14,806	17,522
Robyn Richter Endowed Scholarship	745	872
Roy F. & Joann Cole Mitte Foundation Endowed Scholarship	24,631	28,032
Royce & Donna Faulkner Family Endowed Scholarship	6,042	8,277
Round Rock Endowed Scholarship	1,237	1,103
Ruth Townley Endowed Scholarship	-	-
"Ryan" Endowed Scholarship	612	1,055
South Austin Hospital Auxiliary Endowed Scholarship	1,355	2,085
St. David's Neal Kocurek ACC Endowed Scholarship	101,515	117,997
Steve E. & Ann D. Rinehart Endowed Scholarship	1,235	1,582
Dr. Stephen B. Kinslow Endowed Scholarship	906	988
Steve Kramer Endowed Scholarship	-	-
Student Emergency Fund Scholarship	2,611	3,830
Suzanne Cooper Endowed Scholarship	-	1,031
Tommy Cowan Endowed Scholarship	2,479	2,877
Travis County Medical Alliance Endowed Scholarship	-	-
Visual Communication Endowed Scholarship	178	1,361
Temporarily restricted, endowed	\$ 205,860	\$ 261,610

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2012 and 2011

NOTE 26. DISCRETE COMPONENT UNIT– AUSTIN COMMUNITY COLLEGE FOUNDATION
(Continued)

G: Temporarily Restricted Net Assets (Continued)

	2012	2011
ACC Board of Trustees Scholarship	\$ 1,880	\$ 1,750
ACC Bookstore Scholarship	-	5,000
Activision CODE	30,000	40,000
Assistance League of Austin Scholarship	-	12,805
Assistance League - Emerson Process Management Scholarship	5,000	-
Austin Boys and Girls Club	3,000	-
Austin Classical Guitar Society Scholarship	2,500	2,500
Barrientos Annual Scholarship	24,600	26,600
Boyd Vance Scholarship	-	2,071
Carolyn & Tom Gallagher Scholarship	10,000	10,000
Children's Lab School/Child Development	1,400	-
College Connection Scholarships	9,483	5,987
ConnectTel Scholarship	5,000	-
Corbin T Jastrow Scholarship	-	1,000
Creative Writing Scholarship	544	-
Dance and Drama Scholarship	4,804	7,007
Drs. John and Suanne Roueche Endowed Scholarship	10,000	-
Educational Instruction Department of Scholarship	67	-
El Centro's Performing Arts Scholarship	1,097	-
Fulbright & Jaworski Scholarship	-	5,000
General Scholarships	42,417	38,073
Grainger Technical Scholarships	20,000	20,000
Gus Garcia Scholarship	7,087	-
Interpreter Scholarship	1,181	-
Jewelry Program Scholarship	300	-
Joan Wolf Ort Memorial Scholarship	1,000	1,000
Kinnser Software Scholarships	200,000	225,000
LEEF Book Scholarship	-	2,457
LGR Scholarship	6,600	-
Math Competition	867	200
McDonald's of Central Texas ACC Scholarship	5,000	-
Memorial Fund	14,321	10,863
Men of Distinction Scholarship	1,288	-
Photography Department Scholarship	1,900	1,800
Presidential Scholarship	1,050	50
Professor Jan Smith IBIAC Scholarship	18,750	23,750
Raymond A. Diaz Scholarship	5,000	-
Scott D Evans Rotary Club of RR Scholarship	2,500	2,500
SEMI/Frank Squires Scholarships	60,000	70,000
Shaping the Future Scholarships	-	13,842
Stanley M. Gilbert Scholarships	2,500	-
Stasny-Siegmund Scholarships	400	-
Student Emergency Fund	-	400
Student Government	-	500
Sylvia Collins Scholarship	4,243	-
TACHE Scholarship	5,000	1,000
Town Lake Links Inc. Scholarship	2,500	2,500
Veteran's Fund	150	150
W. "Woody" Woodside Rotary Club of RR Scholarship	2,500	2,500
Ward-Fuller Memorial Scholarship	150	100
Well-Wisher's Scholarship	102,192	-
Welding Tools	1,200	4,000
	<u>\$ 619,471</u>	<u>\$ 540,405</u>
Temporarily restricted, non-endowed	<u>\$ 619,471</u>	<u>\$ 540,405</u>
Total temporarily restricted net assets	<u>\$ 825,331</u>	<u>\$ 802,015</u>

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2012 and 2011

NOTE 26. DISCRETE COMPONENT UNIT– AUSTIN COMMUNITY COLLEGE FOUNDATION
(Continued)

H: RELATED PARTY TRANSACTIONS

The purpose of the Foundation is to support initiatives of ACC. For the years ended May 31, 2012 and 2011, the Foundation remitted \$529,697 and \$492,680, respectively, to ACC for scholarships and programs.

All of the Foundation's personnel and facilities are provided by ACC. ACC's cost of providing these services totaled approximately \$214,691 and \$213,564 during the years ended May 31, 2012 and 2011, respectively. The personnel provided by ACC do not meet the requirements for recognition as set forth in the FASB ASC 958-605 and, therefore, are not reflected in the statements of activities.

The Foundation receives in-kind contributions of property and equipment on behalf of ACC. These are considered agency transactions as the Foundation never takes custody of the property, but merely acts as a transfer agent. Therefore, these donations are not reflected as contributions and related program expenses on the statement of activities. The Foundation acted as a transfer agent and received approximately \$9,508 and \$37,159 of property and equipment during the years ended May 31, 2012 and 2011, respectively, on ACC's behalf.

AUSTIN COMMUNITY COLLEGE DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Years Ended August 31, 2012 and 2011

NOTE 26. DISCRETE COMPONENT UNIT– AUSTIN COMMUNITY COLLEGE FOUNDATION
(Continued)

I: FAIR VALUE MEASUREMENTS

Certain assets are carried at fair value in these financial statements. Fair value measurements were arrived at using the following inputs at May 31, 2012 and 2011:

Description		Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	2012			
Mutual funds	\$ 2,612,497	\$ 2,612,497	\$ -	\$ -
Corporate bonds	1,616,959	1,616,959	-	-
Government securities	130,056	130,056	-	-
	<u>\$ 4,359,512</u>	<u>\$ 4,359,512</u>	<u>\$ -</u>	<u>\$ -</u>
	2011			
Mutual funds	\$ 2,331,622	\$ 2,331,622	\$ -	\$ -
Corporate bonds	1,542,568	1,542,568	-	-
Government securities	126,673	126,673	-	-
	<u>\$ 4,000,863</u>	<u>\$ 4,000,863</u>	<u>\$ -</u>	<u>\$ -</u>

J: CONCENTRATIONS

The Foundation's mutual fund investments at May 31, 2012 and 2011 included \$984,784 and \$1,078,407, respectively, invested in American Funds' Growth Fund of America (AGTHX) and \$587,972 and \$619,767 invested in American Funds' Investment Company of America Fund (AIVSX).

The Foundation recognized contributions totaling \$257,074 and \$2,080,000 from St. David's Foundation during the years ended May 31, 2012 and 2011, respectively.

K: SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 25, 2012, the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTAL
INFORMATION**

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF FUNDING PROGRESS
Other Postemployment Benefits
For The Year Ended August 31, 2012

Actuarial Valuation Date as of August 31	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll	UAAL as a Percentage of Covered Payroll
2012	\$ -	\$ 4,112,179	\$ 4,112,179	0%	\$ 124,001,834	3.32%
2011	-	4,112,179	4,112,179	0%	118,176,838	3.48%
2010	-	3,190,301	3,190,301	0%	109,886,696	2.90%

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

AUSTIN COMMUNITY COLLEGE DISTRICT
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SCHEDULE OF OPERATING REVENUES
For The Fiscal Year Ended August 31, 2012
(With Memorandum Totals for the Year Ended August 31, 2011)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total Educational Activities</u>	<u>Auxiliary Enterprises</u>	<u>2012 Total</u>	<u>2011 Total</u>
Tuition:						
State Funded Credit Courses						
In District Resident Tuition	\$ 35,896,631	\$ -	\$ 35,896,631	\$ -	\$35,896,631	\$ 27,930,142
Out of District Resident Tuition	24,376,880	-	24,376,880	-	24,376,880	21,689,915
Non Resident Tuition	7,720,100	-	7,720,100	-	7,720,100	7,139,204
TPEG - Credit (set aside)*	2,230,431	-	2,230,431	-	2,230,431	3,003,825
State Funded Continuing Education	2,298,174	-	2,298,174	-	2,298,174	2,281,927
TPEG - Non-Credit (set aside)*	127,042	-	127,042	-	127,042	127,466
Non-state Funded Educational Programs	2,142,402	-	2,142,402	-	2,142,402	2,829,201
Total Tuition	<u>74,791,660</u>	<u>-</u>	<u>74,791,660</u>	<u>-</u>	<u>74,791,660</u>	<u>65,001,680</u>
Fees:						
General Fees	10,709,021	-	10,709,021	-	\$10,709,021	11,155,493
Student Service Fee	1,647,576	-	1,647,576	-	1,647,576	1,716,150
Sustainability Fee	823,874	-	823,874	-	823,874	858,412
Laboratory Fee	200,159	-	200,159	-	200,159	1,184,927
Student Accident Insurance	296,533	-	296,533	-	296,533	263,802
Application Fees	16,000	-	16,000	-	16,000	26,750
Other Fees	4,737,725	-	4,737,725	-	4,737,725	314,701
Total Fees	<u>18,430,888</u>	<u>-</u>	<u>18,430,888</u>	<u>-</u>	<u>18,430,888</u>	<u>15,520,235</u>
Scholarship Allowances and Discounts:						
Bad Debt Allowance	(1,308,551)	-	(1,308,551)	-	(1,308,551)	-
Remissions and Exemptions- State	(3,422,913)	-	(3,422,913)	-	(3,422,913)	(2,284,776)
Remissions and Exemptions-Local	(6,663,246)	-	(6,663,246)	-	(6,663,246)	(5,569,919)
Title IV Federal Grants	(19,838,261)	-	(19,838,261)	-	(19,838,261)	(17,456,477)
Other Federal Grants	(660,449)	-	(660,449)	-	(660,449)	(460,975)
TPEG Awards	(941,371)	-	(941,371)	-	(941,371)	(718,259)
Other State Grants	(1,370,945)	-	(1,370,945)	-	(1,370,945)	(1,291,918)
Total Scholarship Allowances	<u>(34,205,736)</u>	<u>-</u>	<u>(34,205,736)</u>	<u>-</u>	<u>(34,205,736)</u>	<u>(27,782,324)</u>
Total Net Tuition and Fees	<u>59,016,812</u>	<u>-</u>	<u>59,016,812</u>	<u>-</u>	<u>59,016,812</u>	<u>52,739,591</u>
Additional Operating Revenues:						
Federal Grants and Contracts	-	4,971,208	4,971,208	-	4,971,208	7,850,298
State Grants and Contracts	-	3,770,618	3,770,618	-	3,770,618	4,214,920
Local Grants and Contracts	-	239,027	239,027	-	239,027	336,749
Non-governmental Grants and Contracts	-	1,156,993	1,156,993	-	1,156,993	1,047,028
Sales and Services of Educational Activities	5,011,926	-	5,011,926	-	5,011,926	4,394,812
General Operating Revenues	4,026,945	-	4,026,945	-	4,026,945	3,441,312
Total Additional Operating Revenues	<u>9,038,871</u>	<u>10,137,846</u>	<u>19,176,717</u>	<u>-</u>	<u>19,176,717</u>	<u>21,285,119</u>
Auxiliary Enterprises:						
Bookstore	-	-	-	796,468	796,468	933,549
Food Service	-	-	-	267,059	267,059	220,276
Other Auxiliary	-	-	-	55,937	55,937	89,480
Total Net Auxiliary Enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,119,464</u>	<u>1,119,464</u>	<u>1,243,305</u>
Total Operating Revenues	<u>\$ 68,055,683</u>	<u>\$ 10,137,846</u>	<u>\$ 78,193,529</u>	<u>\$ 1,119,464</u>	<u>\$79,312,993</u>	<u>\$ 75,268,015</u>
					(Exhibit 2)	(Exhibit 2)

* In accordance with Education Code §56.033, \$2,357,473 in 2012 and \$3,131,291 in 2011 of tuition was set aside for Texas Public Education Grants (TPEG)

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

SCHEDULE OF OPERATING EXPENSES BY OBJECT
For The Fiscal Year Ended August 31, 2012
(With Memorandum Totals for the Year Ended August 31, 2011)

	Salaries and Wages	Benefits		Other Expenses	2012 Total	2011 Total
		State	Local			
Unrestricted - Educational Activities						
Instruction	\$ 92,781,299	\$ -	\$ 8,204,994	\$ 5,944,084	\$ 106,930,377	\$ 102,625,479
Public Service	2,504,112	-	285,911	1,234,017	4,024,040	4,237,242
Academic Support	18,445,470	-	1,561,623	2,781,051	22,788,144	21,564,758
Student Services	19,534,257	-	1,653,304	1,618,275	22,805,836	21,688,713
Institutional Support	19,796,526	-	3,205,437	10,872,036	33,873,999	32,407,717
Operation and Maintenance of Plant	7,755,738	-	914,663	15,501,407	24,171,808	24,335,986
Total Unrestricted- Educational Activities	160,817,402	-	15,825,932	37,950,870	214,594,204	206,859,895
Restricted - Educational Activities						
Instruction	1,720,740	4,760,492	185,033	1,901,015	8,567,280	14,221,489
Public Service	216,338	-	35,825	330,699	582,862	1,208,727
Academic Support	213,755	946,414	17,731	407,487	1,585,387	3,007,513
Student Services	2,209	1,002,278	65	407,161	1,411,713	2,345,286
Institutional Support	956,493	1,015,735	-	4,802	1,977,030	2,672,264
Scholarship and Fellowships	-	-	-	27,442,126	27,442,126	34,550,434
Total Restricted- Educational Activities	3,109,535	7,724,919	238,654	30,493,290	41,566,398	58,005,713
Total Educational Activities	163,926,937	7,724,919	16,064,586	68,444,160	256,160,602	264,865,608
Auxiliary Enterprises	-	-	-	237,311	237,311	938,515
Depreciation Expense - Buildings and Other Real Estate Improvements	-	-	-	6,866,037	6,866,037	6,485,800
Depreciation Expense - Equipment and Library Books	-	-	-	3,233,969	3,233,969	3,263,946
Total Operating Expenses	<u>\$ 163,926,937</u>	<u>\$ 7,724,919</u>	<u>\$ 16,064,586</u>	<u>\$ 78,781,477</u>	<u>\$ 266,497,919</u>	<u>\$ 275,553,869</u>
					(Exhibit 2)	(Exhibit 2)

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
For The Fiscal Year Ended August 31, 2012
(With Memorandum Totals for the Year Ended August 31, 2011)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>2012 Total</u>	<u>2011 Total</u>
Non-Operating Revenues:					
State Appropriations	\$ 45,362,848	\$ 7,724,919	\$ -	\$ 53,087,767	\$ 59,097,142
Maintenance Ad Valorem Taxes	100,785,455	5,428,396	-	106,213,851	100,785,060
Federal Revenue, Non Operating	-	44,963,539	-	44,963,539	48,823,118
Capital Grants & Gifts	105,245	-	-	105,245	2,559
Investment Income	245,629	166,026	-	411,655	406,506
Total Non-Operating Revenues	<u>146,499,177</u>	<u>58,282,880</u>	<u>-</u>	<u>204,782,057</u>	<u>209,114,385</u>
Non-Operating Expenses:					
Interest on Capital Related Debt	3,256,602	12,541,073	-	15,797,675	13,942,317
Loss on Disposal of Capital Assets	26,295	-	-	26,295	87,890
Total Non-Operating Expenses	<u>3,282,897</u>	<u>12,541,073</u>	<u>-</u>	<u>15,823,970</u>	<u>14,030,207</u>
Net Non-Operating Revenues	<u>\$ 143,216,280</u>	<u>\$ 45,741,807</u>	<u>\$ -</u>	<u>\$ 188,958,087</u> (Exhibit 2)	<u>\$ 195,084,178</u> (Exhibit 2)

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

SCHEDULE OF NET ASSETS BY SOURCE AND AVAILABILITY
August 31, 2012
(With Memorandum Totals for August 31, 2011)

	Detail by Source				Available for Current Operations		
	Restricted			Capital Assets Net of Depreciation & Related Debt	Total	Yes	No
	Unrestricted	Expendable	Non- expendable				
Current:							
Unrestricted	\$ 13,577,837	\$ -	\$ -	\$ -	\$ 13,577,837	\$ 13,577,837	\$ -
Board Designated	-	-	-	-	-	-	-
Restricted	-	289,091	-	-	289,091	-	289,091
Auxiliary Enterprises	4,170,870	-	-	-	4,170,870	4,170,870	-
Loan	-	27,609	-	-	27,609	-	27,609
Endowment							
Quasi:							
Unrestricted	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Endowment							
True	-	-	-	-	-	-	-
Term (per instructions at maturity)	-	-	-	-	-	-	-
Life Income Contracts	-	-	-	-	-	-	-
Annuities	-	-	-	-	-	-	-
Plant:							
Unexpended	7,930,562	-	-	-	7,930,562	7,930,562	-
Renewals	-	-	-	-	-	-	-
Debt Service	-	17,559,033	-	-	17,559,033	-	17,559,033
Investment in Plant	-	-	-	50,220,966	50,220,966	-	50,220,966
Total Net Assets, end of year	25,679,269	17,875,733	-	50,220,966	93,775,968	25,679,269	68,096,699
					(Exhibit 1)		
Total Net Assets, beginning of year	24,401,925	18,270,353	-	49,330,529	92,002,807	24,401,925	67,600,882
					(Exhibit 1)		
Net Increase in Net Assets	\$ 1,277,344	\$ (394,620)	\$ -	\$ 890,437	\$ 1,773,161	\$ 1,277,344	\$ 495,817
					(Exhibit 2)		



Statistical Section

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

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

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

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

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

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>(a) Restated 2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Net Assets:										
Invested in Capital Assets, Net of Related Debt	\$ 50,221	\$ 49,331	\$ 53,589	\$ 54,104	\$ 44,737	\$ 43,822	\$ 40,030	\$ 49,902	\$ 48,199	\$ 48,008
Restricted - Expendable	17,876	18,270	17,471	15,153	12,919	5,611	5,716	4,947	5,001	4,839
Restricted - Nonexpendable	-	-	-	-	-	-	-	-	-	-
Unrestricted	<u>25,679</u>	<u>24,402</u>	<u>26,144</u>	<u>20,694</u>	<u>26,312</u>	<u>19,874</u>	<u>8,843</u>	<u>4,122</u>	<u>3,657</u>	<u>4,428</u>
Net Assets, End of Year	<u>\$ 93,776</u>	<u>\$ 92,003</u>	<u>\$ 97,204</u>	<u>\$ 89,951</u>	<u>\$ 83,968</u>	<u>\$ 69,307</u>	<u>\$ 54,589</u>	<u>\$ 58,971</u>	<u>\$ 56,857</u>	<u>\$ 57,275</u>
Net Assets, Beginning of Year	<u>92,003</u>	<u>97,204</u>	<u>89,951</u>	<u>83,968</u>	<u>69,307</u>	<u>54,589</u>	<u>50,778</u>	<u>56,857</u>	<u>57,275</u>	<u>62,938</u>
Increase (Decrease) in Net Assets	<u>\$ 1,773</u>	<u>\$ (5,201)</u>	<u>\$ 7,253</u>	<u>\$ 5,983</u>	<u>\$ 14,661</u>	<u>\$ 14,718</u>	<u>\$ 3,811</u>	<u>\$ 2,114</u>	<u>\$ (418)</u>	<u>\$ (5,663)</u>

Notes:

(a) The Financial Statements were restated in Fiscal Year 2006 to reflect the capitalization threshold increase from \$500 to \$5,000 for equipment and furniture.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Operating Revenues:										
Tuition and Fees (Net of Discounts)	\$ 59,017	\$ 52,740	\$ 50,540	\$ 47,763	\$ 45,751	\$ 45,749	\$ 40,837	\$ 38,039	\$ 35,903	\$ 32,770
Federal Grants and Contracts	4,971	7,850	7,243	4,340	4,753	5,979	3,670	3,315	3,047	3,403
State Grants and Contracts	3,771	4,215	3,499	1,831	2,055	2,352	1,380	2,106	1,437	2,041
Local Grants and Contracts	239	337	383	299	290	278	1,235	1,191	1,592	307
Non-Governmental Grants and Contracts	1,157	1,047	1,028	1,473	1,696	1,400	1,116	1,013	1,158	1,354
Sales and Services of Educational Activities	5,012	4,395	4,370	3,513	2,983	2,240	1,182	1,358	747	-
Auxiliary Enterprises	1,119	1,243	1,147	1,018	1,184	1,077	990	1,535	1,238	1,244
Other Operating Revenues	4,027	3,441	3,220	2,112	2,071	3,609	1,919	1,661	1,659	2,849
Total Operating Revenues	79,313	75,268	71,430	62,349	60,783	62,684	52,329	50,218	46,781	43,968
Non-Operating Revenues:										
State Appropriations	53,088	59,097	59,134	55,950	55,451	48,544	44,739	43,938	43,523	45,355
Ad Valorem Taxes	106,214	100,785	104,504	88,900	80,568	71,181	53,876	44,094	37,138	24,849
Federal Revenue, Non Operating	44,963	48,823	40,322	22,799	17,222	14,817	14,307	14,247	12,678	10,688
Gifts	105	3	23	130	37	96	52	192	76	79
Investment Income	412	406	1,277	717	3,870	4,887	4,234	2,713	1,100	606
Other Non-operating revenues	-	-	2	-	-	-	184	1	-	-
Total Non-Operating Revenues	204,782	209,114	205,262	168,496	157,148	139,525	117,392	105,185	94,515	81,577
Total Revenues	\$ 284,095	\$ 284,382	\$ 276,692	\$ 230,845	\$ 217,931	\$ 202,209	\$ 169,721	\$ 155,403	\$ 141,296	\$ 125,545

Percentage of Total

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Operating Revenues:										
Tuition and Fees (Net of Discounts)	20.77%	18.55%	18.27%	20.69%	20.99%	22.62%	24.06%	24.48%	25.41%	26.10%
Federal Grants and Contracts	1.75%	2.76%	2.62%	1.88%	2.18%	2.96%	2.16%	2.13%	2.16%	2.71%
State Grants and Contracts	1.33%	1.48%	1.26%	0.79%	0.94%	1.16%	0.81%	1.36%	1.02%	1.63%
Local Grants and Contracts	0.08%	0.12%	0.14%	0.13%	0.13%	0.14%	0.73%	0.77%	1.13%	0.24%
Non-Governmental Grants and Contracts	0.41%	0.37%	0.37%	0.64%	0.78%	0.69%	0.66%	0.65%	0.82%	1.08%
Sales and Services of Educational Activities	1.76%	1.55%	1.58%	1.52%	1.37%	1.11%	0.70%	0.87%	0.53%	0.00%
Auxiliary Enterprises	0.39%	0.44%	0.41%	0.44%	0.54%	0.53%	0.58%	0.99%	0.88%	0.99%
Other Operating Revenues	1.43%	1.20%	1.17%	0.92%	0.96%	1.79%	1.13%	1.06%	1.16%	2.27%
Total Operating Revenues	27.92%	26.47%	25.82%	27.01%	27.89%	31.00%	30.83%	32.31%	33.11%	35.02%
Non-Operating Revenues:										
State Appropriations	18.69%	20.78%	21.37%	24.24%	25.44%	24.00%	26.36%	28.27%	30.80%	36.13%
Ad Valorem Taxes	37.39%	35.44%	37.77%	38.51%	36.97%	35.20%	31.74%	28.37%	26.28%	19.79%
Federal Revenue, Non Operating	15.82%	17.17%	14.57%	9.88%	7.90%	7.33%	8.43%	9.17%	8.97%	8.51%
Gifts	0.04%	0.00%	0.01%	0.06%	0.02%	0.05%	0.03%	0.12%	0.05%	0.06%
Investment Income	0.14%	0.14%	0.46%	0.30%	1.78%	2.42%	2.49%	1.76%	0.79%	0.49%
Other Non-Operating revenues	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.12%	0.00%	0.00%	0.00%
Total Non-Operating Revenues	72.08%	73.53%	74.18%	72.99%	72.11%	69.00%	69.17%	67.69%	66.89%	64.98%
Total Revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Operating Expenses:										
Instruction	\$115,498	\$116,847	\$107,782	\$96,583	\$87,363	\$82,398	\$71,282	\$66,173	\$62,765	\$58,996
Public Service	4,607	5,446	5,165	4,656	4,015	3,466	2,645	3,103	3,203	2,784
Academic Support	24,373	24,572	23,052	21,705	20,335	18,195	16,231	14,726	9,176	9,727
Student Services	24,218	24,034	21,871	20,070	17,225	14,779	11,453	10,686	12,110	11,362
Institutional Support	35,851	35,080	35,052	31,460	30,969	26,640	25,234	21,048	20,091	18,614
Operation and Maintenance of Plant	24,172	24,336	31,883	19,037	17,761	16,896	13,671	11,115	9,629	9,307
Scholarships and Fellowships	27,442	34,550	30,785	18,399	12,483	12,959	12,012	11,106	9,510	8,244
Auxiliary Enterprises	237	939	331	379	325	1,100	1,691	1,502	1,351	1,093
Depreciation	10,100	9,750	6,531	5,778	5,269	4,653	4,326	6,375	6,623	5,844
Total Operating Expenses	266,498	275,554	262,452	218,067	195,745	181,086	158,545	145,834	134,458	125,971
Non-Operating Expenses:										
Interest on Capital Related Debt	15,798	13,942	6,987	6,592	7,517	6,388	7,366	7,176	6,538	3,265
Other Non-Operating Expenses	-	-	-	-	-	-	-	-	30	9
Loss on Disposal of Capital Assets	26	88	-	9	7	17	-	279	689	373
Investment Loss	-	-	-	194	-	-	-	-	-	-
Total Non-Operating Expenses	15,824	14,030	6,987	6,795	7,524	6,405	7,366	7,455	7,257	3,647
Total Expenses	\$282,322	\$289,584	\$269,439	\$224,862	\$203,269	\$187,491	\$165,911	\$153,289	\$141,715	\$129,618
Percentage of Total										
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Operating Expenses:										
Instruction	40.91%	40.35%	40.00%	42.95%	42.98%	43.95%	42.96%	43.17%	44.29%	45.52%
Public Service	1.63%	1.88%	1.92%	2.07%	1.98%	1.85%	1.59%	2.02%	2.26%	2.15%
Academic Support	8.63%	8.49%	8.56%	9.65%	10.00%	9.70%	9.78%	9.61%	6.47%	7.50%
Student Services	8.58%	8.30%	8.12%	8.93%	8.47%	7.88%	6.90%	6.97%	8.55%	8.77%
Institutional Support	12.70%	12.11%	13.01%	13.99%	15.24%	14.21%	15.21%	13.73%	14.18%	14.36%
Operation and Maintenance of Plant	8.56%	8.40%	11.83%	8.47%	8.74%	9.01%	8.24%	7.25%	6.79%	7.18%
Scholarships and Fellowships	9.72%	11.93%	11.43%	8.18%	6.14%	6.91%	7.24%	7.25%	6.71%	6.36%
Auxiliary Enterprises	0.08%	0.32%	0.12%	0.17%	0.16%	0.59%	1.02%	0.98%	0.95%	0.84%
Depreciation	3.58%	3.36%	2.42%	2.57%	2.59%	2.48%	2.62%	4.16%	4.68%	4.51%
Total Operating Expenses	94.39%	95.16%	97.41%	96.98%	96.30%	96.58%	95.56%	95.14%	94.88%	97.19%
Non-Operating Expenses:										
Interest on Capital Related Debt	5.60%	4.81%	2.59%	2.93%	3.70%	3.41%	4.44%	4.68%	4.61%	2.51%
Other Non-Operating Expenses	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.02%	0.01%
Loss on Disposal of Capital Assets	0.01%	0.03%	0.00%	0.00%	0.00%	0.01%	0.00%	0.18%	0.49%	0.29%
Investment Loss	0.00%	0.00%	0.00%	0.09%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Non-Operating Expenses	5.61%	4.84%	2.59%	3.02%	3.70%	3.42%	4.44%	4.86%	5.12%	2.81%
Total Expenses	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

Tuition and Fees
Last Ten Fiscal Years

Resident

Fees per Semester Credit Hour (SCH)

Fiscal Year	In-District Tuition	Out-of-District Tuition (b)	Out-of-District Fee (b)	General Fee	Student Activity Fees (a)	Sustainability Fee	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Yr In-District	Increase from Prior Yr Out-of-District
2012	\$ 52	\$ 52	\$ 142	\$ 13	\$ 2	\$ 1	\$ 816	\$ 2,520	17.24%	26.51%
2011	42	150	-	13	2	1	696	1,992	7.41%	9.21%
2010	39	137	-	13	2	-	648	1,824	0.00%	7.04%
2009	39	127	-	13	2	-	648	1,704	-3.57%	5.19%
2008	39	118	-	15	2	-	672	1,620	3.70%	8.00%
2007	39	110	-	13	2	-	648	1,500	1.89%	7.76%
2006	39	102	-	13	1	-	636	1,392	0.00%	4.50%
2005	39	97	-	13	1	-	636	1,332	19.77%	15.32%
2004	32	84	-	12	3	-	531	1,155	0.00%	3.22%
2003	32	81	-	12	3	-	531	1,119	2.31%	1.08%

Non - Resident

Fees per Semester Credit Hour (SCH)

Fiscal Year	Non-Res Tuition Out-of-State	Non-Res Tuition Intl	General Fee	Student Activity Fees (a)	Sustainability Fee	Cost for 12 SCH Out-of-State	Cost for 12 SCH Intl	Increase from Prior Yr Out-of-State	Increase from Prior Yr Intl
2012	\$ 298	\$ 298	\$ 13	\$ 2	\$ 1	\$ 3,768	\$ 3,768	3.29%	3.29%
2011	288	288	13	2	1	3,648	3,648	1.33%	1.33%
2010	285	285	13	2	-	3,600	3,600	0.00%	0.00%
2009	285	285	13	2	-	3,600	3,600	2.39%	2.39%
2008	276	276	15	2	-	3,516	3,516	10.15%	10.15%
2007	251	251	13	2	-	3,192	3,192	31.03%	31.03%
2006	189	189	13	1	-	2,436	2,436	2.53%	2.53%
2005	184	184	13	1	-	2,376	2,376	8.05%	8.05%
2004	171	171	12	3	-	2,199	2,199	0.00%	0.00%
2003	171	171	12	3	-	2,199	2,199	3.97%	3.97%

Notes:

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

- (a) Student Fees changed to per hour after Fall 2004.
- (b) In 2012, a portion of out-of-district tuition was reclassified to an out-of-district fee.

AUSTIN COMMUNITY COLLEGE DISTRICT
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STATISTICAL SECTION
(UNAUDITED)

State Appropriations per FTSE and Contact Hour
Last Ten Fiscal Years

Fiscal Year	State Appropriation	FTSE (15 SCH)	State Appropriation per FTSE	Academic Contact Hours (a)	Voc/Tech Contact Hours (a)	Total Contact Hours	State Appropriation per Contact Hour
2012	\$ 53,087,767	21,701	\$ 2,446	12,427,152	3,847,562	16,274,714	3.26
2011	59,097,142	21,972	2,690	12,913,216	4,720,791	17,634,007	3.35
2010	59,133,878	20,000	2,957	12,144,888	3,578,718	15,723,606	3.76
2009	55,950,127	17,789	3,145	10,774,752	3,202,731	13,977,483	4.00
2008	55,451,405	17,032	3,256	9,816,472	3,088,583	12,905,055	4.30
2007	48,543,742	16,831	2,884	9,547,964	2,920,238	12,468,202	3.89
2006	44,739,020	15,715	2,847	9,197,704	2,757,194	11,954,898	3.74
2005	43,938,157	14,947	2,940	8,874,143	2,571,423	11,445,566	3.84
2004	43,523,089	14,900	2,921	8,854,081	2,659,773	11,513,854	3.78
2003	45,355,060	14,789	3,067	8,614,457	2,856,256	11,470,713	3.95

Sources:

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

Notes:

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

AUSTIN COMMUNITY COLLEGE DISTRICT
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STATISTICAL SECTION
(UNAUDITED)

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

Fiscal Year	(amounts expressed in thousands)			Ratio of Taxable Assessed Value to Assessed Value	Direct Rate		
	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value (TAV)		Maintenance & Operations (a)	Debt Service (a)	Total Direct Rate (a)
2012	\$ 135,788,176	\$23,541,278	\$ 112,246,898	82.66%	0.09000	0.00480	\$ 0.09480
2011	124,833,360	19,963,728	104,869,632	84.01%	0.09000	0.00510	0.09510
2010	130,105,839	21,074,859	109,030,980	83.80%	0.09000	0.00460	0.09460
2009	109,645,790	16,667,307	92,978,483	84.80%	0.09000	0.00540	0.09540
2008	98,281,381	14,902,149	83,379,232	84.84%	0.09000	0.00580	0.09580
2007	84,941,603	13,819,387	71,122,216	83.73%	0.09000	0.00650	0.09650
2006	64,377,925	10,508,013	53,869,912	83.68% (b)	0.09000	0.00910	0.09910
2005	53,865,246	4,593,157	49,272,089	91.47%	0.08000	0.01000	0.09000
2004	52,270,533	3,865,041	48,405,492	92.61%	0.07000	0.00710	0.07710
2003	55,100,463	5,472,323	49,628,141	90.07%	0.05000	-	0.05000

Source:

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

Notes:

Property is assessed at full market value.

(a) per \$100 Taxable Assessed Valuation

(b) Starting in tax year 2005, Travis County Appraisal District added property owned by the State of Texas to the Assessed Valuation of Property. These properties were not included in this amount for previous years and are exempt from taxation by the College.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

Principal Taxpayers
Last Ten Fiscal Years

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Tax Year (in Thousands)					
		2012	2011	2010	2009	2008	2007
Samsung Austin Semiconductor	Manufacturing	\$ 2,884,673	\$ 1,000,506	\$ 1,389,942	\$ 853,031	\$ 304,088	\$ 258,950
TPG-300 West 6th Street LLC	Real Estate	489,131	470,972	530,753	530,753	-	-
Applied Materials, Inc.	Manufacturing	432,369	284,469	392,680	486,079	539,389	404,655
Freescale Semiconductor, Inc (b)	Manufacturing	357,971	337,666	-	-	-	156,113
Freescale Semiconductor (b)	Manufacturing	-	-	415,367	464,415	335,899	347,003
Advanced Micro Devices Inc.	Manufacturing	260,060	257,777	282,338	224,626	-	-
Columbia/St Davids Health Care	Medical	259,057	253,067	232,463	-	-	-
IBM Corporation (a)	Manufacturing	233,059	233,764	253,136	260,769	-	-
IBM Corporation (a)	Manufacturing	-	-	-	-	-	-
Spansion LLC	Manufacturing	217,236	216,490	267,313	355,933	274,700	215,012
Shoping Center at Gateway LP	Real Estate	197,737	202,486	-	221,999	-	-
CJUF II Stratus Block 21 LLC	Real Estate	178,304	-	-	-	-	-
Dell, Inc.	Manufacturing	-	215,894	224,722	483,562	443,892	544,783
Dell USA LP	Manufacturing	-	-	-	-	186,656	153,676
Hewlett-Packard Company	Manufacturing	-	-	226,245	-	-	-
Flextronics	Manufacturing	-	-	-	239,315	197,365	-
Cisco Systems, Inc.	Manufacturing	-	-	-	-	254,768	-
Southwestern Bell Telephone	Telephone Utility	-	-	-	-	230,208	210,312
TX Frost Tower Office	Real Estate	-	-	-	-	176,566	-
Solectron Texas	Manufacturing	-	-	-	-	-	214,516
Cousins Properties Texas LP	Real Estate	-	-	-	-	-	147,389
National Instruments Corp	Manufacturing	-	-	-	-	-	-
Motorola (b)	Manufacturing	-	-	-	-	-	-
Time Warner Entertainment	Cable Comm	-	-	-	-	-	-
Minnesota Mining & Mfng	Manufacturing	-	-	-	-	-	-
Crescent Real Estate Funding V	Commercial	-	-	-	-	-	-
Metropolitan Life Insurance Co.	Commercial	-	-	-	-	-	-
Prudential Insurance Company	Commercial	-	-	-	-	-	-
Totals		\$ 5,509,597	\$ 3,473,091	\$ 4,214,959	\$ 4,120,482	\$ 2,943,531	\$ 2,652,409
Total Taxable Assessed Value		\$ 112,246,898	\$ 104,869,632	\$ 109,030,980	\$ 92,978,483	\$ 83,379,232	\$ 71,122,216

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year					
		2012	2011	2010	2009	2008	2007
Samsung Austin Semiconductor	Manufacturing	2.57%	0.95%	1.27%	0.92%	0.36%	0.36%
TPG-300 West 6th Street LLC	Real Estate	0.44%	0.45%	0.49%	0.57%	-	-
Applied Materials, Inc.	Manufacturing	0.39%	0.27%	0.36%	0.52%	0.65%	0.57%
Freescale Semiconductor, Inc (b)	Manufacturing	0.32%	0.32%	-	-	-	0.22%
Freescale Semiconductor (b)	Manufacturing	-	-	0.38%	0.50%	0.40%	0.49%
Advanced Micro Devices Inc.	Manufacturing	0.23%	0.25%	0.26%	0.24%	-	-
Columbia/St Davids Health Care	Medical	0.23%	0.24%	0.21%	-	-	-
IBM Corporation (a)	Manufacturing	0.21%	0.22%	0.23%	0.28%	-	-
IBM Corporation (a)	Manufacturing	-	-	-	-	-	-
Spansion LLC	Manufacturing	0.19%	0.21%	0.25%	0.38%	0.33%	0.30%
Shoping Center at Gateway LP	Real Estate	0.18%	0.19%	-	0.24%	-	-
CJUF II Stratus Block 21 LLC	Real Estate	0.15%	-	-	-	-	-
Dell, Inc.	Manufacturing	-	0.21%	0.21%	0.52%	0.53%	0.77%
Dell USA LP	Manufacturing	-	-	-	-	0.22%	0.22%
Hewlett-Packard Company	Manufacturing	-	-	0.21%	-	-	-
Flextronics	Manufacturing	-	-	-	0.26%	0.24%	-
Cisco Systems, Inc.	Manufacturing	-	-	-	-	0.31%	-
Southwestern Bell Telephone	Telephone Utility	-	-	-	-	0.28%	0.30%
TX Frost Tower Office	Real Estate	-	-	-	-	0.21%	-
Solectron Texas	Manufacturing	-	-	-	-	-	0.30%
Cousins Properties Texas LP	Real Estate	-	-	-	-	-	0.20%
National Instruments Corp	Manufacturing	-	-	-	-	-	-
Motorola (b)	Manufacturing	-	-	-	-	-	-
Time Warner Entertainment	Cable Comm	-	-	-	-	-	-
Minnesota Mining & Mfng	Manufacturing	-	-	-	-	-	-
Crescent Real Estate Funding V	Commercial	-	-	-	-	-	-
Metropolitan Life Insurance Co.	Commercial	-	-	-	-	-	-
Prudential Insurance Company	Commercial	-	-	-	-	-	-
Totals		4.91%	3.31%	3.87%	4.43%	3.53%	3.73%

Source:

Travis and Williamson County Tax Assessor/Collector

Notes:

- (a) IBM is listed as the taxpayer on several accounts on the appraisal district's records and it might be separate entities.
- (b) Beginning in 2006, Freescale is listed as the taxpayer on two separate accounts on the appraisal district's records and they might be separate corporations. Motorola is not listed anymore on the 2006 appraisal district's records. The new Freescale taxpayer listed in 2006 might be Motorola's SPS semiconductor division named "Freescale Semiconductor." This company was formed by the spin-off of Motorola's SPS semiconductor division in 2005.
- (c) Amounts for 2002 were obtained from Travis County appraisal district reports as of October 2006. The amounts reflected in this year have been adjusted and represent 2006 adjusted figures for those years.

AUSTIN COMMUNITY COLLEGE DISTRICT
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STATISTICAL SECTION
(UNAUDITED)

	2006	2005	2004	2003
\$	184,496	\$ 223,153	\$ 272,973	\$ 400,888
	-	-	-	-
	344,333	362,318	277,245	243,028
	184,794	-	-	-
	298,568	283,805	331,899	-
	-	-	-	-
	-	-	-	-
	141,921	163,209	292,462	332,756
	119,554	114,230	-	-
	203,173	-	-	-
	-	-	-	-
	-	-	-	-
	119,398	-	-	-
	-	-	-	-
	-	-	89,141	-
	216,501	203,141	311,531	340,513
	-	-	-	-
	-	-	-	-
	114,968	101,732	-	-
	-	369,901	459,628	1,016,296
	-	93,494	-	82,959
	-	78,945	88,455	110,164
	-	-	104,858	135,673
	-	-	103,298	124,814
	-	-	-	102,513
\$	1,927,706	\$ 1,993,928	\$ 2,331,490	\$ 2,889,604
\$	53,869,912	\$ 49,272,088	\$ 48,405,492	\$ 49,628,141

	2006	2005	2004	2003
	0.34%	0.45%	0.56%	0.81%
	-	-	-	-
	0.64%	0.74%	0.57%	0.49%
	0.34%	-	-	-
	0.55%	0.58%	0.69%	-
	-	-	-	-
	-	-	-	-
	0.26%	0.33%	0.60%	0.67%
	0.22%	0.23%	-	-
	0.38%	-	-	-
	-	-	-	-
	-	-	-	-
	0.22%	-	-	-
	-	-	-	-
	-	-	0.18%	-
	0.40%	0.41%	0.64%	0.69%
	-	-	-	-
	-	-	-	-
	-	-	-	-
	0.23%	0.21%	-	-
	-	0.75%	0.95%	2.05%
	-	0.19%	-	0.17%
	-	0.16%	0.18%	0.22%
	-	-	0.22%	0.27%
	-	-	0.23%	0.25%
	-	-	-	0.20%
	3.58%	4.05%	4.82%	5.82%

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

Property Tax Levies and Collections

Last Ten Fiscal Years

(in Thousands)

Fiscal Year	Original Tax Levy	Cumulative Levy Adjustments	Adjusted Tax Levy	Collection Year of Levy	Percentage of Levy	Prior Collections of Prior Levies	Current Collections of Prior Levies	Total Collections	Cumulative Collections of Adjusted Levy
2012	\$106,051	\$ -	\$ 106,051	\$ 105,233	99.23%	\$ -	\$ -	\$ 105,233	99.23%
2011	100,447	(208)	100,239	99,520	99.08%	-	346	99,866	99.63%
2010	104,074	(229)	103,845	102,956	98.93%	563	27	103,546	99.71%
2009	88,614	(218)	88,396	87,605	98.86%	578	(12)	88,171	99.75%
2008	80,144	(336)	79,808	79,341	99.00%	329	(23)	79,647	99.80%
2007	70,836	(269)	70,567	70,106	98.97%	344	(13)	70,437	99.82%
2006	53,567	(109)	53,458	52,950	98.85%	388	(2)	53,336	99.77%
2005	44,345	(29)	44,316	43,835	98.85%	405	4	44,244	99.84%
2004	37,321	(14)	37,307	36,840	98.71%	403	2	37,245	99.83%
2003	24,863	83	24,946	24,492	98.51%	408	1	24,901	99.82%

Sources:

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

Note:

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

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

Ratios of Outstanding Debt

Last Ten Fiscal Years

(in Thousands)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Bonded Debt										
General Obligation Bonds	\$ 96,250	\$ 95,169	\$ 96,399	\$ 97,268	\$ 98,135	\$ 98,749	\$ 98,342	\$ 98,930	\$ 99,417	\$ 75,591
Less:										
Funds Restricted for Debt Service	246	194	191	188	177	123	109	39	105	80
Net General Bonded Debt	<u>\$ 96,004</u>	<u>\$ 94,975</u>	<u>\$ 96,208</u>	<u>\$ 97,080</u>	<u>\$ 97,958</u>	<u>\$ 98,626</u>	<u>\$ 98,233</u>	<u>\$ 98,891</u>	<u>\$ 99,312</u>	<u>\$ 75,511</u>
Other Debt										
Revenue Bonds	\$ 112,061	\$125,759	\$ 76,340	\$ 46,966	\$ 49,526	\$ 51,736	\$ 53,408	\$ 54,263	\$ 52,872	\$ 54,089
Lease Revenue Bonds	197,054	152,423	120,365	121,732	122,064	-	-	-	-	-
Capital Lease Obligations	1,159	534	1,050	1,549	2,034	3,260	3,645	4,328	5,244	5,714
Total Other Debt	<u>310,274</u>	<u>278,716</u>	<u>197,755</u>	<u>170,247</u>	<u>173,624</u>	<u>54,996</u>	<u>57,053</u>	<u>58,591</u>	<u>58,116</u>	<u>59,803</u>
Total Outstanding Debt	<u>\$ 406,278</u>	<u>\$373,691</u>	<u>\$293,963</u>	<u>\$267,327</u>	<u>\$271,582</u>	<u>\$153,622</u>	<u>\$155,286</u>	<u>\$157,482</u>	<u>\$157,428</u>	<u>\$135,314</u>
General Bonded Debt Ratios										
Per Capita	\$ 55.55	\$ 54.95	\$ 56.42	\$ 58.69	\$ 100.54	\$ 107.09	\$ 110.60	\$ 113.69	\$ 115.86	\$ 88.75
Per FTSE	4,424	4,323	4,810	5,457	5,751	5,860	6,251	6,616	6,665	5,106
As a % of Taxable Assessed Value	0.09%	0.09%	0.09%	0.10%	0.12%	0.14%	0.18%	0.20%	0.21%	0.15%
Total Outstanding Debt Ratios										
Per Capita	\$ 235.08	\$ 216.23	\$ 172.40	\$ 161.61	\$ 278.73	\$ 166.80	\$ 174.84	\$ 181.04	\$ 183.65	\$ 159.04
Per FTSE	18,722	17,008	14,698	15,028	15,945	9,127	9,881	10,536	10,566	9,150
As a % of Taxable Assessed Value	0.36%	0.36%	0.27%	0.29%	0.33%	0.22%	0.29%	0.32%	0.33%	0.27%

Notes:

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

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

Legal Debt Margin Information

Last Ten Fiscal Years

(in Thousands)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Taxable Assessed Value	<u>\$ 112,246,898</u>	<u>\$ 104,869,632</u>	<u>\$ 109,030,980</u>	<u>\$ 92,978,483</u>	<u>\$ 83,379,232</u>	<u>\$ 71,122,216</u>	<u>\$ 53,869,912</u>
General Obligation Bonds							
Statutory Tax Levy Limit for Debt Serv (1)	\$ 561,234	\$ 524,348	\$ 545,155	\$ 464,892	\$ 416,896	\$ 355,611	\$ 269,350
Less:							
Funds Restricted for Repayment of General Obligation Bonds	<u>246</u>	<u>194</u>	<u>191</u>	<u>188</u>	<u>177</u>	<u>123</u>	<u>109</u>
Net Statutory Tax Levy Limit for Debt Service	<u>560,988</u>	<u>524,154</u>	<u>544,964</u>	<u>464,704</u>	<u>416,719</u>	<u>355,488</u>	<u>269,241</u>
Current Year Debt Service Requirements	<u>4,868</u>	<u>5,402</u>	<u>5,065</u>	<u>5,086</u>	<u>4,849</u>	<u>4,666</u>	<u>4,904</u>
Excess of Statutory Limit for Debt Service over Current Requirements	<u>\$ 556,120</u>	<u>\$ 518,752</u>	<u>\$ 539,899</u>	<u>\$ 459,618</u>	<u>\$ 411,870</u>	<u>\$ 350,822</u>	<u>\$ 264,337</u>
Net Current Requirements as a % of Statutory Limit	0.91%	1.07%	0.96%	1.13%	1.21%	1.35%	1.86%

Notes:

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

AUSTIN COMMUNITY COLLEGE DISTRICT
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STATISTICAL SECTION
(UNAUDITED)

<u>2005</u>	<u>2004</u>	<u>2003</u>
<u>\$49,272,088</u>	<u>\$48,405,492</u>	<u>\$49,628,141</u>
\$ 246,360	\$ 242,027	\$ -
39	105	-
246,321	241,922	-
5,114	3,480	-
<u>\$ 241,207</u>	<u>\$ 238,442</u>	<u>\$ -</u>
2.09%	1.48%	-

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

Pledged Revenue Coverage

Last Ten Fiscal Years

(in Thousands)

Fiscal Year	Revenue Bonds							
	Pledged Revenues				Debt Service Requirements			
	Tuition	General Fees	Interest Income	Total	Principal	Interest	Total	Coverage Ratio
2012	\$ 18,698	\$ 10,709	\$ 355	\$ 29,762	\$ 3,895	\$ 4,941	\$ 8,836	3.37
2011	16,237	11,155	369	27,761	3,545	3,072	6,617	4.20
2010	14,239	10,404	292	24,935	2,910	2,614	5,524	4.51
2009	1,311	6,386	859	8,556	2,810	1,969	4,779	1.79
2008	1,191	6,190	1,523	8,904	2,445	2,085	4,530	1.97
2007	1,156	5,629	2,681	9,466	1,920	2,179	4,099	2.31
2006	1,104	5,446	1,163	7,713	1,060	2,238	3,298	2.34
2005	1,188	5,274	113	6,575	605	2,451	3,056	2.15
2004	1,073	5,225	66	6,364	1,490	2,499	3,989	1.60
2003	1,110	5,140	208	6,458	1,460	2,570	4,030	1.60

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

Demographic and Economic Statistics - Taxing District
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (in Thousands)	Personal Income Per Capita	Unemployment Rate
2012	(a)	(a)	(a)	6.4%
2011	1,728,247	\$ 66,945,243	\$ 38,736	7.6%
2010	1,705,075	\$ 64,014,645	\$ 37,544	7.3%
2009	1,654,100	\$ 61,800,403	\$ 37,362	7.5%
2008	1,592,590	\$ 59,305,518	\$ 37,238	4.7%
2007	1,527,040	\$ 55,636,235	\$ 36,434	4.1%
2006	1,464,563	\$ 51,058,588	\$ 34,863	4.6%
2005	1,419,137	\$ 46,134,871	\$ 32,509	4.7%
2004	1,382,675	\$ 43,104,097	\$ 31,174	5.3%
2003	1,353,122	\$ 41,908,425	\$ 30,972	6.3%

Source:

Texas Workforce Commission, Tracer Texas Labor Market Information,
Austin - Round Rock - San Marcos, TX Metropolitan Statistical Area.

Notes:

(a) Not yet available

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

Principal Employers
Last Seven Fiscal Years

Employer	2012		2011		2010		2009		2008	
	Employees	Employment	Employees	Employment	Employees	Employment	Employees	Employment	Employees	Employment
Local Government	86,200	10.84%	86,800	11.23%	83,800	11.01%	81,200	10.41%	75,900	9.96%
State Government	70,800	8.90%	72,100	9.33%	72,000	9.46%	69,600	8.92%	68,100	8.94%
University of Texas at Austin	27,894	3.51%	28,128	3.64%	16,156	2.12%	16,156	2.07%	16,919	2.22%
Federal Government	12,500	1.57%	12,300	1.59%	11,900	1.56%	11,700	1.50%	11,400	1.50%
Dell Inc.	12,000	1.51%	10,000	1.29%	16,000	2.10%	17,000	2.18%	17,000	2.23%
Seton Family of Hospitals	11,601	1.46%	10,737	1.39%	9,793	1.29%	9,807	1.26%	6,743	0.88%
H-E-B	10,263	1.29%	14,882	1.93%	10,904	1.43%	6,746	0.86%	7,095	0.93%
St. David's Healthcare	7,100	0.89%	6,598	0.85%	6,043	0.79%	6,200	0.79%	6,219	0.82%
IBM Corporation	6,239	0.78%	n/a	n/a	6,200	0.81%	6,239	0.80%	6,200	0.81%
Freescale Semiconductor, Inc.	5,000	0.63%	5,000	0.65%	4,300	0.56%	n/a	n/a	n/a	n/a
Wal-Mart Stores, Inc.	n/a	n/a	6,900	0.89%	6,900	0.91%	6,700	0.86%	6,500	0.85%
Total	249,597	31.38%	253,445	32.79%	243,996	32.04%	231,348	29.65%	222,076	29.14%

Sources:

Austin Business Journal, Book of Lists 2012, 2011, 2010, 2009, 2008 and 2007
Texas Workforce Commission
Austin American Statesman, Monday, July 17, 2006
Austin Business Journal 2006
Greater Austin Chamber of Commerce, June 2005

Note:

The College presented this schedule starting fiscal year 2006 and chose to implement prospectively.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

2007		2006	
Employees	Employment	Employees	Employment
67,659	9.35%	70,294	10.14%
63,332	8.75%	69,436	10.02%
16,500	2.28%	16,298	2.35%
9,911	1.37%	10,170	1.47%
17,000	2.35%	24,600	3.55%
7,538	1.04%	7,393	1.07%
n/a	n/a	n/a	n/a
5,712	0.79%	5,000	0.72%
6,300	0.87%	6,200	0.89%
5,400	0.75%	5,600	0.81%
5,648	0.78%	5,027	0.73%
<u>205,000</u>	<u>28.33%</u>	<u>220,018</u>	<u>31.75%</u>

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

Faculty, Staff, and Administrators Statistics

Last Ten Fiscal Years

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Faculty:										
Full-Time	632	624	592	526	498	467	444	448	416	421
Part-Time	1,487	1,460	1,401	1,316	1,224	1,187	1,157	1,040	1,181	1,056
Total	2,119	2,084	1,993	1,842	1,722	1,654	1,601	1,488	1,597	1,477
Percent:										
Full-Time	29.8%	29.9%	29.7%	28.6%	28.9%	28.2%	27.7%	30.1%	26.0%	28.5%
Part-Time	70.2%	70.1%	70.3%	71.4%	71.1%	71.8%	72.3%	69.9%	74.0%	71.5%
Staff and Administrators:										
Full-Time	1,288	1,282	1,215	1,118	925	888	855	814	766	762
Part-Time	163	173	174	175	141	145	136	137	143	142
Total	1,451	1,455	1,389	1,293	1,066	1,033	991	951	909	904
Percent:										
Full-Time	88.8%	88.1%	87.5%	86.5%	86.8%	86.0%	86.3%	85.6%	84.3%	84.3%
Part-Time	11.2%	11.9%	12.5%	13.5%	13.2%	14.0%	13.7%	14.4%	15.7%	15.7%
FTSE per Full-time Faculty	34.34	35.2	33.8	33.8	34.2	36.0	35.4	33.4	35.8	35.1
FTSE per Full-Time Staff	16.85	17.1	16.5	15.9	18.4	19.0	18.4	18.4	19.5	19.4
Average Annual Faculty Salary	\$64,150	\$62,124	\$63,123	\$62,895	\$61,194	\$60,068	\$57,909	\$56,352	\$53,077	\$50,044

Sources:

ACC Office of Institutional Effectiveness

TCCTA Survey of Faculty Salaries

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AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

Enrollment Details

Last Ten Fiscal Years

<u>Student Classification</u>	Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00-30 hours	29,546	70.34%	29,920	71.95%	27,602	72.92%	24,397	72.33%	23,237	73.02%
31-60 hours	9,987	23.78%	9,429	22.68%	8,278	21.88%	7,555	22.40%	7,012	22.04%
>60 hours	2,471	5.88%	2,233	5.37%	1,970	5.20%	1,776	5.27%	1,573	4.94%
Total	42,004	100.00%	41,582	100.00%	37,850	100.00%	33,728	100.00%	31,822	100.00%

<u>Semester Hour Load</u>	Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	606	1.44%	519	1.25%	439	1.16%	391	1.16%	396	1.24%
3-5 semester hours	12,202	29.05%	9,591	23.07%	8,951	23.65%	7,876	23.35%	7,383	23.20%
6-8 Semester hours	12,619	30.04%	13,138	31.60%	11,715	30.95%	10,599	31.42%	9,667	30.38%
9-11 semester hours	8,315	19.80%	8,205	19.73%	7,344	19.40%	6,368	18.88%	5,870	18.45%
12-14 semester hours	7,082	16.86%	8,739	21.02%	8,194	21.65%	7,254	21.51%	7,235	22.74%
15-17 semester hours	1,068	2.54%	1,247	3.00%	1,070	2.83%	1,119	3.32%	1,149	3.61%
18 & over	112	0.27%	143	0.33%	137	0.36%	121	0.36%	122	0.38%
Total	42,004	100.00%	41,582	100.00%	37,850	100.00%	33,728	100.00%	31,822	100.00%

Average course load 7.75 7.93 7.93 7.91 8.03

<u>Tuition Status</u>	Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (In-District)	31,291	74.50%	30,112	72.42%	27,587	72.89%	24,101	71.45%	21,153	66.47%
Texas Resident (Out-of-District)	5,156	12.28%	6,422	15.44%	5,909	15.61%	5,659	16.78%	7,075	22.23%
Non-Resident Tuition (a)	949	2.25%	953	2.29%	856	2.26%	816	2.42%	831	2.61%
Other (b)	4,608	10.97%	4,095	9.85%	3,498	9.24%	3,152	9.35%	2,763	8.69%
Total	42,004	100.00%	41,582	100.00%	37,850	100.00%	33,728	100.00%	31,822	100.00%

Source:
ACC Office of Institutional Effectiveness

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

**AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas**

**STATISTICAL SECTION
(UNAUDITED)**

Fall 2006		Fall 2005		Fall 2004		Fall 2003		Fall 2002	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
23,479	74.27%	22,491	73.74%	21,327	73.53%	19,187	66.48%	22,053	75.64%
6,624	20.96%	6,614	21.69%	6,396	22.05%	7,977	27.64%	5,952	20.41%
1,507	4.77%	1,394	4.57%	1,281	4.42%	1,698	5.88%	1,151	3.95%
31,610	100.00%	30,499	100.00%	29,004	100.00%	28,862	100.00%	29,156	100.00%

Fall 2006		Fall 2005		Fall 2004		Fall 2003		Fall 2002	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
427	1.36%	415	1.36%	429	1.48%	395	1.37%	390	1.34%
7,701	24.36%	8,680	28.46%	8,253	28.45%	8,335	28.88%	8,912	30.57%
9,253	29.27%	8,117	26.61%	7,689	26.51%	7,534	26.10%	7,568	25.96%
5,626	17.80%	5,659	18.55%	5,435	18.74%	5,413	18.75%	5,209	17.87%
7,363	23.29%	6,504	21.33%	6,052	20.87%	6,015	20.84%	5,900	20.24%
1,111	3.51%	1,027	3.37%	1,028	3.54%	1,066	3.69%	1,055	3.61%
129	0.41%	97	0.32%	118	0.41%	104	0.37%	122	0.41%
31,610	100.00%	30,499	100.00%	29,004	100.00%	28,862	100.00%	29,156	100.00%

7.99 7.97 7.91 7.93 7.61

Fall 2006		Fall 2005		Fall 2004		Fall 2003		Fall 2002	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
21,256	67.24%	21,227	69.60%	19,674	67.83%	20,410	70.71%	20,616	70.71%
6,802	21.52%	6,105	20.02%	6,719	23.17%	5,798	20.09%	5,783	19.83%
956	3.02%	858	2.81%	814	2.80%	938	3.25%	948	3.25%
2,596	8.22%	2,309	7.57%	1,797	6.20%	1,716	5.95%	1,809	6.21%
31,610	100.00%	30,499	100.00%	29,004	100.00%	28,862	100.00%	29,156	100.00%

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

Student Profile

Last Ten Fiscal Years

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

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

Age	Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 18	3,487	8.30%	3,247	7.81%	2,913	7.70%	2,718	8.06%	2,427	7.63%
18 -21	14,381	34.24%	14,371	34.56%	13,765	36.37%	13,016	38.59%	12,513	39.32%
22 - 24	6,331	15.07%	6,345	15.26%	5,822	15.38%	5,115	15.17%	4,948	15.55%
25 - 35	11,608	27.64%	11,508	27.68%	10,017	26.46%	8,493	25.18%	7,833	24.62%
36 - 50	4,929	11.73%	4,891	11.76%	4,296	11.35%	3,553	10.53%	3,348	10.52%
51 & over	1,268	3.02%	1,220	2.93%	1,037	2.74%	833	2.47%	753	2.36%
Total	42,004	100.00%	41,582	100.00%	37,850	100.00%	33,728	100.00%	31,822	100.00%

Average Age	26.1	26.0	25.8	25.3	25.3
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Source:

ACC Office of Institutional Effectiveness

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

Fall 2006		Fall 2005		Fall 2004		Fall 2003		Fall 2002	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
17,670	55.90%	17,187	56.35%	16,341	56.34%	16,187	56.08%	16,103	55.23%
13,940	44.10%	13,315	43.65%	12,663	43.66%	12,675	43.92%	13,053	44.77%
<u>31,610</u>	<u>100.00%</u>	<u>30,502</u>	<u>100.00%</u>	<u>29,004</u>	<u>100.00%</u>	<u>28,862</u>	<u>100.00%</u>	<u>29,156</u>	<u>100.00%</u>

Fall 2006		Fall 2005		Fall 2004		Fall 2003		Fall 2002	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
18,648	58.99%	18,265	59.88%	17,552	60.52%	17,463	60.51%	17,688	60.67%
7,696	24.35%	7,156	23.46%	6,514	22.46%	6,314	21.88%	6,297	21.60%
2,405	7.61%	2,238	7.34%	2,056	7.09%	2,023	7.01%	1,923	6.60%
1,506	4.76%	1,481	4.86%	1,465	5.05%	1,515	5.25%	1,706	5.85%
277	0.88%	219	0.72%	221	0.76%	252	0.87%	272	0.93%
634	2.01%	659	2.16%	703	2.42%	735	2.55%	641	2.20%
444	1.40%	484	1.58%	493	1.70%	560	1.93%	629	2.15%
<u>31,610</u>	<u>100.00%</u>	<u>30,502</u>	<u>100.00%</u>	<u>29,004</u>	<u>100.00%</u>	<u>28,862</u>	<u>100.00%</u>	<u>29,156</u>	<u>100.00%</u>

Fall 2006		Fall 2005		Fall 2004		Fall 2003		Fall 2002	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
2,211	6.99%	1,993	6.53%	1,530	5.28%	1,481	5.13%	1,589	5.45%
12,318	38.97%	11,766	38.57%	11,100	38.27%	11,193	38.78%	11,327	38.85%
5,074	16.05%	5,105	16.74%	5,039	17.37%	4,889	16.94%	4,846	16.62%
7,993	25.29%	7,729	25.34%	7,561	26.07%	7,530	26.09%	7,471	25.62%
3,304	10.45%	3,214	10.54%	3,127	10.78%	3,181	11.02%	3,298	11.31%
710	2.25%	695	2.28%	647	2.23%	588	2.04%	625	2.15%
<u>31,610</u>	<u>100.00%</u>	<u>30,502</u>	<u>100.00%</u>	<u>29,004</u>	<u>100.00%</u>	<u>28,862</u>	<u>100.00%</u>	<u>29,156</u>	<u>100.00%</u>

25.3

25.4

25.6

25.6

25.6

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

Transfers to Senior Institutions

2010-2011 Students as of Fall 2011

(Includes only public senior colleges in Texas)

	Transfer Student Count (Academic)	Transfer Student Count (Technical)	Transfer Student Count (Tech-Prep)	Total of all ACC Transfer Students	% of all ACC Transfer Students
1 The University of Texas at Austin	3,223	767	229	4,219	40.91%
2 Texas State University - San Marcos	2,394	524	310	3,228	31.30%
3 Texas A&M University	473	136	53	662	6.42%
4 Texas Tech University	305	106	34	445	4.31%
5 The University of Texas at San Antonio	279	97	56	432	4.19%
6 University of North Texas	136	39	21	196	1.90%
7 University of Houston	92	17	9	118	1.14%
8 The University of Texas at Arlington	77	32	7	116	1.12%
9 Sam Houston State University	61	16	22	99	0.96%
10 The University of Texas at Dallas	59	18	12	89	0.86%
11 Texas A&M University - Corpus Christi	54	23	10	87	0.84%
12 Stephen F. Austin State University	49	16	4	69	0.67%
13 Tarleton State University	41	16	7	64	0.62%
14 Angelo State University	36	13	6	55	0.53%
15 Texas Tech University Health Sciences Center	17	18	3	38	0.37%
16 Texas Woman's University	22	6	4	32	0.31%
17 Texas A&M University at Galveston	25	5	2	32	0.31%
18 The University of Texas Health Science Center at San Antonio	15	15	1	31	0.30%
19 The University of Texas Medical Branch at Galveston	19	9	2	30	0.29%
20 The University of Texas at Tyler	14	7	2	23	0.22%
21 The University of Texas Health Science Center at Houston	13	7	2	22	0.21%
22 Prairie View A&M University	13	6	2	21	0.20%
23 The University of Texas - Pan American	13	3	5	21	0.20%
24 Lamar University	15	3	2	20	0.19%
25 The University of Texas at El Paso	12	5	-	17	0.16%
26 Texas A&M University System Health Science Center	10	5	-	15	0.15%
27 Texas A&M University - Kingsville	10	2	3	15	0.15%
28 Texas A&M University - Commerce	8	4	1	13	0.13%
29 West Texas A&M University	10	2	-	12	0.11%
30 University of Houston - Victoria	7	4	-	11	0.11%
31 University of Houston - Downtown	6	1	4	11	0.11%
32 Texas Southern University	9	-	2	11	0.11%
33 Sul Ross State University	3	2	3	8	0.08%
34 The University of Texas of the Permian Basin	4	3	1	8	0.08%
35 Texas A&M University - Central Texas	7	-	1	8	0.08%
36 Midwestern State University	4	2	1	7	0.07%
37 University of Houston - Clear Lake	5	1	-	6	0.06%
38 University of North Texas Health Science Center	6	-	-	6	0.06%
39 Texas A&M International University	2	-	2	4	0.04%
40 The University of Texas Southwestern Medical Center	4	-	-	4	0.04%
41 The University of Texas at Brownsville	2	1	-	3	0.03%
42 Texas A&M University - San Antonio	3	-	-	3	0.03%
43 Baylor College of Medicine	-	-	1	1	0.01%
44 Texas A&M University - Texarkana	1	-	-	1	0.01%
45 The University of Texas M.D. Anderson Cancer Center	1	-	-	1	0.01%
Totals	<u>7,559</u>	<u>1,931</u>	<u>824</u>	<u>10,314</u>	<u>100.00%</u>

Source:

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

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

Capital Asset Information

Last Ten Fiscal Years

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Academic Buildings	40	38	35	29	28	27	26	26	25	22
Square footage (in thousands)	2,676	2,084	1,610	1,166	1,161	1,137	1,026	1,026	955	828
Administrative and Support Buildings	2	2	2	2	2	2	2	2	2	2
Square footage (in thousands)	168	168	168	168	168	168	168	168	168	168
Portable Buildings	10	10	10	10	10	10	10	10	10	10
Fall Arrest System Structures	2	2	1	-	-	-	-	-	-	-
Parking Garages	2	2	2	2	1	1	-	-	-	-
Transportation										
Cars	41	39	37	31	28	26	19	18	18	15
Light Trucks/Vans	87	75	79	75	65	64	57	55	48	47
Other	14	10	-	-	1	1	1	1	1	1

Source:

ACC Fact Book

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Federal Single Audit Section



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Report of Independent Certified Public Accountants on Internal Control Over Financial Reporting and on Compliance and Other Matters

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Board of Trustees
Austin Community College District

We have audited the financial statements of Austin Community College District (the “District”) as of and for the year ended August 31, 2012, and have issued our report thereon dated December 13, 2012. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of Austin Community College Foundation, Inc. (the “Foundation”), as described in our report on the District’s financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District’s internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control over financial reporting. Accordingly, we express no such opinion.

A deficiency in internal control over financial reporting 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 a combination of deficiencies, in internal control over financial reporting, 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 would not necessarily identify all deficiencies in internal control over financial reporting that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in the District’s internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

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Compliance and Other Matters

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

Texas Public Funds Investment Act

We also performed tests of the District's compliance with the requirements of the Texas Public Funds Investment Act (the "Act"). The results of our tests disclosed no instances of non-compliance 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 such an opinion.

We noted certain matters that we have reported to management of the District in a separate letter dated December 12, 2012.

This report is intended solely for the information and use of management, the board of trustees, others within the District, regulatory agencies, 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.

GRANT THORNTON LLP

Dallas, Texas
December 12, 2012

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Report of Independent Certified Public Accountants on Compliance Related to Major Programs (OMB Circular A-133) and on Internal Control Over Compliance

Board of Trustees
Austin Community College District

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Compliance

We have audited the compliance of Austin Community College District (the “District”) 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 programs for the year ended August 31, 2012. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District’s management. Our responsibility is to express an opinion on the District’s compliance based on our audit.

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

Our audit disclosed the following material noncompliance with Special Tests and Provisions: Student Status Changes applicable to Student Financial Aid Cluster during the year ended August 31, 2012. As described in the accompanying Schedule of Findings and Questioned Costs as item 2012-3, the District reported the incorrect withdrawal date and status to the National Student Loan Data System (NSLDS). Additionally, reporting to the NSLDS was not completed in a timely manner.

In our opinion, except for the material noncompliance described in the previous paragraph, the District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2012. The results of our audit procedures disclosed an instance of noncompliance, described in the accompanying Schedule of Findings and Questioned Costs as item 2012-2, that is required to be reported in accordance with OMB Circular A-133.

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Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program as a basis for designing audit procedures for the purpose of expressing an opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, we express no such opinion.

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

Our consideration of internal control would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses. However, we identified certain deficiencies in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as items 2012-1 and 2012-3, that we consider to be material weaknesses in the District's internal control over compliance.

Our audit was also not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We identified a certain deficiency in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as item 2012-2, that we consider to be a significant deficiency in the District's internal control over compliance.

We did not audit the District's written response to the matters described in the accompanying Schedule of Findings and Questioned Costs and accordingly, we express no opinion on it.

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

GRANT THORNTON LLP

Dallas, Texas
December 12, 2012

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AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended August 31, 2012

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures and Pass Through Disbursements</u>
<u>U.S. Department of Education</u>			
Direct Programs:			
Federal Supplemental Education Opportunity Grants	(1) 84.007		\$ 676,226
Federal Work-Study Program	(1) 84.033		584,262
Federal Work-Study Program	(1) 84.033		97,943
Federal Pell Grant Program	(1) 84.063		44,287,502
Federal Direct Student Loans	(1) 84.268		49,927,797
Academic Competitiveness Grants	(1) 84.375		(188)
Pass-Through From:			
Texas Education Agency			
Adult Education Basic Grants to States (11-12)	84.002A	124100017110438	935,297
Adult Education Basic Grants to States (12-13)	84.002A	134100017110446	48,444
Adult Education Basic Grants to States (11-12)	84.002A	124100087110420	98,441
Adult Education Basic Grants to States (12-13)	84.002A	134100087110512	<u>2,598</u>
			1,084,780
Career and Technical Education - Basic Grants to States	84.048A	2714	144,527
Texas Higher Education Coordinating Board			
Career and Technical Education - Basic Grants to States	84.048	6616	1,253,354
Career and Technical Education - Basic Grants to States	84.048	121102	86,152
Pass-Through From:			
Del Mar TSSB			
	84.048	06550	<u>7,500</u>
			1,347,006
College Access Challenge Grant Program	84.378A	06021	193,085
College Access Challenge Grant Program	84.378A	09218	<u>7,434</u>
			200,519
Education Service Center, Region 13			
Twenty First Century Community Learning Centers	84.287C	116950167110008	64,958
Twenty First Century Community Learning Centers	84.287C	136950167110016	<u>6,954</u>
			71,912
Total U.S. Department of Education			<u><u>98,422,286</u></u>
<u>U.S. Department of Agriculture</u>			
Pass-Through From:			
Texas Department of State Health Services			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	2011-037248	4,550
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	2012-039945	<u>27,220</u>
Total U.S. Department of Agriculture			<u><u>31,770</u></u>

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended August 31, 2012

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures and Pass Through Disbursements</u>
<u>U.S. Department of Labor</u>			
Direct Programs:			
Pass-Through From:			
Goodwill Industries of Central Texas			
ARRA Program of Competetive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	17.275	GJ-19920-10-60-A-24	19,012
Total U.S. Department of Labor			<u>19,012</u>
<u>National Science Foundation</u>			
Direct Programs:			
Education and Human Resources	(2) 47.076		70,118
Education and Human Resources	(2) 47.076		46,218
Education and Human Resources	(2) 47.076		13,667
Pass-Through From:			
City College of San Francisco			
Education and Human Resources	(2) 47.076	FIO07/29/10	73,243
Education and Human Resources	(2) 47.076	FIO 110728-B8-Q	49,444
Total National Science Foundation			<u>252,690</u>
<u>Department of Energy</u>			
Pass-Through From:			
State Energy Conservation Office			
ARRA State Energy Program	81.041	CS1075	278,852
Texas Comptroller of Public Accounts			
ARRA State Energy Program	81.041	CS0092	34,413
Total Department of Energy			<u>313,265</u>
<u>U.S. Department of Health and Human Services</u>			
Pass-Through From:			
Texas Education Agency			
Temporary Assistance for Needy Families	93.558	123625017110412	285,324
Texas Workforce Commission			
Temporary Assistance for Needy Families	93.558	1412TAN002	6,542
Health Resources and Services Administration			
Nursing Workforce Diversity	93.178	1D19HP14602-01-00	339,042
Dallas Community College			
ARRA Health Information Technology Professionals in Health Care	93.721	90CC007801	150,858
ARRA Health Information Technology Professionals in Health Care	93.721	90CC007802-04	41,755
Total U.S. Department of Health and Human Services			<u>823,521</u>
			<u><u>\$ 99,862,544</u></u>

Footnotes:

- (1) Student Financial Aid Cluster
(2) Education and Human Resources Cluster

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended August 31, 2012

NOTE 1: FEDERAL ASSISTANCE RECONCILIATION

Federal Grants and Contracts Revenue - per Schedule of Operating Revenues (Schedule A)	\$ 4,971,208
Federal Revenue, Non Operating - per Schedule of Non-Operating Revenues and Expenses (Schedule C)	44,963,539
Federal Direct Student Loans	49,927,797
Total Federal Revenues per Schedule of Expenditures of Federal Awards (Schedule E)	<u>\$ 99,862,544</u>

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING SCHEDULE

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

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
For The Year Ended August 31, 2012

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified? No
- Significant deficiency identified that are not considered to be material weaknesses? No

Noncompliance material to financial statements noted? No

Federal Awards:

Internal control over major programs:

- Material weakness identified? Yes
- Significant deficiency identified that are not considered to be material weakness? Yes

Type of auditors' report issued on compliance for Major programs: Unqualified, except for Student Financial Aid Cluster, which is qualified for Special Tests and Provisions: Student Status Changes

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

Identification of Major Programs:

Federal CFDA Number

Name of Federal Program

81.041	ARRA-State Energy Program
84.002	Adult Education – State Grant Program
84.007, 84.033, 84.063, 84.268, 84.375	Student Financial Aid Cluster
93.721	ARRA – Health Information Technology Professionals in Health Care

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
For The Year Ended August 31, 2012

SECTION II – FINANCIAL STATEMENT FINDINGS

The results of our procedures disclosed no findings to be reported for the year ended August 31, 2012.

SECTION III - FEDERAL AWARDS FINDINGS

Finding 2012-1

Federal Program: Adult Education – Basic Grants to States

CFDA: 84.002 Federal Award Number: N/A Award Year: 2011/2012

Type of Finding: Material Weakness

Compliance Requirement: Procurement, Suspension and Debarment

Criteria: Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by (1) checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA), (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity (2 CFR Section 180.300).

Condition: For one (1) of one (1) contract selected for testing (100% of population), the District did not have evidence that a verification check was performed for the covered transactions, by checking the EPLS, collecting a certification from the entity, or adding a clause or condition to the covered transaction with the entity prior to contracting with the vendor.

Questioned Costs: None

Context: The District is unable to provide evidence that the vendor was not suspended or debarred at the time of contract award. The District did subsequently perform a proper EPLS search and found that the vendor was not suspended or debarred.

Cause: While the District's purchasing policies do address the requirement to perform a verification check by checking the EPLS, there was no evidence that the check took place. The District did not collect a certification from the entity or add a clause or condition to the covered transactions with this entity.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
For The Year Ended August 31, 2012

Effect: There is the potential that the District may be contracting with individuals or subcontractors that are suspended or debarred, thus causing the District to be ineligible to receive federally reimbursed funds due to a lack of adherence to policies surrounding suspension and debarment.

Recommendation: We recommend that the District include a clause in all vendor contracts for vendors to certify that they are not suspended or debarred. The District should designate specific individual to perform EPLS verification and include the documentation of the search results in the vendor's file and provide adequate training to all purchasing personnel in regard to this requirement to enforce procedures and ensure compliance with this requirement.

Management's Response: The District's purchasing procedures currently include a verification process for suspension and debarment, and the method of verification used by the District is one of the methods approved under OMB-133A. Therefore, the District feels that the potential that the District may be contracting with individuals or subcontractors that are suspended or debarred is remote, and in fact there is no evidence to suggest that the District has contracted with a suspended or debarred entity.

With that said, the District agrees with the auditor that the District should document that the verification was in fact performed. As such, effective immediately the District will improve its verification process by maintaining a copy or image of the EPLS status at the time of contract execution. This image will be retained in the official grant file. Additionally, the District will include a clause in all vendor contracts for vendors to certify that they are not suspended or debarred.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
For The Year Ended August 31, 2012

SECTION III - FEDERAL AWARD FINDINGS - CONTINUED

Finding 2012-2

Federal Program: U.S. Department of Education – Student Financial Aid Cluster

CFDA: 84.268 Federal Award Number: N/A Award Year: 2011/2012

Type of Finding: Significant Deficiency and Noncompliance

Compliance Requirement: Special Tests and Provisions – Return of Title IV Funds

Criteria: When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV assistance earned by the student as of the withdrawal date. If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his or her behalf as of the date the institution's determination that the student withdrew, the difference must be returned to the Title IV programs.

The amount of earned Title IV grant or loan assistance is calculated by determining the percentage of Title IV assistance that has been earned by the student and applying that percentage to the total amount of Title IV assistance that was or could have been disbursed to the student for the payment period or period of enrollment as of the student's withdrawal date.

Condition & Context: For one student out of forty judgmentally selected for testing of the timeliness compliance requirement, it was determined that the District did not return all of the funds within the 45 day timeframe. It was also determined that for two out of sixty students judgmentally tested for accuracy, the amount of earned Title IV assistance was calculated incorrectly.

Questioned Costs: \$16.67

Cause: The failure to report accurately and timely occurred due to the following:

- Lack of proper review resulted in the funds not being returned within the 45 day requirement (one of the forty students judgmentally selected for testing).

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
For The Year Ended August 31, 2012

SECTION III - FEDERAL AWARD FINDINGS - CONTINUED

- The return of funds amount was incorrect due to the percentage used in the calculation. The incorrect number of days completed by the student during the semester was used to determine the percentage of aid that had been earned by the student (two of the sixty students judgmentally selected for testing).

Effect: For one student tested, funds were not returned in a timely manner, resulting in the school holding onto funds that should have been returned to the lender. For two students tested, the incorrect amount of financial aid was returned to the lender.

Recommendations: We recommend that a system control be implemented to ensure that the amount to be returned according to the Department of Education calculator is returned within the required timeframe. We also recommend that the system be reviewed to ensure that all refunds are being calculated properly and include all accepted grants and loans.

Management's Response: While the District does have procedures to return Title IV funds accurately and timely, the auditors have identified an incidence in which a return fell through that process and thus was not returned timely and another incident where a return was calculated incorrectly. The District believes that these are isolated occurrences, but the process can and should be improved to further prevent these isolated errors. Therefore the District has implemented new controls, and is working on the development of others, to improve the accuracy and timeliness of return of Title IV funds.

To help ensure that funds are returned to the Department of Education within the required 45 days, the District will be improving the reporting related to this process, including developing new reports if needed. The improved reporting will better enable the District to identify funds that were not returned as part of the standard return process, and therefore address those returns within the 45 day requirement.

The one incident related to incorrect calculation of return of funds was attributed to a simple error in counting the number of days of attendance for a student which in turn caused the return of funds calculation to be wrong by one day. To prevent this error from occurring in the future, the District has created a grid that provides the employee the correctly calculated percentage for each day during the semester. Therefore, instead of the employee having to count the number of days and calculate the percentage manually, they can simply find the withdrawal date of the student on the grid, and the grid will provide the correct percentage needed for the calculation. The District is confident that this improvement will prevent this error in the future.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
For The Year Ended August 31, 2012

SECTION III - FEDERAL AWARD FINDINGS - CONTINUED

Finding 2012-3

Federal Program: U.S. Department of Education – Student Financial Aid Cluster

CFDA: 84.268 Federal Award Number: N/A Award Year: 2011/2012

Type of Finding: Material Weakness and Material Noncompliance

Compliance Requirement: Special Tests and Provisions – Student Status Changes

Criteria: Under 34 CFR 682.610, the District is required to report to the Secretary of the Department of Education when a student who has received a loan ceases to be enrolled on at least a half-time basis. The method for this reporting is the National Student Loan Data System (NSLDS). Per the NSLDS Enrollment Reporting Guide, students who unofficially withdraw from all courses are to be reported to NSLDS within 30 days (or 60 days if expected to submit its next student status confirmation report) as withdrawn as of the last date that attendance can be verified.

Condition: Out of 22 students judgmentally selected for testing, we noted that 7 students had incorrect withdrawal dates reported to the NSLDS; 3 students had incorrect statuses reported to the NSLDS; and 8 students with status changes were not reported to the NSLDS in a timely manner.

Questioned Costs: None

Context: For seven students, the last date of attendance, which was determined to be the withdrawal date, was not reported to the NSLDS. Instead, the last date of the semester was reported as the withdrawal date. For three students, the status of “Withdrawn” was reported to the NSLDS instead of “Graduated.” For eight students, the status change was not reported to the NSLDS within the required timeframe.

Cause: The failure to report accurately and timely occurred due to the following:

- Withdrawal dates were recorded as the last date of the semester and not the determined last date of attendance.
- The Registrar’s office failed to report the students’ withdrawal status to the NSCH. Controls were not in place to ensure reporting was performed timely.
- Changes in enrollment status were not reported to the NSLDS accurately.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
For The Year Ended August 31, 2012

SECTION III - FEDERAL AWARD FINDINGS – CONTINUED

Effect: Users are not able to correctly assess the student’s enrollment level.

Recommendations: We recommend that the District implement enhanced monitoring controls to ensure that all required reporting is done timely and accurately.

Management’s Response: While the District feels that the federal regulations and reporting guidelines are somewhat ambiguous as it relates to the expectations and requirements of student enrollment status reporting, the District does agree that improvements are needed. With that said, the District feels that some of the needed improvements will require clarification from the Department of Education on how to report certain student statuses. Currently, the District feels there is conflicting guidance from the Department of Education that is preventing the District from fully complying with both the awarding requirements and the reporting requirements simultaneously. The District will work with its contacts at the Department of Education to gain clarity on how to correctly report these unique situations.

For those aspects of the reporting that do not require clarification from the Departments of Education, the District will review the processes related to the enrollment status reporting and the programming that generates the reports in order to correct any existing reporting errors. The District has already begun this review process and will implement identified improvements as soon as possible.



State Single Audit Section



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Report of Independent Certified Public Accountants on Compliance Related to Major Programs (State of Texas Single Audit Circular) and on Internal Control Over Compliance

Board of Trustees
Austin Community College District

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Compliance

We have audited the compliance of Austin Community College District (the “District”) with the types of compliance requirements described in the *State of Texas Single Audit Circular* that could have a direct and material effect on each of its major state programs for the year ended August 31, 2012. The District’s major state programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state programs is the responsibility of the District’s management. Our responsibility is to express an opinion on the District’s compliance based on our audit.

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

In our opinion, Austin Community College District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended August 31, 2012.

Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to state programs. In planning and performing our audit, we considered the District’s internal control over compliance with requirements that could have a direct and material effect on a major state program as a basis for designing audit procedures for the purpose of expressing an opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control over compliance. Accordingly, we express no such opinion.

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

Our consideration of internal control would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in the District's internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

We did not audit the District's written response to the matters described in the accompanying Schedule of Findings and Questioned Costs and accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the board of trustees, others within the District, regulatory agencies, 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.

GRANT THORNTON LLP

Dallas, Texas
December 12, 2012

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AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

SCHEDULE OF EXPENDITURES OF STATE AWARDS
For The Year Ended August 31, 2012

<u>Grantor Agency/Program Title</u>	<u>Grant Contract Number</u>	<u>Total Expenditures</u>
<u>Texas Higher Education Coordinating Board (THECB)</u>		
Adult Basic Education - IG	03374	\$ 293,745
Intensive College Readiness Programs for Adult Education Students	4013	115,906
Texas B-On Time Loan Program (10-11)		3,693
Texas B-On Time Loan Program (11-12)		177,738
Texas Grant Fund	PCA-13099	1,074,132
Top 10% Scholarship	PCA-20356	54,000
Fifth Year Accounting Scholarship		5,163
Texas Education Opportunity Grant (11-12)	PCA-13399	386,643
Texas College Work Study (11-12)	PCA-22339	79,815
Texas College Fund	PCA-22339	880
Nursing Shortage Reduction Program Over 70		55,582
Master College Readiness Special Advisor Program	2360	38,414
Regional College Readiness Special Advisor Program	6133	37,603
Work Study Student Mentorship Program	07025	49,877
Professional Nursing Shortage Reduction Program-Regular		212,257
STAAR Study	06384	2,290
Pass-Through From:		
University of Texas Health Science Center @ Houston		
University of TX Health Science	0007828B	10,903
Total of THECB		<u>2,598,641</u>
<u>Texas Education Agency</u>		
Adult Education	120100017110438	243,894
Pass-Through From:		
University of Texas		
TRC-BTIM	UTA11-000096	102,866
Total of Texas Education Agency		<u>346,760</u>
<u>Texas Comptroller of Public Accounts</u>		
Law Enforcement Education		4,350
Total Texas Comptroller of Public Accounts		<u>4,350</u>
<u>Texas Workforce Commission</u>		
Partnership with Texas Disposal Systems	1411SDF001	148,781
Partnership with NSCP Pearson Education	1411SDF000	327,687
Partnership with Hospital Corporation of America, Inc.	1412SDF000	239,653
Manufacturing Consortium, Skill Development Fund	1412SDF001	1,961
Skills for Small Businesses	1411SSD000-2	16,792
Pass-Through From:		
Texas State Technical College		
Texas State Technical College - HCA	1310SDF000	85,993
Total Texas Workforce Commission		<u>820,867</u>
Total Expenditures of State Awards		<u><u>\$ 3,770,618</u></u>

Notes to Schedule on Following Page

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE AWARDS
For The Year Ended August 31, 2012

NOTE 1: STATE ASSISTANCE RECONCILIATION

State Grants and Contracts Revenue - per Schedule of Operating Revenues (Schedule A)	\$ 3,770,618
Reconciling Items	<u>-</u>
Total State Revenues per Schedule of Expenditures of State Awards (Schedule F)	<u><u>\$ 3,770,618</u></u>

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING SCHEDULE

The accompanying schedule is presented using the accrual basis of accounting. See Note 2 in the Notes to Basic Financial Statements for the College's significant accounting policies. The expenditures included in the schedule are reported for the College's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended August 31, 2012

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness identified?	No
• Significant deficiency identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

State Awards:

Internal control over major programs:	
• Material weakness identified?	No
• Significant deficiency identified that are not considered to be material weakness?	No
Type of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of the State of Texas Single Audit Circular?	No

Identification of Major Programs:

<u>State Identifying Number</u>	<u>Name of State Program</u>
PCA-13099	Texas Grant Fund
Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended August 31, 2012

SECTION II – FINANCIAL STATEMENT FINDINGS

The results of our procedures disclosed no findings to be reported for the year ended August 31, 2012.

SECTION III - STATE AWARDS FINDINGS

The results of our procedures disclosed no findings to be reported for the year ended August 31, 2012.



Austin Community College District
Business Services
5930 Middle Fiskville Road
Austin, Texas 78752