

# **ALVIN COMMUNITY COLLEGE**

## *ANNUAL FINANCIAL REPORT*

For the Fiscal Years Ended  
August 31, 2011 and 2010

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# ALVIN COMMUNITY COLLEGE

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# ALVIN COMMUNITY COLLEGE

## ORGANIZATIONAL DATA

For the Year Ended August 31, 2011

### Board of Regents

	<u>Officers</u>	<u>Term Expires</u>
L.H. "Pete" Nash, Chairman	Alvin, Texas	2016
James "Bart" DeWitt, Vice-Chairman	Alvin, Texas	2012
Karlis Ercums III, Secretary	Alvin, Texas	2016

### Members

Mac Barrow	Alvin, Texas	2016
Brenda Brown	Alvin, Texas	2014
Cheryl Knape	Alvin, Texas	2014
Mike Pyburn	Alvin, Texas	2014
Bel Sanchez	Alvin, Texas	2012
Doyle Swindell	Alvin, Texas	2012

### Principal Administrative Officers

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

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## INDEPENDENT AUDITORS' REPORT

To the Board of Regents  
Alvin Community College:

We have audited the accompanying basic financial statements of Alvin Community College (the "College"), as of and for the years ended August 31, 2011 and 2010, as listed in the table of contents. These basic financial statements are the responsibility of the College's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

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

The financial statements of the Alvin Community College Foundation as of and for the years ended December 31, 2010 and 2009 have not been audited. We were not engaged to audit these financial statements as part of our audit of the College's basic financial statements and accordingly, we express no opinion on them. These statements were compiled by and furnished to us by management of the Alvin Community College Foundation.

In our opinion, the basic financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the College as of August 31, 2011 and 2010, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2011 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Providing Governmental & Nonprofit Audits Sealed with Excellence

The Management's Discussion and Analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. The information is the responsibility of the College's management. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were performed for the purpose of forming an opinion on the basic financial statements of the College, taken as a whole. The supplemental schedules (schedules A through D) and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Supplemental schedules A through D have been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical information has not been subjected to the auditing procedures applied by us in the audits of the basic financial statements, and accordingly we express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements, taken as a whole. The accompanying schedule of expenditures of federal awards (Schedule E) and schedule of expenditures of state awards (Schedule F) are presented for the purpose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations and the State of Texas Single Audit Circular, respectively, and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*BELT HARRIS PECHACEK, LLLP*

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas  
November 21, 2011



*MANAGEMENT'S DISCUSSION  
AND ANALYSIS*

**ALVIN COMMUNITY COLLEGE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Years Ended August 31, 2011 and 2010

This section of the Annual Financial Report of Alvin Community College (the "College") presents Management's Discussion and Analysis (MD&A) of the College's financial activity during the fiscal years ended August 31, 2011 and 2010, with particular focus on current events, legislation, and other various conditions. Please read this MD&A in conjunction with the College's basic financial statements and the notes to the basic financial statements. Responsibility for the completeness and fairness of the information included in this section of the annual report rests with the College.

**Financial Highlights for Fiscal Year 2010-2011**

The following factors had a significant effect on the College's financial status for fiscal year 2010-2011:

- There was an increase in headcount of 4.94% this fiscal year over the previous fiscal year. This increase in headcount translated into an increase of 6.17% in contact hours. There was also an increase in the tuition rate for in-district of 12.5% and for out-of-district of 10.8% for the Fall 2010 Semester and an additional increase in the in-district and out-of-district tuition rates of 11.1% effective Spring 2011. Also in the Spring 2011 semester, the following three new fees were added:

Learning Resource Fee	\$15 per student
Bursar Fee	\$10 per student
Technical Program Fee	\$5 per technical course

This translated to an increase of \$668,340 in net tuition and fees revenue.

- The College Board of Regents kept the same combined tax rate of 0.199830. (The Maintenance and Operations tax rate declined from 0.176312 to 0.174867 or .83%. However, the Debt Service tax rate increased from 0.023518 to 0.024963 or 6.14%.)
- There was a salary increase of 3% for full-time employees on steps 1-11 (on the Salary Schedules) and 2% for full-time employees on steps 12-15. All other full-time employees received a 2% increase.
- The 2010-2011 Maintenance and Operations budget was \$24,510,968, which was an increase of \$897,969 or 3.80%. The increase was due to salary increases, the absorption of healthcare costs not covered by the State, and the addition of the following positions: five new faculty positions and three support personnel.
- The institutional reserve balances as of year-end were \$3,065,049.

**Overview of Financial Statements**

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

# ALVIN COMMUNITY COLLEGE

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Years Ended August 31, 2011 and 2010

Under GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units – An Amendment of GASB Statement No. 14*, the Alvin Community College Foundation is considered a component unit of the College for fiscal years 2011 and 2010 and as such, is discretely presented in the College's basic financial statements. Complete financial statements of the Alvin Community College Foundation can be obtained from their offices.

### Statements of Net Assets

The Statements of Net Assets presents the assets, liabilities, and net assets of the College as of August 31, 2011 and 2010. It is a point of time financial statement. The purpose of the Statements of Net Assets is to provide the readers with a snapshot of the financial condition of the College on August 31, 2011 and 2010. It presents end-of-year data for current and noncurrent assets, current and noncurrent liabilities and net assets. From the information shown, readers are able to determine the assets that are available to continue operations, how much the College owes, and the net assets and their availability to carry out the College's mission.

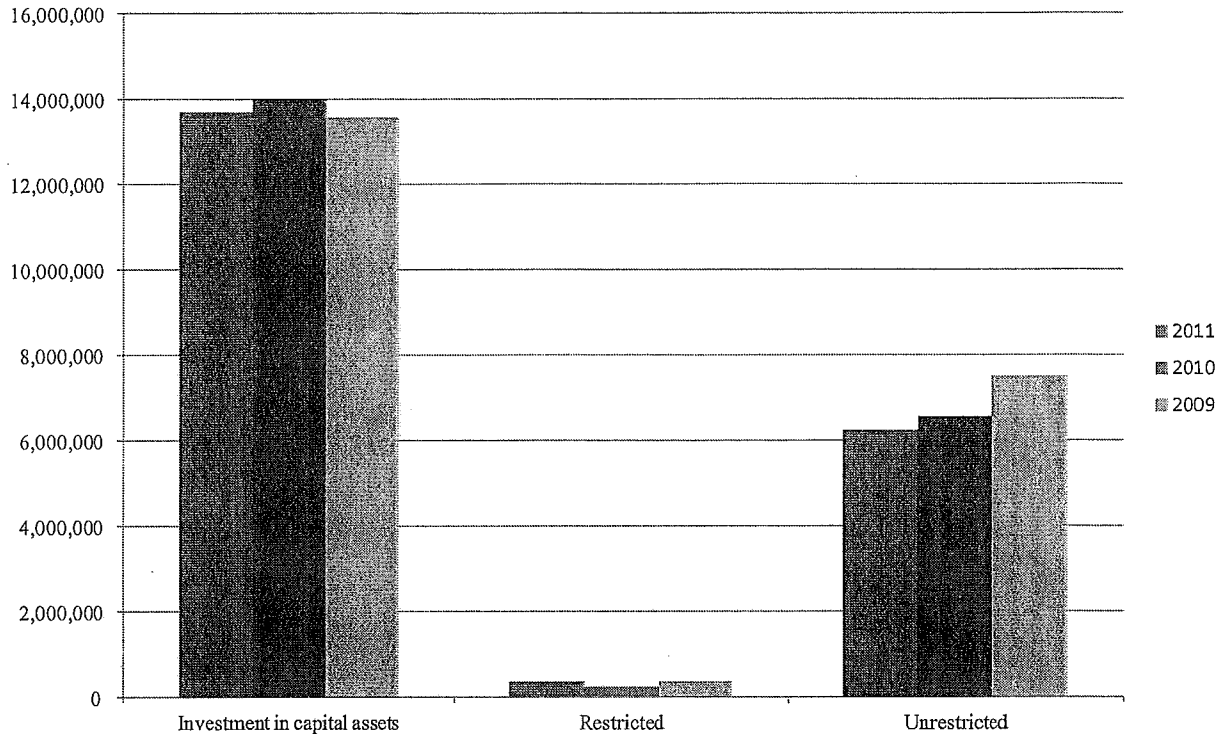
#### CONDENSED STATEMENTS OF NET ASSETS

As of August 31

	2011	2010	Increase (Decrease) 2011-2010	2009	Increase (Decrease) 2010-2009
Current assets	\$ 11,677,529	\$ 11,647,960	\$ 29,569	\$ 14,873,084	\$ (3,225,124)
Noncurrent assets:					
Restricted cash and cash equivalents	783,038	1,072,535	(289,497)	2,101,181	(1,028,646)
Bond Issuance costs	290,884	302,291	(11,407)	312,392	(10,101)
Capital assets, net of accumulated depreciation	30,674,342	31,372,687	(698,345)	30,913,421	459,266
<b>Total Assets</b>	<b>43,425,793</b>	<b>44,395,473</b>	<b>(969,680)</b>	<b>48,200,078</b>	<b>(3,804,605)</b>
Current liabilities	6,087,949	5,801,262	286,687	8,475,467	(2,674,205)
Noncurrent liabilities	17,013,236	17,794,863	(781,627)	18,324,690	(529,827)
<b>Total Liabilities</b>	<b>23,101,185</b>	<b>23,596,125</b>	<b>(494,940)</b>	<b>26,800,157</b>	<b>(3,204,032)</b>
Investment in capital assets net of related debt	13,714,342	14,011,734	(297,392)	13,552,468	459,266
Restricted					
Student aid	348,589	237,437	111,152	356,156	(118,719)
Unrestricted	6,261,677	6,550,177	(288,500)	7,491,297	(941,120)
<b>Total Net Assets</b>	<b>\$ 20,324,608</b>	<b>\$ 20,799,348</b>	<b>\$ (474,740)</b>	<b>\$ 21,399,921</b>	<b>\$ (600,573)</b>

**ALVIN COMMUNITY COLLEGE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Years Ended August 31, 2011 and 2010

**Net Assets**  
**Fiscal Years 2011- 2009**



**Fiscal Year 2011 Compared to 2010**

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

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

**Fiscal Year 2010 Compared to 2009**

Current assets decreased \$3,225,123 primarily due to expenditures for repairs caused by Hurricane Ike damage and for projects to improve the campus. Noncurrent assets decreased \$579,482 primarily due to expending restricted cash from bond and bond interest funds.

Current liabilities decreased \$2,527,115 primarily due to the release of Hurricane Ike reserve funds that were established as of August 31, 2009. Noncurrent liabilities decreased \$676,917 mainly due to scheduled debt payments.

# ALVIN COMMUNITY COLLEGE

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Years Ended August 31, 2011 and 2010

### Statements of Revenues, Expenses, and Changes in Net Assets

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

#### CONDENSED STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS For the Years Ended August 31, 2011-2009

	2011	2010	Increase (Decrease) 2011-2010	2009	Increase (Decrease) 2010-2009
<b>Operating Revenues:</b>					
Tuition and fees, net of discounts	\$ 8,540,491	\$ 7,872,150	\$ 668,341	\$ 6,892,971	\$ 979,179
Auxiliary enterprises, net of discounts	1,971,311	1,943,721	27,590	2,145,739	(202,018)
Non-governmental grants and contracts	4,000	104,650	(100,650)	96,150	8,500
State grants and contracts	1,139,661	1,004,350	135,311	1,568,519	(564,169)
Federal grants and contracts	595,704	1,487,938	(892,234)	594,523	893,415
Other	24,483	25,653	(1,170)	24,039	1,614
<b>Total Operating Revenues</b>	<u>12,275,650</u>	<u>12,438,462</u>	<u>(162,812)</u>	<u>11,321,941</u>	<u>1,116,521</u>
<b>Less Operating Expenses</b>	<u>40,094,716</u>	<u>38,919,708</u>	<u>1,175,008</u>	<u>36,292,574</u>	<u>2,627,134</u>
<b>Operating Loss</b>	<u>(27,819,066)</u>	<u>(26,481,246)</u>	<u>(1,337,820)</u>	<u>(24,970,633)</u>	<u>(1,510,613)</u>
<b>Nonoperating Revenues (Expenses)</b>					
State appropriations	10,373,352	10,437,989	(64,637)	10,995,725	(557,736)
Property taxes	11,574,914	11,880,866	(305,952)	11,830,389	50,477
Federal revenue	5,611,546	3,416,097	2,195,449	2,419,416	996,681
Investment income	19,427	28,064	(8,637)	64,927	(36,863)
Interest on capital related debt	(800,703)	(822,725)	22,022	(851,090)	28,365
Other nonoperating (expenses) revenues, net	565,790	940,382	(374,592)	427,101	513,281
<b>Total Nonoperating Revenues, net</b>	<u>27,344,326</u>	<u>25,880,673</u>	<u>1,463,653</u>	<u>24,886,468</u>	<u>994,205</u>
<b>Change in Net Assets</b>	<u>(474,740)</u>	<u>(600,573)</u>	<u>125,833</u>	<u>(84,165)</u>	<u>(516,408)</u>
<b>Beginning net assets</b>	<u>20,799,348</u>	<u>21,399,921</u>	<u>(600,573)</u>	<u>21,484,086</u>	<u>(84,165)</u>
<b>Ending net assets</b>	<u>\$ 20,324,608</u>	<u>\$ 20,799,348</u>	<u>\$ (474,740)</u>	<u>\$ 21,399,921</u>	<u>\$ (600,573)</u>

# ALVIN COMMUNITY COLLEGE

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Years Ended August 31, 2011 and 2010

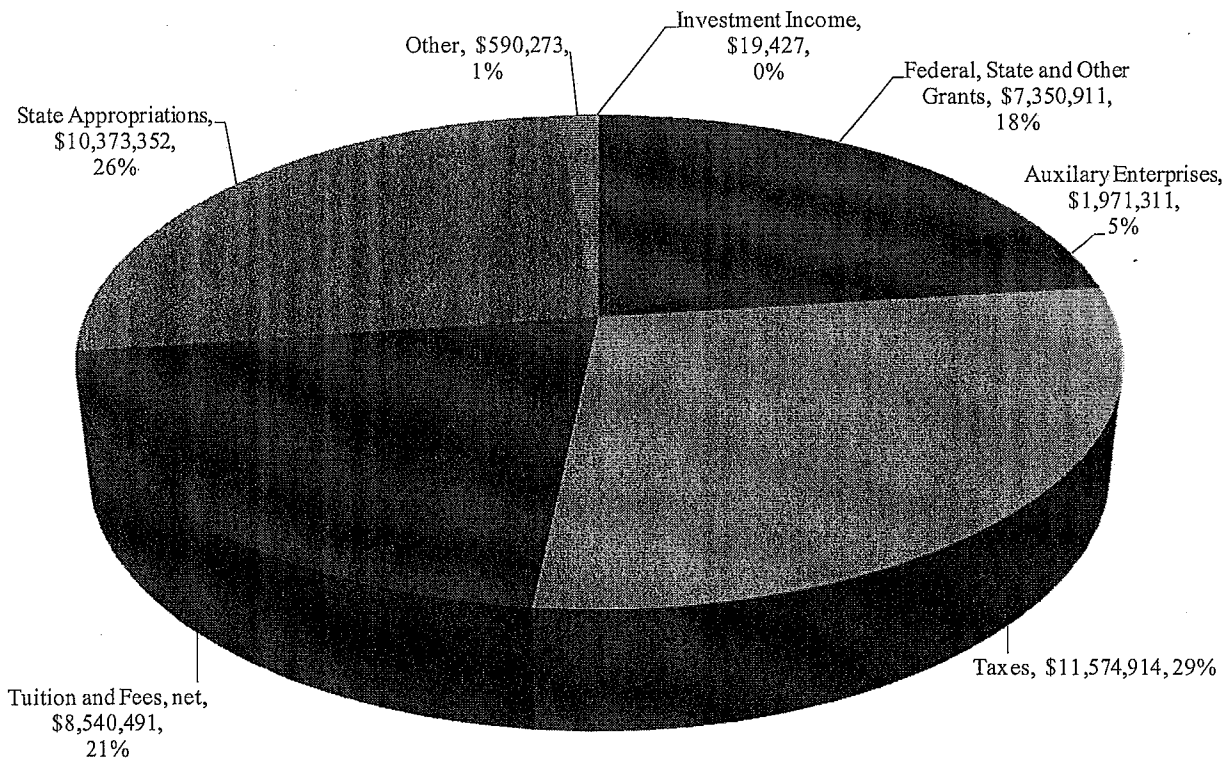
### Fiscal Year 2011 Compared to 2010

Total revenues (Operating and Nonoperating) for the year 2011 were \$40,420,679 and Operating expenses were \$40,094,716. Operating revenues decreased \$162,812 largely due to a federal grant that ended in midyear. Nonoperating revenues increased \$1,441,631 primarily due to an increase in Federal financial aid.

### Fiscal Year 2010 Compared to 2009

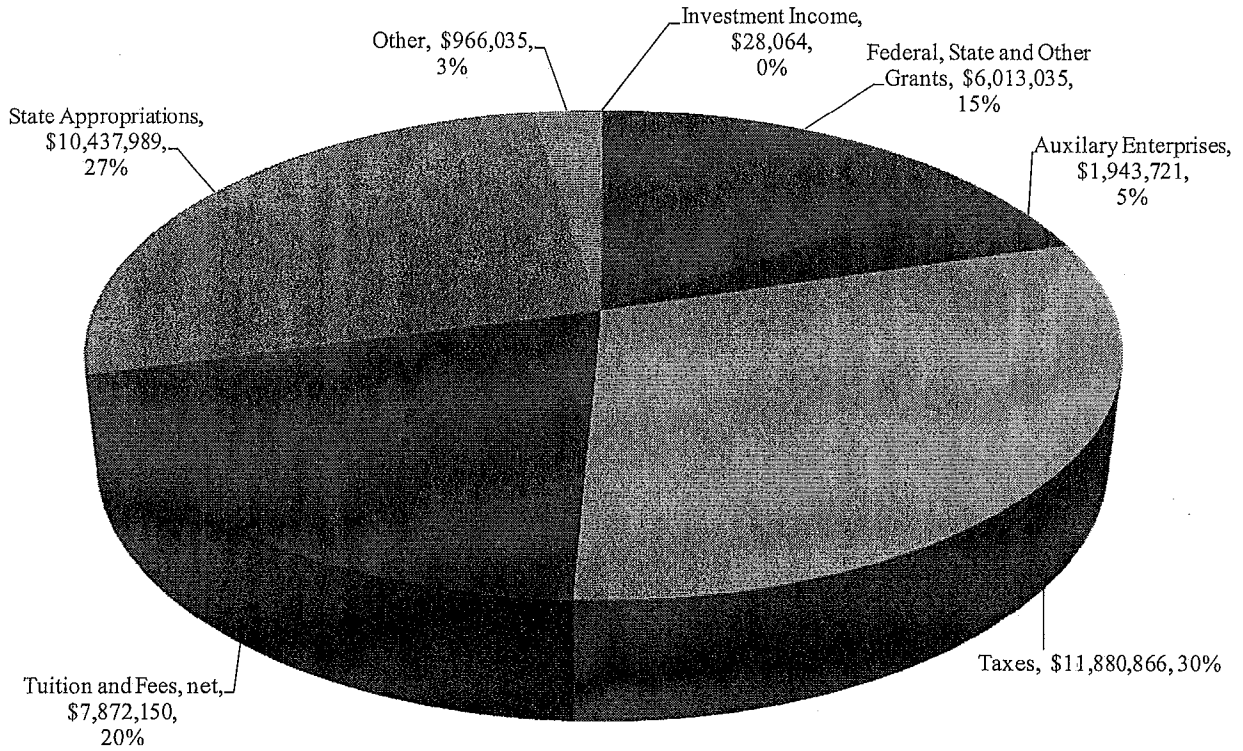
Total revenues (Operating and Nonoperating) for the year 2010 were \$39,141,860 and Operating expenses were \$38,919,078. Operating revenues increased \$1,116,521 largely due to tuition increases and a Workforce Commission Grant and HGAC Grant which paid tuition for continuing education courses and increased Federal and State grant revenues. Nonoperating revenues increased \$965,840 primarily due to an increase in Federal financial aid.

Revenues by Source and Percentage  
August 31, 2011



**ALVIN COMMUNITY COLLEGE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Years Ended August 31, 2011 and 2010

**Revenues by Source and Percentage  
August 31, 2010**



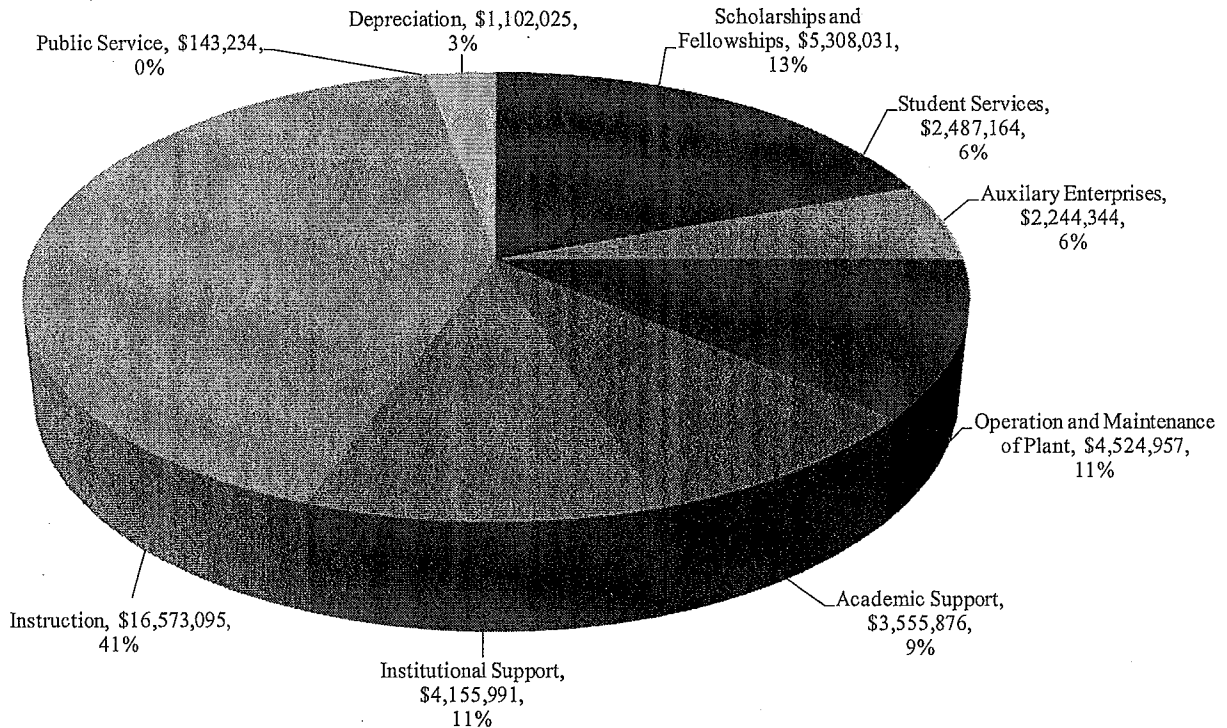
Operating expenses are primarily presented by functional categories, which represent the type of programs and services provided. Nonoperating expenses consist of interest on capital related debt service of \$800,703 and \$822,725 for the years ended August 31, 2011 and 2010, respectively. The following are graphic illustrations of operating expenses by functional category and percentage of total operating expenses for the years ended August 31, 2011 and 2010.

**ALVIN COMMUNITY COLLEGE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Years Ended August 31, 2011 and 2010

**OPERATING EXPENSES**  
Years Ended August 31, 2011-2009

	2011	2010	Increase (Decrease) 2011-2010	2009	Increase (Decrease) 2010-2009
<b>Operating Expenses:</b>					
Instruction	\$ 16,573,095	\$ 17,030,797	\$ (457,702)	\$ 17,157,239	\$ (126,442)
Institutional support	4,155,991	3,763,607	392,384	3,609,972	153,635
Academic support	3,555,876	3,972,803	(416,928)	3,348,216	624,587
Operation and maintenance of plant	4,524,957	4,769,732	(244,775)	4,016,094	753,638
Auxiliary enterprises	2,244,344	2,568,766	(324,422)	2,510,230	58,536
Student services	2,487,164	2,444,249	42,914	2,249,626	194,623
Scholarships and fellowships	5,308,031	3,120,561	2,187,470	2,212,596	907,965
Depreciation	1,102,025	1,109,802	(7,777)	1,053,725	56,077
Public service	143,234	139,391	3,843	134,876	4,515
<b>Total</b>	<b>\$ 40,094,716</b>	<b>\$ 38,919,708</b>	<b>\$ 1,175,008</b>	<b>\$ 36,292,574</b>	<b>\$ 2,627,134</b>

**Operation Expense by Function and Percentage**  
Year Ended August 31, 2011



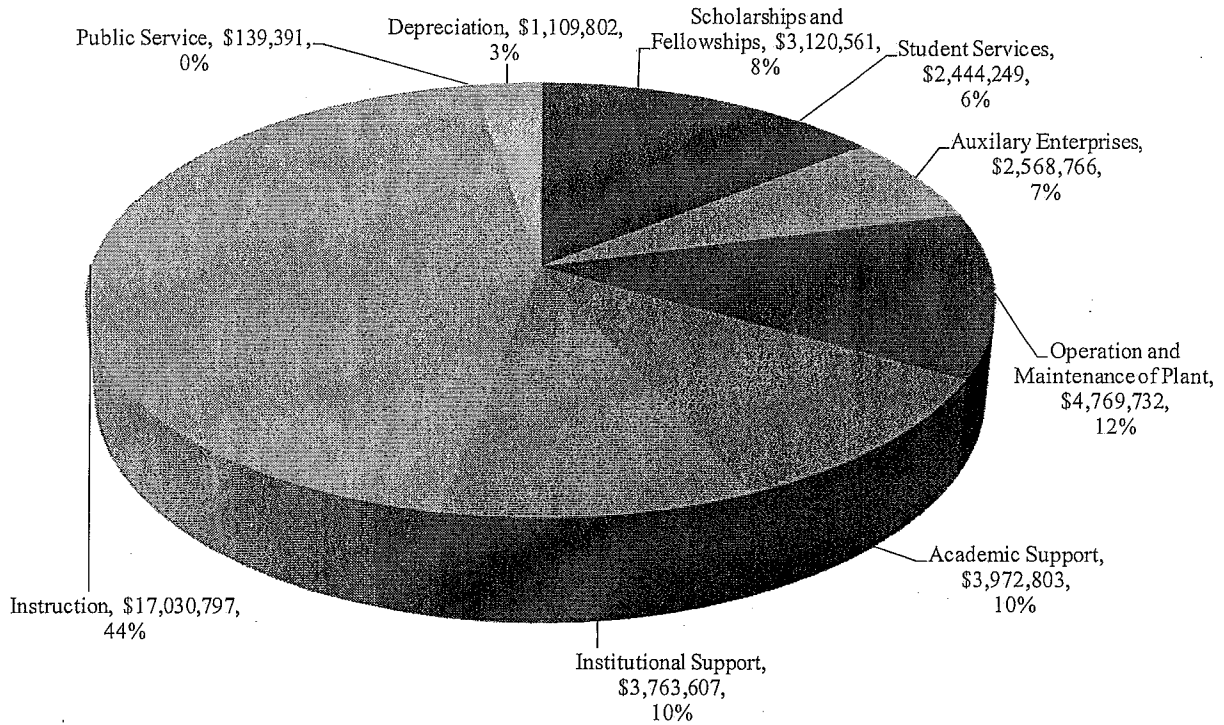


# ALVIN COMMUNITY COLLEGE

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

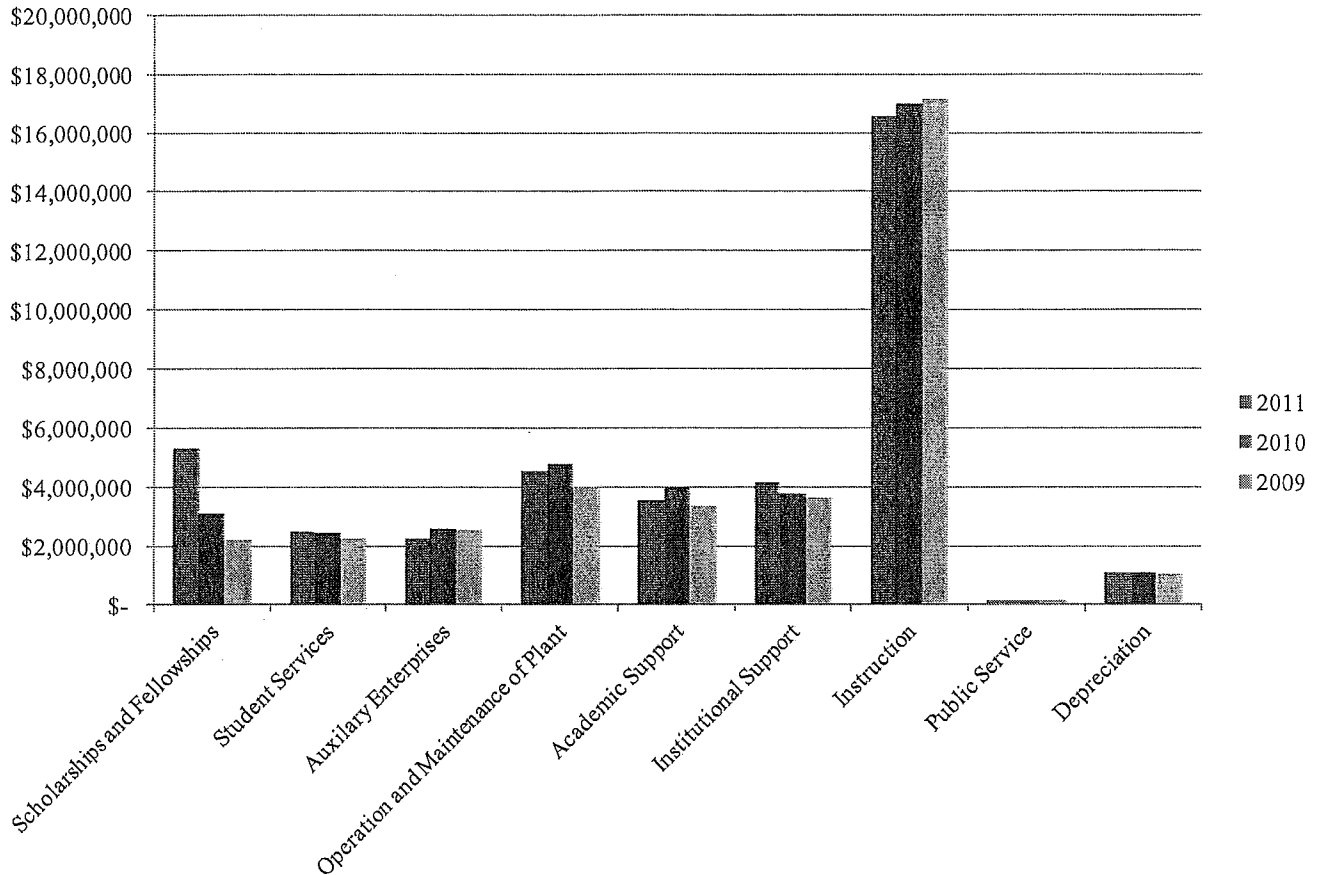
For the Years Ended August 31, 2011 and 2010

### Operation Expense by Function and Percentage Year Ended August 31, 2010



**ALVIN COMMUNITY COLLEGE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Years Ended August 31, 2011 and 2010

**Comparison of Operating Expenses**  
**Fiscal Years 2011-2009**



**Fiscal Year 2011 Compared to 2010**

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

**Fiscal Year 2010 Compared to 2009**

Operating expenses increased \$2,627,134 mainly due to an increase in salaries, new positions, the new HGAC Grant and more financial aid awarded.

**ALVIN COMMUNITY COLLEGE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Years Ended August 31, 2011 and 2010

	Years Ended August 31, 2011-2009				
	2011	2010	Increase (Decrease) 2011-2010	2009	Increase (Decrease) 2010-2009
Capital assets not depreciated:					
Land	\$ 774,128	\$ 774,128	\$ -	\$ 774,128	\$ -
Total	<u>774,128</u>	<u>774,128</u>	<u>-</u>	<u>774,128</u>	<u>-</u>
Other capital assets:					
Buildings and improvements	36,215,703	36,215,703	-	36,079,868	135,835
Facilities and improvements	3,250,850	3,235,030	15,820	2,303,453	931,577
Telecommunications equipment	2,570,003	2,570,003	-	2,494,915	75,088
Furniture and equipment	3,702,403	3,325,769	376,634	2,912,066	413,703
Library books	340,875	329,649	11,226	643,369	(313,720)
Total	<u>46,079,834</u>	<u>45,676,154</u>	<u>403,680</u>	<u>44,433,671</u>	<u>1,242,483</u>
Less accumulated depreciation	(16,179,620)	(15,077,595)	(1,102,025)	(14,294,378)	(783,217)
Net capital assets	<u>\$ 30,674,342</u>	<u>\$ 31,372,687</u>	<u>\$ (698,345)</u>	<u>\$ 30,913,421</u>	<u>\$ 459,266</u>

**Fiscal Year 2011 Compared to 2010**

As of August 31, 2011, the College had \$46,853,963 invested in capital assets, \$16,179,620 in accumulated depreciation, and \$30,674,342 in net capital assets. Equipment increased primarily due to purchases of equipment with grant funds for Nursing and Drafting Departments and Physical Plant equipment purchases.

**Fiscal Year 2010 Compared to 2009**

As of August 31, 2010, the College had \$46,776,867 invested in capital assets, \$15,404,180 in accumulated depreciation, and \$31,372,687 in net capital assets. Buildings increased mainly due to the remodeling of the old Science Building, Equipment and telecommunications increased primarily due to purchases for the new Science/Health Science programs and the Process Technology program, a donated ambulance, a new generator for the IT department, Physical Plant equipment and equipment purchased with grant funds for Radio/Television programs.

**Debt Administration**

In August of 2005, the College conducted a bond sale for the construction of a new science and health science facility. The bonds, totaling \$19,610,000, will be paid off over 20 years with the payments due on February 15 and August 15 of each year. In order to meet this obligation, the Board of Regents voted a debt service tax rate for 2009-10 of \$0.022503. The debt service rate was raised in 2010 (for the 2010-11 fiscal year) to \$0.024963. The principal balance of the bonds was \$16,960,000 and \$17,615,000 as of August 31, 2011 and 2010, respectively.

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

# **ALVIN COMMUNITY COLLEGE**

## ***MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)***

**For the Years Ended August 31, 2011 and 2010**

### **Future Financial Considerations**

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

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

### **Contact the College's Financial Management**

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

**ALVIN COMMUNITY COLLEGE****STATEMENTS OF NET ASSETS**

August 31, 2011 and 2010

<u>Assets</u>	<u>2011</u>	<u>2010</u>
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 8,377,390	\$ 8,472,214
Accounts receivable, net	2,319,702	2,296,739
Inventories	615,553	514,629
Prepays	364,884	364,378
<b>Total Current Assets</b>	<u>11,677,529</u>	<u>11,647,960</u>
<b>Noncurrent Assets:</b>		
Restricted cash and cash equivalents	783,038	1,072,535
Bond issuance costs	290,884	302,291
Capital assets, net:		
Non-depreciable	774,128	774,128
Depreciable	29,900,214	30,598,559
<b>Total Noncurrent Assets</b>	<u>31,748,264</u>	<u>32,747,513</u>
<b>Total Assets</b>	<u>43,425,793</u>	<u>44,395,473</u>
 <b>Liabilities</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued liabilities	589,992	1,081,892
Deferred compensation	18,358	18,762
Funds held for others	42,409	35,723
Deferred revenues	4,121,803	3,714,243
Compensated absences	295,969	295,642
Exit incentive	279,418	-
Bonds payable - current portion	740,000	655,000
<b>Total Current Liabilities</b>	<u>6,087,949</u>	<u>5,801,262</u>
<b>Noncurrent Liabilities:</b>		
Deferred compensation	17,631	35,154
Compensated absences	147,253	147,090
Bonds payable	16,220,000	16,960,000
Bond premiums	628,352	652,619
<b>Total Noncurrent Liabilities</b>	<u>17,013,236</u>	<u>17,794,863</u>
<b>Total Liabilities</b>	<u>23,101,185</u>	<u>23,596,125</u>
 <b>Net Assets</b>		
Invested in capital assets, net of related debt	13,714,342	14,011,734
Restricted for - expendable student aid	348,589	237,437
Unrestricted	6,261,677	6,550,177
<b>Total Net Assets (Schedule D)</b>	<u>\$ 20,324,608</u>	<u>\$ 20,799,348</u>

See accompanying notes to basic financial statements

**ALVIN COMMUNITY COLLEGE FOUNDATION****STATEMENTS OF FINANCIAL POSITION**

December 31, 2010 and 2009 (unaudited)

<u>Assets:</u>	<u>2010</u>	<u>2009</u>
Cash and cash equivalents	\$ 102,205	\$ 140,650
Investments	1,591,013	1,578,958
Other assets	20,223	20,223
<b>Total Assets</b>	<b>\$ 1,713,441</b>	<b>\$ 1,739,831</b>
<u>Net Assets:</u>		
Unrestricted	45,159	45,159
Temporarily restricted	686,932	713,322
Permanently restricted	981,350	981,350
<b>Total Net Assets</b>	<b>\$ 1,713,441</b>	<b>\$ 1,739,831</b>

See accompanying notes to basic financial statements

**ALVIN COMMUNITY COLLEGE**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
For the Years Ended August 31, 2011 and 2010

	2011	2010
<b>Revenues:</b>		
<b>Operating Revenues:</b>		
Tuition and fees, net of discounts of \$2,367,164 for 2011 and \$1,895,062 for 2010	\$ 8,540,491	\$ 7,872,150
Federal grants and contracts	595,704	1,487,938
State grants and contracts	1,139,661	1,004,350
Non-governmental grants and contracts	4,000	104,650
Auxiliary enterprises, net of discounts of \$398,066 for 2011 and \$399,166 for 2010	1,971,311	1,943,721
Other operating revenues	24,483	25,653
<b>Total Operating Revenues (Schedule A)</b>	<b>12,275,650</b>	<b>12,438,462</b>
<b>Expenses:</b>		
<b>Operating Expenses:</b>		
Instruction	16,573,095	17,030,797
Public service	143,234	139,391
Academic support	3,555,876	3,972,803
Student services	2,487,164	2,444,249
Institutional support	4,155,991	3,763,607
Operation and maintenance of plant	4,524,957	4,769,732
Scholarships and fellowships	5,308,031	3,120,561
Auxiliary enterprises	2,244,344	2,568,766
Depreciation	1,102,025	1,109,802
<b>Total Operating Expenses (Schedule B)</b>	<b>40,094,716</b>	<b>38,919,708</b>
<b>Operating Loss</b>	<b>(27,819,066)</b>	<b>(26,481,246)</b>
<b>Nonoperating Revenues (Expenses):</b>		
State appropriations	10,373,352	10,437,989
Property tax revenue	10,131,238	10,482,106
Debt service ad valorem taxes	1,443,676	1,398,760
Federal revenue, nonoperating	5,611,546	3,416,097
Gifts	-	155,835
Investment income	19,427	28,064
Interest on capital related debt	(800,703)	(822,725)
Other nonoperating revenues, net	565,790	784,547
<b>Total Nonoperating Revenues, Net (Schedule C)</b>	<b>27,344,326</b>	<b>25,880,673</b>
<b>Decrease in Net Assets</b>	<b>(474,740)</b>	<b>(600,573)</b>
<b>Beginning Net Assets</b>	<b>20,799,348</b>	<b>21,399,921</b>
<b>Ending Net Assets</b>	<b>\$ 20,324,608</b>	<b>\$ 20,799,348</b>

See accompanying notes to basic financial statements

**ALVIN COMMUNITY COLLEGE FOUNDATION**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**

For the Years Ended December 31, 2010 and 2009 (unaudited)

	2010			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>Support and Revenue:</b>				
Contributions and grants	\$ -	\$ 18,942	\$ -	\$ 18,942
Author luncheon income, net	2,793	2,794	-	5,587
Gala income, net	9,082	9,082	-	18,164
Interest and dividend income	-	55,311	-	55,311
Travel/Fundraisers	163	162	-	325
Other income	-	1,190	-	1,190
Unrealized appreciation (depreciation) on investments, net	-	(5,054)	-	(5,054)
Net assets released from restrictions	108,817	(108,817)	-	-
<b>Total Support and Revenue</b>	120,855	(26,390)	-	94,465
<b>Program and Support Services:</b>				-
Scholarships	38,350	-	-	38,350
Other expenses	2,498	-	-	2,498
K219/Theatre chair donations	29,778	-	-	29,778
Awards	35,300	-	-	35,300
Investment management fee	14,740	-	-	14,740
Management and general	189	-	-	189
<b>Total Expenses</b>	120,855	-	-	120,855
<b>Change in Net Assets</b>	-	(26,390)	-	(26,390)
Beginning Net Assets	45,159	713,322	981,350	1,739,831
<b>Ending Net Assets</b>	\$ 45,159	\$ 686,932	\$ 981,350	\$ 1,713,441

See accompanying notes to basic financial statements



2009

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ -	\$ 16,532	\$ -	\$ 16,532
4,257	4,258	-	8,515
12,491	12,490	-	24,981
-	51,406	-	51,406
282	283	-	565
17,975	-	-	17,975
-	346,634	-	346,634
39,837	(39,837)	-	-
<u>74,842</u>	<u>391,766</u>	<u>-</u>	<u>466,608</u>
31,800	-	-	31,800
3,000	-	-	3,000
-	-	-	-
27,560	-	-	27,560
12,064	-	-	12,064
418	-	-	418
<u>74,842</u>	<u>-</u>	<u>-</u>	<u>74,842</u>
-	391,766	-	391,766
45,159	321,556	981,350	1,348,065
<u>\$ 45,159</u>	<u>\$ 713,322</u>	<u>\$ 981,350</u>	<u>\$ 1,739,831</u>

**ALVIN COMMUNITY COLLEGE****STATEMENTS OF CASH FLOWS**

For the Years Ended August 31, 2011 and 2010

	2011	2010
<b>Cash Flows from Operating Activities:</b>	\$	\$
Receipts from students and other customers	10,898,455	10,248,104
Receipts of grants and contracts	1,740,901	2,898,282
Payments to or on behalf of employees	(24,247,919)	(23,649,720)
Payments to suppliers for goods or services	(9,162,199)	(11,392,292)
Payments of scholarships	(5,308,031)	(3,120,561)
<b>Net Cash Used by Operating Activities</b>	<u>(26,078,793)</u>	<u>(25,016,187)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>		
Receipts of State appropriations	9,767,461	9,879,607
Receipts of maintenance and operations ad valorem taxes	10,158,815	10,546,427
Receipts from nonoperating Federal revenue	5,611,546	3,416,097
Hurricane Ike disbursements	-	(2,546,338)
FEMA proceeds	-	465,141
Other	577,197	728,227
<b>Net Cash Provided by Noncapital Financing Activities</b>	<u>26,115,019</u>	<u>22,489,161</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Receipts from debt service ad valorem taxes	1,443,676	1,398,760
Purchases of capital assets	(406,670)	(1,573,282)
Deletions of capital assets	2,990	4,214
Payments on principal debt	(655,000)	(580,000)
Interest payments on principal debt	(800,703)	(822,725)
<b>Net Cash Used by Capital and Related Financing Activities</b>	<u>(415,707)</u>	<u>(1,573,033)</u>
<b>Cash Flows from Investing Activities:</b>		
Proceeds from sales and maturities of investments	-	14,200,000
Purchases of investments	-	(11,700,000)
Receipts from investment income	(4,840)	2,082
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>(4,840)</u>	<u>2,502,082</u>
<b>Decrease in Cash and Cash Equivalents</b>	(384,321)	(1,597,977)
Beginning Cash and Cash Equivalents	9,544,749	11,142,726
<b>Ending Cash and Cash Equivalents</b>	<u>\$ 9,160,428</u>	<u>\$ 9,544,749</u>
Unrestricted cash and cash equivalents	\$ 8,377,390	\$ 8,472,214
Restricted cash and cash equivalents	783,038	1,072,535
<b>Total Cash and Cash Equivalents</b>	<u>\$ 9,160,428</u>	<u>\$ 9,544,749</u>

Continued

# ALVIN COMMUNITY COLLEGE

## STATEMENTS OF CASH FLOWS

For the Years Ended August 31, 2011 and 2010, (CONTINUED)

	<u>2011</u>	<u>2010</u>
<b>Reconciliation of Operating Loss</b>		
<b>to Net Cash Used by Operating Activities:</b>		
Operating loss	\$ (27,819,066)	\$ (26,481,246)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	1,102,025	1,109,802
Retirement match paid by the State	605,891	558,382
Changes in assets and liabilities:		
Receivables, net	(50,540)	76,666
Inventories	(100,924)	(12,085)
Prepays	(506)	11,899
Accounts payable and accrued liabilities	(491,900)	(915,674)
Deferred compensation	(17,927)	(565)
Funds held for others	6,686	(4,477)
Deferred revenues	407,560	616,250
Exit incentive	279,418	-
Compensated absences	490	24,861
<b>Net Cash Used by Operating Activities</b>	<u>\$ (26,078,793)</u>	<u>\$ (25,016,187)</u>

See accompanying notes to basic financial statements

**ALVIN COMMUNITY COLLEGE FOUNDATION****STATEMENTS OF CASH FLOWS**

For the Years Ended December 31, 2010 and 2009 (unaudited)

	<u>2010</u>	<u>2009</u>
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ (26,390)	\$ 391,766
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Unrealized (appreciation) depreciation on investments	<u>5,054</u>	<u>(346,634)</u>
<b>Net Cash Provided by Operating Activities</b>	<u>(21,336)</u>	<u>45,132</u>
<b>Cash Flows from investing Activities:</b>		
Purchases of investment securities	<u>(17,109)</u>	<u>(51,246)</u>
<b>Net Cash Used by Investing Activities</b>	<u>(17,109)</u>	<u>(51,246)</u>
<b>(Decrease) Increase in Cash and Cash Equivalents</b>	<b>(38,445)</b>	<b>(6,114)</b>
<b>Beginning Cash and Cash Equivalents</b>	<u>140,650</u>	<u>146,764</u>
<b>Ending Cash and Cash Equivalents</b>	<u>\$ 102,205</u>	<u>\$ 140,650</u>

See accompanying notes to basic financial statements

# ALVIN COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended August 31, 2011 and 2010

### NOTE 1: Reporting Entity

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

GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units – An Amendment of GASB Statement No. 14*, provides guidance for determining whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with the primary government. Generally, it requires reporting as a component unit any organization that raises and holds economic resources for the direct benefit of the governmental unit and the government unit is significant compared to the primary government. GASB Statement No. 39 has been applied as required in the preparation of these basic financial statements, and accordingly the Alvin Community College Foundation (the Foundation) is considered a component unit of the College as of August 31, 2011 and 2010. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further discussed below.

The Foundation is a separate nonprofit organization, with the sole purpose of supporting the educational and other activities of the College. The Foundation reports its financial results under the standards of the Financial Accounting Standards Board (FASB). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences. The College furnished certain services, such as office space, supplies, and staff assistance to the Foundation during the years ended August 31, 2011 and 2010. The costs of these services were not significant to the College.

### NOTE 2: Summary of Significant Accounting Policies

#### Reporting Guidelines

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

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended August 31, 2011 and 2010**

**Basis of Accounting**

The basic financial statements of the College have been prepared using the economic resources measurement focus and on the accrual basis of accounting whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay. Management of the College has evaluated subsequent events through November 21, 2011, the date which the financial statements were available to be issued.

**Net Assets**

Net assets are classified as follows:

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

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

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

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

**Operating and Nonoperating Revenue and Expense Policy**

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

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

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended August 31, 2011 and 2010**

Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. Nonoperating expenses consist of interest on capital related debt. Amounts received and expended by the College related to Hurricane Ike damages are reflected as nonoperating.

**Budgetary Data**

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

**Cash and Cash Equivalents**

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

**Investments**

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

**Inventories**

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

**Capital Assets**

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

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

Buildings and improvement	50 years
Facilities and improvements	20 years
Library books	15 years
Furniture and equipment	10 years
Telecommunications equipment	5 years

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended August 31, 2011 and 2010

**Collections**

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

**Deferred Revenues**

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

**Tuition Discounting**

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

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

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

**Bond Premiums and Issuance Costs**

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

**Estimates**

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

**Income Taxes**

The College is exempt from income taxes under Internal Revenue Code Section 115, *Income of States, Municipalities, etc.*, although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511 (a) (2) (8), *Imposition of Tax on Unrelated Business Income of Charitable, etc., Organizations*. The College had no unrelated business income tax liability for the years ended August 31, 2011 and 2010, and therefore has not recorded a liability for income taxes.



**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended August 31, 2011 and 2010**

**Reclassifications**

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

**NOTE 3: Authorized Investments**

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

**NOTE 4: Deposits and Investments**

**Deposits**

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank failure, the College's deposits may not be returned to it. The College's investment policy requires pledging of collateral for all bank balances in excess of Federal Deposit Insurance Corporation (FDIC) limits at a minimum of 102% of market value. As of August 31, 2011 and 2010, the College's cash and cash equivalents balances were either insured or collateralized, and thus not exposed to custodial credit risk.

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

	<u>2011</u>	<u>2010</u>
Cash and cash equivalents:		
Bank deposits - demand deposits	\$ 2,579,279	\$ 2,402,896
Money market account	2,574,661	1,634,185
Certificates of deposit	4,000,000	5,500,000
Petty cash	6,488	7,668
<b>Total cash and cash equivalents</b>	<b>\$ <u>9,160,428</u></b>	<b>\$ <u>9,544,749</u></b>

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

	<u>2011</u>	<u>2010</u>
Unrestricted cash and cash equivalents	\$ 8,377,390	\$ 8,472,214
Restricted cash and cash equivalents	783,038	1,072,535
<b>Total cash and cash equivalents</b>	<b>\$ <u>9,160,428</u></b>	<b>\$ <u>9,544,749</u></b>

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended August 31, 2011 and 2010

**Investments**

As of August 31, 2011 and 2010, the College held certificates of deposit of \$4,000,000 and \$5,500,000, respectively, that were classified as cash equivalents due to the certificates of deposit having maturities of less than three months from the date of acquisition.

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

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

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

**NOTE 5: Disaggregation of Accounts Receivable**

Accounts receivable were as follows at August 31:

	2011	2010
Student receivables	\$ 1,593,160	\$ 1,710,925
Taxes receivable	521,983	532,336
Interest receivable	4,520	5,992
Federal receivables	87,302	347,620
State receivables	339,234	-
Sponsor receivables	190,464	196,764
Total accounts receivable	2,736,663	2,793,637
Less allowance for doubtful accounts	(416,961)	(496,898)
Total accounts receivable, net	\$ 2,319,702	\$ 2,296,739

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**For the Year Ended August 31, 2011 and 2010**

**NOTE 6: Disaggregation of Accounts Payable and Accrued Liabilities**

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

	2011	2010
Vendor payables	\$ 529,278	\$ 1,023,957
Sales tax payable	60,714	57,935
Total accounts payable and accrued liabilities	\$ 589,992	\$ 1,081,892

**NOTE 7: Capital Assets**

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

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

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**For the Year Ended August 31, 2011 and 2010**

Capital assets activity for the year ended August 31, 2010 was as follows:

	Balance September 1, <u>2009</u>	<u>Additions</u>	Deletions/ <u>Adjustments</u>	Balance August 31, <u>2010</u>
Not depreciated - land	\$ 774,128	\$ -	\$ -	\$ 774,128
Other capital assets:				
Buildings and improvements	36,079,868	135,835	-	36,215,703
Facilities and improvements	2,303,453	931,577	-	3,235,030
Furniture and equipment	2,912,066	413,703	-	3,325,769
Telecommunications equipment	2,494,915	75,088	-	2,570,003
Library books	643,369	17,079	(330,799)	329,649
<b>Subtotal</b>	<u>44,433,671</u>	<u>1,573,282</u>	<u>(330,799)</u>	<u>45,676,154</u>
Less accumulated depreciation:				
Buildings and improvements	8,249,054	649,438	-	8,898,492
Facilities and improvements	1,618,216	63,831	-	1,682,047
Furniture and equipment	1,941,626	200,656	-	2,142,282
Telecommunications equipment	1,991,289	175,546	-	2,166,835
Library books	494,193	20,331	(326,585)	187,939
<b>Total accumulated depreciation</b>	<u>14,294,378</u>	<u>1,109,802</u>	<u>(326,585)</u>	<u>15,077,595</u>
<b>Net capital assets</b>	<u>\$ 30,913,421</u>	<u>\$ 463,480</u>	<u>\$ (4,214)</u>	<u>\$ 31,372,687</u>

**NOTE 8: Long-term Liabilities**

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

	Balance September 1, <u>2010</u>	<u>Additions</u>	<u>Payments</u>	Balance August 31, <u>2011</u>	Current Portion
Bonds:					
General obligation bonds - 2005	\$ 17,615,000	\$ -	\$ (655,000)	\$ 16,960,000	\$ 740,000
Total bonds	17,615,000	-	(655,000)	16,960,000	740,000
Other liabilities -					
compensated absences	442,732	296,132	(295,642)	443,222	295,969
deferred compensation payable	53,916	835	(18,762)	35,989	18,358
Total long-term liabilities	<u>\$ 18,111,648</u>	<u>\$ 296,967</u>	<u>\$ (969,404)</u>	<u>\$ 17,439,211</u>	<u>\$ 1,054,327</u>

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**For the Year Ended August 31, 2011 and 2010**

Long-term liabilities activity for the year ended August 31, 2010 was as follows:

	Balance September 1, 2009	Additions	Payments	Balance August 31, 2010	Current Portion
<b>Bonds:</b>					
General obligation bonds - 2005	\$ 18,195,000	\$ -	\$ (580,000)	\$ 17,615,000	\$ 655,000
Total bonds	18,195,000	-	(580,000)	17,615,000	655,000
<b>Other liabilities -</b>					
compensated absences	417,871	282,271	(257,410)	442,732	295,642
deferred compensation payable	54,481	18,334	(18,899)	53,916	18,762
Total long-term liabilities	\$ 18,667,352	\$ 300,605	\$ (856,309)	\$ 18,111,648	\$ 969,404

**NOTE 9: Bonds Payable**

General information related to bonds payable is summarized as follows:

**Limited Tax Bonds, Series 2005**

- To construct and equip a new Health Science Building and to pay the costs of issuing the bonds.
- Issued August 15, 2005.
- Original amount of issue - \$19,610,000, with all authorized bonds issued.
- Interest rates range from 3.0% to 5.0%.
- Due in semiannual installments each February 15 and August 15, with the final installment due February 2025.
- Source of revenue for debt service - annual ad valorem taxes.
- Requires the College maintain an insurance policy guaranteeing payment of bond principal and interest. All related premiums have been paid.
- Outstanding bonds payable of \$16,960,000 and \$17,615,000 at August 31, 2011 and 2010, respectively.

**Bond Debt Service Requirements**

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

Fiscal Year	Principal	Interest	Total
2012	\$ 740,000	\$ 774,956	\$ 1,514,956
2013	830,000	745,000	1,575,000
2014	925,000	710,419	1,635,419
2015	1,030,000	671,319	1,701,319
2016	1,075,000	629,219	1,704,219
2017-2021	6,185,000	2,330,953	8,515,953
2022-2025	6,175,000	636,625	6,811,625
Total	\$ 16,960,000	\$ 6,498,491	\$ 23,458,491

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended August 31, 2011 and 2010

**Arbitrage Liability**

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

**NOTE 10: Unrestricted Net Assets**

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

	2011	2010
Building renovations	\$ 1,340	\$ 43,786
Campus telephone system	196	3,238
Restroom renovations	5,544	5,544
Emergency generator	-	15,333
HVAC	74,709	125,996
Sidewalks and parking lot	7,885	-
Other capital items	28,695	38,260
Total	\$ 118,369	\$ 232,157

**NOTE 11: Employee Retirement Plans**

The College's employees may participate in one of three retirement plans. Faculty, administrators, counselors and librarians may enroll in either the Teacher Retirement System of Texas (TRS) or the Optional Retirement Plan (ORP). Secretarial and clerical employees participate in TRS, Part-time employees not enrolled in either TRS or ORP participate in the Alvin Community College Money Purchase Plan (Money Purchase Plan). The total payroll for all College employees was \$20,678,162 and \$20,045,979 for the fiscal years ended August 31, 2011 and 2010, respectively.

**Texas Teacher Retirement System**

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

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended August 31, 2011 and 2010**

*Funding Policy.* Contribution requirements are not actuarially determined but are established and amended by the Texas State legislature. The State funding policy is as follows: (1) The State constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a State contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) A State statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal years 2011 and 2010 and a State contribution rate of 6.644% for fiscal years 2011 and 2010. In certain instances, the reporting college is required to make all or a portion of the State's contribution.

The total payroll of employees covered by TRS was \$9,119,391, \$8,409,367 and \$9,811,627 for fiscal years 2011, 2010, and 2009, respectively. The TRS retirement expense to the State for the College was \$605,891, \$558,382, and \$517,198 for fiscal years 2011, 2010, and 2009, respectively.

**Optional Retirement Plan**

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

*Funding Policy.* Contribution requirements are not actuarially determined but are established and amended by the Texas State legislature. For fiscal years 2011 and 2010, the percentage of participant salaries contributed by the State and each participant was 6.4% and 6.65%, respectively. For employees who were employed as of September 1, 1995, the College contributed 2.1% for fiscal years 2011 and 2010. Benefits fully vested after one year plus one day of employment. Because these are individual annuity contracts, neither the State nor the College has additional or unfunded liability for this program.

The total payroll of employees covered by ORP was \$6,075,558, \$6,166,194, and \$6,278,379 for fiscal years 2011, 2010, and 2009, respectively. The ORP retirement expense to the State for the College was \$382,722, \$394,637, and \$413,118 for fiscal years 2011, 2010, and 2009, respectively.

**Alvin Community College Money Purchase Plan**

The Money Purchase Plan is a defined contribution plan created in accordance with the Internal Revenue Code Section 401(a) and is available to eligible, part-time employees of the College. Under the Money Purchase Plan, employees may contribute 6.2% of their total gross earnings and the College contributes 1.3% of the participant's total gross earnings. Benefits are immediately vested. The total payroll of employees covered by the Money Purchase Pension Plan was \$2,422,261 and \$2,965,231 for the years ended August 31, 2011 and 2010, respectively. Contributions made by the College during the years ended August 31, 2011 and 2010 were approximately \$31,490 and \$38,548, respectively.

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended August 31, 2011 and 2010**

**NOTE 12: Post Retirement Health Care and Life Insurance Benefits**

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

*Funding Policy.* Section 1551.055 of Chapter 1551, Texas Insurance Code provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS board of trustees. Plan members or beneficiaries receiving benefits pay any premium over and above the employer contribution. The employer's share of the cost of retiree healthcare coverage for the current year is known as the implicit rate subsidy. It is the difference between the claims costs for the retirees and the amounts contributed by the retirees. The ERS board of trustee's sets the employer contribution rate based on the implicit rate subsidy, which is actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*. The employer contribution rate represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contribution per full-time employee was \$413 to \$808 per month for fiscal year 2011, \$383 to \$751 per month for fiscal year 2010 and \$358 to \$702 per month for fiscal year 2009, depending on the coverage elected. The State's contribution totaled \$1,492,190, \$1,546,659, and \$1,578,697 for the years ended August 31, 2011, 2010, and 2009, respectively.

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

**NOTE 13: Compensated Absences**

Compensated absences represent the liability associated with vacation benefits and compensatory time earned but not yet taken by employees of the College. The expense associated with vacation benefits and comp time benefits earned is recognized in the periods in which the associated employee services are rendered. Full time employees earn annual leave at the rate of 8 hours per month (September through May). No employee may accrue more than 192 hours of vacation benefits and upon termination, an employee is paid for vacation benefits and accrued comp time (if comp time is applicable). As of August 31, 2011 and 2010, the College had an accrued vacation and comp time liability of \$147,253 and \$442,732, respectively.

Sick leave is earned at the rate of 10 hours per month with a limit of 720 hours. It is paid to an employee who misses work because of illness. Unused accrued sick leave is forfeited upon termination of employment with the College. Therefore, no accrued liability has been recorded for sick leave.



**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended August 31, 2011 and 2010

**NOTE 14: Deferred Compensation Program**

The College has established a deferred compensation program under which selected employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government Code 609.001. As of August 31, 2011 and 2010, the College had one employee participating in the program and an accrued liability of \$35,989 and \$53,916, respectively.

**NOTE 15: Contract and Grant Awards**

Contract and grant awards are accounted for in accordance with the requirements of accounting principles generally accepted in the United States of America. Revenues are recognized on Exhibit 2 and Schedule A. Contract and grant awards for which funds are expended, but not collected, are reported as receivables on Exhibit 1. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the basic financial statements. Contract and grant awards funds already committed, e.g., multi-year awards, or funds awarded during fiscal year 2011 for which monies have not been received nor funds expended totaled \$2,420,654, which was from Federal and State contract and grant awards.

**NOTE 16: Property Taxes**

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

At August 31:

	<u>2011</u>		<u>2010</u>
Assessed valuation of the tax district	\$ 6,898,889,376		\$ 6,905,533,488
Less exemptions	<u>(1,187,556,316)</u>		<u>(1,044,337,601)</u>
Net assessed valuation of the tax district	<u>\$ 5,711,333,060</u>		<u>\$ 5,861,195,887</u>
	<u>Maintenance</u>	<u>Debt</u>	<u>Total</u>
	<u>&amp; Operations</u>	<u>Service</u>	
For fiscal year 2011:			
Tax rate per \$100 valuation authorized	\$ 0.500000	\$ 0.500000	\$ 1.000000
Tax rate per \$100 valuation assessed	0.174867	0.024963	0.199830
For fiscal year 2010:			
Tax rate per \$100 valuation authorized	\$ 0.500000	\$ 0.500000	\$ 1.000000
Tax rate per \$100 valuation assessed	0.176312	0.023518	0.199830

Taxes levied for the years ended August 31, 2011 and 2010 were \$11,418,154 and \$11,721,784, respectively. Taxes are due upon receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended August 31, 2011 and 2010**

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

For the year ended August 31, 2011:

	Maintenance & Operations	Debt Service	Total
Taxes collected:			
Current taxes collected	\$ 9,819,597	\$ 1,401,789	\$ 11,221,386
Delinquent taxes collected	199,155	24,104	223,259
Penalties and interest collected	127,094	16,575	143,669
Total taxes collected	<u>\$ 10,145,846</u>	<u>\$ 1,442,468</u>	<u>\$ 11,588,314</u>

For the year ended August 31, 2010:

	Maintenance & Operations	Debt Service	Total
Current taxes collected	\$ 10,150,743	\$ 1,353,134	\$ 11,503,877
Delinquent taxes collected	189,087	28,057	217,144
Penalties and interest collected	142,276	17,569	159,845
Total taxes collected	<u>\$ 10,482,106</u>	<u>\$ 1,398,760</u>	<u>\$ 11,880,866</u>

Tax collections for the years ended August 31, 2011 and 2010 were each 98% of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to maintenance and operations and debt service.

**NOTE 17: Contingent Liabilities**

**Legal Matters**

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

**State and Federally Assisted Programs**

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

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended August 31, 2011 and 2010**

**NOTE 18: Risk Management**

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

**NOTE 19: Prior Period Adjustment**

During the current year, it was determined that library books destroyed by Hurricane Ike during fiscal year 2009 should have been written off. Since these library books were fully depreciated, the adjustment made to correct this error was to decrease capital assets and accumulated depreciation by \$326,585, resulting in a net effect of zero on net assets. This correction has been reflected as an adjustment on the capital asset activity schedule in Note 8 for fiscal year 2010.

**ALVIN COMMUNITY COLLEGE**  
**SCHEDULE OF OPERATING REVENUES**

For the Year Ended August 31, 2011

(With Memorandum Totals for the Year Ended August 31, 2010)

	2011					2010 Total
	Educational Activities			Auxiliary	Total	
	Unrestricted	Restricted	Total	Enterprises		
<b>Tuition</b>						
State funded courses:						
In-district resident tuition	\$ 1,999,960	\$ -	\$ 1,999,960	\$ -	\$ 1,999,960	\$ 1,583,910
Out-of-district resident tuition	4,067,175	-	4,067,175	-	4,067,175	3,434,888
TPEG - credit (set aside) *	208,980	-	208,980	-	208,980	173,307
Non-resident tuition	223,048	-	223,048	-	223,048	192,069
State funded continuing education	1,217,060	-	1,217,060	-	1,217,060	1,492,881
TPEG - non-credit (set aside) *	71,772	-	71,772	-	71,772	87,675
Non-state funded continuing education	503,660	-	503,660	-	503,660	564,244
<b>Total tuition</b>	<b>8,291,655</b>	<b>-</b>	<b>8,291,655</b>	<b>-</b>	<b>8,291,655</b>	<b>7,528,974</b>
<b>Fees</b>						
General fees	783,694	-	783,694	-	783,694	572,585
Student service fees	-	-	-	204,538	204,538	194,569
Laboratory fees	401,568	-	401,568	-	401,568	357,857
Building use fees	547,205	-	547,205	-	547,205	520,718
Technology fees	468,937	-	468,937	-	468,937	398,251
Security fees	-	-	-	185,669	185,669	174,582
Other fees	24,390	-	24,390	-	24,390	19,676
<b>Total fees</b>	<b>2,225,794</b>	<b>-</b>	<b>2,225,794</b>	<b>390,207</b>	<b>2,616,001</b>	<b>2,238,238</b>
<b>Scholarship allowances and discounts</b>						
Remissions and exemptions - State	(818,336)	-	(818,336)	-	(818,336)	(642,532)
Remissions and exemptions - local	-	-	-	(5,378)	(5,378)	(3,073)
TPEG allowances	(280,752)	-	(280,752)	-	(280,752)	(260,982)
Federal grants to students	(1,118,063)	-	(1,118,063)	-	(1,118,063)	(893,495)
Other	(144,636)	-	(144,636)	-	(144,636)	(94,980)
<b>Total scholarship allowances and discounts</b>	<b>(2,361,787)</b>	<b>-</b>	<b>(2,361,787)</b>	<b>(5,378)</b>	<b>(2,367,165)</b>	<b>(1,895,062)</b>
<b>Total net tuition and fees</b>	<b>\$ 8,155,662</b>	<b>\$ -</b>	<b>\$ 8,155,662</b>	<b>\$ 384,829</b>	<b>\$ 8,540,491</b>	<b>\$ 7,872,150</b>

(Continued)

**ALVIN COMMUNITY COLLEGE**  
**SCHEDULE OF OPERATING REVENUES, Continued**  
For the Year Ended August 31, 2011  
(With Memorandum Totals for the Year Ended August 31, 2010)

	2011					2010 Total
	Educational Activities			Auxiliary	Total	
	Unrestricted	Restricted	Total	Enterprises		
<b>Other operating revenues</b>						
Federal grants and contracts	\$ -	\$ 595,704	\$ 595,704	\$ -	\$ 595,704	\$ 1,487,938
State grants and contracts	-	1,139,661	1,139,661	-	1,139,661	1,004,350
Non-governmental grants and contracts	-	4,000	4,000	-	4,000	104,650
Other operating revenues	24,483	-	24,483	-	24,483	25,653
<b>Total other operating revenues</b>	24,483	1,739,365	1,763,848	-	1,763,848	2,622,591
<b>Auxiliary enterprises</b>						
Bookstore	-	-	-	1,966,260	1,966,260	1,941,520
Scholarships allowances and discounts	-	-	-	(398,066)	(398,066)	(399,166)
<b>Net bookstore</b>	-	-	-	1,568,194	1,568,194	1,542,354
Child care center	-	-	-	284,211	284,211	281,794
Food services	-	-	-	92,101	92,101	95,333
Fitness center	-	-	-	26,805	26,805	24,240
<b>Total net auxiliary enterprises</b>	-	-	-	1,971,311	1,971,311	1,943,721
<b>Total operating revenues (Exhibit 2)</b>	<u>\$ 8,180,145</u>	<u>\$ 1,739,365</u>	<u>\$ 9,919,510</u>	<u>\$ 2,356,140</u>	<u>\$ 12,275,650</u>	<u>\$ 12,438,462</u>

\* In accordance with Texas Education Code 56.033, \$280,752 and \$260,982 of tuition was set aside for Texas Public Education Grants (TPEG) during fiscal years 2011 and 2010, respectively.

**ALVIN COMMUNITY COLLEGE**  
**SCHEDULE OF OPERATING EXPENSES BY OBJECT**  
Year Ended August 31, 2011  
(With Memorandum Totals for the Year Ended August 31, 2010)

	2011		
	Salaries and Wages	Educational Activities	
		State	Local
<b>Unrestricted - educational activities</b>			
Instruction	\$ 11,834,652	\$ -	\$ 875,128
Public service	69,742	-	5,157
Academic support	1,831,628	-	135,442
Student services	1,752,686	-	129,605
Institutional support	2,578,245	-	199,952
Operation and maintenance of plant	1,407,320	-	391,211
<b>Total unrestricted - educational activities</b>	19,474,273	-	1,736,495
<b>Restricted - educational activities</b>			
Instruction	192,937	1,625,036	17,264
Public service	-	9,576	-
Academic support	390,002	251,504	87,814
Student services	75,788	240,664	-
Institutional support	-	354,023	-
Scholarships and fellowships	-	-	-
<b>Total restricted educational activities</b>	658,727	2,480,803	105,078
<b>Total educational activities</b>	20,133,000	2,480,803	1,841,573
Auxiliary enterprises	545,162	-	115,253
Depreciation expense - buildings and other real estate improvements	-	-	-
Depreciation expense - equipment and furniture	-	-	-
<b>Total operating expenses</b>	<b>\$ 20,678,162</b>	<b>\$ 2,480,803</b>	<b>\$ 1,956,826</b>

2011

<u>Other Expenses</u>	<u>Total</u>	<u>2010 Total</u>
\$ 1,372,355	\$ 14,082,135	\$ 13,767,569
58,758	133,657	129,103
811,074	2,778,144	3,029,183
288,421	2,170,712	2,101,315
1,023,770	3,801,967	3,441,222
<u>2,726,426</u>	<u>4,524,957</u>	<u>4,769,732</u>
6,280,804	27,491,572	27,238,124
655,724	2,490,961	3,263,228
-	9,576	10,288
48,412	777,732	943,620
-	316,452	342,934
-	354,023	322,385
<u>5,308,031</u>	<u>5,308,031</u>	<u>3,120,561</u>
<u>6,012,167</u>	<u>9,256,775</u>	<u>8,003,016</u>
12,292,971	36,748,347	35,241,140
1,583,929	2,244,344	2,568,766
688,393	688,393	713,269
<u>413,632</u>	<u>413,632</u>	<u>396,533</u>
<u>\$ 14,978,925</u>	<u>\$ 40,094,716</u>	<u>\$ 38,919,708</u>

**ALVIN COMMUNITY COLLEGE**  
**SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES**

For the Year Ended August 31, 2011

(With Memorandum Totals for the Year Ended August 31, 2010)

	2011			Total	2010 Total
	Unrestricted	Restricted	Auxiliary Enterprises		
<b>Nonoperating revenues</b>					
State appropriations:					
Education and general State support	\$ 7,841,945	\$ -	\$ -	\$ 7,841,945	\$ 7,918,720
State group insurance	-	1,492,190	-	1,492,190	1,546,659
State retirement matching	-	988,613	-	988,613	953,019
Professional nursing shortage reduction	-	50,604	-	50,604	19,591
<b>Total State appropriations</b>	<b>7,841,945</b>	<b>2,531,407</b>	<b>-</b>	<b>10,373,352</b>	<b>10,437,989</b>
Taxes for maintenance and operations	10,131,238	-	-	10,131,238	10,482,106
Taxes for debt service	-	1,443,676	-	1,443,676	1,398,760
Federal revenue, nonoperating	-	5,611,546	-	5,611,546	3,416,097
Gifts	-	-	-	-	155,835
Investment income	7,966	7,411	4,050	19,427	28,064
Other nonoperating revenues	565,790	-	-	565,790	572,392
<b>Total nonoperating revenues</b>	<b>18,546,939</b>	<b>9,594,040</b>	<b>4,050</b>	<b>28,145,029</b>	<b>26,491,243</b>
<b>Nonoperating (revenues) expenses</b>					
Interest on capital related debt	-	800,703	-	800,703	822,725
Hurricane Ike disbursements	-	-	-	-	252,986
FEMA proceeds	-	-	-	-	(465,141)
<b>Total nonoperating (revenues) expenses</b>	<b>-</b>	<b>800,703</b>	<b>-</b>	<b>800,703</b>	<b>610,570</b>
<b>Net nonoperating revenues, net</b>	<b>\$ 18,546,939</b>	<b>\$ 8,793,337</b>	<b>\$ 4,050</b>	<b>\$ 27,344,326</b>	<b>\$ 25,880,673</b>



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**ALVIN COMMUNITY COLLEGE**  
**SCHEDULE OF NET ASSETS BY SOURCE AND AVAILABILITY**

Year Ended August 31, 2011

(With Memorandum Totals for the Year Ended August 31, 2010)

	Detail by Source			
	Unrestricted	Restricted		Capital Assets Net of Depreciation and Related Debt
		Expendable	Non-Expendable	
<b>Current</b>				
Unrestricted	\$ 4,338,309	\$ -	\$ -	\$ -
Board designated	118,369	-	-	-
Auxiliary	1,804,999	-	-	-
Scholarships	-	348,589	-	-
<b>Plant</b>				
Investment in plant	-	-	-	13,714,342
<b>Total net assets, August 31, 2011</b>	<u>6,261,677</u>	<u>348,589</u>	<u>-</u>	<u>13,714,342</u>
<b>Total net assets, August 31, 2010</b>	<u>6,550,177</u>	<u>237,437</u>	<u>-</u>	<u>14,011,734</u>
<b>Net increase (decrease) in net assets</b>	<u>\$ (288,500)</u>	<u>\$ 111,152</u>	<u>\$ -</u>	<u>\$ (297,392)</u>

<u>Detail by Source</u>	<u>Available for Current Operations</u>		
	<u>Total</u>	<u>Yes</u>	<u>No</u>
\$ 4,338,309	\$ 4,338,309	\$ -	
118,369	-	118,369	
1,804,999	1,804,999	-	
348,589	-	348,589	
<u>13,714,342</u>	<u>-</u>	<u>13,714,342</u>	
20,324,608	6,143,308	14,181,300	
<u>20,799,348</u>	<u>6,318,020</u>	<u>14,481,328</u>	
\$ <u>(474,740)</u> (Exhibit 2)	\$ <u>(174,712)</u>	\$ <u>(300,028)</u>	

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

To the Board of Regents of  
Alvin Community College:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Alvin Community College (the "College"), as of and for the year ended August 31, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 21, 2011. We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

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**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the College in a separate letter dated November 21, 2011.

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

*BELT HARRIS PECHACEK, LLLP*

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas  
November 21, 2011



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM,  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133**

To the Board of Regents of  
Alvin Community College:

**Compliance**

We have audited the compliance of Alvin Community College (the "College"), 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 fiscal year ended August 31, 2011. The College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

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

In our opinion, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as finding 2011-1.

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## Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The College's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the College's response and, accordingly, we express no opinion on it.

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

*BELT HARRIS PECHACEK, LLLP*

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas  
November 21, 2011



**ALVIN COMMUNITY COLLEGE**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
For the Year Ended August 31, 2011 and 2010

**Finding 2010-1**

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

**Criteria:** Subrecipient monitoring

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

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

**Questioned Costs:** None

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

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

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

**2011 Status:** This finding has not been resolved for the fiscal year ended August 31, 2011.

**ALVIN COMMUNITY COLLEGE**  
**SUMMARY OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended August 31, 2011 and 2010

**A. SUMMARY OF AUDIT RESULTS**

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

	<u>CFDA number</u>
Student Financial Aid Cluster:	
Federal Supplemental Educational Opportunity Grants	84.007
Federal Work-Study Program	84.033
Federal Pell Grant Program	84.063
Federal Direct Student Loans	84.268
Academic Competitiveness Grants	84.375
WIA Cluster:	
WIA Adult Program (ARRA)	17.258
WIA Dislocated Worker (ARRA)	17.260

8. The threshold for distinguishing Type A and B programs was \$300,000.
9. The College was classified as a low-risk auditee in the context of OMB Circular A-133.

**B. FINDINGS – BASIC FINANCIAL STATEMENT AUDIT**

None

**C. FINDINGS – FEDERAL AWARDS**

Finding 2011-1

See Finding 2010-1 on the Summary Schedule of Prior Year Findings.

**ALVIN COMMUNITY COLLEGE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended August 31, 2011

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass-Through Disbursements
<u>U.S. Department of Education</u>			
Direct Programs:			
Federal Supplemental Educational Opportunity Grants	84.007	P007A103951	\$ 58,040
Federal Work-Study Program	84.033	P033A103951	42,660
Federal Work-Study Program	84.033	P033A113951	7,439
TRIO Upward Bound	84.047	P047A080423	249,909
Federal Pell Grant Program	84.063	P063P102256	3,841,249
Federal Direct Student Loans	84.268	P268K112256	1,657,383
Academic Competitiveness Grant	84.375	P375A102256	4,775
Pass-Through From:			
Texas Education Agency -			
Adult Education & Family Literacy Section 231	84.002A	114100017110373	56,907
Texas Higher Education Coordinating Board:			
Career & Technical Education - Basic Grants to States	84.048	114202	113,672
Leveraging Educational Assistance Partnerships Grant	84.069	9100508M	2,811
Robert Byrd Scholarship Grant	84.185	9101222M	1,188
Supplemental Leveraging Educational Assistance Grant	84.069	9100509M	3,834
Gulf Coast Tech Prep -			
Tech-Prep Education	84.243	243	3,028
Total U.S. Department of Education			<u>6,042,895</u>
<u>U.S. Department of Housing and Urban Development</u>			
Pass-Through From -			
Brazoria County -			
Community Development Block Grants/Entitlement Grants	14.218	B09-UC-48-0005	<u>14,863</u>
<u>U.S. Department of Labor</u>			
Pass-Through From -			
Texas Workforce Commission -			
Houston-Galveston Area Council -			
ARRA WIA Adult	17.258	732-10	(5,584)
ARRA WIA Dislocated Worker	17.260	732-10	<u>120,520</u>
Total U. S. Department of Labor			<u>114,936</u>

(Continued)

**ALVIN COMMUNITY COLLEGE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued**  
For the Year Ended August 31, 2011

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass-Through Disbursements
<u>U.S. Department of Health and Human Services</u>			
Pass-Through From:			
Texas Commission on Alcohol and Drug Abuse -			
University of Texas at Austin:			
Substance Abuse and Mental Health Services - 10	93.000	5-UDI-TI 013423-07	9,061
Substance Abuse and Mental Health Services - 11	93.000	5-UDI-TI 013423-09	<u>14,046</u>
Total Substance Abuse and Mental Health Services			23,107
Texas Education Agency -			
Temporary Assistance for Needy Families	93.558	113625017110350	<u>11,449</u>
Total U.S. Department of Health and Human Services			<u>34,556</u>
Total expenditures of Federal awards			<u>\$ 6,207,250</u>

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

**ALVIN COMMUNITY COLLEGE**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
For the Year Ended August 31, 2011

<u>Grantor Agency/Program Title</u>	<u>Grant Contract Number</u>	<u>Expenditures</u>
Texas Higher Education Coordinating Board:		
College Readiness	9800005M	\$ 429
JET Scholarships	911JET34	39,776
Pass-Through From - San Jacinto College	COPA550001001	53,982
JET Grant	4807-1	150,677
Texas College Work Study	9100106M	9,937
Texas Grant I	9100282M	93,450
TEOG formerly Texas Grant II	9100233M	<u>73,870</u>
Total Texas Higher Education Coordinating Board		<u>422,121</u>
Texas Education Agency:		
GR - Adult Education	100100017110286	4,000
GR - Adult Education	110100017110373	<u>19,817</u>
Total Texas Education Agency		<u>23,817</u>
Texas Workforce Commission -		
Partnership with a Petrochemical Consortium	2810SDF011	681,348
Small Business Grant	2811SSD001	<u>5,376</u>
Total Texas Workforce Commission		<u>686,724</u>
Total State financial assistance		<u>\$ 1,132,662</u>

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

# ALVIN COMMUNITY COLLEGE

## NOTES TO SCHEDULE OF EXPENDITURES

### OF FEDERAL AND STATE AWARDS

For the Year Ended August 31, 2011 and 2010

#### 1. SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING THE SCHEDULES

The schedules of expenditures of Federal and State awards (schedules) present the activity of Federal and State of Texas financial assistance programs of the College for the year ended August 31, 2011. Federal financial assistance received directly from Federal agencies are included in this schedule.

Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds which have been expended by the College for the purposes of the award during fiscal year 2011. The expenditures reported above may not have been reimbursed by the funding agencies as of the end of fiscal year 2011. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the schedules.

#### 2. FEDERAL ASSISTANCE RECONCILIATION

Federal revenues:

Federal grants and contracts – per Schedule A	\$ 595,704
Federal revenue, nonoperating – per Schedule C	<u>5,611,546</u>
Total per schedule of expenditures of Federal awards	<u>\$6,207,250</u>

#### 3. AMOUNTS PASSED THROUGH BY THE COLLEGE – SUBRECIPIENTS

Of the federal expenditures in the schedule, the College provided Federal awards to subrecipients as follows:

<u>Subrecipient</u>	<u>Federal CFDA No.</u>	<u>Amount Provided to Subrecipients</u>
Adult Reading Center	ARRA 17.260	\$ 19,847
Pearland Economic Development Corporation	ARRA 17.260	15,780
San Jacinto Community College	ARRA 17.260	8,416

#### 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

***STATISTICAL INFORMATION***  
**(Unaudited)**

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

**ALVIN COMMUNITY COLLEGE***NET ASSETS BY COMPONENT*

Last 10 Years

(Amounts expressed in thousands)

	For the Years Ended August 31,			
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Primary government				
Invested in capital assets, net of related debt	\$ 13,714	\$ 14,012	\$ 13,553	\$ 13,713
Restricted - expendable	349	237	356	651
Unrestricted	<u>6,262</u>	<u>6,550</u>	<u>7,491</u>	<u>7,120</u>
<b>Total Primary Government</b>				
<b>Net Assets</b>	<u>\$ 20,325</u>	<u>\$ 20,799</u>	<u>\$ 21,400</u>	<u>\$ 21,484</u>



For the Years Ended August 31,

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 14,391	\$ 14,514	\$ 12,500	\$ 11,934	\$ 11,059	\$ 11,090
658	672	983	622	593	536
<u>6,084</u>	<u>5,297</u>	<u>5,154</u>	<u>5,060</u>	<u>2,955</u>	<u>2,258</u>
<u>\$ 21,133</u>	<u>\$ 20,483</u>	<u>\$ 18,637</u>	<u>\$ 17,616</u>	<u>\$ 14,607</u>	<u>\$ 13,884</u>

**ALVIN COMMUNITY COLLEGE****REVENUES BY SOURCE**

Last Ten Fiscal Years

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

	2011	2010	2009	2008
<b>Operating Revenues:</b>				
Tuition and fees (net of discounts)	\$ 8,541	\$ 7,872	\$ 6,893	\$ 5,826
Governmental grants and contracts				
Federal grants and contract	595	1,485	594	473
State grants and contracts	1,141	1,007	1,569	534
Local grants and contracts				
Non-governmental grants and contracts	4	105	96	141
Sales and services of educational revenues				
Auxiliary enterprises	1,971	1,944	2,146	2,026
Other operating revenues	24	25	24	5
<b>Total Operating Revenues</b>	<b>12,276</b>	<b>12,438</b>	<b>11,322</b>	<b>9,005</b>
<b>Nonoperating Revenues:</b>				
State appropriations	10,373	10,438	10,996	10,904
Ad valorem taxes	11,575	11,881	11,830	11,102
Federal revenue, nonoperating	5,612	3,416	2,419	2,431
Gifts	-	156	-	-
Investment income	19	28	65	351
Interest on capital related debt	(801)	(823)	(851)	(885)
Other nonoperating revenues	566	785	427	505
<b>Total Nonoperating Revenues</b>	<b>27,344</b>	<b>25,881</b>	<b>24,886</b>	<b>24,408</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 39,620</b>	<b>\$ 38,319</b>	<b>\$ 36,208</b>	<b>\$ 33,413</b>

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

	2011	2010	2009	2008
<b>Operating Revenues:</b>				
Tuition and fees (net of discounts)	21.56%	20.54%	19.04%	17.44%
Governmental grants and contracts				
Federal grants and contract	1.50%	3.88%	1.64%	1.42%
State grants and contracts	2.88%	2.63%	4.33%	1.60%
Local grants and contracts	0.00%	0.00%	0.00%	0.00%
Non-governmental grants and contracts	0.01%	0.27%	0.27%	0.42%
Sales and services of educational revenues				
Auxiliary enterprises	4.97%	5.07%	5.93%	6.06%
Other operating revenues	0.06%	0.07%	0.07%	0.01%
<b>Total Operating Revenues</b>	<b>30.98%</b>	<b>32.46%</b>	<b>31.28%</b>	<b>26.95%</b>
<b>Nonoperating Revenues:</b>				
State appropriations	26.18%	27.24%	30.37%	32.63%
Ad valorem taxes	29.22%	31.01%	32.66%	33.23%
Federal revenue, nonoperating	14.16%	8.91%	6.68%	7.28%
Gifts	0.00%	0.41%	0.00%	0.00%
Investment income	0.05%	0.07%	0.18%	1.05%
Interest on capital related debt	-2.02%	-2.15%	-2.35%	-2.65%
Other nonoperating revenues	1.43%	2.05%	1.18%	1.51%
<b>Total Nonoperating Revenues</b>	<b>69.02%</b>	<b>67.54%</b>	<b>68.72%</b>	<b>73.05%</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 100.00%</b>	<b>\$ 100.00%</b>	<b>\$ 100.00%</b>	<b>\$ 100.00%</b>

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

2007	2006	2005	2004	2003	2002
\$ 5,062	\$ 4,997	\$ 4,477	\$ 4,998	\$ 4,048	\$ 3,199
1,179	478	869	1,397	729	205
113	80	106	97	183	307
131	62	7	4	222	258
1,895	1,841	1,908	1,940	1,801	1,693
7	31	27	51	10	65
<u>8,387</u>	<u>7,489</u>	<u>7,394</u>	<u>8,487</u>	<u>6,993</u>	<u>5,727</u>
10,353	10,342	10,128	10,001	9,898	10,355
9,969	9,178	7,778	7,121	6,664	6,357
2,436	2,461	2,733	2,474	1,560	1,710
-	-	7	-	20	30
1,003	1,435	119	68	49	74
(914)	(939)	(77)	(90)	(103)	(114)
553	(11)	22	30	19	23
<u>23,400</u>	<u>22,466</u>	<u>20,710</u>	<u>19,604</u>	<u>18,107</u>	<u>18,435</u>
<u>\$ 31,787</u>	<u>\$ 29,955</u>	<u>\$ 28,104</u>	<u>\$ 28,091</u>	<u>\$ 25,100</u>	<u>\$ 24,162</u>

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

2007	2006	2005	2004	2003	2002
15.92%	16.68%	15.93%	17.79%	16.13%	13.24%
3.71%	1.60%	3.09%	4.97%	2.90%	0.85%
0.36%	0.27%	0.38%	0.35%	0.73%	1.27%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.41%	0.20%	0.02%	0.01%	0.88%	1.07%
5.96%	6.15%	6.79%	6.91%	7.18%	7.01%
0.02%	0.10%	0.10%	0.18%	0.04%	0.26%
<u>26.38%</u>	<u>25.00%</u>	<u>26.31%</u>	<u>30.21%</u>	<u>27.86%</u>	<u>23.70%</u>
32.57%	34.53%	36.04%	35.60%	39.43%	42.86%
31.36%	30.64%	27.68%	25.35%	26.55%	26.31%
7.66%	8.22%	9.72%	8.81%	6.21%	7.08%
0.00%	0.00%	0.02%	0.00%	0.08%	0.12%
3.17%	4.78%	0.42%	0.24%	0.20%	0.30%
-2.88%	-3.13%	-0.27%	-0.32%	-0.41%	-0.47%
1.74%	-0.04%	0.08%	0.11%	0.08%	0.10%
<u>73.62%</u>	<u>75.00%</u>	<u>73.69%</u>	<u>69.79%</u>	<u>72.14%</u>	<u>76.30%</u>
<u>\$ 100.00%</u>	<u>\$ 100.00%</u>	<u>\$ 100.00%</u>	<u>\$ 100.00%</u>	<u>\$ 100.00%</u>	<u>\$ 100.00%</u>

**ALVIN COMMUNITY COLLEGE**  
**PROGRAM EXPENSES BY FUNCTION**  
 Last Ten Fiscal Years

	For the Years Ended August 31, (amounts expressed in thousands)			
	2011	2010	2009	2008
<b>Operating Expenses:</b>				
Instruction	\$ 16,577	\$ 17,031	\$ 17,157	\$ 14,680
Public service	143	139	134	147
Academic support	3,555	3,973	3,348	3,195
Student services	2,486	2,444	2,250	2,067
Institutional support	4,155	3,764	3,610	3,639
Operation and maintenance of plant	4,525	4,770	4,016	4,358
Scholarships and fellowships	5,308	3,120	2,213	1,819
Auxiliary enterprises	2,244	2,569	2,510	2,172
Depreciation	1,102	1,110	1,054	985
<b>Total Operating Expenses</b>	<b>40,095</b>	<b>38,920</b>	<b>36,292</b>	<b>33,062</b>
<b>Nonoperating Expenses:</b>				
Interest on capital related debt	801	823	851	885
<b>Total Expenses</b>	<b>\$ 40,896</b>	<b>\$ 39,743</b>	<b>\$ 37,143</b>	<b>\$ 33,947</b>

	For the Years Ended August 31, (amounts expressed in percentages)			
	2011	2010	2009	2008
<b>Operating Expenses:</b>				
Instruction	40.53%	42.85%	46.19%	43.24%
Public service	0.35%	0.35%	0.36%	0.43%
Academic support	8.69%	10.00%	9.01%	9.41%
Student services	6.08%	6.15%	6.06%	6.09%
Institutional support	10.16%	9.47%	9.72%	10.72%
Operation and maintenance of plant	11.06%	12.00%	10.81%	12.84%
Scholarships and fellowships	12.98%	7.86%	5.96%	5.36%
Auxiliary enterprises	5.49%	6.46%	6.76%	6.40%
Depreciation	2.69%	2.79%	2.84%	2.90%
<b>Total Operating Expenses</b>	<b>98.04%</b>	<b>97.93%</b>	<b>97.71%</b>	<b>97.39%</b>
<b>Nonoperating Expenses:</b>				
Interest on capital related debt	1.96%	2.07%	2.29%	2.61%
<b>Total Expenses</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

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

	2007	2006	2005	2004	2003	2002
\$	15,564	\$ 12,847	\$ 12,286	\$ 11,168	\$ 10,398	\$ 10,298
	236	221	207	173	212	200
	3,146	3,146	2,925	2,827	2,547	2,417
	1,934	1,845	1,649	1,700	1,575	1,665
	3,021	2,962	2,716	2,831	3,468	3,466
	2,950	2,580	2,370	2,218	2,281	2,195
	1,645	1,948	1,723	1,473	1,459	1,172
	2,052	1,975	2,125	2,103	1,855	2,181
	589	586	632	588	582	684
	<u>31,137</u>	<u>28,110</u>	<u>26,633</u>	<u>25,081</u>	<u>24,377</u>	<u>24,278</u>
	914	939	77	90	103	114
\$	<u>32,051</u>	<u>29,049</u>	<u>26,710</u>	<u>25,171</u>	<u>24,480</u>	<u>24,392</u>

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

	2007	2006	2005	2004	2003	2002
	48.56%	44.23%	46.00%	44.37%	42.48%	42.22%
	0.74%	0.76%	0.77%	0.69%	0.87%	0.82%
	9.82%	10.83%	10.95%	11.23%	10.40%	9.91%
	6.03%	6.35%	6.17%	6.75%	6.42%	6.83%
	9.43%	10.20%	10.17%	11.25%	14.17%	14.21%
	9.20%	8.87%	8.87%	8.81%	9.32%	9.00%
	5.13%	6.71%	6.45%	5.85%	5.96%	4.80%
	6.40%	6.80%	7.96%	8.35%	7.58%	8.94%
	1.84%	2.02%	2.37%	2.34%	2.38%	2.80%
	<u>97.15%</u>	<u>96.77%</u>	<u>99.71%</u>	<u>99.64%</u>	<u>99.58%</u>	<u>99.53%</u>
	2.85%	3.23%	0.29%	0.36%	0.42%	0.47%
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

# ALVIN COMMUNITY COLLEGE

## TUITION AND FEES

Last Ten Academic Years

Academic Year (Fall)	Resident Fees per Semester Credit Hour (SCH)			Resident Fees per Semester	
	In-District Tuition	Out-of- District Tuition	General Service Fee	Registration Fee (per Student)	Technology Fee
2010	\$ 36	\$ 72	\$ 5	\$ 21	\$ 45
2009	32	65	5	21	40
2008	30	58	5	21	30
2007	30	58	5	21	30
2006	28	54	5	21	30
2005	28	54	5	21	30
2004	26	52	5	21	30
2003	26	52	5	21	30
2002	18	36	5	21	30
2001	16	32	5	20	30

Academic Year (Fall)	Resident Fees per Semester Credit Hour (SCH)			Resident Fees per Semester	
	Non-Resident Tuition Out of State	Non-Resident Tuition International	General Service Fee	Registration Fee (per Student)	Technology Fee
2010	\$ 130	\$ 130	\$ 5	\$ 21	\$ 45
2009	110	110	5	21	40
2008	110	110	5	21	30
2007	110	110	5	21	30
2006	110	110	5	21	30
2005	110	110	5	21	30
2004	96	96	5	21	30
2003	96	96	5	21	30
2002	50	50	5	21	30
2001	50	50	5	20	30

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

Resident Fees per Semester
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Student Activity Fee	Security Fee	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Year In-District	Increase from Prior Year Out-of-District
\$ 22	\$ 20	\$ 610	\$ 1,042	11.52%	9.34%
22	20	547	953	8.75%	13.59%
22	10	503	839	1.00%	0.60%
17	10	498	834	5.06%	6.11%
17	10	474	786	0.00%	0.00%
17	10	474	786	5.33%	3.15%
17	10	450	762	0.00%	0.00%
17	10	450	762	27.12%	33.68%
17	10	354	570	7.93%	9.62%
16	10	328	520	0.00%	4.84%

Resident Fees per Semester
-------------------------------

Student Activity Fee	Security Fee	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Year In-District	Increase from Prior Year Out-of-District
\$ 22	\$ 20	\$ 1,738	\$ 1,738	17.19%	17.19%
22	20	1,483	1,483	1.37%	1.37%
22	10	1,463	1,463	0.34%	0.34%
17	10	1,458	1,458	0.00%	0.00%
17	10	1,458	1,458	0.00%	0.00%
17	10	1,458	1,458	13.02%	13.02%
17	10	1,290	1,290	0.00%	0.00%
17	10	1,290	1,290	74.80%	74.80%
17	10	738	738	0.27%	0.27%
16	10	736	736	0.00%	0.00%

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

(Amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Assessed Valuation of Property</u>	<u>Less Exemptions</u>	<u>Taxable Assessed Value (TAV)</u>	<u>Ratio of Taxable Assessed Value to Assessed Value</u>
2010-11	\$ 6,898,889	\$ 1,187,556	\$ 5,711,333	\$ 82.79%
2009-10	6,905,533	1,044,338	5,861,195	84.88%
2008-09	6,728,205	916,132	5,812,073	86.38%
2007-08	6,020,738	843,423	5,177,315	85.99%
2006-07	5,164,489	718,678	4,445,811	86.08%
2005-06	4,433,472	654,631	3,778,841	85.23%
2004-05	3,775,034	627,574	3,147,460	83.38%
2003-04	3,281,498	537,287	2,744,211	83.63%
2002-03	3,152,192	592,291	2,559,901	81.21%
2001-02	3,090,946	493,718	2,597,228	84.03%

Source: Local Appraisal District

Notes: Property is assessed at full market value.

(a) per \$100 Taxable Assessed Valuation



Direct Rate

<u>Maintenance &amp; Operations</u>	<u>Debt Service</u>	<u>Total</u>
(a)	(a)	(a)
0.174867	0.024963	0.199830
0.176312	0.023518	0.199830
0.177329	0.022503	0.199832
0.186741	0.023539	0.210280
0.193221	0.026300	0.219521
0.208306	0.029249	0.237555
0.240561	-	0.240561
0.254766	-	0.254766
0.255300	-	0.255300
0.241100	-	0.241100

**ALVIN COMMUNITY COLLEGE**  
**STATE APPROPRIATION PER FTSE AND CONTACT HOUR**  
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>State Appropriation</u>	<u>Appropriation per FTSE</u>		<u>Appropriation per Contact Hour</u>
		<u>FTSE (a)</u>	<u>State Appropriation per FTSE</u>	<u>Academic Contact Hours (a)</u>
2010-11	\$ 10,373	\$ 7,621	\$ 1,361	\$ 1,503
2009-10	10,438	7,790	1,340	1,461
2008-09	10,996	6,778	1,622	1,032
2007-08	10,904	6,425	1,697	1,140
2006-07	10,353	6,500	1,593	1,158
2005-06	10,342	6,753	1,531	1,152
2004-05	10,128	6,844	1,480	1,226
2003-04	10,001	7,134	1,402	1,245
2002-03	9,898	7,620	1,299	1,315
2001-02	10,355	6,594	1,570	1,216

## Notes:

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

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

Appropriation per Contact Hour

<u>Voc/Tech Contact Hours (a)</u>	<u>Total Contact Hours</u>	<u>State Appropriation per Contact Hour</u>
905	2,408	\$ 4.31
1,011	2,472	4.22
978	1,978	5.56
978	2,118	5.15
903	2,061	5.02
861	2,013	5.14
881	2,107	4.81
889	2,133	4.69
928	2,243	4.41
863	2,079	4.98

**ALVIN COMMUNITY COLLEGE**  
**PRINCIPAL TAXPAYERS**  
 Last Ten Tax Years

Taxpayer	Type of Business	Year (amounts expressed in thousands)		
		2010	2009	2008
Ineos USA LLC	petrochemical	\$ 442,249	\$ 418,260	\$ 428,791
Ascend Performance Materials	manufacturing	82,367	-	-
Denbury Onshore LLC	oil & gas	103,859	-	112,253
Innovene USA LLC	petrochemical	-	-	-
BP Amoco Chemicals	petrochemical	-	-	-
Solutia, Inc.	petrochemical	-	-	198,216
Equistar Chemicals LP	petrochemical	-	-	72,131
Innovene LLC	petrochemical	-	-	-
Novus International Inc	agriculture	55,390	53,501	53,767
Schlumberger Well Svcs	oilfield services	37,026	35,471	63,885
Center Point Energy	utility	36,014	-	-
Huntsman Petrochemical Corp	petrochemical	58,560	40,949	-
Tex Cal Energy LLC	utility	-	-	-
Amreit SPF Shadow Creek LP	investment	41,007	50,744	49,614
Monsanto Company	refinery	-	-	-
Southwestern Bell Telephone	utility	-	16,757	-
Perry Homes	real estate	-	-	-
Pearland Investments LTD PRT	real estate	31,697	35,554	41,742
Inland American Waterford LTD	real estate	-	17,125	-
Pearland Town Center LP	investment	66,933	67,661	75,533
Team Services Inc.	manufacturing	-	22,348	-
Noble Energy Incorporated	utility	-	-	-
IPOP Management Incorporated	oil & gas	-	-	-
Houston Lighting & Power Company	utility	-	-	-
Alvin Autoland, Incorporated	auto dealership	-	-	-
Phillips Petroleum Company	petrochemical	-	-	-
Zenergy Inc	oil & gas exploration	-	-	36,196
Oxy Petrochemical Incorporated	petrochemical	-	-	-
	<b>Totals</b>	<u>\$ 955,102</u>	<u>\$ 758,370</u>	<u>\$ 1,132,128</u>
	<b>Total Taxable Assessed Value</b>	<u>\$ 5,711,333</u>	<u>\$ 5,861,195</u>	<u>\$ 5,812,073</u>

Year  
(amounts expressed in thousands)

2007	2006	2005	2004	2003	2002	2001
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
507,006	340,150	-	-	-	-	-
-	-	433,628	397,875	438,328	468,289	530,588
202,162	197,715	192,821	205,158	199,753	210,044	231,330
171,509	202,509	176,080	153,498	157,676	145,163	208,344
-	129,186	-	-	-	-	-
54,174	57,935	55,660	54,456	55,993	57,352	56,298
70,395	58,735	49,425	33,254	-	-	-
32,024	34,895	36,413	28,405	24,804	-	-
22,082	24,274	22,578	19,929	22,051	22,622	23,896
69,738	26,369	-	-	-	-	-
-	-	-	-	-	-	-
-	-	21,313	20,941	22,356	23,967	24,845
-	-	19,190	19,228	21,756	26,234	25,305
-	-	17,989	-	-	-	-
26,876	-	-	25,311	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	30,239	-	-	19,442	-	-
-	-	-	-	17,144	20,881	20,860
-	-	-	-	-	21,648	19,479
-	-	-	-	-	11,749	-
-	-	-	-	-	-	11,362
-	-	-	-	-	-	-
68,176	-	-	-	-	-	-
<u>\$ 1,224,142</u>	<u>\$ 1,102,007</u>	<u>\$ 1,025,097</u>	<u>\$ 958,055</u>	<u>\$ 979,303</u>	<u>\$ 1,007,949</u>	<u>\$ 1,152,307</u>
<u>\$ 5,177,315</u>	<u>\$ 4,445,811</u>	<u>\$ 3,778,841</u>	<u>\$ 3,147,460</u>	<u>\$ 2,744,211</u>	<u>\$ 2,559,901</u>	<u>\$ 2,597,228</u>

# ALVIN COMMUNITY COLLEGE

## PRINCIPAL TAXPAYERS

Last Ten Tax Years

Taxpayer	Type of Business	Year		
		2010	2009	2008
Ineos USA LLC	petrochemical	7.74%	7.14%	7.38%
Ascend Performance Materials	manufacturing	1.44%	0.00%	0.00%
Denbury Onshore LLC	oil & gas exploration	1.82%	0.00%	1.93%
Innovene USA LLC	petrochemical	0.00%	0.00%	0.00%
BP Amoco Chemicals	petrochemical	0.00%	0.00%	0.00%
Solutia, Inc.	petrochemical	0.00%	0.00%	3.41%
Equistar Chemicals LP	petrochemical	0.00%	0.00%	1.24%
Innovene LLC	petrochemical	0.00%	0.00%	0.00%
Novus International Inc	agriculture	0.97%	0.91%	0.93%
Schlumberger Well Svcs	oilfield services	0.65%	0.61%	1.10%
Center Point Energy	utility	0.63%	0.00%	0.00%
Huntsman Petrochemical Corp	petrochemical	1.03%	0.70%	0.00%
Tex Cal Energy LLC	utility	0.00%	0.00%	0.00%
Amreit SPF Shadow Creek LP	investment	0.72%	0.87%	0.85%
Monsanto Company	refinery	0.00%	0.00%	0.00%
Southwestern Bell Telephone	utility	0.00%	0.29%	0.00%
Perry Homes	real estate	0.00%	0.00%	0.00%
Pearland Investments LTD PRT	real estate	0.55%	0.61%	0.72%
Inland American Waterford LTD	real estate	0.00%	0.29%	0.00%
Pearland Town Center LP	investment	1.17%	1.15%	1.30%
Team Services Inc.	manufacturing	0.00%	0.38%	0.00%
Noble Energy Incorporated	utility	0.00%	0.00%	0.00%
IPOP Management Incorporated	oil & gas	0.00%	0.00%	0.00%
Houston Lighting & Power Company	utility	0.00%	0.00%	0.00%
Alvin Autoland, Incorporated	auto dealership	0.00%	0.00%	0.00%
Phillips Petroleum Company	petrochemical	0.00%	0.00%	0.00%
Zenergy Inc	oil & gas exploration	0.00%	0.00%	0.62%
Oxy Petrochemical Incorporated	petrochemical	0.00%	0.00%	0.00%
		16.72%	12.94%	19.48%

Year						
2007	2006	2005	2004	2003	2002	2001
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9.79%	7.65%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	11.48%	12.64%	15.97%	18.29%	20.43%
3.90%	4.45%	5.10%	6.52%	7.28%	8.21%	8.91%
3.31%	4.56%	4.66%	4.88%	5.75%	5.67%	8.02%
0.00%	2.91%	0.00%	0.00%	0.00%	0.00%	0.00%
1.05%	1.30%	1.47%	1.73%	2.04%	2.24%	2.17%
1.36%	1.32%	1.31%	1.06%	0.00%	0.00%	0.00%
0.62%	0.78%	0.96%	0.90%	0.90%	0.00%	0.00%
0.43%	0.55%	0.60%	0.63%	0.80%	0.88%	0.92%
1.35%	0.59%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.56%	0.67%	0.81%	0.94%	0.96%
0.00%	0.00%	0.51%	0.61%	0.79%	1.02%	0.97%
0.00%	0.00%	0.48%	0.00%	0.00%	0.00%	0.00%
0.52%	0.00%	0.00%	0.80%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.68%	0.00%	0.00%	0.71%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.62%	0.82%	0.80%
0.00%	0.00%	0.00%	0.00%	0.00%	0.85%	0.75%
0.00%	0.00%	0.00%	0.00%	0.00%	0.46%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.44%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.32%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<u>23.64%</u>	<u>24.79%</u>	<u>27.13%</u>	<u>30.44%</u>	<u>35.69%</u>	<u>39.37%</u>	<u>44.37%</u>

# ALVIN COMMUNITY COLLEGE

## PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years  
(amounts expressed in thousands)

Fiscal Year Ended August 31	Total Tax Levy (a)	Collections Current Levy (b)	Percentage	Current Collections of Prior Levies (b)	Total Collections (c)	Percentage of Current Levy
2011	\$ 11,418	\$ 11,221	98.27%	\$ 354	\$ 11,575	101.38%
2010	11,722	11,497	98.08%	259	11,916	101.66%
2009	11,651	11,394	97.79%	291	11,830	101.54%
2008	10,891	10,625	97.56%	261	11,102	101.94%
2007	9,758	9,488	97.23%	271	9,969	102.16%
2006	8,973	8,722	97.20%	456	9,178	102.28%
2005	7,594	7,366	97.00%	412	7,778	102.42%
2004	7,003	6,766	96.62%	355	7,121	101.68%
2003	6,541	6,315	96.54%	349	6,664	101.88%
2002	6,244	6,045	96.81%	312	6,357	101.81%

Source: Local Tax Assessor/Collector and District records

(a) As of August 31st

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

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



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**ALVIN COMMUNITY COLLEGE****RATIOS OF OUTSTANDING DEBT**

Last Ten Fiscal Years

	For the Years Ended August 31, (amounts expressed in thousands)			
	2011	2010	2009	2008
General Bonded Debt:				
General obligation bonds	\$ 16,960	\$ 17,615	\$ 18,194	\$ 18,675
Notes				
Less: Funds restricted for debt service	(1,444)	(1,399)	(1,325)	(1,236)
Net general bonded debt	<u>15,516</u>	<u>16,216</u>	<u>16,869</u>	<u>17,439</u>
Revenue Bonds	-	-	-	302
Notes	-	-	-	-
<b>Total Outstanding Debt</b>	<u>\$ 15,516</u>	<u>\$ 16,216</u>	<u>\$ 16,869</u>	<u>\$ 17,741</u>

## General Bonded Debt Ratios:

Per capita				
Per student				
As a percentage of Taxable Assessed Value	0.02%	0.02%	0.02%	0.02%

## Total Outstanding Debt Ratios:

Per capita	517.20	540.53	562.33	591.37
Per student	2,217	2,317	2,410	2,534
As a percentage of Taxable Assessed Value	269.43%	276.67%	290.26%	342.67%

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

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

2007	2006	2005	2004	2003	2002
\$ 19,065	\$ 19,375	\$ -	\$ -	\$ -	\$ -
(1,174)	(1,105)	-	-	-	-
<u>17,891</u>	<u>18,270</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
584	849	1,099	1,332	1,552	1,760
-	-	68	141	208	271
<u>\$ 18,475</u>	<u>\$ 19,119</u>	<u>\$ 1,167</u>	<u>\$ 1,473</u>	<u>\$ 1,760</u>	<u>\$ 2,031</u>
0.03%	0.02%	0.00%	0.00%	0.00%	0.00%
615.83	637.30	38.91	50.78	62.85	72.54
2,639	2,731	167	210	220	290
415.56%	505.95%	37.08%	53.68%	68.75%	78.20%

**ALVIN COMMUNITY COLLEGE****LEGAL DEBT MARGIN INFORMATION**

Last Ten Fiscal Years

	For the Years Ended August 31, (amounts expressed in thousands)			
	2011	2010	2009	2008
Taxable Assessed Value	\$ 5,758,810	\$ 5,861,196	\$ 5,812,073	\$ 5,177,315
General Obligation Bonds:				
Statutory tax levy limit for debt service	28,794	29,306	29,060	30,104
Less: Funds restricted for repayment of general obligation bonds	(1,444)	(1,399)	(1,325)	(1,236)
<b>Total Net General Obligation Debt</b>	<u>27,350</u>	<u>27,907</u>	<u>27,735</u>	<u>28,868</u>
Current Year Debt Service Requirements	1,456	1,403	1,321	1,247
Excess of Statutory Limit for Debt Service over Current Requirements	<u>\$ 25,894</u>	<u>\$ 26,504</u>	<u>\$ 26,414</u>	<u>\$ 27,621</u>
Net Current Requirements as a % of Statutory Limit	0.04%	0.01%	-0.01%	0.04%

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

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

2007	2006	2005	2004	2003	2002
\$ 4,445,811	\$ 3,778,841	\$ 3,147,460	\$ 2,744,211	\$ 2,559,901	\$ 2,597,228
22,229	22,167	15,737	13,721	12,800	12,986
(1,174)	(1,105)	-	-	-	-
<u>21,055</u>	<u>21,062</u>	<u>15,737</u>	<u>13,721</u>	<u>12,800</u>	<u>12,986</u>
1,178	1,111	-	-	-	-
<u>\$ 19,877</u>	<u>\$ 19,951</u>	<u>\$ 15,737</u>	<u>\$ 13,721</u>	<u>\$ 12,800</u>	<u>\$ 12,986</u>
0.02%	0.03%	0.00%	0.00%	0.00%	0.00%

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

Last Ten Fiscal Years

Year	Revenue Bonds			Debt Service Requirement (in thousands)
	Technology Fee	General Services Fee	Total	Principal
2011	\$ -	\$ -	\$ -	\$ -
2010	-	-	-	-
2009	238,467	387,715	626,182	302,000
2008	230,855	380,244	611,099	282,000
2007	228,978	378,389	607,367	265,000
2006	227,218	377,139	604,357	250,000
2005	235,365	396,158	631,523	233,000
2004	238,762	405,130	643,892	220,000
2003	217,253	417,335	634,588	208,000
2002	217,336	364,167	581,503	192,000

Debt Service Requirements (in thousands)

<u>Interest</u>	<u>Total</u>	<u>Coverage Ratio</u>
\$ -	\$ -	-
-	-	-
9,815	311,815	2.01
28,654	310,654	1.97
46,026	311,026	1.95
62,123	312,123	1.94
76,863	309,863	2.04
90,288	310,288	2.08
102,703	310,703	2.04
114,155	306,155	1.90

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

Year	District Population	District Personal Income (a) (in Thousands)	District Personal Income Per Capita	District Unemployment Rate
2010	313,166	\$ (a)	\$ (a)	9.0%
2009	309,208	11,602,475 *	37,523 *	8.1%
2008	301,044	11,455,625 *	38,030 *	5.2%
2007	294,233	10,120,236	34,529	4.4%
2006	287,898	9,241,458	32,513	5.0%
2005	276,956	8,298,208	29,962	6.3%
2004	270,870	7,701,167	28,431	7.1%
2003	263,571	7,375,136	27,982	7.1%
2002	256,891	7,204,298	28,044	5.9%
2001	249,165	6,918,304	27,766	5.0%

## Sources:

Population from U.S. Bureau of the Census

Personal income from U.S. Bureau of Economic Analysis

Unemployment rate from Texas Workforce Commission

## Notes:

(a) Not yet available

\* Updated from last year



# ALVIN COMMUNITY COLLEGE

## PRINCIPAL EMPLOYERS

Current Fiscal Year

<u>Employer</u>	<u>Employees (1)</u>	<u>Employment (2)</u>
Ascend Performance Materials	1000+	0.86%
Dish Network Customer Call Center	500 - 999	0.86%
Wal-Mart Supercenter	500 - 999	0.86%
Ahi Supply Lp	100 - 499	0.34%
Alvin Autoland	100 - 499	0.34%
Alvin Community College	100 - 499	0.34%
Alvin High School	100 - 499	0.34%
Diversified Ceramics	100 - 499	0.34%
GTE Inc.	100 - 499	0.34%
House Calls Home Health	100 - 499	0.34%
Kroger	100 - 499	0.34%
Ron Carter Ford-Toyota-Jeep	100 - 499	0.34%
Ron Carter Used Cars Inc	100 - 499	0.34%
T & L Lease Svc	100 - 499	0.34%
Team Engineering	100 - 499	0.34%
Team Industrial Svc Inc	100 - 499	0.34%
Teco Manufacturing Inc	100 - 499	0.34%
YMCA	100 - 499	0.34%
	<u>3,500 - 10,483+</u>	<u>7.68%</u>

Source:

(1) Texas Workforce Commission - SOCRATES, Employer Search

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

Note:

Percentages are calculated using the midpoints of the ranges.

Alvin ISD split all campuses apart in TWC this year and as such did not make this list.

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Faculty				
Full-Time	109	108	108	103
Part-Time	180	199	171	153
<b>Total</b>	<u>289</u>	<u>307</u>	<u>279</u>	<u>256</u>
Faculty				
Full-Time	37.7%	35.2%	38.7%	40.2%
Part-Time	62.3%	64.8%	61.3%	59.8%
Staff and Administrators				
Full-Time	163	169	162	169
Part-Time	54	47	46	45
<b>Total</b>	<u>217</u>	<u>216</u>	<u>208</u>	<u>214</u>
Faculty				
Full-Time	75.1%	78.2%	77.9%	79.0%
Part-Time	24.9%	21.8%	22.1%	21.0%
FTSE per Full-time Faculty	58.9	59.5	59.5	62.4
FTSE per Full-Time Staff Member	39.4	38.0	39.7	38.0
Average Annual Faculty Salary	\$ 57,416	\$ 54,458	\$ 54,064	\$ 52,518

2007	2006	2005	2004	2003	2002
100	100	96	93	93	91
168	145	152	161	162	153
<u>268</u>	<u>245</u>	<u>248</u>	<u>254</u>	<u>255</u>	<u>244</u>
37.3%	40.8%	38.7%	36.6%	36.5%	37.3%
62.7%	59.2%	61.3%	63.4%	63.5%	62.7%
154	158	154	149	145	143
54	56	42	42	35	45
<u>208</u>	<u>214</u>	<u>196</u>	<u>191</u>	<u>180</u>	<u>188</u>
74.0%	73.8%	78.6%	78.0%	80.6%	76.1%
26.0%	26.2%	21.4%	22.0%	19.4%	23.9%
65.0	67.5	71.3	76.7	81.9	72.5
42.2	42.7	44.4	47.9	52.6	46.1
\$ 50,978	\$ 50,700	\$ 52,526	\$ 49,960	\$ 48,973	\$ 46,202

**ALVIN COMMUNITY COLLEGE****ENROLLMENT DETAILS**

Last Five Fall Semesters

Student Classification	Fall 2010		Fall 2009	
	Number	Percent	Number	Percent
0-30 hours	3,947	68.99%	3,629	69.94%
31-60 hours	981	17.15%	874	16.84%
> 60 hours	793	13.86%	686	13.22%
<b>Total</b>	<b>5,721</b>	<b>100.00%</b>	<b>5,189</b>	<b>100.00%</b>

Semester Hour Load	Fall 2010		Fall 2009	
	Number	Percent	Number	Percent
Less than 3	155	2.71%	806	15.53%
3-5 semester hours	1,555	27.18%	1,199	23.11%
6-8 Semester hours	1,512	26.43%	1,154	22.24%
9-11 semester hours	1,071	18.72%	652	12.57%
12-14 semester hours	1,064	18.60%	1,011	19.48%
15-17 semester hours	248	4.33%	283	5.45%
18 & over	116	2.03%	84	1.62%
<b>Total</b>	<b>5,721</b>	<b>100.00%</b>	<b>5,189</b>	<b>100.00%</b>

Average course load

Tuition Status	Fall 2010		Fall 2009	
	Number	Percent	Number	Percent
Texas Resident (in-District)	2,603	45.50%	2,386	45.98%
Texas Resident (out-of-District)	2,963	51.79%	2,737	52.75%
Non-Resident Tuition	73	1.28%	66	1.27%
Tuition Exemption - TX Resident	82	1.43%	-	-
<b>Total</b>	<b>5,721</b>	<b>100.00%</b>	<b>5,189</b>	<b>100.00%</b>

Fall 2008		Fall 2007		Fall 2006	
Number	Percent	Number	Percent	Number	Percent
3,218	74.01%	2,664	65.12%	2,631	66.06%
713	16.40%	812	19.85%	831	20.86%
417	9.59%	615	15.03%	521	13.08%
4,348	100.00%	4,091	100.00%	3,983	100.00%

Fall 2008		Fall 2007		Fall 2006	
Number	Percent	Number	Percent	Number	Percent
885	20.35%	34	0.83%	21	0.53%
911	20.95%	1,089	26.62%	523	13.13%
962	22.13%	1,110	27.13%	1,079	27.09%
685	15.75%	817	19.97%	709	17.80%
678	15.59%	772	18.87%	1,167	29.30%
173	3.98%	199	4.86%	385	7.34%
54	1.24%	70	1.71%	99	2.33%
4,348	100.00%	4,091	100.00%	3,983	97.52%

Fall 2008		Fall 2007		Fall 2006	
Number	Percent	Number	Percent	Number	Percent
2,001	46.02%	1,899	46.42%	1,896	47.60%
2,291	52.69%	2,143	52.38%	2,049	51.44%
56	1.29%	49	1.20%	38	0.95%
-	-	-	-	-	-
4,348	100.00%	4,091	100.00%	3,983	100.00%

**ALVIN COMMUNITY COLLEGE**  
**STUDENT PROFILE**  
 Last Five Fall Semesters

Student Classification	Fall 2010		Fall 2009	
	Number	Percent	Number	Percent
Female	3,141	54.90%	2,886	55.62%
Male	2,580	45.10%	2,303	44.38%
<b>Total</b>	<b>5,721</b>	<b>100.00%</b>	<b>5,189</b>	<b>100.00%</b>

Semester Hour Load	Fall 2010		Fall 2009	
	Number	Percent	Number	Percent
White	4,609	65.44%	3,098	59.70%
Hispanic**	1,446	20.53%	1,290	24.86%
African American	572	8.12%	515	9.92%
Asian	247	3.51%	205	3.95%
Foreign	37	0.53%	22	0.42%
Native American	64	0.91%	37	0.71%
Native Hawaiian/ Pacific Islander	11	0.16%	-	-
Unknown	57	0.81%	22	0.42%
<b>Total</b>	<b>7,043</b>	<b>100.00%</b>	<b>5,189</b>	<b>100.00%</b>

Tuition Status	Fall 2010		Fall 2009	
	Number	Percent	Number	Percent
Under 18	1,422	24.86%	1,337	25.77%
18 -21	1,804	31.53%	1,710	32.95%
22 - 24	567	9.91%	526	10.14%
25 - 35	1,171	20.47%	945	18.21%
36 - 50	635	11.10%	560	10.79%
51 & over	122	2.13%	111	2.14%
<b>Total</b>	<b>5,721</b>	<b>100.00%</b>	<b>5,189</b>	<b>100.00%</b>

Average Age 24 24

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

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

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

Fall 2006	
Number	Percent
2,193	55.06%
1,790	44.94%
3,983	100.00%

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

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

Fall 2006	
Number	Percent
2,679	67.26%
874	21.94%
293	7.36%
94	2.36%
24	0.60%
19	0.48%
-	-
-	-
3,983	100.00%

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

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

Fall 2006	
Number	Percent
426	10.70%
1,495	37.53%
523	13.13%
888	22.29%
550	13.81%
101	2.54%
3,983	100.00%

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# ALVIN COMMUNITY COLLEGE

## TRANSFERS TO SENIOR INSTITUTIONS

700 Fall Students as of Fall 2010

(Included only Public Senior Colleges in Texas)

	Transfer Student Count <u>Academic</u>	Transfer Student Count <u>Technical</u>	Transfer Student Count <u>Tech-Prep</u>	Total of All Sample Transfer Students	% of All Sample Transfer Students	
1	Angelo State University	3	-	-	3	0.43%
2	Lamar University	11	-	-	11	1.57%
3	Midwestern State University	4	-	-	4	0.57%
4	Prairie View A&M University	9	1	-	10	1.43%
5	Sam Houston State University	45	-	3	48	6.86%
6	Stephen F. Austin State University	29	-	-	29	4.14%
7	Sul Ross State University	1	-	-	1	0.14%
8	Tarleton State University	2	-	-	2	0.29%
9	Texas A&M International University	1	-	-	1	0.14%
10	Texas A&M University	103	1	2	106	15.14%
11	Texas A&M University - Corpus Christi	5	-	-	5	0.71%
12	Texas A&M University - Kingsville	7	-	-	7	1.00%
13	Texas A&M University at Galveston	16	-	1	17	2.43%
14	Texas Southern University	11	-	-	11	1.57%
15	Texas State University	29	-	1	30	4.29%
16	Texas Tech University	17	-	-	17	2.43%
17	Texas Woman's University	8	-	-	8	1.14%
18	The University of Texas - Pan American	1	-	-	1	0.14%
19	The University of Texas at Arlington	5	-	-	5	0.71%
20	The University of Texas at Austin	59	-	-	59	8.43%
21	The University of Texas at Dallas	5	-	-	5	0.71%
22	The University of Texas at San Antonio	31	-	-	31	4.43%
23	The University of Texas at Tyler	3	-	-	3	0.43%
24	The University of Texas of the Permian Basin	1	-	-	1	0.14%
25	University of Houston	97	3	2	102	14.57%
26	University of Houston - Downtown	2	1	1	4	0.57%
27	University of Houston at Clear Lake	144	5	1	150	21.43%
28	University of Houston at Victoria	5	1	-	6	0.86%
29	University of North Texas	5	-	-	5	0.71%
30	West Texas A&M University	2	-	-	2	0.29%
31	Texas Tech University Health Sciences Center	1	-	-	1	0.14%
32	The University of Texas Health Science Center at Houston	2	-	-	2	0.29%
33	The University of Texas M.D. Anderson Cancer Center	1	-	-	1	0.14%
34	The University of Texas Medical Branch at Galveston	10	2	-	12	1.71%
	<u>675</u>	<u>14</u>	<u>11</u>	<u>700</u>	<u>100.00%</u>	



**ALVIN COMMUNITY COLLEGE**  
**SCHEDULE OF CAPITAL ASSET INFORMATION**  
 Fiscal Years 2007 to 2011

	2011	2010	2009	2008	2007
Academic buildings	12	12	12	10	9
Square footage (in thousands)	311	311	311	305	207
Libraries	1	1	1	1	1
Square footage (in thousands)	12	12	12	12	12
Number of Volumes (in thousands)	12	11	18	18	17
Administrative and support buildings	3	3	3	3	3
Square footage (in thousands)	13	13	13	13	13
Dormitories	-	-	-	-	-
Square footage (in thousands)	-	-	-	-	-
Number of Beds	-	-	-	-	-
Apartments	-	-	-	-	-
Square footage (in thousands)	-	-	-	-	-
Number of beds	-	-	-	-	-
Dining Facilities	1	1	1	1	1
Square footage (in thousands)	5	5	5	5	5
Average daily customers	150	200	200	200	200
Athletic Facilities	8	8	8	5	5
Square footage (in thousands)	22	22	22	22	22
Stadiums	0	0	0	0	0
Gymnasiums	1	1	1	1	1
Fitness Centers	1	1	1	1	1
Tennis Courts	6	6	6	3	3
Plant facilities	1	1	1	1	1
Square footage (in thousands)	18	18	18	18	18
Transportation:					
Cars	6	7	7	7	7
Light Trucks/Vans	9	9	11	9	9
Buses	2	3	3	3	3

