



**Comprehensive Annual Financial Report**  
**For the fiscal years ended August 31, 2014 and 2013**

**Austin Community College District**  
**Texas**

Austin Community College District  
Austin, Texas

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
For the Fiscal Years Ended August 31, 2014 and 2013

Prepared by  
Business Services  
Austin Community College District

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# Introductory Section

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**TABLE OF CONTENTS**

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	<u>PAGE</u>	<u>EXHIBIT</u>
<b>INTRODUCTORY SECTION</b>		
Table of Contents.....	i-iii	
Board of Trustees and Key Officers .....	iv	
Organizational Chart .....	v	
Letter of Transmittal .....	vi-xi	
Certificate of Achievement for Excellence in Financial Reporting .....	xii	
<b>FINANCIAL SECTION</b>		
Report of Independent Certified Public Accountants .....	1-3	
Management’s Discussion and Analysis (Unaudited) .....	4-16	
<u>Basic Financial Statements</u>		
Statements of Net Position.....	17-18	1
Statements of Financial Position – ACC Foundation .....	19	1A
Statements of Revenues, Expenses and Changes in Net Position .....	20	2
Statements of Activities – ACC Foundation.....	21	2A
Statements of Cash Flows .....	22-23	3
Notes to the Basic Financial Statements .....	24-72	
<u>SCHEDULES</u>		
<u>Required Supplemental Information</u>		
Schedule of Funding Progress .....	73	
Schedule of Operating Revenues.....	74	A
Schedule of Operating Expenses by Object .....	75	B
Schedule of Non-Operating Revenues and Expenses.....	76	C
Schedule of Net Position by Source and Availability.....	77	D

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**TABLE OF CONTENTS**

---

	<u>PAGE</u>	<u>SCHEDULES</u>
<b>STATISTICAL SECTION (Unaudited)</b>		
Net Position by Component .....	79	
Revenues by Source .....	80	
Program Expenses by Function .....	81	
Tuition and Fees .....	82	
State Appropriations per FTSE and Contact Hour .....	83	
Assessed Value and Taxable Assessed Value of Property .....	84	
Principal Taxpayers .....	85-86	
Property Tax Levies and Collections .....	87	
Ratios of Outstanding Debt .....	88	
Legal Debt Margin Information .....	89-90	
Pledged Revenue Coverage .....	91	
Demographic and Economic Statistics .....	92	
Principal Employers .....	93-94	
Faculty, Staff, and Administrators Statistics .....	95	
Enrollment Details.....	96-97	
Student Profile .....	98-99	
Transfers to Senior Institutions .....	100	
Capital Asset Information .....	101	

**AUSTIN COMMUNITY COLLEGE DISTRICT  
Austin, Texas**

**TABLE OF CONTENTS**

---

	<u>PAGE</u>	<u>SCHEDULES</u>
<b>FEDERAL SINGLE AUDIT SECTION</b>		
Report Of Independent Certified Public Accountants On Internal Control Over Financial Reporting And On Compliance And Other Matters Required By <i>Government Auditing Standards</i> .....	102-103	
Report Of Independent Certified Public Accountants On Compliance For Each Major Federal Program And On Internal Control Over Compliance Required By OMB Circular A-133.....	104-105	
Schedule of Expenditures of Federal Awards.....	106-107	E
Notes to the Schedule of Expenditures of Federal Awards.....	108	
Schedule of Federal Findings and Questioned Costs.....	109-111	
<b>STATE SINGLE AUDIT SECTION</b>		
Report of Independent Certified Public Accountants on Compliance For Its Major State Program and on Internal Control Over Compliance Required By The State of Texas Single Audit Circular .....	112-113	
Schedule of Expenditures of State Awards .....	114	F
Notes to the Schedule of Expenditures of State Awards .....	115	
Schedule of State Findings and Questioned Costs .....	116-117	

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**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**BOARD OF TRUSTEES AND KEY OFFICERS**  
**August 31, 2014**

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**BOARD OF TRUSTEES**

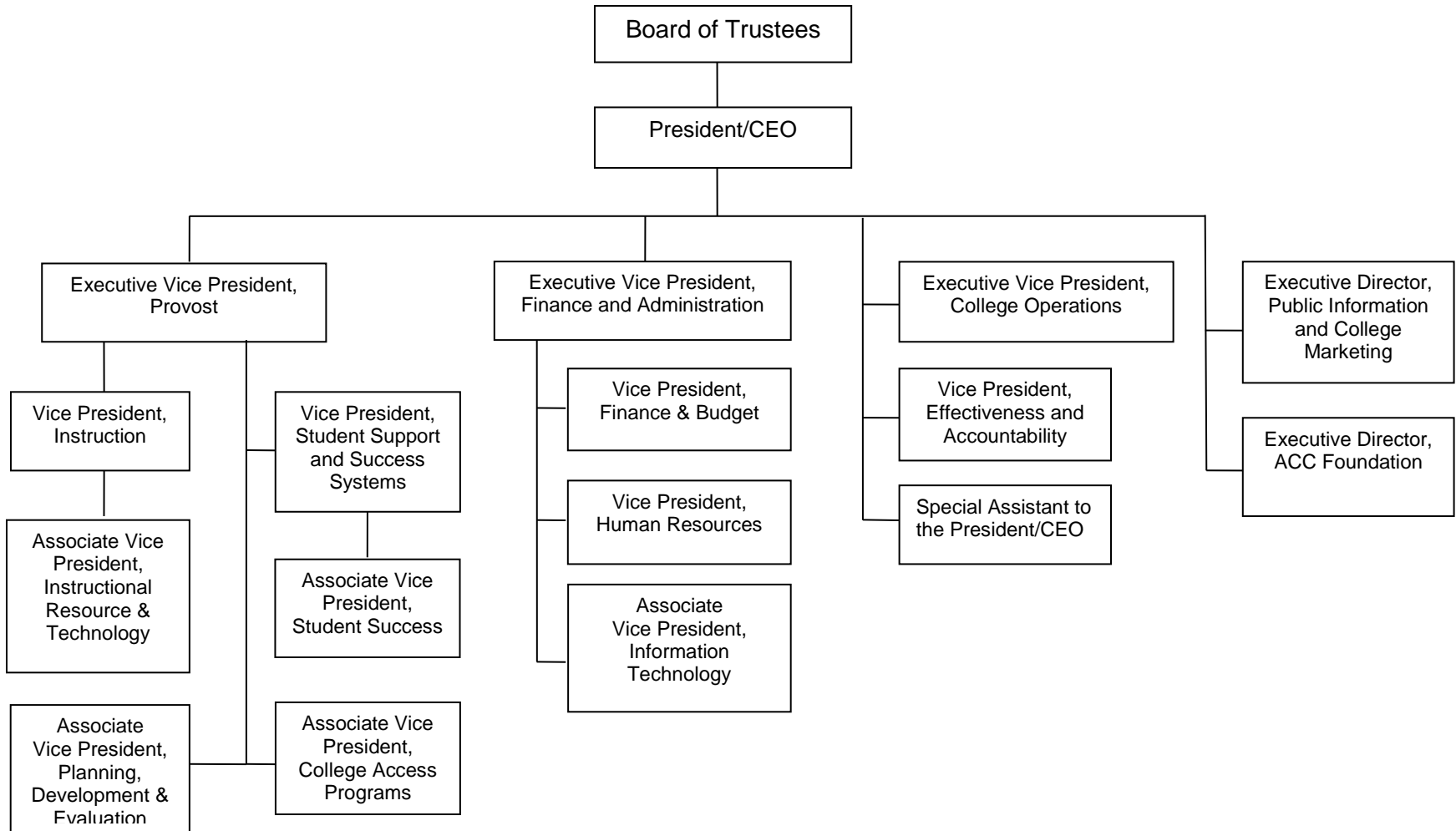
<b><u>Place #</u></b>	<b><u>Members</u></b>	<b><u>Term Expires</u></b>
1	Mr. Tim Mahoney	November 2014
2	Mr. John Michael-Cortez	November 2014
3	Ms. Nan McRaven,	November 2014
4	Mr. Jeffrey Richard, Chair	November 2016
5	Dr. Victor Villarreal, Vice Chair	November 2016
6	Ms. Guadalupe Sosa, Secretary	November 2016
7	Dr. Barbara Mink	November 2018
8	Dr. Betty Hwang	November 2018
9	Mr. Allen Kaplan	November 2018

**KEY OFFICERS**

<b><u>Name</u></b>	<b><u>Title</u></b>
Dr. Richard Rhodes, CPA	President/CEO
Dr. Charles Cook	Executive Vice President, Provost
Mr. Ben Ferrell, CPA	Executive Vice President, Finance and Administration
Dr. Mary Hensley	Executive Vice President, College Operations
Mr. Mike Midgley, CPA	Vice President, Instruction
Mr. Neil Vickers, CPA	Vice President, Finance & Budget
Ms. Gerry Tucker	Vice President, Human Resources
Vacant	Vice President, Student Support and Success Systems
Ms. Soon Merz	Vice President, Effectiveness and Accountability
Dr. Stephanie Hawley	Associate Vice President, College Access Programs
Mr. Stan Gunn	Associate Vice President, Information Technology
Dr. Richard Armenta	Associate Vice President, Student Success
Dr. Mary Harris	Associate Vice President, Planning, Development, and Evaluation
Ms. Brette Lea	Executive Director, Public Information and College Marketing
Ms. Stephanie Dempsey	Executive Director, ACC Foundation
Dr. Molly Beth Malcolm	Special Assistant to the President/CEO

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**ORGANIZATIONAL CHART**  
**August 31, 2014**



December 18, 2014

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

Dear Board Members and President:

The following comprehensive annual financial report of the Austin Community College District (“the College”) for the fiscal year ended August 31, 2014, is hereby submitted. Responsibility for the preparation and integrity of the financial information, and the completeness and fairness of the presentation, including all disclosures, rests with the College. The financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) as established by the Financial Accounting Standards Board (FASB) and the Governmental Accounting Standards Board (GASB) and comply with Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges as set forth by the Texas Higher Education Coordinating Board (THECB). The Notes to the Basic Financial Statements are provided in the financial section and are considered essential to fair presentation and adequate disclosure for this financial report. The notes include the Summary of Significant Accounting Policies for the College and other necessary disclosures of important matters relating to the financial position of the College. The notes are treated as an integral part of the financial statements and should be read in conjunction with them.

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

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

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

## ***Governmental Structure***

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

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

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

## ***Service Area***

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

## ***Vision, Values, and Mission***

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

**Value Statements:** These are the core values that guide the Austin Community College District’s internal and external interactions with each other and our community:

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

***Mission Statement:*** The Austin Community College District values and respects each individual student. We promote student success and improve communities by providing affordable access, through traditional and distance learning modes to higher education and workforce training in the eight-county service area.

### ***Economic Condition and Outlook***

The College's service area is located in Central Texas, about 150 miles inland from the Gulf of Mexico. According to the US Census Bureau, the estimated 2013 population of the Austin-Round Rock-San Marcos MSA was 1,883,051, an increase of 9.6 percent since 2010. Growth in these counties is expected to continue at this rate or faster in the future. Austin is the state capital, and consequently 22 percent of its workforce is employed by government agencies. The remainder of the counties' economic base consists of manufacturing, computer technology, and trade and service industries.

The Austin-Round Rock-San Marcos MSA continues to outpace the national averages in economic indicators. According to the Texas Workforce Commission, the Austin-Round Rock MSA civilian workforce increased 4.6 percent from 982,713 in 2013 to 1,027,837 in 2014. The unemployment rate in 2014 was 4.6 percent, which is lower than the statewide unemployment rate of 5.5 percent, and significantly lower than the national unemployment rate of 6.3 percent. According to the US Census, residents of the Austin-Round Rock-San Marcos MSA are typically well educated, with 40.6 percent of the workforce population age 25 or older possessing a bachelor's degree or higher.

During the past five years, the College's financial condition has been stable. The College weathered the Great Recession, state funding cuts, and extremely volatile enrollments, while slightly increasing its unrestricted net position from \$20.7 million to \$22.0 million over that time. This stability is due to a commitment from the Board and administration to sound financial planning and budget performance. The College has increased its use of long-term planning and financial forecasting which has improved the decision-making process. Now, the local economy seems to be in full economic recovery, including very low unemployment and a strong real estate market. While low unemployment usually has a negative impact on community college enrollments, any negative financial impacts for lower enrollments should be more than offset by increases in ad valorem taxes and stability in State funding.

While recently stable, State funding continues to be a concern. The State reduced the College's 2010-2011 appropriations by 7.5 percent. Additionally, there was a 10 percent reduction for the 2012-2013 biennium. The current funding rate is significantly less per contact hour than the College was receiving in 2000. Although some of these cuts were restored for the 2014-2015 biennium, the current funding rates are still below Pre-2010 levels. The College is committed to the legislative process and will continue to work with State leaders to inform them of the crucial role of community colleges for the State's economic and social well-being. At the same time, the College will continue to take steps to mitigate the impact of State appropriations on the College's fiscal stability.

## ***Financial Planning and Budgeting***

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

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

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

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

The College has completed all of the above recommendations, including item 6, which is the development of individual campus master plans for all of the existing campuses. These plans address the potential expansions and needed renovations at each campus in order to meet future enrollment projections. In November 2014, the voters passed a \$386 million bond referendum which will provide funding to implement the projects identified in item 6 above.

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

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

The combined use of these three planning devices allows the College to develop funding strategies to meet its future expenditure needs and maintain a strong financial balance. Thanks to the College's commitment to planning, in the last five years the College has met the demands of both enrollment increases and increased programs and services for students, while nonetheless maintaining a balanced fiscal position.

## ***Major Initiatives***

The College has devoted significant time and effort to planning for the future. During 2013 the College developed a new academic master plan and continued progress with its current facilities master plan in order to meet the State's *Closing the Gaps* initiative of increasing participation in higher education. The College has clearly emerged as the regional leader in the *Closing the Gaps* effort to promote economic development through an educated workforce.

Major initiatives that highlighted 2014 include:

- Completion of the Highland Mall Phase 1 which began operations in the Fall of 2014. Phase 1 includes over 200,000 sq. ft. of space, paving the way for a state-of-the-art learning environment and center for community and business partnerships, expanding educational opportunities for all Central Texans.
- Completion of the new Hays Campus which opened in the Spring 2014. The Hays Campus will provide comprehensive educational services to the southernmost portion of the service area.
- Opening of the new Elgin Campus which will provide comprehensive educational services to the easternmost portion of the service area.

The College is moving ahead with significant plans for expansion, thanks to its community support, and it expects to maintain its role as a major source of post-secondary education and economic development in the Central Texas region. For 2015 the College plans to further develop its strategic academic and facilities planning for the region.

## ***Independent Audit***

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

## ***Awards***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Austin Community College District for its comprehensive annual financial report for the fiscal year ended August 31, 2013. This was the tenth consecutive year that the College has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

**Acknowledgements**

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

Respectively submitted,



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



---

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





Government Finance Officers Association

Certificate of  
Achievement for  
Excellence in  
Financial  
Reporting

Presented to

Austin Community College District  
Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

August 31, 2013

Executive Director/CEO

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# Financial Section



## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees  
Austin Community College District

**Grant Thornton LLP**  
1717 Main Street, Suite 1800  
Dallas, TX 75201-4667  
**T** 214.561.2300  
**F** 214.561.2370  
GrantThornton.com  
[linkd.in/GrantThorntonUS](http://linkd.in/GrantThorntonUS)  
[twitter.com/GrantThorntonUS](https://twitter.com/GrantThorntonUS)

### **Report on the financial statements**

We have audited the accompanying financial statements of the Austin Community College District (the "District") as of and for the years ended August 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. We did not audit the financial statements of Austin Community College Foundation, which represents the discretely presented component unit of the District. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for that component unit, is based on the report of other auditors.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of August 31, 2014 and 2013, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other matters**

#### ***Required supplementary information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 16 and the Schedule of Funding Progress on page 73 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards and the Schedule of Expenditures of State Awards for the year ended August 31, 2014, 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 on pages 102 through 103 and page 119 respectively, and the Texas Higher Education Coordinating Board ("THECB") supplemental schedules on pages 74 through 77, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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***Other information***

The introductory section, statistical section and supplementary financial information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

***Other reporting required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report, dated December 18, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

GRANT THORNTON LLP

Dallas, Texas

December 18, 2014



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

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(UNAUDITED)**

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**Financial Statement Analysis and Overview**

The following discussion and analysis of the Austin Community College District's ("the College") annual financial statements provides an overview of the College's financial activities for the years ended August 31, 2014 (Fiscal Year 2014), 2013 (Fiscal Year 2013), and 2012 (Fiscal Year 2012), and identifies changes in its financial position for these years. In conformity with Government Accounting Standards Board (GASB) Statement No. 34, the discussion focuses on currently known facts, decisions, and conditions that have an impact on the financial activities of the College, and is intended to assist the reader in the interpretation of the financial statements. The financial statements should be read in conjunction with the Notes to the Basic Financial Statements.

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

Financial statements for the College's discrete component unit, Austin Community College Foundation ("the Foundation"), are issued independent of the College. The Foundation's financial information for fiscal years 2014 and 2013 is shown on separate pages behind the College's basic financial statements. Refer to Notes 1 and 26 in the Notes to the Basic Financial Statements for more detail on the Foundation.

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

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

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
Austin, Texas

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(UNAUDITED)**

*Statement of Net Position*

The Statement of Net Position includes assets, deferred outflows of resources, liabilities, deferred inflows of resources, and the change in net position as of the end of the year. The College had both current and non-current assets and liabilities and deferred outflows of resources. There were no deferred inflows of resources. Current assets are those assets that are available to satisfy current liabilities or liabilities that are due within one year. Non-current assets include capital assets, long-term investments, and other assets not classified as current. Non-current liabilities include bonds payable and other long-term commitments. Net position equals assets plus deferred outflows of resources, minus liabilities, minus deferred inflows of resources. Net position is one indicator of whether the overall financial condition has improved or deteriorated during the year, when considered with other factors such as enrollment, contact hours of instruction, student retention and other non-financial information. Finally, the Statement of Net Position is useful in determining the assets available to continue operations as well as how much the College owes to vendors, bondholders, and other entities at the end of the year.

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

**CONDENSED FINANCIAL INFORMATION**

**Condensed Statement of Net Position**  
(in Millions)

	<u>August 31</u>			<u>Change</u>	
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2013 to</u> <u>2014</u>	<u>2012 to</u> <u>2013</u>
<b>Assets</b>					
Current Assets	\$ 102.0	\$ 99.4	\$ 102.8	\$ 2.6	\$ (3.4)
Capital Assets, Net of Accumulated Depreciation	479.5	435.7	392.1	43.8	43.6
Other Noncurrent Assets	28.4	88.2	67.3	(59.8)	20.9
Total Assets	<u>609.9</u>	<u>623.3</u>	<u>562.2</u>	<u>(13.4)</u>	<u>61.1</u>
<b>Deferred Outflows of Resources</b>	-	0.7	2.2	(0.7)	(1.5)
<b>Liabilities</b>					
Current Liabilities	77.1	73.3	73.4	3.8	(0.1)
Noncurrent Liabilities	460.4	472.2	401.9	(11.8)	70.3
Total Liabilities	<u>537.5</u>	<u>545.5</u>	<u>475.3</u>	<u>(8.0)</u>	<u>70.2</u>
<b>Net Position</b>					
Net Investment in Capital Assets	27.1	33.5	45.5	(6.4)	(12.0)
Restricted: Expendable	23.3	23.3	17.9	-	5.4
Unrestricted	22.0	21.7	25.7	0.3	(4.0)
Total Net Position	<u>\$ 72.4</u>	<u>\$ 78.5</u>	<u>\$ 89.1</u>	<u>\$ (6.1)</u>	<u>\$ (10.6)</u>

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(UNAUDITED)**

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Since 2012, the College has increased its total assets before considering liabilities by \$47.7 million, most of which is related to real estate acquisitions and facility construction. Total Assets decreased from 2013 to 2014 by \$13.4 million. The decrease was primarily due to depreciation and expenditure of bond proceeds. Unrestricted cash and investments increased by \$2.0 million, which reflects the College's positive operating results, on a cash basis.

Total liabilities decreased from 2013 to 2014 by \$8.0 million. This decrease was primarily due to principal payments made during the year for bonds and capital lease payables.

The College's net position was \$72.4 million in 2014, \$78.5 in 2013, and \$89.1 million in 2012. The \$6.1 million decrease in the current year was the result of one-time expenditures related to the equipping of the new Hays and Highland Campuses. These one-time expenses totaled over \$9 million. Excluding these expenses, the College's net position would have increased by about \$3 million, which is a better reflection of the College's operating performance. The \$10.4 million decrease in 2013 was caused by the one-time payment to TRS (Refer to Note 11 in the Notes to the Basic Financial Statements for more detail) of \$4.3 million and approximately \$6.7 million in charges related to the Series 2012 bond issuance, Series 2011 bond refunding, and project expenditures for the new Elgin Campus.

*Statement of Revenues, Expenses, and Changes in Net Position*

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

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
Austin, Texas

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(UNAUDITED)**

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

	<u>Fiscal Year</u>			<u>Change</u>	
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2013 to 2014</u>	<u>2012 to 2013</u>
<b>Operating Revenues</b>					
Tuition and Fees	\$ 58.8	\$ 59.6	\$ 59.0	\$ (0.8)	\$ 0.6
Grants and Contracts	10.6	9.8	10.1	0.8	(0.3)
Auxiliary Enterprises	0.5	1.0	1.2	(0.5)	(0.2)
Other Operating Revenues	8.6	10.7	9.0	(2.1)	1.7
Total Operating Revenues	<u>78.5</u>	<u>81.1</u>	<u>79.3</u>	<u>(2.6)</u>	<u>1.8</u>
<b>Operating Expenses</b>	<u>280.8</u>	<u>277.7</u>	<u>266.4</u>	<u>3.1</u>	<u>11.3</u>
Operating Loss	(202.3)	(196.6)	(187.1)	(5.7)	(9.5)
<b>Non-Operating Revenues (Expenses)</b>					
State Appropriations	60.0	54.2	53.1	5.8	1.1
Ad Valorem Taxes	118.7	111.6	106.2	7.1	5.4
Federal Revenue, Non Operating	35.0	39.2	45.0	(4.2)	(5.8)
Investment Income	0.4	0.5	0.4	(0.1)	0.1
Interest on Capital-Related Debt	(17.9)	(19.4)	(16.3)	1.5	(3.1)
Other Non-Operating Revenue (Expense)	-	(0.1)	-	0.1	(0.1)
Net Non-Operating Revenues	<u>196.2</u>	<u>186.0</u>	<u>188.4</u>	<u>10.2</u>	<u>(2.4)</u>
Increase (Decrease) in Net Position	(6.1)	(10.6)	1.3	4.5	(11.9)
<b>Net Position</b>					
Net Position, Beginning of Year	<u>78.5</u>	<u>89.1</u>	<u>87.8</u>	<u>(10.6)</u>	<u>1.3</u>
Net Position, End of Year	<u>\$ 72.4</u>	<u>\$ 78.5</u>	<u>\$ 89.1</u>	<u>\$ (6.1)</u>	<u>\$ (10.6)</u>

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(UNAUDITED)**

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Key Factors impacting total revenues:

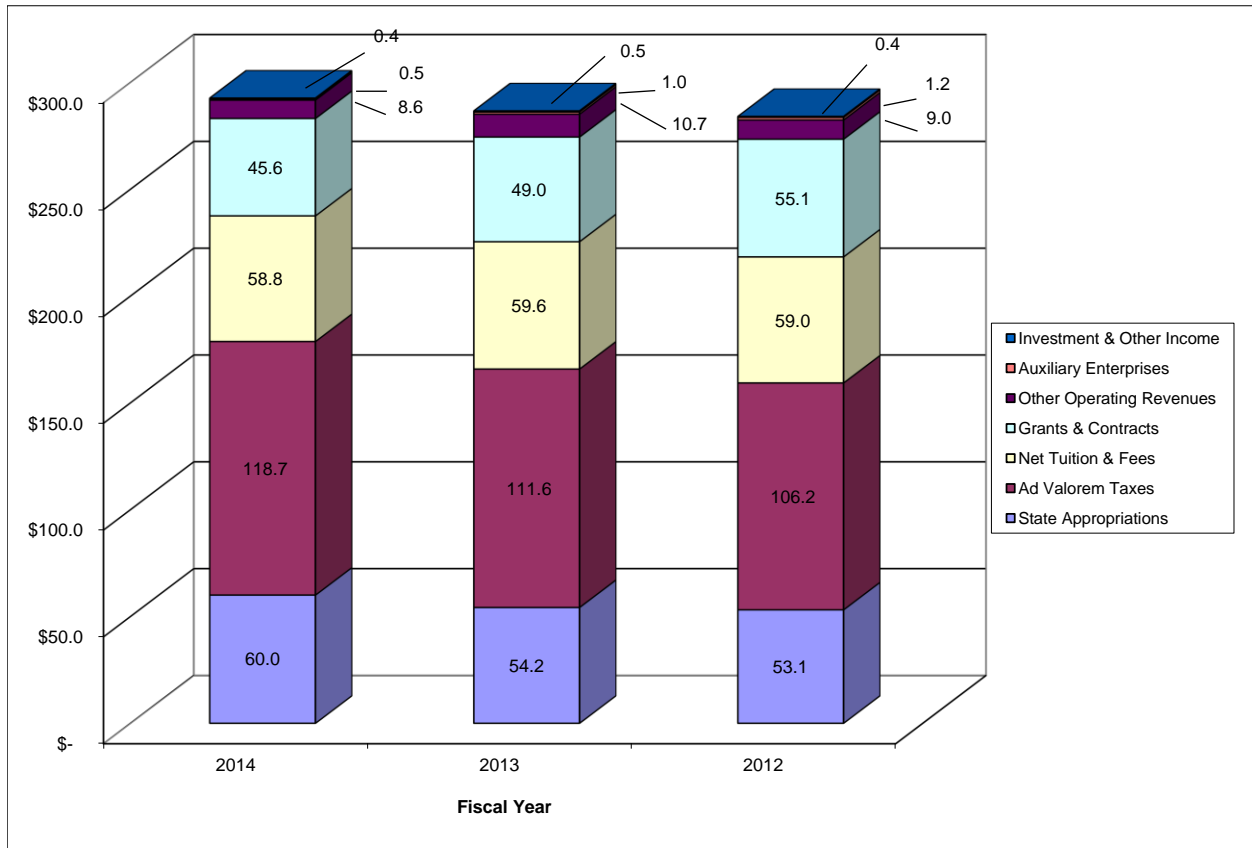
- State appropriations, which are categorized as non-operating revenues, were \$ 60.0 million, an increase of \$5.8 million from fiscal year 2013. This increase was primarily in the form of retirement and health insurance contributions which were partial restorations of cuts in 2012-2013. In 2012 and 2011, state appropriations were reduced by 10.0% and 7.5%, respectively. State appropriations accounted for 20.5% of total revenue in the current year, compared to 18.9% in 2013, and 18.7% in 2012.
- Tuition and Fees, net of discounts, were down \$0.8 million in 2014. However, discounts were up by \$1.5 million. Therefore, gross tuition and fee revenues increased by \$1.0 million as a result of tuition rate increases of \$5 per credit hour for all students and an additional \$17 per credit hour for out-of-district students. Tuition and Fees accounted for 20.1% of total revenue in the current year, compared to 20.8% in 2013.
- Grants and Contracts revenue decreased primarily as a result of decreased funding for student financial aid.
- Other Operating Revenue, which includes interest income, continuing education programs, miscellaneous fees, property rental, and testing fees, totaled \$8.6 million in 2014 and \$10.7 million in 2013. The decrease in 2014 is due to decreases in property rental income related to discontinuation of the Highland Mall retail operations.
- Ad valorem taxes, which are categorized as non-operating revenues, increased by \$7.1 million in 2014 and increased by \$5.4 million in 2013. Specifically, the College recognized \$118.7 million of ad valorem tax revenue in 2014, \$111.6 million in 2013, and \$106.2 million in 2012. The 2014 and 2013 increases were due to a growing local economy and therefore increases in the taxable value of real estate properties, including the addition of new properties. Ad valorem taxes in 2014 were 40.6% of total revenues compared to 38.9% in 2013 and 37.4% in 2012. See graphical illustration on next page.

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
Austin, Texas

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(UNAUDITED)**

**Total Revenue by Source**  
(in Millions)

	<u>Fiscal Year</u>			<u>Change</u>	
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2013 to 2014</u>	<u>2012 to 2013</u>
<b>Revenue Sources:</b>					
State Appropriations	\$ 60.0	\$ 54.2	\$ 53.1	\$ 5.8	\$ 1.1
Ad Valorem Taxes	118.7	111.6	106.2	7.1	5.4
Net Tuition & Fees	58.8	59.6	59.0	(0.8)	0.6
Grants & Contracts	45.6	49.0	55.1	(3.4)	(6.1)
Other Operating Revenues	8.6	10.7	9.0	(2.1)	1.7
Auxiliary Enterprises	0.5	1.0	1.2	(0.5)	(0.2)
Investment & Other Income	0.4	0.5	0.4	(0.1)	0.1
<b>Total Revenue</b>	<b>\$ 292.6</b>	<b>\$ 286.6</b>	<b>\$ 284.0</b>	<b>\$ 6.0</b>	<b>\$ 2.6</b>



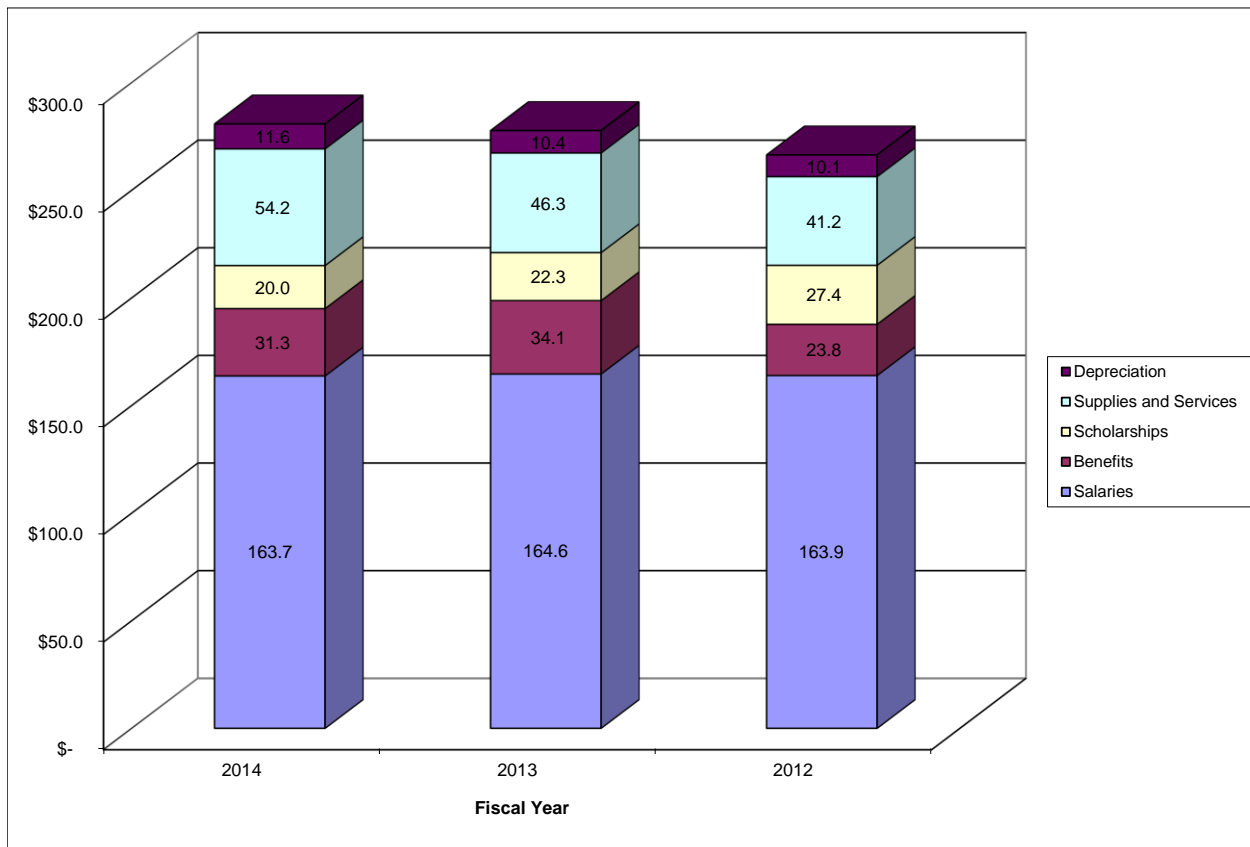


**AUSTIN COMMUNITY COLLEGE DISTRICT**  
Austin, Texas

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(UNAUDITED)**

**Operating Expenses - Natural Classification**  
(in Millions)

	<u>Fiscal Year</u>			<u>Change</u>	
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2013 to 2014</u>	<u>2012 to 2013</u>
<b>Operating Expenses:</b>					
Salaries	\$ 163.7	\$ 164.6	\$ 163.9	\$ (0.9)	\$ 0.7
Benefits	31.3	34.1	23.8	(2.8)	10.3
Scholarships	20.0	22.3	27.4	(2.3)	(5.1)
Supplies and Services	54.2	46.3	41.2	7.9	5.1
Depreciation	11.6	10.4	10.1	1.2	0.3
<b>Total Operating Expenses</b>	<b>\$ 280.8</b>	<b>\$ 277.7</b>	<b>\$ 266.4</b>	<b>\$ 3.1</b>	<b>\$ 11.3</b>



**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(UNAUDITED)**

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Factors impacting operating expenses by natural classification include the following:

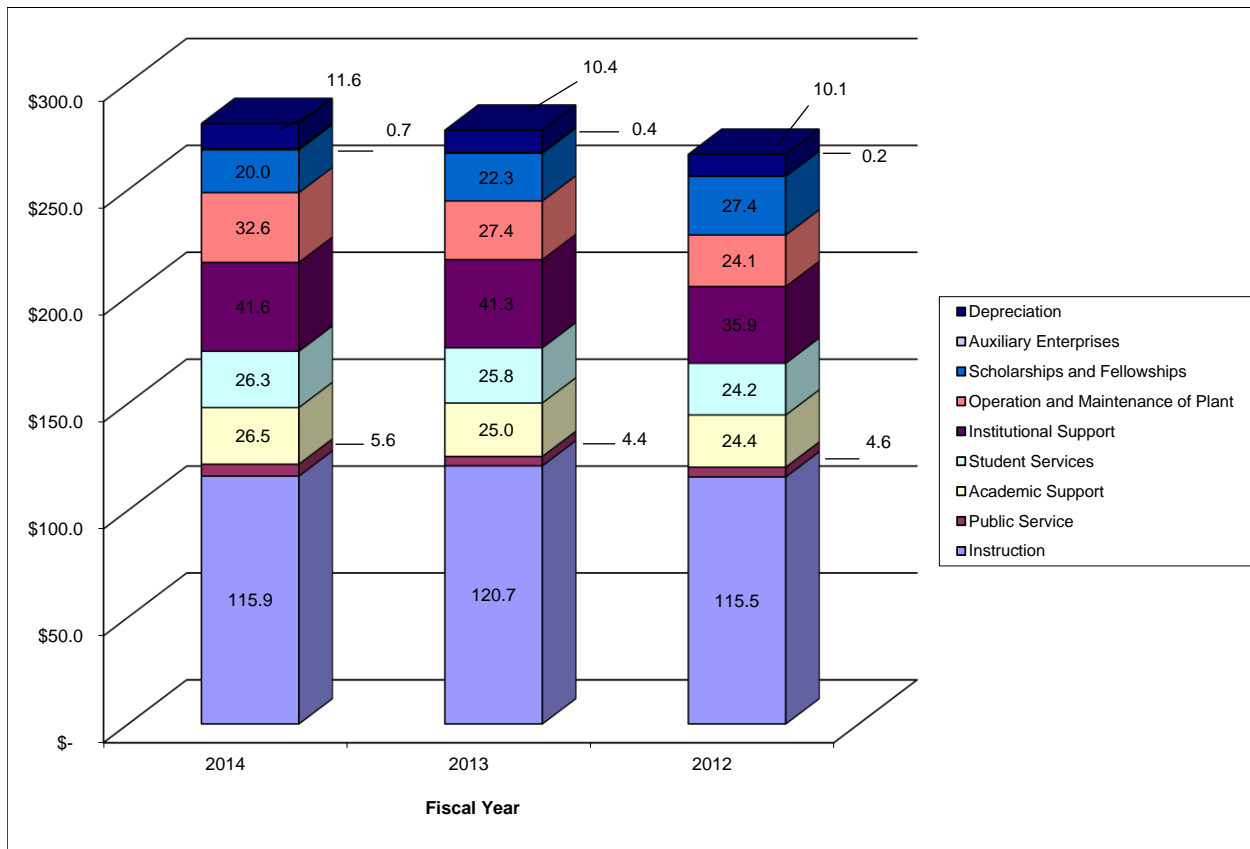
- Salary expenses decreased by \$0.9 million in 2014. This decrease was caused by a reduction of faculty and staff as a result of reduced enrollments. In 2013, salary expenses increased by \$0.7 million. This increase was due to employee raises of 2%, but was partially offset by a reduced faculty caused by reduced enrollments.
- In 2014, benefits expenses decreased by \$2.8 million. This decrease is mostly the result of the one-time TRS payment that occurred in 2013 (Refer to Note 11 in the Notes to the Basic Financial Statements for more detail). Benefit expenses increased by \$10.3 million in 2013. This increase was due to the previously mentioned one-time payment of \$4.3 million to TRS.
- Other operating expenses increased by \$7.9 million in 2014 and increased by \$5.1 million in 2013. In both years, the majority of the increase was due to one-time startup costs related to the new Elgin Campus, Hays Campus, and Highland Campus.
- Depreciation expense increased in 2014 by \$1.2 million and by \$0.3 million in 2013. The increases are primarily due to addition of buildings at the Elgin Campus, Hays Campus and Highland Campus.
- Total scholarship costs for 2014 were \$20.0 million, compared to \$22.3 million in 2013 and \$27.4 million in 2012. The decreases in 2014 and 2013 were due to decreases in enrollments, plus an increase in tuition rates. Increased tuition rates reduce the amount of financial aid disbursed to students after tuition and fees are deducted, thus reducing scholarship expense.

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
Austin, Texas

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(UNAUDITED)**

**Operating Expenses - Functional Classification**  
(in Millions)

	Fiscal Year			Change	
	2014	2013	2012	2013 to 2014	2012 to 2013
<b>Operating Expenses:</b>					
Instruction	\$ 115.9	\$ 120.7	\$ 115.5	\$ (4.8)	\$ 5.2
Public Service	5.6	4.4	4.6	1.2	(0.2)
Academic Support	26.5	25.0	24.4	1.5	0.6
Student Services	26.3	25.8	24.2	0.5	1.6
Institutional Support	41.6	41.3	35.9	0.3	5.4
Operation and Maintenance of Plant	32.6	27.4	24.1	5.2	3.3
Scholarships and Fellowships	20.0	22.3	27.4	(2.3)	(5.1)
Auxiliary Enterprises	0.7	0.4	0.2	0.3	0.2
Depreciation	11.6	10.4	10.1	1.2	0.3
<b>Total Operating Expenses</b>	<b>\$ 280.8</b>	<b>\$ 277.7</b>	<b>\$ 266.4</b>	<b>\$ 3.1</b>	<b>\$ 11.3</b>



**AUSTIN COMMUNITY COLLEGE DISTRICT**  
Austin, Texas

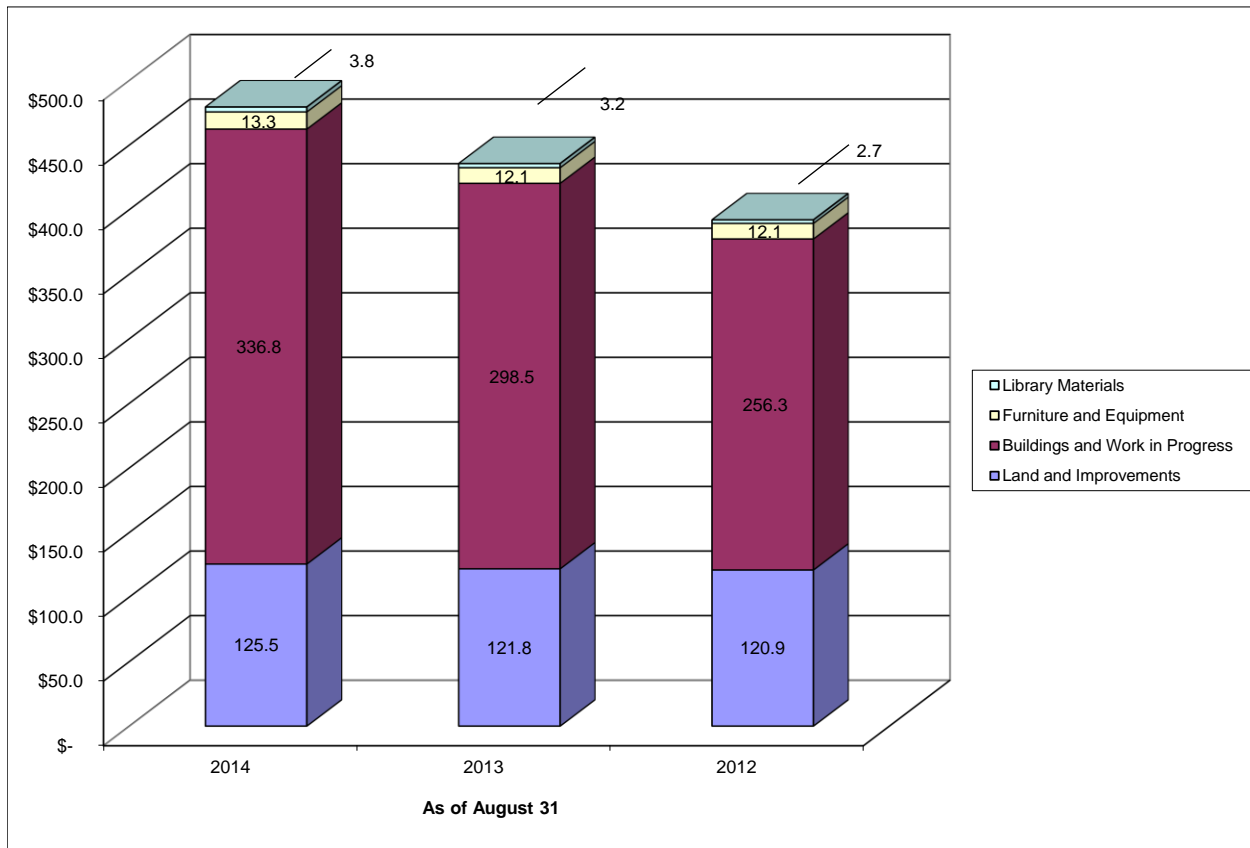
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(UNAUDITED)**

In 2014, the functional expense increases were due to salary raises and higher benefit and retirement costs. In 2013, most of the functional expense increases were due to salary raises and higher benefit costs due to the one-time payment to TRS previously mentioned (page 5). For Institutional Support there was an additional increase due to expenses related to operating the Highland Mall property.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

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

	August 31			Change	
	2014	2013	2012	2013 to 2014	2012 to 2013
<b>Capital Assets:</b>					
Land and Improvements	\$ 125.5	\$ 121.8	\$ 120.9	\$ 3.7	\$ 0.9
Buildings and Work in Progress	336.8	298.5	256.3	38.3	42.2
Furniture and Equipment	13.3	12.1	12.1	1.2	-
Library Materials	3.8	3.2	2.7	0.6	0.5
Works of Art	0.1	0.1	0.1	-	-
<b>Total Capital Assets</b>	<b>\$ 479.5</b>	<b>\$ 435.7</b>	<b>\$ 392.1</b>	<b>\$ 43.8</b>	<b>\$ 43.6</b>



**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(UNAUDITED)**

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The College had \$479.5 million, \$435.7 million, and \$392.1 million invested in capital assets, net of accumulated depreciation, at August 31, 2014, 2013, and 2012, respectively. The amount of accumulated depreciation was \$92.3 million, \$82.3 million and \$72.5 million for fiscal years 2014, 2013, and 2012, respectively. Depreciation charges totaled \$11.6 million, \$10.4 million and \$10.1 for fiscal years 2014, 2013, and 2012, respectively.

Changes in net capital assets are the result of acquisitions, improvements, deletions, and changes in accumulated depreciation. During 2014, the College completed construction of the Highland Campus, Phase 1 (\$48.7 million) and the Hays Campus (\$31.4 million). During 2013, the College completed construction of the Elgin Campus (\$25.9 million), began construction of the Hays Campus (\$25.2 million), and began construction of the Highland Campus, Phase 1 (\$12.1 million). During 2012, the College began construction of the Elgin Campus (\$13.1 million) and acquired the final component of the Highland Mall (\$2 million).

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

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

***Debt Administration***

At August 31, 2014, the College had approximately \$467.4 million in outstanding debt, compared to \$478.1 million in 2013 and \$406.5 million in 2012. The 2014 decrease of \$10.7 million reflects principal payments during the year. The 2013 increase resulted from the \$74.8 million Series 2012 Combined Fee Revenue Bonds which were issued for the construction at the Highland Mall location. This increase in bonds payable was partly offset by a decrease in bonds and capital lease payables by \$8.8 million, due to principal payments made during the year. The 2012 increase resulted from the \$44.4 million PFC lease revenue bond issuance for the Hays Campus. This increase in bonds payable was partly offset by a decrease in bonds and capital lease payables by \$7.3 million, due to principal payments made during the year.

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(UNAUDITED)**

**Outstanding Debt at Year End**  
(in Millions)

	<u>August 31</u>			<u>Change</u>	
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2013 to</u> <u>2014</u>	<u>2012 to</u> <u>2013</u>
<b>Outstanding Debt:</b>					
Revenue Bonds	\$ 181.7	\$ 185.8	\$ 112.1	\$ (4.1)	\$ 73.7
General Obligation Bonds	92.5	95.6	96.2	(3.1)	(0.6)
Lease Revenue Bonds - PFC	191.8	194.7	197.0	(2.9)	(2.3)
Capital Leases	1.4	2.0	1.2	(0.6)	0.8
Total Outstanding Debt	<u>\$ 467.4</u>	<u>\$ 478.1</u>	<u>\$ 406.5</u>	<u>\$ (10.7)</u>	<u>\$ 71.6</u>

The College did not issue any long-term debt in 2014. The reduction of \$10.7 million reflects principal payments during the year. In 2013, the College issued \$74.8 million for Series 2012 Combined Fee Revenue Bonds which were issued for the construction at the Highland Mall location. These funds will be used to renovate over 200,000 sq. ft., converting the former JC Penney's building into a state-of-the-art educational facility. In 2012, the College issued, via its public facilities corporation, Series 2012 Lease Revenue Bonds of \$44.4 million. These bonds are being used to construct a campus in Hays CISD and to defease the Series 2011B Combined Fee Revenue Bonds. Additionally, the College issued Limited Tax Refunding Bonds, Series 2011, which refunded certain portions of Series 2003 Bonds and Series 2004 Bonds. The present value of the refunding gain was \$1.6 million.

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

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(UNAUDITED)**

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For 2014, the College's bond ratings, assigned by Moody's Investors Service and Standard and Poor's Rating Services, are "Aa1" and "AA+" for general obligation bonds, "A1" and "AA-" for combined fee revenue bonds, and "Aa2" and "AA" for lease revenue bonds, respectively. Prior to 2006, the College purchased financial guaranty insurance in order to get a higher rating on all the outstanding bond issues. However, due to upgrades in the College's bond ratings and other market conditions, the College has not purchased insurance on any bonds since 2006.

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

**Economic Factors That Will Affect the Future**

The economic position of the College is influenced in part by the economic position of the State of Texas and of the Austin-Round Rock-San Marcos Metropolitan Statistical Area. State appropriations are expected to be approximately \$60 million for fiscal year 2015, in accordance with the funding awarded for the State's 2014-2015 biennium. This is about even with the appropriation received in 2014.

Tax revenues in 2015 are projected to increase by \$8.9 million or 7.5% to \$127.6 million from \$118.7 million in 2014, and \$111.6 million in 2013. The expected increase in 2015 is primarily due to valuation and new property growth in the local tax base. The increase in 2014 was due to valuation and new property growth in the local tax base.

Tuition and fee revenue for 2015 is projected to be approximately \$58.8 million which is flat compared to \$58.8 million in 2014. The College did not increase in-district tuition rates for 2015 but did increase the General Fee by \$2 per credit hour and increased the Out-of-District Fee by \$23 per credit hour, which is the fee paid by those students who do not pay ad valorem taxes to the College.

These projected increases in revenue will be necessary to fund new or increased expenses in instructional and support functions as the College continues to achieve the State's *Closing the Gaps* initiative and the College's Student Success Goals. The College's 2015 budget is balanced and structurally sound; however the College will continue to face challenges in the future to fund anticipated increases in demands for services provided by community colleges.

## **BASIC FINANCIAL STATEMENTS**



**Exhibit 1**  
**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**STATEMENTS OF NET POSITION**  
**August 31, 2014 and 2013**

	<b>2014</b>	<b>Restated 2013</b>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 51,086,022	\$ 37,077,260
Restricted Cash & Cash Equivalents	16,297,168	19,615,766
Investments	3,033,682	12,000,000
Accounts Receivable (Net) (See Note 17)	23,841,892	22,972,798
Other Assets	5,481,783	6,190,889
Prepaid Expenses	2,189,542	1,565,761
Total Current Assets	101,930,089	99,422,474
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	43,627	17,274,384
Investments	-	3,017,046
Restricted Investments	28,308,174	67,805,897
Other Assets	60,078	70,156
Capital Assets (Net) (See Note 6)	479,520,887	435,663,391
Total Noncurrent Assets	507,932,766	523,830,874
Total Assets	609,862,855	623,253,348
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Charge on Refunding Debt	30,870	682,193
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	8,629,594	8,572,246
Accrued Liabilities	7,635,216	9,186,364
Accrued Compensable Absences - Current Portion	3,128,317	3,002,601
Funds Held for Others	376,322	1,110,619
Unearned Revenues	45,376,182	40,752,483
Capital Leases - Current Portion	553,135	553,135
Bonds Payable - Current Portion	11,424,211	10,094,965
Total Current Liabilities	77,122,977	73,272,413
Noncurrent Liabilities:		
Accrued Compensable Absences	2,378,619	2,442,739
Unearned Revenues	324,583	419,583
OPEB Payable	2,206,789	1,910,029
Capital Leases	848,876	1,402,011
Bonds Payable	454,599,615	466,023,826
Total Noncurrent Liabilities	460,358,482	472,198,188
Total Liabilities	537,481,459	545,470,601

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

**Exhibit 1**  
**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**STATEMENTS OF NET POSITION – (Continued)**  
**August 31, 2014 and 2013**

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	<u>2014</u>	<u>Restated 2013</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	27,094,952	33,539,201
Restricted for:		
Expendable		
Scholarships	510,383	480,649
Departmental Activities	84,260	77,308
Loans	27,609	27,609
Debt Service	22,740,287	22,682,016
Unrestricted	21,954,775	21,658,157
Total Net Position (Schedule D)	<u>\$ 72,412,266</u>	<u>\$ 78,464,940</u>

The accompanying notes are an integral part of the financial statements

**Exhibit 1A**  
**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**STATEMENTS OF FINANCIAL POSITION OF ACC FOUNDATION**  
**(A Component Unit of Austin Community College District)**  
**May 31, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 961,142	\$ 609,725
Investments (Note 26C)	6,050,057	5,546,253
Accrued Interest/Dividends Receivable	22,457	23,068
Promises to Give (Note 26D)	750,125	99,825
Total Assets	7,783,781	6,278,871
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities	-	-
 Net Assets		
Unrestricted	529,646	419,221
Temporarily Restricted (Note 26G)	2,472,703	1,254,453
Permanently Restricted (Note 26F)	4,781,432	4,605,197
Total Net Assets	7,783,781	6,278,871
Total Liabilities and Net Assets	\$ 7,783,781	\$ 6,278,871

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

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

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**For The Years Ended August 31, 2014 and 2013**

	<u>2014</u>	<u>Restated 2013</u>
<b>OPERATING REVENUES</b>		
Tuition and Fees (Net of Discounts of \$36,175,413 and \$34,673,681, Respectively)	\$ 58,817,581	\$ 59,622,584
Federal Grants and Contracts	5,560,256	4,806,001
State Grants and Contracts	3,613,076	3,565,533
Local Grants and Contracts	206,239	205,748
Non-Governmental Grants and Contracts	1,271,744	1,214,550
Sales and Services of Educational Activities	3,696,045	4,884,019
Auxiliary Enterprises	450,802	962,605
General Operating Revenues	4,915,756	5,841,817
Total Operating Revenues (Schedule A)	<u>78,531,499</u>	<u>81,102,857</u>
<b>OPERATING EXPENSES</b>		
Instruction	115,913,573	120,733,503
Public Service	5,562,939	4,436,110
Academic Support	26,417,940	24,963,692
Student Services	26,306,434	25,758,154
Institutional Support	41,621,322	41,341,250
Operation and Maintenance of Plant	32,630,440	27,368,766
Scholarships and Fellowships	19,988,632	22,292,018
Auxiliary Enterprises	722,180	351,564
Depreciation	11,596,684	10,443,269
Total Operating Expenses (Schedule B)	<u>280,760,144</u>	<u>277,688,326</u>
Operating Loss	(202,228,645)	(196,585,469)
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
State Appropriations	60,016,104	54,181,617
Ad Valorem Taxes	118,716,153	111,550,297
Federal Revenue, Non Operating	34,990,788	39,178,373
Gifts	25,314	21,028
Investment Income	350,087	447,539
Interest on Capital Related Debt	(17,929,915)	(19,395,812)
Gains (Losses) on Disposal of Capital Assets	7,440	(22,840)
Net Non-Operating Revenues (Schedule C)	<u>196,175,971</u>	<u>185,960,202</u>
Decrease in Net Position	(6,052,674)	(10,625,267)
<b>NET POSITION</b>		
Net Position, Beginning of Year	<u>78,464,940</u>	<u>89,090,207</u>
Net Position, End of Year	<u>\$ 72,412,266</u>	<u>\$ 78,464,940</u>

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

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

**STATEMENTS OF ACTIVITIES OF ACC FOUNDATION  
(A Component Unit of Austin Community College District)  
For The Years Ended May 31, 2014 and 2013**

	2014	2013
<b>CHANGES IN UNRESTRICTED NET ASSETS:</b>		
Revenues		
Contributions	\$ 35,707	\$ 37,129
Interest and Dividend Income	43,168	21,926
Investment Gains	72,063	98,339
Net Assets Released from Restrictions	581,061	544,576
Total Unrestricted Revenues	731,999	701,970
Expenses		
Program Services	610,269	565,265
General and Administrative	11,305	10,860
Total Expenses	621,574	576,125
Increase in Unrestricted Net Assets	110,425	125,845
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:</b>		
Contributions	1,153,851	342,309
Interest and Dividend Income	249,881	129,885
Investment Gains	395,579	501,504
Net Assets Released from Restrictions	(581,061)	(544,576)
Increase in Temporarily Restricted Net Assets	1,218,250	429,122
<b>CHANGES IN PERMANENTLY RESTRICTED NET ASSETS:</b>		
Contributions	179,075	129,123
Interest and dividends	260	141
Bad Debt Loss	(3,100)	-
Increase in Permanently Restricted Net Assets	176,235	129,264
Change in Net Assets	1,504,910	684,231
Net Assets, Beginning of Year	6,278,871	5,594,640
Net Assets, End of Year	\$ 7,783,781	\$ 6,278,871

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

**Exhibit 3**  
**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**STATEMENTS OF CASH FLOWS**  
**For The Years Ended August 31, 2014 and 2013**

	<b>2014</b>	<b>Restated 2013</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Students and Other Customers	\$ 66,528,394	\$ 60,778,237
Receipts from Grants and Contracts	8,927,642	8,120,363
Other Receipts	6,898,819	9,176,599
Payments to or On-Behalf of Employees	(183,396,561)	(191,630,055)
Payments to Suppliers for Goods and Services	(55,000,936)	(46,663,846)
Payments for Scholarships and Fellowships	(19,279,526)	(21,238,700)
Net Cash Used in Operating Activities	(175,322,168)	(181,457,402)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Receipts from Ad Valorem Taxes	118,483,619	111,478,882
Receipts from State Appropriations	48,971,813	48,005,688
Receipts from Title IV Federal Financial Aid Programs	34,990,788	39,178,373
Payments to Student Organizations and Other Agency Transactions	(734,298)	(504,912)
Net Cash Provided by Non-Capital Financing Activities	201,711,922	198,158,031
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Proceeds from Issuance of Capital Debt	-	122,377,320
Proceeds from the Sale of Capital Assets	16,157	27,123
Other Payments Associated with Issuance of Capital Debt	-	(2,062,814)
Purchases of Capital Assets	(54,855,806)	(47,513,038)
Payments on Capital Debt and Leases - Principal	(9,728,135)	(51,966,184)
Payments on Capital Debt and Leases - Interest	(20,247,330)	(19,241,746)
Net Cash (Used in) Provided by Capital and Related Financing Activities	(84,815,114)	1,620,661
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from Sales and Maturities of Investments	51,477,932	94,939,590
Interest on Investments	406,835	132,973
Purchase of Investments	-	(116,205,249)
Net Cash Provided by (Used in) Investing Activities	51,884,767	(21,132,686)
Decrease in Cash and Cash Equivalents	(6,540,593)	(2,811,396)
Cash and Cash Equivalents, Beginning of Year	73,967,410	76,778,806
Cash and Cash Equivalents, End of Year	\$ 67,426,817	\$ 73,967,410

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

**Exhibit 3**  
**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**STATEMENTS OF CASH FLOWS – (Continued)**  
**For The Years Ended August 31, 2014 and 2013**

	<b>2014</b>	<b>Restated 2013</b>
<b>RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</b>		
Operating Loss	\$ (202,228,645)	\$ (196,585,469)
Adjustments to Reconcile Net Operating Loss to Net Cash Used in Operating Activities		
State On-Behalf Payments	11,044,291	6,175,929
Depreciation Expense	11,596,684	10,443,269
Changes in Assets and Liabilities:		
Receivables (Net)	(664,004)	661,177
Other Assets	(391,667)	(533,409)
Deferred Charges	709,106	1,053,318
Accounts Payable	57,346	(6,013)
Accrued Liabilities	(332,334)	(10,103)
Compensated Absences	61,596	310,239
OPEB Payable	296,760	294,352
Unearned Revenues	4,528,699	(3,260,692)
Net Cash Used in Operating Activities	\$ (175,322,168)	\$ (181,457,402)

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

State On-Behalf Payments	\$ 11,044,291	\$ 6,175,929
Non-Cash Gifts	25,314	21,028
Change in Fair Value of Investments	3,155	(545,128)
Capital Assets Acquired through Capital Leases	-	1,186,457
Borrowing under Capital Lease Purchase	-	(1,362,392)

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

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

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**NOTE 1. REPORTING ENTITY**

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

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

***Blended Component Unit***

Using the criteria established by GASB Statement No. 14, *The Financial Reporting Entity*, GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units - an amendment of GASB Statement No. 14*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, the College’s management has determined that the Austin Community College District Public Facility Corporation (“the PFC”) should be blended with the activities of the College because its sole purpose is to assist the College in financing or otherwise assisting in the acquisition of public facilities and because the College’s management has operational responsibility for the PFC.

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

***Discrete Component Unit***

Using the criteria established by GASB Statement No. 14, *The Financial Reporting Entity*, GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units - an amendment of GASB Statement No. 14*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, the College’s management has determined that the Austin Community College Foundation (“the Foundation”) should be reported as a discrete component unit of the College because of the nature and significance of its relationship with the College.



**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

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**NOTE 1. REPORTING ENTITY (Continued)**

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

***Other Organizations***

The College has a financial relationship with the Austin Community College Center for Public Policy and Political Studies ("the Center"). The Center is a non-for-profit organization created to enable students to gain practical experience in learning how government policies are created and executed, and to improve communications between public entities and the people they serve. Using the criteria established by GASB Statement No. 14, *The Financial Reporting Entity*, GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units - an amendment of GASB Statement No. 14*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, the College's management has determined that the Center will not be reported as a component unit because the relationship with the College is not financially significant, and its exclusion does not cause the College's financial statements to be misleading.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Reporting Guidelines***

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

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

***Basis of Accounting***

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

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

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**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Tuition Discounting***

*Texas Public Education Grants (TPEG):*

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

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

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

*Tuition Remissions and Exemptions:*

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

***Budgetary Data***

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

***Cash and Cash Equivalents***

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

Board policy requires the College to maintain a minimum unrestricted, unallocated cash and investments level of 16.7% of budgeted total annual expenses plus total accounts payable. The College was in compliance with this policy as of August 31, 2014 and 2013.

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Investments***

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

***Capital Assets***

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

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

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

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

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**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Deferred Outflows of Resources***

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) until then. Governments are only permitted to report deferred outflows in circumstances specifically authorized by the GASB. A typical deferred outflow for Community Colleges is a deferred charge on refunding debt.

***Deferred Inflows of Resources***

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Governments are only permitted to report deferred inflows in circumstances specifically authorized by the GASB.

***Net Position***

The College's net position is classified as follows:

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

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

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

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

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

***Unearned Revenues***

Tuition, fees, and other revenues received and related to periods after August 31, 2014 or 2013, respectively, will be recognized in subsequent fiscal years.

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

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**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Estimates***

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

***Operating and Non-Operating Revenue and Expense Policy***

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

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

***Prior Year Restatement***

The College implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for the fiscal year ending August 31, 2014. Debt issuance costs (previously reported as assets) are now expensed in the year in which they are incurred. The College had been previously amortizing these costs and, as a result of this Statement implementation, a prior year adjustment was required to expense the carrying amount of debt issuance costs incurred in prior years. The College also reclassified its deferred charge on refunding debt to the deferred outflows of resources section of the Statement of Net Position. Note 25, below, explains the effect of GASB Statement No. 65 implementation on the financial statements.

***New GASB Pronouncements***

The GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27*. This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014. This statement is expected to be implemented for the fiscal year ending August 31, 2015. This Statement requires recognition of the entire net pension liability and a more comprehensive measure of pension expense. The College is evaluating the specific impact upon its financial position, results of operations and cash flows upon adoption of this Statement. However, the impact is expected to be material.

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

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**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The GASB has issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards for mergers, acquisitions, and transfers of operations (i.e., government combinations). The Statement also provides guidance on how to determine the gain or loss on a disposal of government operations. This Statement applies to all state and local governmental entities. The requirements of this Statement should be applied prospectively and are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013. The College does not expect this Statement to have any impact on the College's financial statements unless there is a combination or disposal situation.

The GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. This Statement addresses the issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. It will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement No. 68 in the accrual-basis financial statements of employers and non-employer contributing entities. The College is evaluating the specific impact upon its financial position, results of operations and cash flows upon adoption of this Statement.

**NOTE 3. AUTHORIZED INVESTMENTS**

The College is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (PFIA) (Sec. 2256.001 Texas Government Code). The Board has adopted a written investment policy regarding the investment of its funds as defined in the PFIA. Such investments include (1) obligations of the United States or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than "A" by a national investment rating firm, (4) certificates of deposit, and (5) other instruments and obligations authorized by statute. During the years ended August 31, 2014 and 2013, the College was in compliance with the Public Funds Investment Act.

**NOTE 4. DEPOSITS AND INVESTMENTS**

At August 31, 2014 and 2013, the College had demand deposits with the carrying amount of \$29,347,183 and \$21,634,953, respectively, and total bank balances equaled \$29,789,140 and \$22,277,341, respectively.

Bank balances up to \$250,000 were covered under the Federal Deposit Insurance Corporation (FDIC) for the years ended August 31, 2014 and 2013. Demand deposits not covered under the FDIC require pledged collateral with a fair value of at least 102% of the par value of the deposit. Monthly collateral reports reporting the pledged securities and their fair values are required from each financial institution. As of August 31, 2014 and 2013, the College had demand deposits not covered under the FDIC in the amount of \$28,864,140 and \$21,357,341, respectively.

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

**NOTE 4. DEPOSITS AND INVESTMENTS (Continued)**

The College's investments in certificates of deposits require pledged collateral with a fair value of at least 102% of the par value of the deposit. In addition, monthly collateral reports, including the pledged securities and their fair values, are required from each financial institution. As of August 31, 2014 and 2013, the College had certificates of deposits in the amount of \$30,802,116 and \$82,280,048, respectively.

***Cash and Cash Equivalents***

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

	2014	2013
Petty Cash on Hand	\$ 20,303	\$ 16,933
Demand Deposits	29,347,183	21,634,953
Money Market Mutual Funds	28,922,636	36,256,600
Investment Pools	9,136,695	16,058,924
Total Cash and Cash Equivalents	\$ 67,426,817	\$ 73,967,410

As of August 31, 2014 the College had the following investments and maturities:

Investment Type	Fair Value	Weighted Average Maturity (Years)	Credit Exposure	Exposure Permitted by Investment Policy
Investment Pools	\$ 9,136,695	0.00	13.17%	80%
Money Market Mutual Funds	28,922,636	0.00	41.67%	80%
Certificates of Deposit	30,802,116	1.97	44.38%	80%
Municipal Bonds	539,740	4.14	0.78%	25%
Total Portfolio	\$ 69,401,187	0.91		



**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

**NOTE 4. DEPOSITS AND INVESTMENTS (Continued)**

Reconciliation of Deposits and Investments to Statement of Net Position:

Type of Security	Fair Value August 31, 2014	Fair Value August 31, 2013
Investment Pools	\$ 9,136,695	\$ 16,058,924
Money Market Mutual Funds	28,922,636	36,256,600
Cash and Deposits	29,367,486	21,651,886
Total	67,426,817	73,967,410
Investments	31,341,856	82,822,943
Total Deposits and Investments	\$ 98,768,673	\$ 156,790,353
 <u>Per Statement of Net Position (Exhibit 1):</u>		
Cash and Cash Equivalents	\$ 51,086,022	\$ 37,077,260
Restricted Cash and Cash Equivalents (Current)	16,297,168	19,615,766
Restricted Cash and Cash Equivalents (Noncurrent)	43,627	17,274,384
Investments (Current)	3,033,682	12,000,000
Investments (Noncurrent)	-	3,017,046
Restricted Investments	28,308,174	67,805,897
Total Deposits and Investments	\$ 98,768,673	\$ 156,790,353

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

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

As of August 31, 2014 and 2013, the College had an investment of \$539,740 and \$542,895, respectively, in Municipal Bonds. The Municipal Bonds had a Standard and Poor's rating of AAA and a Moody's rating of Aaa.



**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

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**NOTE 4. DEPOSITS AND INVESTMENTS (Continued)**

The State Comptroller of Public Accounts exercises oversight responsibility over TexPool, the Texas Local Government Investment Pool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. TexPool invests in securities that meet the requirements of the Texas Public Funds Investment Act. Standard & Poor rates TexPool AAA-m. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor, as well as to the Office of Comptroller of Public Accounts, for review. As of August 31, 2014 and 2013, the College had an investment of \$9,136,695 and \$16,058,924, respectively, in TexPool, the Texas Local Government Investment Pool.

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

**NOTE 5. DERIVATIVES**

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

At August 31, 2014 and 2013, the College had not engaged in any derivative transactions either for investment purposes or as a risk management strategy.

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

**NOTE 6. CAPITAL ASSETS**

Capital assets activity for the year ended August 31, 2014, was as follows:

	Balance September 1, 2013	Additions	Reductions	Transfers	Balance August 31, 2014
<b>Not Depreciated</b>					
Land	\$ 92,751,965	\$ -	\$ -	\$ -	\$ 92,751,965
Artwork	95,004	-	-	-	95,004
Construction in Progress	42,548,121	50,039,354	-	(80,830,724)	11,756,751
Subtotal	<u>135,395,090</u>	<u>50,039,354</u>	<u>-</u>	<u>(80,830,724)</u>	<u>104,603,720</u>
<b>Other Capital Assets</b>					
Buildings	298,470,328	-	-	75,039,460	373,509,788
Infrastructure	2,913,746	-	-	-	2,913,746
Land Improvements	39,632,987	-	-	5,791,264	45,424,251
Library Books	5,260,175	917,339	(152,063)	-	6,025,451
Equipment	31,072,296	4,534,825	(1,462,659)	-	34,144,462
Subtotal	<u>377,349,532</u>	<u>5,452,164</u>	<u>(1,614,722)</u>	<u>80,830,724</u>	<u>462,017,698</u>
<b>Accumulated Depreciation</b>					
Buildings	42,530,885	5,957,131	-	-	48,488,016
Infrastructure	1,651,123	97,125	-	-	1,748,248
Land Improvements	11,839,804	1,982,185	-	-	13,821,989
Library Books	2,045,859	352,842	(152,063)	-	2,246,638
Equipment	21,048,391	2,678,695	(1,425,321)	-	22,301,765
Subtotal	<u>79,116,062</u>	<u>11,067,978</u>	<u>(1,577,384)</u>	<u>-</u>	<u>88,606,656</u>
<b>Net Other Capital Assets</b>	<u>298,233,470</u>	<u>(5,615,814)</u>	<u>(37,338)</u>	<u>80,830,724</u>	<u>373,411,042</u>
<b>Assets Under Capital Leases</b>					
Equipment	5,204,784	-	-	-	5,204,784
<b>Accumulated Depreciation</b>					
Equipment	3,169,953	528,706	-	-	3,698,659
<b>Net Lease Capital Assets</b>	<u>2,034,831</u>	<u>(528,706)</u>	<u>-</u>	<u>-</u>	<u>1,506,125</u>
<b>Net Capital Assets</b>	<u>\$ 435,663,391</u>	<u>\$ 43,894,834</u>	<u>\$ (37,338)</u>	<u>\$ -</u>	<u>\$ 479,520,887</u>

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

**NOTE 6. CAPITAL ASSETS (Continued)**

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

	Balance September 1, 2012	Additions	Reductions	Transfers	Balance August 31, 2013
<b>Not Depreciated</b>					
Land	\$ 92,751,965	\$ -	\$ -	\$ -	\$ 92,751,965
Artwork	95,004	-	-	-	95,004
Construction in Progress	21,430,835	49,967,657	-	(28,850,371)	42,548,121
Subtotal	<u>114,277,804</u>	<u>49,967,657</u>	<u>-</u>	<u>(28,850,371)</u>	<u>135,395,090</u>
<b>Other Capital Assets</b>					
Buildings	272,247,472	-	-	26,222,856	298,470,328
Infrastructure	2,913,746	-	-	-	2,913,746
Land Improvements	37,005,472	-	-	2,627,515	39,632,987
Library Books	4,692,171	815,451	(247,447)	-	5,260,175
Equipment	29,516,824	2,003,835	(448,363)	-	31,072,296
Subtotal	<u>346,375,685</u>	<u>2,819,286</u>	<u>(695,810)</u>	<u>28,850,371</u>	<u>377,349,532</u>
<b>Accumulated Depreciation</b>					
Buildings	37,334,307	5,196,578	-	-	42,530,885
Infrastructure	1,553,998	97,125	-	-	1,651,123
Land Improvements	10,185,733	1,654,071	-	-	11,839,804
Library Books	1,993,890	299,416	(247,447)	-	2,045,859
Equipment	19,075,677	2,370,950	(398,236)	-	21,048,391
Subtotal	<u>70,143,605</u>	<u>9,618,140</u>	<u>(645,683)</u>	<u>-</u>	<u>79,116,062</u>
Net Other Capital Assets	<u>276,232,080</u>	<u>(6,798,854)</u>	<u>(50,127)</u>	<u>28,850,371</u>	<u>298,233,470</u>
<b>Assets Under Capital Leases</b>					
Equipment	4,018,327	1,362,392	(175,935)	-	5,204,784
Accumulated Depreciation Equipment	<u>2,344,824</u>	<u>825,129</u>	<u>-</u>	<u>-</u>	<u>3,169,953</u>
Net Lease Capital Assets	<u>1,673,503</u>	<u>537,263</u>	<u>(175,935)</u>	<u>-</u>	<u>2,034,831</u>
Net Capital Assets	<u>\$ 392,183,387</u>	<u>\$ 43,706,066</u>	<u>\$ (226,062)</u>	<u>\$ -</u>	<u>\$ 435,663,391</u>

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

**NOTE 7. LONG-TERM LIABILITIES**

Long-term liability activity for the year ended August 31, 2014, was as follows:

	Balance September 1, 2013	Additions	Reductions	Balance August 31, 2014	Current Portion
<b>Bonds</b>					
2002 Revenue Bonds	\$ 8,471,543	\$ 468,889	\$ -	\$ 8,940,432	\$ (451,540)
2005 Revenue Bonds	18,819,822	-	(1,799,939)	17,019,883	1,887,800
2009A Revenue Bonds	30,662,438	-	(353,830)	30,308,608	353,678
2009B Revenue Bonds	5,061,671	-	(1,481,394)	3,580,277	1,518,390
2010 Revenue Bonds	3,405,576	-	(348,930)	3,056,646	354,816
2011 Revenue Bonds	22,225,000	-	-	22,225,000	-
2011A Revenue Bonds	19,650,000	-	(340,000)	19,310,000	350,000
2012 Revenue Bonds	77,544,653	-	(248,463)	77,296,190	254,241
<b>Total Revenue Bonds</b>	<b>185,840,703</b>	<b>468,889</b>	<b>(4,572,556)</b>	<b>181,737,036</b>	<b>4,267,385</b>
2004 G.O. Bonds	619,277	-	(619,277)	-	-
2006 G.O. Bonds	18,447,888	377,300	(442,148)	18,383,040	899,192
2011 G.O. Bonds	31,938,386	-	(2,230,328)	29,708,058	2,180,517
2013 G.O. Bonds	44,587,591	-	(224,646)	44,362,945	735,728
<b>Total G.O. Bonds</b>	<b>95,593,142</b>	<b>377,300</b>	<b>(3,516,399)</b>	<b>92,454,043</b>	<b>3,815,437</b>
2008 Lease Revenue Bonds (PFC)	114,865,375	-	(2,746,149)	112,119,226	3,101,576
2010A Lease Revenue Bonds (PFC)	33,470,000	-	-	33,470,000	130,000
2012 Lease Revenue Bonds (PFC)	46,349,571	-	(106,050)	46,243,521	109,813
<b>Total Lease Revenue Bonds (PFC)</b>	<b>194,684,946</b>	<b>-</b>	<b>(2,852,199)</b>	<b>191,832,747</b>	<b>3,341,389</b>
<b>Total Bonds</b>	<b>476,118,791</b>	<b>846,189</b>	<b>(10,941,154)</b>	<b>466,023,826</b>	<b>11,424,211</b>
<b>Other Long-Term Liabilities</b>					
Capital Leases	1,955,146	-	(553,135)	1,402,011	553,135
Compensable Absences	5,445,340	3,189,913	(3,128,317)	5,506,936	3,128,317
OPEB Payable	1,910,029	296,760	-	2,206,789	-
Unearned Revenue	514,583	-	(95,000)	419,583	95,000
<b>Total Other Long-Term Liabilities</b>	<b>9,825,098</b>	<b>3,486,673</b>	<b>(3,776,452)</b>	<b>9,535,319</b>	<b>3,776,452</b>
<b>Total Long-Term Liabilities</b>	<b>\$ 485,943,889</b>	<b>\$ 4,332,862</b>	<b>\$ (14,717,606)</b>	<b>\$ 475,559,145</b>	<b>\$ 15,200,663</b>

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

**NOTE 7. LONG-TERM LIABILITIES (Continued)**

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

	Balance September 1, 2012	Additions	Reductions	Balance August 31, 2013	Current Portion
<b>Bonds</b>					
2002 Revenue Bonds	\$ 8,027,216	\$ 444,327	\$ -	\$ 8,471,543	\$ (468,889)
2005 Revenue Bonds	20,557,030	-	(1,737,208)	18,819,822	1,799,940
2009A Revenue Bonds	30,996,623	-	(334,185)	30,662,438	353,830
2009B Revenue Bonds	6,526,891	-	(1,465,220)	5,061,671	1,481,394
2010 Revenue Bonds	3,752,974	-	(347,398)	3,405,576	348,930
2011 Revenue Bonds	22,225,000	-	-	22,225,000	-
2011A Revenue Bonds	19,975,000	-	(325,000)	19,650,000	340,000
2012 Revenue Bonds	-	77,720,868	(176,215)	77,544,653	248,463
Total Revenue Bonds	<u>112,060,734</u>	<u>78,165,195</u>	<u>(4,385,226)</u>	<u>185,840,703</u>	<u>4,103,668</u>
2003 G.O. Bonds	43,364,353	525,647	(43,890,000)	-	-
2004 G.O. Bonds	1,867,945	-	(1,248,668)	619,277	619,277
2006 G.O. Bonds	18,511,870	343,529	(407,511)	18,447,888	64,847
2011 G.O. Bonds	32,505,349	-	(566,963)	31,938,386	2,230,328
2013 G.O. Bonds	-	44,656,453	(68,862)	44,587,591	224,646
Total G.O. Bonds	<u>96,249,517</u>	<u>45,525,629</u>	<u>(46,182,004)</u>	<u>95,593,142</u>	<u>3,139,098</u>
2008 Lease Revenue Bonds (PFC)	117,131,766	-	(2,266,391)	114,865,375	2,746,149
2010A Lease Revenue Bonds (PFC)	33,470,000	-	-	33,470,000	-
2012 Lease Revenue Bonds (PFC)	46,451,992	-	(102,421)	46,349,571	106,050
Total Lease Revenue Bonds (PFC)	<u>197,053,758</u>	<u>-</u>	<u>(2,368,812)</u>	<u>194,684,946</u>	<u>2,852,199</u>
<b>Total Bonds</b>	<u>405,364,009</u>	<u>123,690,824</u>	<u>(52,936,042)</u>	<u>476,118,791</u>	<u>10,094,965</u>
<b>Other Long-Term Liabilities</b>					
Capital Leases	1,158,938	1,362,392	(566,184)	1,955,146	553,135
Compensable Absences	5,135,101	3,312,840	(3,002,601)	5,445,340	3,002,601
OPEB Payable	1,615,677	294,352	-	1,910,029	-
Unearned Revenue	609,583	-	(95,000)	514,583	95,000
<b>Total Other Long-Term Liabilities</b>	<u>8,519,299</u>	<u>4,969,584</u>	<u>(3,663,785)</u>	<u>9,825,098</u>	<u>3,650,736</u>
<b>Total Long-Term Liabilities</b>	<u>\$ 413,883,308</u>	<u>\$ 128,660,408</u>	<u>\$ (56,599,827)</u>	<u>\$ 485,943,889</u>	<u>\$ 13,745,701</u>

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

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**NOTE 8. DEBT AND LEASE OBLIGATIONS**

***Lease Revenue Bonds***

The College has outstanding Lease Revenue Bonds issued in 2012, 2010 and 2008 which proceeds were used to finance the costs of acquisition, construction and equipment of the Hays, Elgin and the Round Rock campuses, respectively, and to pay the costs of issuing the Bonds.

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

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

**Build America Bonds**

The PFC designated the Lease Revenue Bonds Taxable Series 2010A, as "Build America Bonds" for purposes of the American Recovery and Reinvestment Act of 2009 ("the Recovery Act"). In general, the PFC will receive periodic Federal Payments from the United States Treasury equal to 35% of the interest payable on these Bonds. However, pursuant to the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985, these Federal payments are subject to sequestration. As a result, the refund payments for the fiscal year ended August 31, 2014, were reduced by the fiscal year 2014 sequestration rate of 7.2 percent that resulted in a 32.48% actual payment from the United States Treasury. In order to receive Federal Payments, the PFC is required to file a form with the Internal Revenue Service prior to each interest payment date for the Bonds. The Federal payments do not constitute a full faith and credit guarantee of the United States Government, but they are required to be paid by the United States Treasury under the Recovery Act. The Federal Payments will not be pledged to secure payment of the Bonds; however, the PFC has agreed to deposit all Federal Payments with respect to the Bonds in the Interest and Sinking Fund.

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

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**NOTE 8. DEBT AND LEASE OBLIGATIONS (Continued)**

***General Obligation Bonds***

On April 1, 2013, the College issued \$40,745,000 in Limited Tax Refunding Bonds, Series 2013. The Bonds were issued to refund certain outstanding General Obligation Bonds issued in 2004 and 2003 and to pay the costs of issuance related to the Bonds. The Bonds are due and payable in annual installments varying from \$505,000 to \$4,800,000, with interest rates varying from 2.0% to 5.0% and the final installment due in 2033.

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

The refunding 2006 General Obligation Bonds are due and payable in annual installments varying from \$40,000 to \$1,645,000, with interest rates varying from 4.0% to 9.6% and the final installment due in 2034. The remaining \$620,000 principal on the 2004 General Obligation Bonds not refunded by the 2013, 2011 and 2006 bond issuances was paid on August 1, 2014, at an interest rate of 4.125%.

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

***Revenue Bonds***

On November 1, 2012, the College issued \$74,790,000 in Combined Fee Revenue Building Bonds, Series 2012. The Bonds were issued to pay for the acquisition, construction, and improvement of property, buildings and facilities for the College and to pay for the costs of issuing the Bonds. The Bonds are due and payable in annual installments varying from \$150,000 to \$8,725,000, with interest rates varying from 3.0% to 4.0% and the final installment due in 2037.

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

**NOTE 8. DEBT AND LEASE OBLIGATIONS (Continued)**

Repayment of the revenue bond indebtedness is collateralized by a first lien on a pledge of certain tuition and fees described below. The bond indentures for all outstanding Revenue Bonds require that the College deposit into an interest and sinking fund the following: 1) Tuition Fee pledged at the maximum amount permitted by Section 130.123 of the Texas Education Code, as amended. Section 130.123 currently limits the maximum pledge to an amount equal to 25% of all tuition collections; 2) the General Fee of \$13 per semester credit hour from all nonexempt students for each semester and summer term; and 3) investment income derived from any and all funds. Such pledged tuition and fees amounted to \$24,973,485 and \$25,244,838 for the years ended August 31, 2014 and 2013, respectively. The pledged amount equates to 35.8% and 36.4% of the above revenue streams, respectively. The actual debt service payment for those years was \$11,410,457 and \$10,446,704, respectively. Compared to the minimum required pledge-to-debt service coverage ratio of 1.25, the actual coverage ratio was 2.19 and 2.42, respectively. Revenue bonds payable are due in annual installments varying from \$125,000 to \$8,725,000, with interest rates ranging from 0.711% to 5.767% and the final installment due in 2037. The College has complied with all significant bond covenants for the years ended August 31, 2014 and 2013.

The debt service requirement at August 31, 2014 is summarized below:

For Year Ended August 31,	General Obligation Bonds		Combined Fee Revenue Bonds		Lease Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest (1)
2015	\$ 2,420,000	\$ 3,461,805	\$ 4,315,000	\$ 7,107,295	\$ 2,970,000	\$ 9,242,850
2016	3,290,000	3,391,405	7,696,421	7,379,084	3,460,000	9,090,516
2017	1,609,694	3,229,855	7,882,344	7,079,766	4,175,000	8,913,777
2018	1,538,965	3,213,656	9,054,780	6,738,998	4,845,000	8,707,088
2019	3,485,000	3,196,705	9,611,574	6,343,688	5,295,000	8,466,837
2020 - 2024	20,020,000	13,197,750	31,264,397	29,789,397	34,500,000	37,741,528
2025 - 2029	24,700,000	8,492,755	39,180,000	17,071,867	51,760,000	27,347,046
2030 - 2034	25,650,000	2,762,956	38,775,000	8,659,702	66,230,000	12,917,646
2035 - 2037	-	-	26,465,000	1,377,718	15,620,000	1,027,347
<b>SubTotal</b>	<b>\$82,713,659</b>	<b>\$40,946,887</b>	<b>\$174,244,516</b>	<b>\$91,547,515</b>	<b>\$188,855,000</b>	<b>\$123,454,635</b>
Net premium	7,568,676	-	3,134,998	-	2,977,747	-
Accreted Interest	2,171,708	-	4,357,522	-	-	-
<b>Total</b>	<b>\$92,454,043</b>	<b>\$40,946,887</b>	<b>\$181,737,036</b>	<b>\$91,547,515</b>	<b>\$191,832,747</b>	<b>\$123,454,635</b>

Note:

(1) Future interest amount is shown net of "Build America Bonds" Federal subsidy. As "Build America Bonds," the PFC will receive, in general, periodic Federal Payments from the United States Treasury equal to 35% of the interest payable on its Taxable Series 2010A bonds. However, these payments are subject to sequestration in accordance with the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985. As such, refund payments processed on or after October 1, 2013 until September 30, 2014 will be reduced by the fiscal year sequestration rate of 7.2 percent for an actual 32.48% payment from the United States Treasury.



**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

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**NOTE 8. DEBT AND LEASE OBLIGATIONS (Continued)**

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

**General Obligation Bonds:**

- Limited Tax Bonds Refunding, Series 2013.
  - To refund a portion of Series 2003 and 2004 bonds.
  - Issued April 1, 2013.
  - Total authorized \$40,745,000; all authorized bonds have been issued.
  - Source of revenue for debt service is ad valorem taxes.
  - Outstanding principal balance as of August 31, 2014 and 2013 is \$40,745,000 and \$40,745,000, respectively.
  
- Limited Tax Bonds Refunding, Series 2011.
  - To refund a portion of Series 2003 and 2004 bonds.
  - Issued December 1, 2011.
  - Total authorized \$28,200,000; all authorized bonds have been issued.
  - Source of revenue for debt service is ad valorem taxes.
  - Outstanding principal balance as of August 31, 2014 and 2013 is \$26,545,000 and \$28,200,000, respectively.
  
- Limited Tax Bonds Refunding, Series 2006.
  - To refund a portion of Series 2003 and 2004 bonds.
  - Issued December 12, 2006.
  - Total authorized \$17,573,659; \$15,530,000 Current Interest Bonds and \$2,043,659 Capital Appreciation Bonds; all authorized bonds have been issued.
  - Source of revenue for debt service is ad valorem taxes.
  - Outstanding principal balance as of August 31, 2014 and 2013 is \$15,423,659 and \$15,693,659, respectively.
  
- Limited Tax Bonds, Series 2004.
  - To construct, renovate and equip College buildings district-wide, including phase 2 of the Health Careers Building, construction of the South Austin campus, parking and other such improvements as determined by the College.
  - Issued June 30, 2004.
  - Total authorized \$99,000,000; \$23,910,000 issued.
  - Source of revenue for debt service is ad valorem taxes.
  - Outstanding principal balance as of August 31, 2014 and 2013 is \$0 and \$620,000, respectively.

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

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**NOTE 8. DEBT AND LEASE OBLIGATIONS (Continued)**

**Combined Fee Revenue Bonds:**

- Combined Fee Revenue Building Bonds, Series 2012.
  - To pay for the acquisition, construction, and improvement of property, buildings and facilities for the College.
  - Issued November 1, 2012.
  - Total authorized \$74,790,000; all authorized bonds have been issued.
  - Source of revenue for debt service is tuition and general fees.
  - Outstanding principal balance as of August 31, 2014 and 2013 is \$74,790,000 and \$74,790,000.
  
- Combined Fee Revenue Building Bonds, Taxable Series 2011A.
  - To acquire real property and renovate and improve college facilities including real property in the vicinity of Highland Mall.
  - Issued July 1, 2011.
  - Total authorized \$20,275,000; all authorized bonds have been issued.
  - Source of revenue for debt service is tuition and general fees.
  - Outstanding principal balance as of August 31, 2014 and 2013 is \$19,310,000 and \$19,650,000, respectively.
  
- Combined Fee Revenue Building Bonds, Taxable Series 2011.
  - To acquire real property and renovate and improve College facilities including acquiring a substantial portion of Highland Mall.
  - Issued April 1, 2011.
  - Total authorized \$22,225,000; all authorized bonds have been issued.
  - Source of revenue for debt service is tuition and general fees.
  - Outstanding principal balance as of August 31, 2014 and 2013 is \$22,225,000 and \$22,225,000, respectively.
  
- Combined Fee Revenue Refunding Bonds, Series 2010.
  - To refund all the callable outstanding Series 2002 Bonds.
  - Issued October 15, 2010.
  - Total authorized \$3,860,000; all authorized bonds have been issued.
  - Source of revenue for debt service is tuition and general fees.
  - Outstanding principal balance as of August 31, 2014 and 2013 is \$2,940,000 and \$3,255,000, respectively.
  
- Combined Fee Revenue Building Bonds, Series 2009A.
  - To acquire real property and renovate and improve College facilities.
  - Issued November 1, 2009.
  - Total authorized \$31,510,000; all authorized bonds have been issued.
  - Source of revenue for debt service is tuition and general fees.
  - Outstanding principal balance as of August 31, 2014 and 2013 is \$30,195,000 and \$30,535,000, respectively.

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

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**NOTE 8. DEBT AND LEASE OBLIGATIONS (Continued)**

- Combined Fee Revenue Refunding Bonds, Series 2009B.
  - To refund the remaining 1998 and 2000 Series bonds.
  - Issued November 1, 2009.
  - Total authorized \$9,300,000; all authorized bonds have been issued.
  - Source of revenue for debt service is tuition and general fees.
  - Outstanding principal balance as of August 31, 2014 and 2013 is \$3,575,000 and \$5,050,000, respectively.
  
- Combined Fee Revenue Refunding Bonds, Series 2005.
  - To refund a portion of Series 2000 bonds, and the remaining 1995 Series bonds.
  - Issued April 21, 2005.
  - Total authorized \$25,255,000; all authorized bonds have been issued.
  - Source of revenue for debt service is tuition and general fees.
  - Outstanding principal balance as of August 31, 2014 and 2013 is \$16,625,000 and \$18,325,000, respectively.
  
- Combined Fee Revenue Refunding Bonds, Series 2002.
  - To purchase, acquire, renovate, construct and equip College facilities and to refund the remaining 1992 Series bonds.
  - Issued April 3, 2002.
  - Total authorized \$10,389,516; \$5,805,000 Current Interest Bonds and \$4,584,516 Capital Appreciation Bonds; all authorized bonds have been issued.
  - Source of revenue for debt service is tuition and general fees.
  - Outstanding principal balance as of August 31, 2014 and 2013 is \$4,584,516 and \$4,584,516, respectively.

**Lease Revenue Bonds:**

- Lease Revenue Bonds, Series 2012.
  - To finance the cost of acquisition, construction and equipment of the Hays Campus.
  - Issued April 1, 2012.
  - Total authorized \$44,430,000; all authorized bonds have been issued.
  - Source of revenue for debt service is lease payments in amounts required by lease purchase agreement between the College and the PFC.
  - Outstanding principal balance as of August 31, 2014 and 2013 is \$44,430,000 and \$44,430,000, respectively.

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

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**NOTE 8. DEBT AND LEASE OBLIGATIONS (Continued)**

- Lease Revenue Bonds, Taxable Series 2010A (Build America Bonds – Direct Payment).
  - To finance the cost of acquisition, construction and equipment of the Elgin Campus.
  - Issued December 1, 2010.
  - Total authorized \$33,470,000; all authorized bonds have been issued.
  - Source of revenue for debt service is lease payments in amounts required by lease purchase agreement between the College and the PFC.
  - Outstanding principal balance as of August 31, 2014 and 2013 is \$33,470,000 and \$33,470,000, respectively.
  
- Lease Revenue Bonds, Series 2008.
  - To finance the cost of acquisition, construction and equipment of the Round Rock Campus.
  - Issued August 1, 2008.
  - Total authorized \$118,980,000; \$93,305,000 Serial Bonds and a \$25,675,000 2033 Term Bond; all authorized bonds have been issued.
  - Source of revenue for debt service is lease payments in amounts required by lease purchase agreement between the College and the PFC.
  - Outstanding principal balance as of August 31, 2014 and 2013 is \$110,955,000 and \$113,415,000, respectively.

***Arbitrage***

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. The College had no arbitrage liability for the years ended August 31, 2014 and 2013.

***Capital Leases***

As of August 31, 2014 and 2013, the College made annual lease payments for capital leased property of \$579,876 and \$579,876, respectively.

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

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**NOTE 8. DEBT AND LEASE OBLIGATIONS (Continued)**

Obligations under capital leases at August 31, 2014, were as follows:

<u>For the year ended August 31,</u>	<u>Total</u>
2015	\$ 579,876
2016	579,876
2017	<u>279,802</u>
Total Minimum Lease Payments	1,439,554
Less: Amount Representing Interest Costs	<u>(37,543)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 1,402,011</u></u>

**Interest Expense**

For the year ended August 31, 2014, the College incurred \$19,960,306 in interest cost, of which \$17,929,915 was expensed and \$2,030,391 was capitalized. For the year ended August 31, 2013, the College incurred \$23,051,230 in interest cost, of which \$19,395,812 was expensed and \$3,655,418 was capitalized.

**NOTE 9. DEFEASED BONDS OUTSTANDING**

On April 1, 2013, the College issued Limited Tax Refunding Bonds, Series 2013. The par value was \$40,745,000 and they were issued for the refunding of certain outstanding Limited Tax Bonds Series 2004 and 2003. The present value of the net refunding gain was \$5,296,512. The total cash flows to service the refunded bonds and cash flows required to service the refunding bonds as of the effective date of the refunding were \$73,760,641 and \$66,653,701.

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

**NOTE 9. DEFEASED BONDS OUTSTANDING (Continued)**

As of August 31, 2014, the College did not have defeased bonds outstanding. However, the College had the following legally defeased bonds as of August 31, 2013:

<u>Bond Issued</u>	<u>Year Refunded</u>	<u>2014 Par Value Outstanding</u>	<u>2013 Par Value Outstanding</u>
Limited Tax Bonds, Series 2004	2013	\$ -	\$ 645,000
Limited Tax Bonds, Series 2004	2011	-	8,535,000
Limited Tax Bonds, Series 2004	2006	-	12,265,000
		<u>\$ -</u>	<u>\$ 21,445,000</u>

**NOTE 10. OPERATING LEASE COMMITMENTS AND RENTAL AGREEMENTS**

The College leases various classrooms, offices, parking lots, and equipment under Rental Agreements. These agreements have clauses which allow the College to terminate the agreement if funding becomes unavailable or the Board does not approve funding. Rental payments during the fiscal year ended August 31, 2014 and 2013 were \$1,526,492 and \$1,732,776, respectively.

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

<u>For the Year Ending August 31,</u>	<u>Total</u>
2015	\$ 70,000
2016	70,000
2017	70,000
2018	70,000
2019	70,000
Total Future Minimum Lease Payments	<u>\$ 350,000</u>

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

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**NOTE 11. EMPLOYEES' RETIREMENT PLANS**

***Defined Benefit Plan***

The State of Texas ("the State") has joint contributory retirement plans for almost all of its employees. One of the primary plans in which the College participates is administered by the Teacher Retirement System of Texas (TRS), a multiple-employer public employee retirement system (PERS). It is a cost-sharing PERS with one exception: all risks and costs are not shared by the employer but are the liability of the State. TRS administers retirement and disability annuities and death and survivor benefits to employees and beneficiaries of employees covered under the plan. It operates primarily under the provisions of Texas Constitution, Article XVI § 67 and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapter 803 and Chapter 805, respectively. Structure, benefits and contributions are established by state statute.

State law provides an employer contribution rate of 6.8%, 6.4%, and 6.0% for fiscal years 2014, 2013, and 2012, respectively, and a member contribution rate of 6.4%.

Contribution requirements are not actuarially determined but are legally established each biennium pursuant to the following state funding policy:

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

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

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

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**NOTE 11. EMPLOYEES' RETIREMENT PLANS (Continued)**

All College employees, except those employed less than one-half the standard workload, those exempted by law, and those participating in the Optional Retirement Program (ORP), are required to participate in TRS. The State's, the College's, and the participants' combined contributions to TRS were \$13,500,786, \$16,311,333, and \$7,042,922, respectively, for the years ended August 31, 2014, 2013, and 2012, respectively. These contributions represent 100% of the annual required contributions for each year. For the years ended August 31, 2014, 2013, and 2012, TRS contributions made by employees were \$6,527,355, \$5,955,673, and \$5,870,316, respectively; contributions made by the State were \$3,153,178, \$903,338, and \$786,639, respectively; and the expense to the College was \$3,820,253, \$9,452,322, and \$385,967, respectively. Total payroll for employees covered by the System for the years ended August 31, 2014, 2013, and 2012 was \$101,875,066, \$93,057,346, and \$91,722,333, respectively.

The Texas 82<sup>nd</sup> Legislature, as part of the General Appropriation Act, changed its historical methodology for funding employer retirement contributions. This methodology underfunded the State's contribution to the Teachers Retirement System, resulting in a shortfall for TRS. On December 1, 2011, TRS distributed a letter to all community colleges informing them of the shortfall and requesting the colleges to fund the State's shortfall. Collectively, the community colleges, via their statewide association, the Texas Association of Community Colleges, responded to TRS, on December 5, 2011, that the community colleges were not liable for the State's shortfall, nor was there any legal basis for TRS to request that the colleges fund the shortfall. As such, it was the position of the community colleges, including Austin Community College, that the colleges were not liable for this shortfall. As of August 31, 2012, the amount of the TRS shortfall related to the College's employees was estimated to be \$4,364,698.

During the fiscal year ended August 31, 2013, the State Legislature, in collaboration with the Texas community colleges, brought resolution to the dispute concerning state funding of retirement contributions. As part of that resolution, a new funding methodology was developed which resulted in higher retirement funding levels in the future, starting in fiscal year 2014, compared to the fiscal years 2012 and 2013 funding levels. However, as part of that resolution, the future increases in funding were contingent upon the community colleges paying all outstanding amounts due from fiscal year ended August 31, 2012, which for Austin Community College amounted to \$4,359,541. In August 2013, the College paid the outstanding amount in full.



**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

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**NOTE 11. EMPLOYEES' RETIREMENT PLANS (Continued)**

***Defined Contribution Retirement Plans***

The State has also established an Optional Retirement Plan (ORP) for institutions of higher education that is subject to amendment by the Texas Legislature. Participation in the ORP is in lieu of participation in the TRS. The ORP provides for the purchase of annuity contracts as individual retirement accounts and is a defined contribution plan. For fiscal years 2014 and 2013, the employee contribution rate is 6.65% and the employer contribution rate is 6.60% and 6.00%, respectively. For those employees hired prior to September 1, 1995, the College contributes an additional 2.10% for the fiscal years ended August 31, 2014 and 2013. For the years ended August 31, 2014 and 2013, ORP contributions made by employees were \$2,110,206 and \$2,160,380, respectively; contributions made by the State were \$1,031,844 and \$1,941,038, respectively; and the expense to the College was \$1,440,287 and \$409,178, respectively. Total payroll of employees participating in ORP for the fiscal years ended August 31, 2014 and 2013 are \$31,680,159 and \$32,465,851, respectively.

In addition, the College has established a defined contribution Money Purchase Plan for part-time employees, called the Part-Time Employees Retirement System (PTERS). To be eligible for participation in the PTERS, an employee must complete one hour of service in a service period. Participation in this plan is in lieu of participation in the TRS or the ORP. Under the PTERS, the College is required to withhold from an employee's compensation 6% and match an amount equal to 1.5% of the employee's total compensation, for a combined contribution of 7.5% of the employee's total annual compensation. The College has contracted with Ohio National Life Insurance Company to administer the PTERS. The College maintains the authority to amend plan provisions and contributions of the PTERS. For the years ended August 31, 2014 and 2013, PTERS contributions made by employees were \$1,507,709 and \$2,058,086; and the expense to the College was \$376,751 and \$516,425, respectively. Total payroll of employees participating in PTERS for the fiscal years ended August 31, 2014 and 2013 are \$25,128,971 and \$34,326,945, respectively.

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

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

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**NOTE 12. HEALTHCARE AND LIFE INSURANCE BENEFITS**

In addition to the pension benefits described in Note 11, the State provides certain health care and life insurance benefits for most active and retired employees. The State appropriates a sum-certain amount for these benefits to the College based on employee enrollments during the legislative cycle, and any additional expense must be funded by the College. These benefits are administered by the Employees Retirement System of Texas and provided through an insurance company whose premiums are based on benefits paid during the previous year.

For the year ended August 31, 2014, the State's maximum contribution per full-time employee was \$503 per month for the year and totaled \$6,038 per employee for the year. The State also paid a maximum amount for a spouse, child(ren), or family of \$1,079, \$889, and \$1,465 per month, respectively. The total cost of providing those benefits for the year was \$2,150,140 for 341 retirees and \$14,538,579 for 2,095 active employees.

For the year ended August 31, 2013, the State's maximum contribution per full-time employee was \$472 per month for the year and totaled \$5,669 per employee for the year. The State also paid a maximum amount for a spouse, child(ren), or family of \$1,011, \$833, and \$1,371 per month, respectively. The total cost of providing those benefits for the year was \$1,789,587 for 299 retirees and \$14,114,165 for 2,138 active employees.

Of the costs above, the health and life insurance expense to the State on behalf of the College was \$7,891,113 and \$5,272,591 for the fiscal years ended August 31, 2014 and 2013, respectively. The expense to the College was \$8,797,606 and \$10,631,161 for the fiscal years ended August 31, 2014 and 2013, respectively.

**NOTE 13. ON-BEHALF PAYMENTS**

For the fiscal years ended August 31, 2014 and 2013 the College recorded State on-behalf contributions for the Teacher's Retirement System of \$3,153,178 and \$903,338, respectively, and contributions for the Optional Retirement Program of \$1,031,844 and \$1,941,038, respectively. The Optional Retirement Program contributions are received as cash reimbursements from the State for payments made by the College to the respective investment funds on behalf of the employees.

The College recorded State on-behalf contributions for health insurance of \$7,891,113 and \$5,272,591 for the fiscal years ended August 31, 2014 and 2013, respectively. These were non-cash, on-behalf contributions.

The State's total on-behalf contributions for the fiscal years ended August 31, 2014 and 2013 of \$12,076,135 and \$8,116,967, respectively, were recorded as revenues and expenses in the accompanying basic financial statements.

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

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**NOTE 14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

***Retiree Medical Insurance - Plan Description***

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

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

***Retiree Medical Insurance - Funding Policy***

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

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

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

The employer contribution for the retiree medical insurance is funded by the State as an on-behalf contribution. The State's on-behalf contributions to SRHP for the years ended August 31, 2014, 2013, and 2012, were \$2,150,140, \$1,789,587, and \$1,558,346, respectively.

***Retiree Dental Care – Plan Description***

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

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

**NOTE 14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

***Retiree Dental Care – Funding Policy Annual OPEB Cost***

The College reimburses 100% of the retirees cost of the dental benefits provided by the SRHP. These costs are funded on a pay-as-you-go basis. A retired employee becomes eligible for dental benefits upon retirement from the College, assuming they meet the eligibility requirements for participation in the SRHP. The College’s annual cost per retiree was \$282.96 for the years 2014, 2013, and 2012, respectively. The total annual contributions made by the College were \$72,585, \$63,445, and \$59,817 for the years 2014, 2013, and 2012, respectively.

***Retiree Dental Care – Net OPEB Obligation***

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

The College’s annual OPEB cost for the years ended August 31, 2014, 2013, and 2012 is as follows:

	2014	2013	2012
Annual Required Contribution (ARC)	\$ 363,027	\$ 352,453	\$ 433,889
Interest on OPEB Obligation	85,951	72,705	-
Adjustment to ARC	(79,633)	(67,361)	-
Annual OPEB Cost, End of Year	369,345	357,797	433,889
Employer Contributions	(72,585)	(63,445)	(59,817)
Increase in Net OPEB Obligation	296,760	294,352	374,072
Net OPEB Obligation, Beginning of Year	1,910,029	1,615,677	1,241,605
Net OPEB Obligation, End of Year	\$ 2,206,789	\$ 1,910,029	\$ 1,615,677

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

**NOTE 14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended August 31, 2014, 2013, and 2012 are as follows:

Fiscal Year Ended	Net OPEB Obligation Beginning of Year	Annual OPEB Cost	Employer Contributions	Net OPEB Obligation End of Year	Annual OPEB Cost Contributed
2014	\$ 1,910,029	\$ 369,345	\$ 72,585	\$ 2,206,789	19.65%
2013	1,615,677	357,797	63,445	1,910,029	17.73%
2012	1,241,605	433,889	59,817	1,615,677	13.79%

***Funding Status and Funding Progress***

The funded status of the College's retiree dental care plan, under GASB Statement No. 45 as of the most recent valuation and the two preceding valuations is as follows:

Actuarial Valuation Date as of August 31,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll	UAAL as a Percentage of Covered Payroll
2013	\$ -	\$ 3,538,156	\$ 3,538,156	0%	\$125,523,197	2.82%
2011	-	4,112,179	4,112,179	0%	118,176,838	3.48%
2009	-	3,190,301	3,190,301	0%	102,919,712	3.10%

***Actuarial Methods and Assumptions***

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

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

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**NOTE 14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

Projections of dental benefits are based on the plan as understood by the College and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the College and the College's employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions for the years ended August 31, 2014, 2013, and 2012 were as follows:

<u>Actuarial Methods and Assumptions</u>	
Rate of Inflation	3.0% per Year
Investment Rate of Return	4.50% Net of Expenses
Actuarial Cost Method	Projected Unit Credit Cost Method
Amortization Method	Level as a Percentage of Employee Payroll
Amortization Period	30 year, Open Amortization
Salary Growth Rate	3.0% per Year
Medical Trend	N/A (Dental Benefit Only)
Dental Trend	3.0% per Year

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

**NOTE 15. COMPENSABLE ABSENCES**

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

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

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

**NOTE 15. COMPENSABLE ABSENCES (Continued)**

For the fiscal years ended August 31, 2014 and 2013, the College recognized \$5,506,936 and \$5,445,340, respectively, as an accrued liability for the unpaid annual and sick leave. The College's reporting of accrued liabilities for compensable absences is in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*. The total amount accrued at August 31, 2014, of \$5,506,936; of that amount, \$1,112,526 is allocated to sick leave and \$4,394,410 to annual leave. The total amount accrued at August 31, 2013, of \$5,445,340; of that amount, \$1,094,416 is allocated to sick leave and \$4,350,924 to annual leave.

**NOTE 16. PENDING LAWSUITS AND CLAIMS**

On August 31, 2014 and 2013, various lawsuits and claims involving the College were pending. While the ultimate liability with respect to litigation and other claims asserted against the College cannot be reasonably estimated at this time, this liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the College.

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

**NOTE 17. DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES**

***Receivables***

Accounts Receivable at August 31, 2014 and 2013 were as follows:

	<u>2014</u>	<u>2013</u>
Tuition and Fees Receivable (Net of Allowance for Doubtful Accounts of \$8,574,061 and \$6,968,424)	\$ 18,456,835	\$ 17,856,687
Taxes Receivable (Net of Allowance for Doubtful Accounts of \$312,176 and \$286,339)	2,809,583	2,577,049
Contracts and Grants Receivable	1,925,571	1,805,540
Investment Income Receivable	6,215	53,369
Other Receivables	643,688	680,153
Total Receivables	<u>\$ 23,841,892</u>	<u>\$ 22,972,798</u>



**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

**NOTE 17. DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES**  
**(Continued)**

***Payables***

Payable balances at August 31, 2014 and 2013 were as follows:

	2014	2013
Payable to Vendors	\$ 8,629,594	\$ 8,572,246
Salaries and Benefits Payable	3,998,590	3,866,595
Payable to Students	1,026,151	1,490,480
Accrued Interest Payable	1,661,494	1,689,955
Construction Retainage	948,981	2,139,334
Total Payables	\$ 16,264,810	\$ 17,758,610

**NOTE 18. DEFERRED REVENUE – CITY OF AUSTIN LEASE**

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

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

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

The College and the City agreed that the City would begin paying an annual base rent of \$95,000 once the building was completed, or by May 31, 2000. As a result of the prime lease, the City prepaid the entire twenty year annual base rent of \$1,900,000 to the College. For the years ended August 31, 2014 and 2013, the College has recognized \$95,000 each year as lease payments. The remaining liability is recorded as unearned revenue for the fiscal years ended August 31, 2014 and 2013, in the amounts of \$419,583 and \$514,583, respectively.



**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

**NOTE 19. FUNDS HELD FOR OTHERS**

The College holds funds for certain student organizations and other agencies. These amounts are reflected in the basic financial statements as funds held for others in the amount of \$376,322 and \$1,110,619 for the fiscal years ended August 31, 2014 and 2013, respectively.

**NOTE 20. CONTRACT AND GRANT AWARDS**

Contract and grant awards are accounted for in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized on the *Statements of Revenues, Expenses and Changes in Net Position* (Exhibit 2), *Schedule of Operating Revenues* (Schedule A) and *Schedule of Non-Operating Revenues and Expenses* (Schedule C). Contract and grant awards for which funds are expended but not yet collected are included in Accounts Receivable in the *Statement of Net Position* (See Contracts and Grants Receivable, Note 17). Contract and grant awards that are not yet funded or expended are not included in the financial statements. Contract and grant awards funds already committed, e.g., multi-year awards, or funds awarded during fiscal years ended August 31, 2014 and 2013, for which no expenses have been incurred totaled \$5,509,129 and \$5,207,664, respectively.

These amounts are comprised of the following:

	2014	2013
Federal Contracts and Grant Awards	\$ 3,960,076	\$ 2,898,602
State Contracts and Grant Awards	1,263,374	2,063,637
Local Contracts and Grant Awards	73,028	65,501
Private Contracts and Grant Awards	212,651	179,924
Total Contract and Grant Awards	\$ 5,509,129	\$ 5,207,664

**NOTE 21. PROPERTY TAXES**

The College's ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the College's taxing jurisdiction. The College's Taxable Assessed Values for the years ended August 31, 2014 and 2013, are as follows:

	2014	2013
Appraised Valuation	\$ 149,340,769,383	\$ 140,251,967,998
Less: Exemptions	(25,245,135,271)	(23,240,309,386)
Less: Abatements	-	-
Taxable Assessed Value	\$ 124,095,634,112	\$ 117,011,658,612

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

**NOTE 21. PROPERTY TAXES (Continued)**

Tax rates for the years ended August 31, 2014 and 2013, are as follows:

Fiscal Year 2014:

	Current Operations	Debt Service	Total
Tax Rate per \$100 valuation Authorized	\$ 0.0900	\$ 0.5000	\$ 0.5900
Tax Rate per \$100 valuation Assessed	\$ 0.0900	\$ 0.0049	\$ 0.0949

Fiscal Year 2013:

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

Taxes levied for the years ended August 31, 2014 and 2013, were \$118,145,645 and \$111,213,977, respectively (which includes adjustments for the year, if applicable). Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1st of the year following the year in which imposed. On January 1 of each year a tax lien attaches to property to secure payment of all taxes, penalties, and interest.

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

**NOTE 21. PROPERTY TAXES (Continued)**

Taxes collected for the years ended August 31, 2014 and 2013, are as follows:

Fiscal Year 2014:

	Current Operations	Debt Service	Total
Current Taxes Collected	\$ 111,422,812	\$ 6,066,353	\$117,489,165
Delinquent Taxes Collected	420,301	22,883	443,184
Penalties & Interest Collected	443,928	24,169	468,097
Other Tax Related Collections	78,878	4,295	83,173
Total Collections	<u>\$112,365,919</u>	<u>\$ 6,117,700</u>	<u>\$118,483,619</u>

Fiscal Year 2013:

	Current Operations	Debt Service	Total
Current Taxes Collected	\$ 104,657,846	\$ 5,930,611	\$110,588,457
Delinquent Taxes Collected	304,919	17,279	322,198
Penalties & Interest Collected	448,951	25,441	474,392
Other Tax Related Collections	88,803	5,032	93,835
Total Collections	<u>\$105,500,519</u>	<u>\$ 5,978,363</u>	<u>\$111,478,882</u>

Tax collections for the years ended August 31, 2014 and 2013, are 99.22% and 99.31%, respectively, of the current tax levy. The allowance for uncollectible property taxes amounted to \$312,176 and \$286,339 for the years ended August 31, 2014 and 2013, respectively. The use of debt service tax proceeds is restricted for the retirement of general obligation bonds.

**NOTE 22. INCOME TAXES**

The College is exempt from income taxes under Internal Revenue Code Section 115, *Income of States, Municipalities, Etc.*, although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511(a)(2)(B), *Imposition of Tax on Unrelated Business Income of Charitable, etc., Organizations*. The College had no unrelated business income tax liability for the fiscal years ended August 31, 2014 and 2013.

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

**NOTE 23. GREATER AUSTIN AREA TELECOMMUNICATIONS NETWORK**

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

**NOTE 24. CONSTRUCTION COMMITMENTS**

The College has entered into construction commitments for various projects, including the renovation of facilities and the construction of buildings. At August 31, 2014 and 2013, the outstanding commitments under construction contracts for facilities and other projects are \$2,056,237 and \$83,719,282, respectively.

**NOTE 25. RESTATEMENTS**

For the year ended August 31, 2014, the College implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. To comply with GASB Statement No. 65, the College’s debt issuance costs are now expensed in the period in which they are incurred. Previously, the College reported debt issuance costs as deferred charges (an asset) in the financial statements. As a result, a prior year adjustment was made to expense debt issuance costs incurred in prior years.

The resulting effect of GASB Statement No. 65 implementation on net position for fiscal year 2013 is as follows:

	Beginning Net Position at September 1, 2012	Decrease in Net Position	Ending Net Position at August 31, 2013
As Presented in the Fiscal Year Ending August 31, 2013 Financial Statements	\$ 93,775,968	\$ (10,393,662)	\$ 83,382,306
GASB 65 Implementation: Effect of Debt Issue Costs Expensed in the Year Incurred	(4,685,761)	(231,605)	(4,917,366)
Restated Net Postion	\$ 89,090,207	\$ (10,625,267)	\$ 78,464,940

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

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

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

***Notes to the Foundation Financial Statements***

The following footnotes are excerpted from the Foundation's audited financial statements dated May 31, 2014:

**A: ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

1. Organization and Nature of Activities

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

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

2. Basis of Accounting

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

3. Basis of Presentation

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

4. Cash Equivalents

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

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

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

**A: ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

5. Investments

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

6. Contributions

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

7. Functional Expenses

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

8. Estimates

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

**B: TAX EXEMPT STATUS**

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

The tax years 2010 through 2013 remain open to examination by the major taxing jurisdictions in which returns are filed.

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

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

**C: INVESTMENTS**

Investments comprised the following at May 31,

	2014	2013
Mutual funds	\$ 4,253,694	\$ 3,761,166
Corporate bonds	1,434,894	1,522,129
Certificates of deposit	301,118	200,902
Government securities	60,351	62,056
	\$ 6,050,057	\$ 5,546,253

Individual securities that represented 5% or more of the total investment balances comprised the following at May 31,

	2014	2013
Am. Funds Growth Fund of America (AGTHX)	\$ 1,430,979	\$ 1,255,849
Am. Funds Capital Income Builder Fund (CAIBX)	1,187,995	1,086,061
Am. Funds Invmt Company of America (AIVSX)	814,007	717,515
Oppenheimer Small & Mid Cap Value Fd (QVSCX)	346,501	289,190

**D: PROMISES TO GIVE**

The promises to give balances as of May 31, 2014 and 2013 were considered fully collectible. Therefore, no allowances for uncollectible balances are reflected in these financial statements. Contributions receivable have been discounted to their present values at May 31, 2014 using an interest rate of 1.23%. Due to the immaterial amount of discount calculated as of May 31, 2013, no discount to present value is reflected in these financial statements.

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

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

**D: PROMISES TO GIVE (Continued)**

Promise to give comprised the following at May 31,

	2014	2013
Collection expected in less than one year	\$ 63,125	\$ 63,991
Collection expected in one to five years	240,000	35,834
Collection expected in more than five years	510,000	-
Promises to give, gross	813,125	99,825
Less discounts to present value	(63,000)	-
Less allowances for uncollectible balances	-	-
Promises to give, net	\$ 750,125	\$ 99,825

**E: RESTRICTIONS ON NET ASSETS**

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

***ACC Counseling Services Endowed Scholarship***

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

***AMD/Gary Heerssen Memorial Scholarship***

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

***Denius/Schulman Music Business Performance & Technology Endowed Scholarship***

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

***Denius/Schulman Recording Workshop Endowed Scholarship***

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

***Drs. John and Suanne Roueche Endowed Scholarship***

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

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

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



**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

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

**E: RESTRICTIONS ON NET ASSETS (Continued)**

***Robert W. Galvin Endowed Scholarship***

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

***Royce & Donna Faulkner Family Endowed Scholarship***

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

***Roy F. and Joann Mitte Foundation Endowed Scholarship***

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

***St. David's Neal Kocurek ACC Endowed Scholarship***

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

**F: ENDOWMENT FUND**

The Foundation's endowment comprised approximately 60 individual funds established for a variety of purposes. The Foundation does not have any Board designated endowment funds.

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

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

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

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

**F: ENDOWMENT FUND (Continued)**

***Funds with Deficiencies***

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donors require the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature that are reported in unrestricted net assets were \$11,933 and \$15,169 at May 31, 2014 and 2013, respectively.

***Return Objectives***

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the Foundation's long-term investment goal will be to achieve a rate of return on invested assets that meets the annual rate of inflation, in order to maintain the fund's purchasing power, and generates sufficient income to cover the distributions for all endowed funds.

***Strategies Employed for Achieving Objectives***

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

***Spending Policy and How the Investment Objectives Relate to Spending Policy***

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

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

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

**F: ENDOWMENT FUND (Continued)**

***Changes in Endowment Funds***

Changes in the Foundation’s endowment funds (excludes promises to give) were as follows for the years ended May 31, 2014 and 2013:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment funds, May 31, 2012	\$ (26,956)	\$ 205,860	\$ 4,414,733	\$ 4,593,637
Contributions	-	-	186,523	186,523
Return on investments	11,787	631,389	141	643,317
Appropriations	-	(134,128)	-	(134,128)
Endowment funds, May 31, 2013	(15,169)	703,121	4,601,397	5,289,349
Contributions	-	-	177,275	177,275
Return on investments	3,236	645,460	260	648,956
Appropriations	-	(136,850)	-	(136,850)
Endowment funds, May 31, 2014	<u>\$ (11,933)</u>	<u>\$ 1,211,731</u>	<u>\$ 4,778,932</u>	<u>\$ 5,978,730</u>

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

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

**F: ENDOWMENT FUND (Continued)**

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

	2014	2013
A+ Federal Credit Union Endowed Scholarship	\$ 15,000	\$ -
AAUW - Frances Malmberg Endowed Scholarship	78,455	78,455
ACC Counseling Services Endowed Scholarship	100,025	100,025
AMD/Gary Heerssen Memorial Scholarship	155,516	155,516
Amanda Hernandez Endowed Scholarship	24,040	17,040
Andres Alcantar Endowed Scholarship	25,000	-
Asian American Endowed Scholarship	27,750	-
Assistance League Endowed Scholarship	15,000	15,000
Austin Hotel & Lodging Association Hospitality Mgmt Endowed Scholarship	30,000	25,000
Automotive Technology Endowed Scholarship	36,025	36,025
Barnes Gromatzky Kosarek Architects Endowed Scholarship	20,000	20,000
Benjamin Clough Endowed Scholarship	40,495	40,495
Ben F. Barnes Endowed Scholarship	25,500	-
Bob Lain Endowed Scholarship	43,945	43,695
Boone Baker Endowed Scholarship	4,504	4,504
ConnectTel Endowed Scholarship	35,000	30,000
Delco Endowed Scholarship	57,894	57,894
Denius/Schulman Music Business Performance & Technology Endowed Scholarship	150,000	150,000
Denius/Schulman Recording Workshop Endowed Scholarship	100,000	100,000
Diagnostic Radiology Endowed Scholarships	15,000	15,000
Didi Stuart Endowed Scholarship in the Graphic Arts	16,510	16,510
Drs. John and Suanne Roueche Endowed Scholarship	155,620	150,620
Earl Maxwell Endowed Scholarship	30,050	30,050
Edwina Fredlund Traverso Endowed Scholarship	27,818	27,818
Eric Hanson Endowed Scholarship	39,000	39,000
Ethel Mae Hafernik Hummell Endowed Scholarship	17,000	17,000
Greg Bourgeois Endowed Scholarship	22,200	-
H.E. and Karla Bost Endowed Scholarship	15,625	15,625
James and Oda Thompson Memorial Endowed Scholarship	20,300	17,800
James Lee Williams Endowed Scholarship	15,237	15,237
Jo Frances Hill Endowed Scholarship	16,335	16,310
Marc A. Wiesner Endowed Scholarship	15,000	-
Maxine Black Endowed Scholarship	16,734	16,734
Melinda Townsel & Greg Dunn Endowed Scholarship	17,500	15,000
Thomas M. Madison and O.B. Ross/Merrill Lynch Endowed Scholarships	45,000	45,000
Military Order of the Purple Heart Service Foundation, Inc. Endowed Scholarship	102,063	101,802
Myra A. McDaniel Endowed Scholarship	15,000	15,000
Nursing Program Endowed Scholarship	10,000	10,000
Pat Dobbs Endowed Scholarship	42,808	40,808
Peggy Hale Croshaw Endowed Scholarship	14,593	14,593
Pradeau Endowed Scholarship	36,000	36,000
Reagan Bradshaw Endowed Scholarship	26,455	26,455
Robert W. Galvin Endowed Scholarship	104,708	104,708
Robyn Richter Endowed Scholarship	15,000	15,000
Roy F. & Joann Cole Mitte Foundation Endowed Scholarship	150,000	150,000
Royce & Donna Faulkner Family Endowed Scholarship	152,520	152,520
Round Rock Endowed Scholarship	24,484	27,584
Ruth Townley Endowed Scholarship	9,462	9,462
"Ryan" Endowed Scholarship	18,884	18,884
South Austin Medical Center Auxiliary Endowed Scholarship	47,500	45,000
St. David's Neal Kocurek ACC Endowed Scholarship	2,230,000	2,230,000
Steve E. and Anna D. Rinehart Endowed Scholarship	15,000	15,000
Dr. Stephen B. Kinslow Endowed Scholarship	37,525	37,525
Steve Kramer Endowed Scholarship	37,971	37,122
Student Emergency Fund Endowment	93,500	77,500
Suzanne Cooper Endowed Scholarship	50,000	50,000
Tommy Cowan Endowed Scholarship	17,450	17,450
Travis County Medical Alliance Endowed Scholarship	11,431	11,431
Visual Communication Endowed Scholarship	50,000	50,000
	<u>\$ 4,781,432</u>	<u>\$ 4,605,197</u>

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

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

**G: TEMPORARILY RESTRICTED NET ASSETS**

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

	2014	2013
A+ Federal Credit Union Endowed Scholarship	\$ 917	\$ -
AAUW - Frances Malmberg Endowed Scholarship	17,040	8,865
ACC Counseling Services Endowed Scholarship	34,376	22,575
AMD/Gary Heerssen Memorial Scholarship	35,896	19,460
Amanda Hernandez Endowed Scholarship	2,974	645
Andres Alcantar Endowed Scholarship	1,528	-
Asian American Endowed Scholarship	1,543	-
Assistance League Endowed Scholarship	5,208	3,433
Austin Hotel & Lodging Association Hospitality Mgmt Endowed Scholarship	7,429	4,263
Automotive Technology Endowed Scholarship	7,074	3,402
Barnes Gromatzky Kosarek Architects Endowed Scholarship	3,691	1,394
Benjamin Clough Endowed Scholarship	15,748	10,771
Ben F. Barnes Endowed Scholarship	1,558	-
Bob Lain Endowed Scholarship	8,657	4,181
Boone Baker Endowed Scholarship	625	194
ConnectTel Endowed Scholarship	7,167	3,556
Delco Endowed Scholarship	11,193	4,779
Denius/Schulman Music Business Perfmrnce & Tech. Endowed Scholarship	39,268	22,909
Denius/Schulman Recording Workshop Endowed Scholarship	31,613	20,115
Diagnostic Radiology Endowed Scholarships	3,186	1,631
Didi Stuart Endowed Scholarship in the Graphic Arts	3,724	1,989
Drs. John and Suanne Roueche Endowed Scholarship	33,864	17,857
Earl Maxwell Endowed Scholarship	9,484	6,031
Edwina Fredlund Traverso Endowed Scholarship	6,935	3,937
Eric Hanson Endowed Scholarship	11,400	7,017
Ethel Mae Hafernik Hummell Endowed Scholarship	4,663	2,786
Greg Bourgeois Endowed Scholarship	1,357	-
H.E. and Karla Bost Endowed Scholarship	3,490	1,849
James and Oda Thompson Memorial Endowed Scholarship	5,000	2,846
James Lee Williams Endowed Scholarship	3,805	2,163
Jo Frances Hill Endowed Scholarship	3,344	1,665
Marc A. Wiesner Endowed Scholarship	917	-
Maxine Black Endowed Scholarship	1,345	-
Melinda Townsel & Greg Dunn Endowed Scholarship	3,285	1,583
Thomas M. Madison and O.B. Ross/Merrill Lynch Endowed Scholarships	-	-
Military Order of the Purple Heart Serv. Foundtn, Inc. Endowed Schlrship	20,680	10,324
Myra A. McDaniel Endowed Scholarship	3,506	2,129
Nursing Program Endowed Scholarship	1,384	428
Pat Dobbs Endowed Scholarship	11,049	6,421
Peggy Hale Croshaw Endowed Scholarship	1,512	172
Pradeau Endowed Scholarship	7,976	4,208
Reagan Bradshaw Endowed Scholarship	3,259	773
Robert W. Galvin Endowed Scholarship	27,857	16,389
Robyn Richter Endowed Scholarship	4,115	2,459
Roy F. & Joann Cole Mitte Foundation Endowed Scholarship	63,112	44,156
Royce & Donna Faulkner Family Endowed Scholarship	40,774	24,048
Round Rock Endowed Scholarship	6,491	4,156
Ruth Townley Endowed Scholarship	-	-
"Ryan" Endowed Scholarship	4,763	2,723
South Austin Medical Center Auxiliary Endowed Scholarship	11,330	6,264
St. David's Neal Kocurek ACC Endowed Scholarship	601,643	356,499
Steven E. and Anna D. Rinehart Endowed Scholarship	4,740	3,016
Dr. Stephen B. Kinslow Endowed Scholarship	9,161	5,142
Steve Kramer Endowed Scholarship	6,786	2,996
Student Emergency Fund Endowment	22,663	12,904
Suzanne Cooper Endowed Scholarship	10,342	5,188
Tommy Cowan Endowed Scholarship	6,847	4,695
Travis County Medical Alliance Endowed Scholarship	1,671	568
Visual Communication Endowed Scholarship	10,766	5,567
Temporarily restricted, endowed	\$ 1,211,731	\$ 703,121

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

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

**G: Temporarily Restricted Net Assets (Continued)**

	2014	2013
ACC Board of Trustees Scholarship	\$ 1,880	\$ 1,880
Activision CODE	10,000	20,000
Assistance League of Austin Scholarships	13,000	8,504
Austin Boys and Girls Club	11,675	-
Austin Classical Guitar Society Scholarship	2,500	2,500
Barrientos Annual Scholarship	21,600	23,100
Bill Waeltz Scholarship	4,455	-
Bowman Scholarship	10,000	10,000
Boyd Vance Scholarship	-	4,102
Carolyn & Tom Gallagher Scholarship	10,000	10,000
Children's Lab School/Child Development	5,000	200
College Connection Scholarships	14,095	6,096
ConnectTel Scholarship	-	-
Corbin T. Jastrow Scholarship	2,500	2,500
Creative Writing Scholarship	525	-
Culinary Arts Scholarship	1,618	-
Daman Consulting Scholarship	10,000	-
Dance and Drama Scholarship	-	3,349
Dance and Drama Freshman Scholarship	4,716	-
Drs. John and Suanne Roueche Scholarship	14,734	10,000
Elgin Scholarship	5,000	5,000
General Scholarships	38,305	43,726
Grainger Technical Scholarships	10,000	-
HEB Scholarship	2,500	5,000
Joan Wolf Ort Memorial Scholarship	1,000	1,200
Kinnser Software Scholarships	807,000	155,000
LGR Scholarship	18,000	18,000
Martha Gooding Scholarship	-	3,000
McDonald's of Central Texas ACC Scholarship	10,000	-
Memorial Fund	6,501	12,971
Men of Distinction Scholarship	1,000	1,461
MHD Enterprises Scholarship	2,500	-
Miscellaneous purposes	2,931	2,125
Mylena Chavez Scholarship	2,500	-
Performing Arts Scholarship	-	2,526
President's Scholarship	3,550	1,050
Professor Jan Smith IBIAC Scholarship	9,700	14,750
Riverbat Scholarship	-	3,000
Roueche Vet-Tech Scholarship	5,000	-
Scott D Evans Rotary Club of RR Scholarship	5,000	-
SEMI/Frank Squires Scholarships	38,650	54,800
State Farm Program	5,000	5,000
S T E P S Scholarship	1,017	-
Student Government	-	500
TACHE Scholarship	4,500	-
Town Lake Links Inc. Scholarship	2,600	2,500
Travel Tourism Scholarship	775	-
W. "Woody" Woodside Rotary Club of RR Scholarship	2,500	2,500
Well-Wisher's Scholarship	137,145	114,392
Welding Tools	-	600
Temporarily restricted, non-endowed	<u>1,260,972</u>	<u>551,332</u>
Total temporarily restricted net assets	<u>\$ 2,472,703</u>	<u>\$ 1,254,453</u>

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2014 and 2013**

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

**H: RELATED PARTY TRANSACTIONS**

The purpose of the Foundation is to support initiatives of ACC. For the years ended May 31, 2014 and 2013, the Foundation remitted \$605,269 and \$565,265, respectively, to ACC for scholarships and programs.

All of the Foundation's personnel and facilities are provided by ACC. ACC's cost of providing these services totaled approximately \$215,300 and \$213,289 during the years ended May 31, 2014 and 2013, respectively. The personnel provided by ACC do not meet the requirements for recognition as set forth in the FASB ASC 958-605 and, therefore, are not reflected in the statements of activities.

The Foundation receives in-kind contributions of property and equipment on behalf of ACC. These are considered agency transactions as the Foundation never takes custody of the property, but merely acts as a transfer agent. Therefore, these donations are not reflected as contributions and related program expenses on the statements of activities. The Foundation acted as a transfer agent and received approximately \$70,651 and \$131,964 of property and equipment during the years ended May 31, 2014 and 2013, respectively, on ACC's behalf.

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
Austin, Texas

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
For The Years Ended August 31, 2014 and 2013

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

**I: FAIR VALUE MEASUREMENTS**

Certain assets are carried at fair value in these financial statements. Fair value measurements were arrived at using the following inputs at May 31, 2014 and 2013:

Description	2014	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 4,253,694	\$ 4,253,694	\$ -	\$ -
Corporate bonds	1,434,894	1,434,894	-	-
Government securities	60,351	60,351	-	-
	<u>\$ 5,748,939</u>	<u>\$ 5,748,939</u>	<u>\$ -</u>	<u>\$ -</u>

Description	2013	Fair Value Measurements at Reporting Date Using		
		(Level 1)	(Level 2)	(Level 3)
Mutual funds	\$ 3,761,166	\$ 3,761,166	\$ -	\$ -
Corporate bonds	1,522,129	1,522,129	-	-
Government securities	62,056	62,056	-	-
	<u>\$ 5,345,351</u>	<u>\$ 5,345,351</u>	<u>\$ -</u>	<u>\$ -</u>

**J: CONCENTRATION**

During the year ended May 31, 2014, the Foundation recognized a \$775,000 promise to give from one donor. Promises to give from this donor comprised 99% of the promises to give balance at May 31, 2014.

**K: SUBSEQUENT EVENTS**

Subsequent events have been evaluated through August 22, 2014, the date the financial statements were available to be issued.



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**REQUIRED SUPPLEMENTAL  
INFORMATION**

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS**  
**Other Postemployment Benefits**  
**For The Year Ended August 31, 2014**

Actuarial Valuation Date as of August 31,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll	UAAL as a Percentage of Covered Payroll
2013	\$ -	\$ 3,538,156	\$ 3,538,156	0%	\$125,523,197	2.82%
2011	-	4,112,179	4,112,179	0%	118,176,838	3.48%
2009	-	3,190,301	3,190,301	0%	102,919,712	3.10%

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

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
Austin, Texas

**SCHEDULE OF OPERATING REVENUES**  
**For The Fiscal Year Ended August 31, 2014**  
**(With Memorandum Totals for the Year Ended August 31, 2013)**

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	2014 Total	Restated 2013 Total
<b>Tuition:</b>						
State Funded Credit Courses						
In District Resident Tuition	\$ 40,040,169	\$ -	\$ 40,040,169	\$ -	\$ 40,040,169	\$ 38,804,858
Out of District Resident Tuition	6,621,700	-	6,621,700	-	6,621,700	6,500,632
Non Resident Tuition	6,843,559	-	6,843,559	-	6,843,559	7,219,106
TPEG - Credit (set aside)*	2,668,710	-	2,668,710	-	2,668,710	2,577,115
State Funded Continuing Education	2,418,747	-	2,418,747	-	2,418,747	2,435,193
TPEG - Non-Credit (set aside)*	142,704	-	142,704	-	142,704	131,708
Non-state Funded Educational Programs	1,025,465	-	1,025,465	-	1,025,465	1,139,108
Total Tuition	<u>59,761,054</u>	<u>-</u>	<u>59,761,054</u>	<u>-</u>	<u>59,761,054</u>	<u>58,807,720</u>
<b>Fees:</b>						
Out of District Fees	18,604,004	-	18,604,004	-	18,604,004	17,956,949
General Fees	9,716,754	-	9,716,754	-	9,716,754	10,118,527
Student Service Fee	1,494,899	-	1,494,899	-	1,494,899	1,556,741
Sustainability Fee	747,482	-	747,482	-	747,482	778,384
Laboratory Fee	183,430	-	183,430	-	183,430	239,455
Student Accident Insurance	299,021	-	299,021	-	299,021	307,852
Application Fees	1,590	-	1,590	-	1,590	1,000
Other Fees	4,184,760	-	4,184,760	-	4,184,760	4,529,637
Total Fees	<u>35,231,940</u>	<u>-</u>	<u>35,231,940</u>	<u>-</u>	<u>35,231,940</u>	<u>35,488,545</u>
<b>Scholarship Allowances and Discounts:</b>						
Bad Debt Allowance	(1,627,639)	-	(1,627,639)	-	(1,627,639)	(1,356,514)
Remissions and Exemptions- State	(4,609,365)	-	(4,609,365)	-	(4,609,365)	(4,251,939)
Remissions and Exemptions-Local	(8,844,400)	-	(8,844,400)	-	(8,844,400)	(7,823,427)
Title IV Federal Grants	(16,035,198)	-	(16,035,198)	-	(16,035,198)	(17,933,140)
Other Federal Grants	(73,665)	-	(73,665)	-	(73,665)	(43,497)
Other Scholarships and Grants	(645,208)	-	(645,208)	-	(645,208)	(581,480)
TPEG Awards	(2,437,845)	-	(2,437,845)	-	(2,437,845)	(1,298,848)
Other State Grants	(1,902,093)	-	(1,902,093)	-	(1,902,093)	(1,384,836)
Total Scholarship Allowances	<u>(36,175,413)</u>	<u>-</u>	<u>(36,175,413)</u>	<u>-</u>	<u>(36,175,413)</u>	<u>(34,673,681)</u>
Total Net Tuition and Fees	<u>58,817,581</u>	<u>-</u>	<u>58,817,581</u>	<u>-</u>	<u>58,817,581</u>	<u>59,622,584</u>
<b>Additional Operating Revenues:</b>						
Federal Grants and Contracts	-	5,560,256	5,560,256	-	5,560,256	4,806,001
State Grants and Contracts	-	3,613,076	3,613,076	-	3,613,076	3,565,533
Local Grants and Contracts	-	206,239	206,239	-	206,239	205,748
Non-governmental Grants and Contracts	-	1,271,744	1,271,744	-	1,271,744	1,214,550
Sales and Services of Educational Activities	3,696,045	-	3,696,045	-	3,696,045	4,884,019
General Operating Revenues	4,915,756	-	4,915,756	-	4,915,756	5,841,817
Total Additional Operating Revenues	<u>8,611,801</u>	<u>10,651,315</u>	<u>19,263,116</u>	<u>-</u>	<u>19,263,116</u>	<u>20,517,668</u>
<b>Auxiliary Enterprises:</b>						
Bookstore	-	-	-	222,952	222,952	704,235
Food Service	-	-	-	168,936	168,936	202,108
Other Auxiliary	-	-	-	58,914	58,914	56,262
Total Net Auxiliary Enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>450,802</u>	<u>450,802</u>	<u>962,605</u>
Total Operating Revenues	<u>\$ 67,429,382</u>	<u>\$ 10,651,315</u>	<u>\$ 78,080,697</u>	<u>\$ 450,802</u>	<u>\$ 78,531,499</u>	<u>\$ 81,102,857</u>
					(Exhibit 2)	(Exhibit 2)

\* In accordance with Education Code §56.033, \$2,811,414 in 2014 and \$2,708,823 in 2013 of tuition was set aside for Texas Public Education Grants (TPEG)

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
Austin, Texas

**SCHEDULE OF OPERATING EXPENSES BY OBJECT**  
**For The Fiscal Year Ended August 31, 2014**  
**(With Memorandum Totals for the Year Ended August 31, 2013)**

	Salaries and Wages	Benefits		Other Expenses	2014 Total	Restated 2013 Total
		State	Local			
<b>Unrestricted - Educational Activities</b>						
Instruction	\$ 89,538,101	\$ -	\$ 8,378,708	\$ 5,501,902	\$ 103,418,711	\$ 111,434,285
Public Service	2,369,284	-	268,480	2,353,847	4,991,611	3,941,242
Academic Support	19,536,926	-	2,392,380	2,847,411	24,776,717	23,832,899
Student Services	19,725,450	-	2,526,531	1,877,153	24,129,134	24,343,747
Institutional Support	20,539,982	-	3,836,779	14,861,859	39,238,620	39,384,990
Operation and Maintenance of Plant	8,084,121	-	1,292,407	23,253,912	32,630,440	27,368,766
Total Unrestricted- Educational Activities	159,793,864	-	18,695,285	50,696,084	229,185,233	230,305,929
<b>Restricted - Educational Activities</b>						
Instruction	2,737,031	7,240,330	394,100	2,123,401	12,494,862	9,299,218
Public Service	333,156	-	64,757	173,415	571,328	494,868
Academic Support	40,875	1,579,817	2,868	17,663	1,641,223	1,130,793
Student Services	139,473	1,595,061	31,458	411,308	2,177,300	1,414,407
Institutional Support	690,116	1,660,927	-	31,659	2,382,702	1,956,260
Scholarship and Fellowships	-	-	-	19,988,632	19,988,632	22,292,018
Total Restricted- Educational Activities	3,940,651	12,076,135	493,183	22,746,078	39,256,047	36,587,564
Total Educational Activities	163,734,515	12,076,135	19,188,468	73,442,162	268,441,280	266,893,493
Auxiliary Enterprises	400	-	33	721,747	722,180	351,564
Depreciation Expense - Buildings and Other Real Estate Improvements	-	-	-	8,036,441	8,036,441	6,947,774
Depreciation Expense - Equipment and Library Books	-	-	-	3,560,243	3,560,243	3,495,495
Total Operating Expenses	<u>\$ 163,734,915</u>	<u>\$ 12,076,135</u>	<u>\$ 19,188,501</u>	<u>\$ 85,760,593</u>	<u>\$ 280,760,144</u>	<u>\$ 277,688,326</u>
					(Exhibit 2)	(Exhibit 2)

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
Austin, Texas

**SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES**  
**For The Fiscal Year Ended August 31, 2014**  
**(With Memorandum Totals for the Year Ended August 31, 2013)**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>2014 Total</u>	<u>Restated 2013 Total</u>
Non-Operating Revenues:					
State Appropriations	\$ 47,939,969	\$ 12,076,135	\$ -	\$ 60,016,104	\$ 54,181,617
Maintenance Ad Valorem Taxes	112,623,323	6,092,830	-	118,716,153	111,550,297
Federal Revenue, Non-Operating	-	34,990,788	-	34,990,788	39,178,373
Capital Grants & Gifts	25,314	-	-	25,314	21,028
Investment Income	332,639	811	16,637	350,087	447,539
Gain on Disposal of Capital Assets	7,440	-	-	7,440	-
Total Non-Operating Revenues	<u>160,928,685</u>	<u>53,160,564</u>	<u>16,637</u>	<u>214,105,886</u>	<u>205,378,854</u>
Non-Operating Expenses:					
Interest on Capital Related Debt	14,252,502	3,677,413	-	17,929,915	19,395,812
Loss on Disposal of Capital Assets	-	-	-	-	22,840
Total Non-Operating Expenses	<u>14,252,502</u>	<u>3,677,413</u>	<u>-</u>	<u>17,929,915</u>	<u>19,418,652</u>
Net Non-Operating Revenues	<u>\$ 146,676,183</u>	<u>\$ 49,483,151</u>	<u>\$ 16,637</u>	<u>\$ 196,175,971</u> (Exhibit 2)	<u>\$ 185,960,202</u> (Exhibit 2)

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY**  
**August 31, 2014**  
**(With Memorandum Totals for August 31, 2013)**

	Detail by Source				Available for Current Operations		
	Restricted				Total		
	Unrestricted	Expendable	Non- expendable	Capital Assets Net of Depreciation & Related Debt		Yes	No
Current:							
Unrestricted	\$ 8,073,595	\$ -	\$ -	\$ -	\$ 8,073,595	\$ 8,073,595	\$ -
Board Designated	-	-	-	-	-	-	-
Restricted	-	594,643	-	-	594,643	-	594,643
Auxiliary Enterprises	4,254,273	-	-	-	4,254,273	4,254,273	-
Loan	-	27,609	-	-	27,609	-	27,609
Endowment							
Quasi:							
Unrestricted	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Endowment							
True	-	-	-	-	-	-	-
Term (per instructions at maturity)	-	-	-	-	-	-	-
Life Income Contracts	-	-	-	-	-	-	-
Annuities	-	-	-	-	-	-	-
Plant:							
Unexpended	9,607,197	-	-	-	9,607,197	9,607,197	-
Renewals	-	-	-	-	-	-	-
Debt Service	-	22,740,287	-	-	22,740,287	-	22,740,287
Investment in Plant	-	-	-	27,114,662	27,114,662	-	27,114,662
<b>Total Net Position, end of year</b>	<b>21,935,065</b>	<b>23,362,539</b>	<b>-</b>	<b>27,114,662</b>	<b>72,412,266</b>	<b>21,935,065</b>	<b>50,477,201</b>
					(Exhibit 1)		
<b>Total Net Position, beginning of year</b>	<b>21,658,157</b>	<b>23,267,582</b>	<b>-</b>	<b>33,539,201</b>	<b>78,464,940</b>	<b>21,658,157</b>	<b>56,806,783</b>
					(Exhibit 1)		
<b>Net Increase (Decrease) in Net Position</b>	<b>\$ 276,908</b>	<b>\$ 94,957</b>	<b>\$ -</b>	<b>\$ (6,424,539)</b>	<b>\$ (6,052,674)</b>	<b>\$ 276,908</b>	<b>\$ (6,329,582)</b>
					(Exhibit 2)		



# Statistical Section



**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**STATISTICAL SECTION**  
**(UNAUDITED)**

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

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

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

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

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**STATISTICAL SECTION**  
**(UNAUDITED)**

**Net Position by Component**

Last Ten Fiscal Years

(in Thousands)

	2014	(a) Restated 2013	2012	2011	2010	2009	2008	2007	(b) Restated 2006	2005
<b>Net Position:</b>										
Net Investment in Capital Assets	\$ 27,095	\$ 33,539	\$ 50,221	\$ 49,331	\$ 53,589	\$ 54,104	\$ 44,737	\$ 43,822	\$ 40,030	\$ 49,902
Restricted - Expendable	23,362	23,268	17,876	18,270	17,471	15,153	12,919	5,611	5,716	4,947
Unrestricted	21,955	21,658	25,679	24,402	26,144	20,694	26,312	19,874	8,843	4,122
Net Position, End of Year	72,412	78,465	93,776	92,003	97,204	89,951	83,968	69,307	54,589	58,971
Net Position, Beginning of Year	78,465	89,090	92,003	97,204	89,951	83,968	69,307	54,589	50,778	56,857
Increase (Decrease) in Net Position	<u>\$ (6,053)</u>	<u>\$ (10,625)</u>	<u>\$ 1,773</u>	<u>\$ (5,201)</u>	<u>\$ 7,253</u>	<u>\$ 5,983</u>	<u>\$ 14,661</u>	<u>\$ 14,718</u>	<u>\$ 3,811</u>	<u>\$ 2,114</u>

**Notes:**

(a) The Financial Statements were restated in Fiscal Year 2013 to reflect the adoption of GASB 65 which requires debt issuance costs to be expensed in the period in which they are incurred.

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

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**STATISTICAL SECTION**  
**(UNAUDITED)**

**Revenues by Source**  
**Last Ten Fiscal Years**  
(in Thousands)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Operating Revenues:</b>										
Tuition and Fees (Net of Discounts)	\$ 58,817	\$ 59,623	\$ 59,017	\$ 52,740	\$ 50,540	\$ 47,763	\$ 45,751	\$ 45,749	\$ 40,837	\$ 38,039
Federal Grants and Contracts	5,560	4,806	4,971	7,850	7,243	4,340	4,753	5,979	3,670	3,315
State Grants and Contracts	3,613	3,565	3,771	4,215	3,499	1,831	2,055	2,352	1,380	2,106
Local Grants and Contracts	206	206	239	337	383	299	290	278	1,235	1,191
Non-Governmental Grants and Contracts	1,272	1,214	1,157	1,047	1,028	1,473	1,696	1,400	1,116	1,013
Sales and Services of Educational Activities	3,696	4,884	5,012	4,395	4,370	3,513	2,983	2,240	1,182	1,358
Auxiliary Enterprises	451	963	1,119	1,243	1,147	1,018	1,184	1,077	990	1,535
Other Operating Revenues	4,916	5,842	4,027	3,441	3,220	2,112	2,071	3,609	1,919	1,661
Total Operating Revenues	<u>78,531</u>	<u>81,103</u>	<u>79,313</u>	<u>75,268</u>	<u>71,430</u>	<u>62,349</u>	<u>60,783</u>	<u>62,684</u>	<u>52,329</u>	<u>50,218</u>
<b>Non-Operating Revenues:</b>										
State Appropriations	60,016	54,182	53,088	59,097	59,134	55,950	55,451	48,544	44,739	43,938
Ad Valorem Taxes	118,716	111,550	106,214	100,785	104,504	88,900	80,568	71,181	53,876	44,094
Federal Revenue, Non Operating	34,991	39,178	44,963	48,823	40,322	22,799	17,222	14,817	14,307	14,247
Gifts	25	21	105	3	23	130	37	96	52	192
Investment Income	350	448	412	406	1,277	717	3,870	4,887	4,234	2,713
Other Non-operating revenues	8	-	-	-	2	-	-	-	184	1
Total Non-Operating Revenues	<u>214,106</u>	<u>205,379</u>	<u>204,782</u>	<u>209,114</u>	<u>205,262</u>	<u>168,496</u>	<u>157,148</u>	<u>139,525</u>	<u>117,392</u>	<u>105,185</u>
Total Revenues	<u>\$ 292,637</u>	<u>\$ 286,482</u>	<u>\$ 284,095</u>	<u>\$ 284,382</u>	<u>\$ 276,692</u>	<u>\$ 230,845</u>	<u>\$ 217,931</u>	<u>\$ 202,209</u>	<u>\$ 169,721</u>	<u>\$ 155,403</u>

**Percentage of Total**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Operating Revenues:</b>										
Tuition and Fees (Net of Discounts)	20.10%	20.81%	20.77%	18.55%	18.27%	20.69%	20.99%	22.62%	24.06%	24.48%
Federal Grants and Contracts	1.90%	1.68%	1.75%	2.76%	2.62%	1.88%	2.18%	2.96%	2.16%	2.13%
State Grants and Contracts	1.23%	1.24%	1.33%	1.48%	1.26%	0.79%	0.94%	1.16%	0.81%	1.36%
Local Grants and Contracts	0.07%	0.07%	0.08%	0.12%	0.14%	0.13%	0.13%	0.14%	0.73%	0.77%
Non-Governmental Grants and Contracts	0.43%	0.42%	0.41%	0.37%	0.37%	0.64%	0.78%	0.69%	0.66%	0.65%
Sales and Services of Educational Activities	1.26%	1.70%	1.76%	1.55%	1.58%	1.52%	1.37%	1.11%	0.70%	0.87%
Auxiliary Enterprises	0.16%	0.34%	0.39%	0.44%	0.41%	0.44%	0.54%	0.53%	0.58%	0.99%
Other Operating Revenues	1.69%	2.04%	1.43%	1.20%	1.17%	0.92%	0.96%	1.79%	1.13%	1.06%
Total Operating Revenues	<u>26.84%</u>	<u>28.30%</u>	<u>27.92%</u>	<u>26.47%</u>	<u>25.82%</u>	<u>27.01%</u>	<u>27.89%</u>	<u>31.00%</u>	<u>30.83%</u>	<u>32.31%</u>
<b>Non-Operating Revenues:</b>										
State Appropriations	20.50%	18.91%	18.69%	20.78%	21.37%	24.24%	25.44%	24.00%	26.36%	28.27%
Ad Valorem Taxes	40.57%	38.94%	37.39%	35.44%	37.77%	38.51%	36.97%	35.20%	31.74%	28.37%
Federal Revenue, Non Operating	11.96%	13.68%	15.82%	17.17%	14.57%	9.88%	7.90%	7.33%	8.43%	9.17%
Gifts	0.01%	0.01%	0.04%	0.00%	0.01%	0.06%	0.02%	0.05%	0.03%	0.12%
Investment Income	0.12%	0.16%	0.14%	0.14%	0.46%	0.30%	1.78%	2.42%	2.49%	1.76%
Other Non-Operating revenues	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.12%	0.00%
Total Non-Operating Revenues	<u>73.16%</u>	<u>71.70%</u>	<u>72.08%</u>	<u>73.53%</u>	<u>74.18%</u>	<u>72.99%</u>	<u>72.11%</u>	<u>69.00%</u>	<u>69.17%</u>	<u>67.69%</u>
Total Revenues	<u>100.00%</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>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**STATISTICAL SECTION**  
**(UNAUDITED)**

**Program Expenses by Function**

Last Ten Fiscal Years

(in Thousands)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Operating Expenses:</b>										
Instruction	\$115,914	\$120,734	\$115,498	\$116,847	\$107,782	\$96,583	\$87,363	\$82,398	\$71,282	\$66,173
Public Service	5,563	4,436	4,607	5,446	5,165	4,656	4,015	3,466	2,645	3,103
Academic Support	26,418	24,964	24,373	24,572	23,052	21,705	20,335	18,195	16,231	14,726
Student Services	26,306	25,758	24,218	24,034	21,871	20,070	17,225	14,779	11,453	10,686
Institutional Support	41,621	41,341	35,851	35,080	35,052	31,460	30,969	26,640	25,234	21,048
Operation and Maintenance of Plant	32,630	27,369	24,172	24,336	31,883	19,037	17,761	16,896	13,671	11,115
Scholarships and Fellowships	19,989	22,292	27,442	34,550	30,785	18,399	12,483	12,959	12,012	11,106
Auxiliary Enterprises	722	352	237	939	331	379	325	1,100	1,691	1,502
Depreciation	11,597	10,443	10,100	9,750	6,531	5,778	5,269	4,653	4,326	6,375
Total Operating Expenses	280,760	277,689	266,498	275,554	262,452	218,067	195,745	181,086	158,545	145,834
<b>Non-Operating Expenses:</b>										
Interest on Capital Related Debt	17,930	19,164	15,798	13,942	6,987	6,592	7,517	6,388	7,366	7,176
Other Non-Operating Expenses	-	-	-	-	-	-	-	-	-	-
Loss on Disposal of Capital Assets	-	23	26	88	-	9	7	17	-	279
Investment Loss	-	-	-	-	-	194	-	-	-	-
Total Non-Operating Expenses	17,930	19,187	15,824	14,030	6,987	6,795	7,524	6,405	7,366	7,455
Total Expenses	\$298,690	\$296,876	\$282,322	\$289,584	\$269,439	\$224,862	\$203,269	\$187,491	\$165,911	\$153,289

**Percentage of Total**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Operating Expenses:</b>										
Instruction	38.81%	40.67%	40.91%	40.35%	40.00%	42.95%	42.98%	43.95%	42.96%	43.17%
Public Service	1.86%	1.49%	1.63%	1.88%	1.92%	2.07%	1.98%	1.85%	1.59%	2.02%
Academic Support	8.84%	8.41%	8.63%	8.49%	8.56%	9.65%	10.00%	9.70%	9.78%	9.61%
Student Services	8.81%	8.68%	8.58%	8.30%	8.12%	8.93%	8.47%	7.88%	6.90%	6.97%
Institutional Support	13.93%	13.93%	12.70%	12.11%	13.01%	13.99%	15.24%	14.21%	15.21%	13.73%
Operation and Maintenance of Plant	10.92%	9.22%	8.56%	8.40%	11.83%	8.47%	8.74%	9.01%	8.24%	7.25%
Scholarships and Fellowships	6.70%	7.51%	9.72%	11.93%	11.43%	8.18%	6.14%	6.91%	7.24%	7.25%
Auxiliary Enterprises	0.24%	0.12%	0.08%	0.32%	0.12%	0.17%	0.16%	0.59%	1.02%	0.98%
Depreciation	3.89%	3.51%	3.58%	3.36%	2.42%	2.57%	2.59%	2.48%	2.62%	4.16%
Total Operating Expenses	94.00%	93.54%	94.39%	95.16%	97.41%	96.98%	96.30%	96.58%	95.56%	95.14%
<b>Non-Operating Expenses:</b>										
Interest on Capital Related Debt	6.00%	6.46%	5.60%	4.81%	2.59%	2.93%	3.70%	3.41%	4.44%	4.68%
Other Non-Operating Expenses	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Loss on Disposal of Capital Assets	0.00%	0.01%	0.01%	0.03%	0.00%	0.00%	0.00%	0.01%	0.00%	0.18%
Investment Loss	0.00%	0.00%	0.00%	0.00%	0.00%	0.09%	0.00%	0.00%	0.00%	0.00%
Total Non-Operating Expenses	6.00%	6.46%	5.61%	4.84%	2.59%	3.02%	3.70%	3.42%	4.44%	4.86%
Total Expenses	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
Austin, Texas

**STATISTICAL SECTION**  
**(UNAUDITED)**

**Tuition and Fees**  
Last Ten Fiscal Years

**Resident**  
Fees per Semester Credit Hour (SCH)

Fiscal Year	In-District Tuition	Out-of-District Tuition (a)	Out-of-District Fee (a)	General Fee	Student Activity Fees	Sustainability Fee	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Yr In-District	Increase from Prior Yr Out-of-District
2014	\$ 67	\$ 67	\$ 179	\$ 13	\$ 2	\$ 1	\$ 996	\$ 3,144	6.41%	9.17%
2013	62	62	162	13	2	1	936	2,880	14.71%	14.29%
2012	52	52	142	13	2	1	816	2,520	17.24%	26.51%
2011	42	150	-	13	2	1	696	1,992	7.41%	9.21%
2010	39	137	-	13	2	-	648	1,824	0.00%	7.04%
2009	39	127	-	13	2	-	648	1,704	-3.57%	5.19%
2008	39	118	-	15	2	-	672	1,620	3.70%	8.00%
2007	39	110	-	13	2	-	648	1,500	1.89%	7.76%
2006	39	102	-	13	1	-	636	1,392	0.00%	4.50%
2005	39	97	-	13	1	-	636	1,332	19.77%	15.32%

**Non - Resident**  
Fees per Semester Credit Hour (SCH)

Fiscal Year	Non-Res Tuition Out-of-State	Non-Res Tuition Intl	General Fee	Student Activity Fees	Sustainability Fee	Cost for 12 SCH Out-of-State	Cost for 12 SCH Intl	Increase from Prior Yr Out-of-State	Increase from Prior Yr Intl
2014	\$ 313	\$ 313	\$ 13	\$ 2	\$ 1	\$ 3,948	\$ 3,948	1.54%	1.54%
2013	308	308	13	2	1	3,888	3,888	3.18%	3.18%
2012	298	298	13	2	1	3,768	3,768	3.29%	3.29%
2011	288	288	13	2	1	3,648	3,648	1.33%	1.33%
2010	285	285	13	2	-	3,600	3,600	0.00%	0.00%
2009	285	285	13	2	-	3,600	3,600	2.39%	2.39%
2008	276	276	15	2	-	3,516	3,516	10.15%	10.15%
2007	251	251	13	2	-	3,192	3,192	31.03%	31.03%
2006	189	189	13	1	-	2,436	2,436	2.53%	2.53%
2005	184	184	13	1	-	2,376	2,376	8.05%	8.05%

**Notes:**

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

(a) In 2012, a portion of out-of-district tuition was reclassified to an out-of-district fee.

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**STATISTICAL SECTION**  
**(UNAUDITED)**

**State Appropriations per FTSE and Contact Hour**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>State Appropriation</b>	<b>FTSE (15 SCH)</b>	<b>State Appropriation per FTSE</b>	<b>Academic Contact Hours (a)</b>	<b>Voc/Tech Contact Hours (a)</b>	<b>Total Contact Hours</b>	<b>State Appropriation per Contact Hour</b>
2014	\$ 60,016,104	20,259	\$ 2,962	11,101,552	3,177,630	14,279,182	4.20
2013	54,181,617	20,806	2,604	11,627,424	3,631,732	15,259,156	3.55
2012	53,087,767	21,701	2,446	12,427,152	3,847,562	16,274,714	3.26
2011	59,097,142	21,972	2,690	12,913,216	4,720,791	17,634,007	3.35
2010	59,133,878	20,000	2,957	12,144,888	3,578,718	15,723,606	3.76
2009	55,950,127	17,789	3,145	10,774,752	3,202,731	13,977,483	4.00
2008	55,451,405	17,032	3,256	9,816,472	3,088,583	12,905,055	4.30
2007	48,543,742	16,831	2,884	9,547,964	2,920,238	12,468,202	3.89
2006	44,739,020	15,715	2,847	9,197,704	2,757,194	11,954,898	3.74
2005	43,938,157	14,947	2,940	8,874,143	2,571,423	11,445,566	3.84

**Sources:**

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

**Notes:**

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

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
Austin, Texas

**STATISTICAL SECTION**  
**(UNAUDITED)**

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

Fiscal Year	(amounts expressed in thousands)			Ratio of Taxable Assessed Value to Assessed Value	Direct Rate		
	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value (TAV)		Maintenance & Operations (a)	Debt Service (a)	Total Direct Rate (a)
2014	\$ 149,340,769	\$25,245,135	\$ 124,095,634	83.10%	0.09000	0.00490	0.09490
2013	140,251,968	23,240,309	117,011,659	83.43%	0.09000	0.00510	0.09510
2012	135,788,176	23,541,278	112,246,898	82.66%	0.09000	0.00480	0.09480
2011	124,833,360	19,963,728	104,869,632	84.01%	0.09000	0.00510	0.09510
2010	130,105,839	21,074,859	109,030,980	83.80%	0.09000	0.00460	0.09460
2009	109,645,790	16,667,307	92,978,483	84.80%	0.09000	0.00540	0.09540
2008	98,281,381	14,902,149	83,379,232	84.84%	0.09000	0.00580	0.09580
2007	84,941,603	13,819,387	71,122,216	83.73%	0.09000	0.00650	0.09650
2006	64,377,925	10,508,013	53,869,912	83.68% (b)	0.09000	0.00910	0.09910
2005	53,865,246	4,593,157	49,272,089	91.47%	0.08000	0.01000	0.09000

**Source:**

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

**Notes:**

Property is assessed at full market value.

(a) per \$100 Taxable Assessed Valuation

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

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**STATISTICAL SECTION**  
**(UNAUDITED)**

Principal Taxpayers  
Last Ten Fiscal Years

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Tax Year (in Thousands)					
		2014	2013	2012	2011	2010	2009
Samsung Austin Semiconductor	Manufacturing	\$ 2,301,995	\$ 2,931,282	\$ 2,884,673	\$ 1,000,506	\$ 1,389,942	\$ 853,031
TPG-300 West 6th Street LLC	Real Estate	705,800	815,137	489,131	470,972	530,753	530,753
Columbia/St Davids Health Care	Medical	481,018	475,510	259,057	253,067	232,463	-
Freescale Semiconductor, Inc (b)	Manufacturing	300,552	333,704	357,971	337,666	-	-
Freescale Semiconductor (b)	Manufacturing	-	-	-	-	415,367	464,415
Circuit of the Americas LLC	Sports/Recreation	290,836	-	-	-	-	-
Dell, Inc.	Manufacturing	287,908	323,587	-	215,894	224,722	483,562
Dell USA LP	Manufacturing	-	-	-	-	-	-
Applied Materials, Inc.	Manufacturing	270,384	337,799	432,369	284,469	392,680	486,079
IBM Corporation (a)	Manufacturing	231,662	246,278	233,059	233,764	253,136	260,769
IBM Corporation (a)	Manufacturing	-	-	-	-	-	-
Shoping Center at Gateway LP	Real Estate	214,811	206,168	197,737	202,486	-	221,999
IMT Capital II Riata LP	Real Estate	211,437	-	-	-	-	-
Spansion LLC	Manufacturing	-	204,763	217,236	216,490	267,313	355,933
Brandywine Acquisition Partners LP	Real Estate	-	186,630	-	-	-	-
Advanced Micro Devices Inc.	Manufacturing	-	-	260,060	257,777	282,338	224,626
CJUF II Stratus Block 21 LLC	Real Estate	-	-	178,304	-	-	-
Hewlett-Packard Company	Manufacturing	-	-	-	-	226,245	-
Flextronics	Manufacturing	-	-	-	-	-	239,315
Cisco Systems, Inc.	Manufacturing	-	-	-	-	-	-
Southwestern Bell Telephone	Telephone Utility	-	-	-	-	-	-
TX Frost Tower Office	Real Estate	-	-	-	-	-	-
Solectron Texas	Manufacturing	-	-	-	-	-	-
Cousins Properties Texas LP	Real Estate	-	-	-	-	-	-
National Instruments Corp	Manufacturing	-	-	-	-	-	-
Motorola (b)	Manufacturing	-	-	-	-	-	-
Time Warner Entertainment	Cable Comm	-	-	-	-	-	-
Minnesota Mining & Mfng	Manufacturing	-	-	-	-	-	-
Totals		\$ 5,296,403	\$ 6,060,858	\$ 5,509,597	\$ 3,473,091	\$ 4,214,959	\$ 4,120,482
Total Taxable Assessed Value		\$ 124,095,634	\$ 117,011,659	\$ 112,246,898	\$ 104,869,632	\$ 109,030,980	\$ 92,978,483

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year					
		2014	2013	2012	2011	2010	2009
Samsung Austin Semiconductor	Manufacturing	1.86%	2.50%	2.57%	0.95%	1.27%	0.92%
TPG-300 West 6th Street LLC	Real Estate	0.57%	0.70%	0.44%	0.45%	0.49%	0.57%
Columbia/St Davids Health Care	Medical	0.39%	0.41%	0.23%	0.24%	0.21%	-
Freescale Semiconductor, Inc (b)	Manufacturing	0.24%	0.29%	0.32%	0.32%	-	-
Freescale Semiconductor (b)	Manufacturing	-	-	-	-	0.38%	0.50%
Circuit of the Americas LLC	Sports/Recreation	0.23%	-	-	-	-	-
Dell, Inc.	Manufacturing	0.23%	0.28%	-	0.21%	0.21%	0.52%
Dell USA LP	Manufacturing	-	-	-	-	-	-
Applied Materials, Inc.	Manufacturing	0.22%	0.28%	0.39%	0.27%	0.36%	0.52%
IBM Corporation (a)	Manufacturing	0.19%	0.21%	0.21%	0.22%	0.23%	0.28%
IBM Corporation (a)	Manufacturing	-	-	-	-	-	-
Shoping Center at Gateway LP	Real Estate	0.17%	0.18%	0.18%	0.19%	-	0.24%
IMT Capital II Riata LP	Real Estate	0.17%	-	-	-	-	-
Spansion LLC	Manufacturing	-	0.17%	0.19%	0.21%	0.25%	0.38%
Brandywine Acquisition Partners LP	Real Estate	-	0.16%	-	-	-	-
Advanced Micro Devices Inc.	Manufacturing	-	-	0.23%	0.25%	0.26%	0.24%
CJUF II Stratus Block 21 LLC	Real Estate	-	-	0.15%	-	-	-
Hewlett-Packard Company	Manufacturing	-	-	-	-	0.21%	-
Flextronics	Manufacturing	-	-	-	-	-	0.26%
Cisco Systems, Inc.	Manufacturing	-	-	-	-	-	-
Southwestern Bell Telephone	Telephone Utility	-	-	-	-	-	-
TX Frost Tower Office	Real Estate	-	-	-	-	-	-
Solectron Texas	Manufacturing	-	-	-	-	-	-
Cousins Properties Texas LP	Real Estate	-	-	-	-	-	-
National Instruments Corp	Manufacturing	-	-	-	-	-	-
Motorola (b)	Manufacturing	-	-	-	-	-	-
Time Warner Entertainment	Cable Comm	-	-	-	-	-	-
Minnesota Mining & Mfng	Manufacturing	-	-	-	-	-	-
Totals		4.27%	5.18%	4.91%	3.31%	3.87%	4.43%

**Source:**

Travis and Williamson County Tax Assessor/Collector

**Notes:**

(a) IBM is listed as the taxpayer on several accounts on the appraisal district's records and it might be separate entities.

(b) Beginning in 2006, Freescale is listed as the taxpayer on two separate accounts on the appraisal district's records and they might be separate corporations.

Motorola is not listed anymore on the 2006 appraisal district's records. The new Freescale taxpayer listed in 2006 might be Motorola's SPS semiconductor division named "Freescale Semiconductor." This company was formed by the spin-off of Motorola's SPS semiconductor division in 2005.



**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**STATISTICAL SECTION**  
**(UNAUDITED)**

	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
\$	304,088	\$ 258,950	\$ 184,496	\$ 223,153
	-	-	-	-
	-	156,113	184,794	-
	335,899	347,003	298,568	283,805
	-	-	-	-
	443,892	544,783	-	-
	186,656	153,676	119,398	-
	539,389	404,655	344,333	362,318
	-	-	141,921	163,209
	-	-	119,554	114,230
	-	-	-	-
	-	-	-	-
	274,700	215,012	203,173	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	197,365	-	-	-
	254,768	-	-	-
	230,208	210,312	216,501	203,141
	176,566	-	-	-
	-	214,516	-	-
	-	147,389	-	-
	-	-	114,968	101,732
	-	-	-	369,901
	-	-	-	93,494
	-	-	-	78,945
\$	<u>2,943,531</u>	<u>\$ 2,652,409</u>	<u>\$ 1,927,706</u>	<u>\$ 1,993,928</u>
\$	<u>83,379,232</u>	<u>\$ 71,122,216</u>	<u>\$ 53,869,912</u>	<u>\$ 49,272,089</u>

	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
	0.36%	0.36%	0.34%	0.45%
	-	-	-	-
	-	0.22%	0.34%	-
	0.40%	0.49%	0.55%	0.58%
	-	-	-	-
	0.53%	0.77%	-	-
	0.22%	0.22%	0.22%	-
	0.65%	0.57%	0.64%	0.74%
	-	-	0.26%	0.33%
	-	-	0.22%	0.23%
	-	-	-	-
	-	-	-	-
	0.33%	0.30%	0.38%	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	0.24%	-	-	-
	0.31%	-	-	-
	0.28%	0.30%	0.40%	0.41%
	0.21%	-	-	-
	-	0.30%	-	-
	-	0.20%	-	-
	-	-	0.23%	0.21%
	-	-	-	0.75%
	-	-	-	0.19%
	-	-	-	0.16%
	<u>3.53%</u>	<u>3.73%</u>	<u>3.58%</u>	<u>4.05%</u>

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**STATISTICAL SECTION**  
**(UNAUDITED)**

**Property Tax Levies and Collections**

Last Ten Fiscal Years

(in Thousands)

<b>Fiscal Year</b>	<b>Original Tax Levy</b>	<b>Cumulative Levy Adjustments</b>	<b>Adjusted Tax Levy</b>	<b>Collection Year of Levy</b>	<b>Percentage of Levy</b>	<b>Prior Collections of Prior Levies</b>	<b>Current Collections of Prior Levies</b>	<b>Total Collections</b>	<b>Cumulative Collections of Adjusted Levy</b>
2014	\$118,146	\$ -	\$ 118,146	\$ 117,220	99.22%	\$ -	\$ -	\$ 117,220	99.22%
2013	111,214	(136)	111,078	110,452	99.31%	-	287	110,739	99.69%
2012	106,051	(172)	105,879	105,233	99.23%	319	82	105,634	99.77%
2011	100,447	(280)	100,167	99,520	99.08%	392	50	99,962	99.80%
2010	104,074	(280)	103,794	102,956	98.93%	601	44	103,601	99.81%
2009	88,614	(239)	88,375	87,605	98.86%	574	24	88,203	99.81%
2008	80,144	(361)	79,783	79,341	99.00%	310	5	79,656	99.84%
2007	70,836	(280)	70,556	70,106	98.97%	332	5	70,443	99.84%
2006	53,567	(114)	53,453	52,950	98.85%	387	3	53,340	99.79%
2005	44,345	(30)	44,315	43,835	98.85%	410	2	44,247	99.85%

**Sources:**

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

**Note:**

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

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**STATISTICAL SECTION**  
**(UNAUDITED)**

**Ratios of Outstanding Debt**

Last Ten Fiscal Years

(in Thousands)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>General Bonded Debt</b>										
General Obligation Bonds	\$ 92,454	\$ 95,593	\$ 96,250	\$ 95,169	\$ 96,399	\$ 97,268	\$ 98,135	\$ 98,749	\$ 98,342	\$ 98,930
Less:										
Funds Restricted for Debt Service	818	817	246	194	191	188	177	123	109	39
Net General Bonded Debt	<u>\$ 91,636</u>	<u>\$ 94,776</u>	<u>\$ 96,004</u>	<u>\$ 94,975</u>	<u>\$ 96,208</u>	<u>\$ 97,080</u>	<u>\$ 97,958</u>	<u>\$ 98,626</u>	<u>\$ 98,233</u>	<u>\$ 98,891</u>
<b>Other Debt</b>										
Revenue Bonds	\$ 181,737	\$ 185,841	\$ 112,061	\$ 125,759	\$ 76,340	\$ 46,966	\$ 49,526	\$ 51,736	\$ 53,408	\$ 54,263
Lease Revenue Bonds	191,833	194,685	197,054	152,423	120,365	121,732	122,064	-	-	-
Capital Lease Obligations	1,402	1,955	1,159	534	1,050	1,549	2,034	3,260	3,645	4,328
Total Other Debt	<u>374,972</u>	<u>382,481</u>	<u>310,274</u>	<u>278,716</u>	<u>197,755</u>	<u>170,247</u>	<u>173,624</u>	<u>54,996</u>	<u>57,053</u>	<u>58,591</u>
<b>Total Outstanding Debt</b>	<u>\$ 466,608</u>	<u>\$ 477,257</u>	<u>\$ 406,278</u>	<u>\$ 373,691</u>	<u>\$ 293,963</u>	<u>\$ 267,327</u>	<u>\$ 271,582</u>	<u>\$ 153,622</u>	<u>\$ 155,286</u>	<u>\$ 157,482</u>
<b>General Bonded Debt Ratios</b>										
Per Capita	\$ 49.96	\$ 51.67	\$ 53.83	\$ 54.95	\$ 56.42	\$ 58.69	\$ 61.51	\$ 64.59	\$ 67.07	\$ 69.68
Per FTSE	4,523	4,555	4,424	4,323	4,810	5,457	5,751	5,860	6,251	6,616
As a % of Taxable Assessed Value	0.07%	0.08%	0.09%	0.09%	0.09%	0.10%	0.12%	0.14%	0.18%	0.20%
<b>Total Outstanding Debt Ratios</b>										
Per Capita	\$ 254.38	\$ 260.18	\$ 227.80	\$ 216.23	\$ 172.40	\$ 161.61	\$ 170.53	\$ 100.60	\$ 106.03	\$ 110.97
Per FTSE	23,032	22,938	18,722	17,008	14,698	15,028	15,945	9,127	9,881	10,536
As a % of Taxable Assessed Value	0.38%	0.41%	0.36%	0.36%	0.27%	0.29%	0.33%	0.22%	0.29%	0.32%

**Notes:**

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

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**STATISTICAL SECTION**  
**(UNAUDITED)**

**Legal Debt Margin Information**

**Last Ten Fiscal Years**

(in Thousands)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>Taxable Assessed Value</b>	<u>\$ 124,095,634</u>	<u>\$ 117,011,659</u>	<u>\$ 112,246,898</u>	<u>\$ 104,869,632</u>	<u>\$ 109,030,980</u>	<u>\$ 92,978,483</u>	<u>\$ 83,379,232</u>
<b>General Obligation Bonds</b>							
Statutory Tax Levy Limit for Debt Serv (1)	\$ 620,478	\$ 585,058	\$ 561,234	\$ 524,348	\$ 545,155	\$ 464,892	\$ 416,896
Less:							
Funds Restricted for Repayment of General							
Obligation Bonds	818	817	246	194	191	188	177
Net Statutory Tax Levy Limit for Debt Service	619,660	584,241	560,988	524,154	544,964	464,704	416,719
Current Year Debt Service Requirements	6,093	5,428	4,868	5,402	5,065	5,086	4,849
<b>Excess of Statutory Limit for Debt</b>							
<b>Service over Current Requirements</b>	<u>\$ 613,567</u>	<u>\$ 578,813</u>	<u>\$ 556,120</u>	<u>\$ 518,752</u>	<u>\$ 539,899</u>	<u>\$ 459,618</u>	<u>\$ 411,870</u>
<b>Net Current Requirements as a % of</b>							
<b>Statutory Limit</b>	1.11%	1.07%	0.91%	1.07%	0.96%	1.13%	1.21%

**Notes:**

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

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**STATISTICAL SECTION**  
**(UNAUDITED)**

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<u>2007</u>	<u>2006</u>	<u>2005</u>
<u>\$ 71,122,216</u>	<u>\$ 53,869,912</u>	<u>\$ 49,272,088</u>
\$ 355,611	\$ 269,350	\$ 246,360
123	109	39
355,488	269,241	246,321
4,666	4,904	5,114
<u>\$ 350,822</u>	<u>\$ 264,337</u>	<u>\$ 241,207</u>
1.35%	1.86%	2.09%

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**STATISTICAL SECTION**  
**(UNAUDITED)**

**Pledged Revenue Coverage**

**Last Ten Fiscal Years**

(in Thousands)

Fiscal Year	Revenue Bonds							
	Pledged Revenues				Debt Service Requirements			
	Tuition	General Fees	Interest Income	Total	Principal	Interest	Total	Coverage Ratio
2014	\$ 14,940	\$ 9,717	\$ 316	\$ 24,973	\$ 4,170	\$ 7,240	\$ 11,410	2.19
2013	14,702	10,119	424	25,245	4,050	6,397	10,447	2.42
2012	18,698	10,709	355	29,762	3,895	4,941	8,836	3.37
2011	16,237	11,155	369	27,761	3,545	3,072	6,617	4.20
2010	14,239	10,404	292	24,935	2,910	2,614	5,524	4.51
2009	1,311	6,386	859	8,556	2,810	1,969	4,779	1.79
2008	1,191	6,190	1,523	8,904	2,445	2,085	4,530	1.97
2007	1,156	5,629	2,681	9,466	1,920	2,179	4,099	2.31
2006	1,104	5,446	1,163	7,713	1,060	2,238	3,298	2.34
2005	1,188	5,274	113	6,575	605	2,451	3,056	2.15

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**STATISTICAL SECTION**  
**(UNAUDITED)**

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**Demographic and Economic Statistics - Taxing District**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income (in Thousands)</b>	<b>Personal Income Per Capita</b>	<b>Unemployment Rate</b>
2014	(a)	(a)	(a)	4.6%
2013	1,834,303	\$ 78,695,523	\$ 42,902	5.6%
2012	1,783,519	\$ 72,152,395	\$ 40,455	6.4%
2011	1,728,247	\$ 66,945,243	\$ 38,736	7.6%
2010	1,705,075	\$ 64,014,645	\$ 37,544	7.3%
2009	1,654,100	\$ 61,800,403	\$ 37,362	7.5%
2008	1,592,590	\$ 59,305,518	\$ 37,238	4.7%
2007	1,527,040	\$ 55,636,235	\$ 36,434	4.1%
2006	1,464,563	\$ 51,058,588	\$ 34,863	4.6%
2005	1,419,137	\$ 46,134,871	\$ 32,509	4.7%

**Source:**

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

**Notes:**

(a) Not yet available

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**STATISTICAL SECTION**  
**(UNAUDITED)**

**Principal Employers**  
**Last Nine Fiscal Years**

<b>Employer</b>	<b>2014</b>		<b>2013</b>		<b>2012</b>		<b>2011</b>	
	<b>Number of Employees</b>	<b>% of Total Employment</b>	<b>Number of Employees</b>	<b>% of Total Employment</b>	<b>Number of Employees</b>	<b>% of Total Employment</b>	<b>Number of Employees</b>	<b>% of Total Employment</b>
Local Government	89,600	9.95%	83,900	10.16%	86,200	10.84%	86,800	11.23%
State Government	70,900	7.88%	72,500	8.78%	70,800	8.90%	72,100	9.33%
University of Texas at Austin	27,264	3.03%	21,626	2.62%	27,894	3.51%	28,128	3.64%
Dell Inc.	14,000	1.56%	12,000	1.45%	12,000	1.51%	10,000	1.29%
Seton Healthcare Family	12,609	1.40%	12,606	1.53%	11,601	1.46%	10,737	1.39%
Federal Government	11,300	1.26%	12,400	1.50%	12,500	1.57%	12,300	1.59%
HEB	11,277	1.25%	10,545	1.28%	10,263	1.29%	14,882	1.93%
St. David's Healthcare	7,950	0.88%	7,400	0.90%	7,100	0.89%	6,598	0.85%
Texas State University	6,572	0.73%	n/a	n/a	n/a	n/a	n/a	n/a
IBM Corporation	6,000	0.67%	6,000	0.73%	6,239	0.78%	n/a	n/a
Freescale Semiconductor, Inc.	n/a	n/a	5,000	0.61%	5,000	0.63%	5,000	0.65%
Wal-Mart Stores, Inc.	n/a	n/a	n/a	n/a	n/a	n/a	6,900	0.89%
<b>Total</b>	<b>257,472</b>	<b>28.61%</b>	<b>243,977</b>	<b>29.56%</b>	<b>249,597</b>	<b>31.38%</b>	<b>253,445</b>	<b>32.79%</b>

**Sources:**

Austin Business Journal, Book of Lists 2014, 2013, 2012, 2011, 2010, 2009, 2008 and 2007  
Texas Workforce Commission  
Austin American Statesman, Monday, July 17, 2006  
Austin Business Journal 2006  
Greater Austin Chamber of Commerce, June 2005

**Note:**

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



**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**STATISTICAL SECTION**  
**(UNAUDITED)**

2010		2009		2008		2007		2006	
Number of Employees	% of Total Employment	Number of Employees	% of Total Employment	Number of Employees	% of Total Employment	Number of Employees	% of Total Employment	Number of Employees	% of Total Employment
83,800	11.01%	81,200	10.41%	75,900	9.96%	67,659	9.35%	70,294	10.14%
72,000	9.46%	69,600	8.92%	68,100	8.94%	63,332	8.75%	69,436	10.02%
16,156	2.12%	16,156	2.07%	16,919	2.22%	16,500	2.28%	16,298	2.35%
16,000	2.10%	17,000	2.18%	17,000	2.23%	17,000	2.35%	24,600	3.55%
9,793	1.29%	9,807	1.26%	6,743	0.88%	7,538	1.04%	7,393	1.07%
11,900	1.56%	11,700	1.50%	11,400	1.50%	9,911	1.37%	10,170	1.47%
10,904	1.43%	6,746	0.86%	7,095	0.93%	n/a	n/a	n/a	n/a
6,043	0.79%	6,200	0.79%	6,219	0.82%	5,712	0.79%	5,000	0.72%
n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
6,200	0.81%	6,239	0.80%	6,200	0.81%	6,300	0.87%	6,200	0.89%
4,300	0.56%	n/a	n/a	n/a	n/a	5,400	0.75%	5,600	0.81%
6,900	0.91%	6,700	0.86%	6,500	0.85%	5,648	0.78%	5,027	0.73%
<b>243,996</b>	<b>32.04%</b>	<b>231,348</b>	<b>29.65%</b>	<b>222,076</b>	<b>29.14%</b>	<b>205,000</b>	<b>28.33%</b>	<b>220,018</b>	<b>31.75%</b>

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**STATISTICAL SECTION**  
**(UNAUDITED)**

**Faculty, Staff, and Administrators Statistics**  
**Last Ten Fiscal Years**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Faculty:</b>										
Full-Time	608	632	632	624	592	526	498	467	444	448
Part-Time	1,340	1,434	1,487	1,460	1,401	1,316	1,224	1,187	1,157	1,040
Total	<u>1,948</u>	<u>2,066</u>	<u>2,119</u>	<u>2,084</u>	<u>1,993</u>	<u>1,842</u>	<u>1,722</u>	<u>1,654</u>	<u>1,601</u>	<u>1,488</u>
<b>Percent:</b>										
Full-Time	31.2%	30.6%	29.8%	29.9%	29.7%	28.6%	28.9%	28.2%	27.7%	30.1%
Part-Time	68.8%	69.4%	70.2%	70.1%	70.3%	71.4%	71.1%	71.8%	72.3%	69.9%
<b>Staff and Administrators:</b>										
Full-Time	1,261	1,271	1,288	1,282	1,215	1,118	925	888	855	814
Part-Time	138	150	163	173	174	175	141	145	136	137
Total	<u>1,399</u>	<u>1,421</u>	<u>1,451</u>	<u>1,455</u>	<u>1,389</u>	<u>1,293</u>	<u>1,066</u>	<u>1,033</u>	<u>991</u>	<u>951</u>
<b>Percent:</b>										
Full-Time	90.1%	89.4%	88.8%	88.1%	87.5%	86.5%	86.8%	86.0%	86.3%	85.6%
Part-Time	9.9%	10.6%	11.2%	11.9%	12.5%	13.5%	13.2%	14.0%	13.7%	14.4%
FTSE per Full-time Faculty	33.32	32.92	34.34	35.2	33.8	33.8	34.2	36.0	35.4	33.4
FTSE per Full-Time Staff	16.07	16.37	16.85	17.1	16.5	15.9	18.4	19.0	18.4	18.4
Average Annual Faculty Salary	\$66,085	\$65,585	\$64,150	\$62,124	\$63,123	\$62,895	\$61,194	\$60,068	\$57,909	\$56,352

**Sources:**

ACC Office of Institutional Effectiveness

TCCTA Survey of Faculty Salaries

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**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**STATISTICAL SECTION**  
**(UNAUDITED)**

**Enrollment Details**

**Last Ten Fiscal Years**

<b>Student Classification</b>	<b>Fall 2013</b>		<b>Fall 2012</b>		<b>Fall 2011</b>		<b>Fall 2010</b>		<b>Fall 2009</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
00-30 hours	26,452	68.51%	27,584	68.69%	29,546	70.34%	29,920	71.95%	27,602	72.92%
31-60 hours	9,455	24.49%	9,927	24.72%	9,987	23.78%	9,429	22.68%	8,278	21.88%
>60 hours	2,704	7.00%	2,648	6.59%	2,471	5.88%	2,233	5.37%	1,970	5.20%
<b>Total</b>	<b>38,611</b>	<b>100.00%</b>	<b>40,159</b>	<b>100.00%</b>	<b>42,004</b>	<b>100.00%</b>	<b>41,582</b>	<b>100.00%</b>	<b>37,850</b>	<b>100.00%</b>

<b>Semester Hour Load</b>	<b>Fall 2013</b>		<b>Fall 2012</b>		<b>Fall 2011</b>		<b>Fall 2010</b>		<b>Fall 2009</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Less than 3	376	0.97%	473	1.18%	606	1.44%	519	1.25%	439	1.16%
3-5 semester hours	11,161	28.91%	9,347	23.27%	12,202	29.05%	9,591	23.07%	8,951	23.65%
6-8 Semester hours	12,235	31.69%	13,364	33.28%	12,619	30.04%	13,138	31.60%	11,715	30.95%
9-11 semester hours	7,123	18.45%	7,621	18.98%	8,315	19.80%	8,205	19.73%	7,344	19.40%
12-14 semester hours	6,575	17.03%	8,148	20.29%	7,082	16.86%	8,739	21.02%	8,194	21.65%
15-17 semester hours	1,035	2.68%	1,085	2.70%	1,068	2.54%	1,247	3.00%	1,070	2.83%
18 & over	106	0.27%	121	0.30%	112	0.27%	143	0.33%	137	0.36%
<b>Total</b>	<b>38,611</b>	<b>100.00%</b>	<b>40,159</b>	<b>100.00%</b>	<b>42,004</b>	<b>100.00%</b>	<b>41,582</b>	<b>100.00%</b>	<b>37,850</b>	<b>100.00%</b>

<b>Average course load</b>	7.87	7.77	7.75	7.93	7.93
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<b>Tuition Status</b>	<b>Fall 2013</b>		<b>Fall 2012</b>		<b>Fall 2011</b>		<b>Fall 2010</b>		<b>Fall 2009</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Texas Resident (In-District)	27,986	72.48%	29,481	73.41%	31,291	74.50%	30,112	72.42%	27,587	72.89%
Texas Resident (Out-of-District)	3,803	9.85%	4,460	11.11%	5,156	12.28%	6,422	15.44%	5,909	15.61%
Non-Resident Tuition (a)	908	2.35%	993	2.47%	949	2.25%	953	2.29%	856	2.26%
Other (b)	5,914	15.32%	5,225	13.01%	4,608	10.97%	4,095	9.85%	3,498	9.24%
<b>Total</b>	<b>38,611</b>	<b>100.00%</b>	<b>40,159</b>	<b>100.00%</b>	<b>42,004</b>	<b>100.00%</b>	<b>41,582</b>	<b>100.00%</b>	<b>37,850</b>	<b>100.00%</b>

**Source:**

ACC Office of Institutional Effectiveness

**Notes:**

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

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**STATISTICAL SECTION**  
**(UNAUDITED)**

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Fall 2008		Fall 2007		Fall 2006		Fall 2005		Fall 2004	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
24,397	72.33%	23,237	73.02%	23,479	74.27%	22,491	73.74%	21,327	73.53%
7,555	22.40%	7,012	22.04%	6,624	20.96%	6,614	21.69%	6,396	22.05%
1,776	5.27%	1,573	4.94%	1,507	4.77%	1,394	4.57%	1,281	4.42%
<u>33,728</u>	<u>100.00%</u>	<u>31,822</u>	<u>100.00%</u>	<u>31,610</u>	<u>100.00%</u>	<u>30,499</u>	<u>100.00%</u>	<u>29,004</u>	<u>100.00%</u>

Fall 2008		Fall 2007		Fall 2006		Fall 2005		Fall 2004	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
391	1.16%	396	1.24%	427	1.36%	415	1.36%	429	1.48%
7,876	23.35%	7,383	23.20%	7,701	24.36%	8,680	28.46%	8,253	28.45%
10,599	31.42%	9,667	30.38%	9,253	29.27%	8,117	26.61%	7,689	26.51%
6,368	18.88%	5,870	18.45%	5,626	17.80%	5,659	18.55%	5,435	18.74%
7,254	21.51%	7,235	22.74%	7,363	23.29%	6,504	21.33%	6,052	20.87%
1,119	3.32%	1,149	3.61%	1,111	3.51%	1,027	3.37%	1,028	3.54%
121	0.36%	122	0.38%	129	0.41%	97	0.32%	118	0.41%
<u>33,728</u>	<u>100.00%</u>	<u>31,822</u>	<u>100.00%</u>	<u>31,610</u>	<u>100.00%</u>	<u>30,499</u>	<u>100.00%</u>	<u>29,004</u>	<u>100.00%</u>

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Fall 2008		Fall 2007		Fall 2006		Fall 2005		Fall 2004	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
24,101	71.45%	21,153	66.47%	21,256	67.24%	21,227	69.60%	19,674	67.83%
5,659	16.78%	7,075	22.23%	6,802	21.52%	6,105	20.02%	6,719	23.17%
816	2.42%	831	2.61%	956	3.02%	858	2.81%	814	2.80%
3,152	9.35%	2,763	8.69%	2,596	8.22%	2,309	7.57%	1,797	6.20%
<u>33,728</u>	<u>100.00%</u>	<u>31,822</u>	<u>100.00%</u>	<u>31,610</u>	<u>100.00%</u>	<u>30,499</u>	<u>100.00%</u>	<u>29,004</u>	<u>100.00%</u>

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**STATISTICAL SECTION**  
**(UNAUDITED)**

**Student Profile**

**Last Ten Fiscal Years**

<b>Gender</b>	<b>Fall 2013</b>		<b>Fall 2012</b>		<b>Fall 2011</b>		<b>Fall 2010</b>		<b>Fall 2009</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Female	21,402	55.43%	22,347	55.65%	23,311	55.50%	23,020	55.36%	21,115	55.79%
Male	17,209	44.57%	17,812	44.35%	18,693	44.50%	18,562	44.64%	16,735	44.21%
<b>Total</b>	<b>38,611</b>	<b>100.00%</b>	<b>40,159</b>	<b>100.00%</b>	<b>42,004</b>	<b>100.00%</b>	<b>41,582</b>	<b>100.00%</b>	<b>37,850</b>	<b>100.00%</b>

<b>Ethnic Origin</b>	<b>Fall 2013</b>		<b>Fall 2012</b>		<b>Fall 2011</b>		<b>Fall 2010</b>		<b>Fall 2009</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
White	18,303	47.40%	19,615	48.84%	21,246	50.58%	22,466	54.03%	21,720	57.38%
Hispanic	11,668	30.22%	11,698	29.13%	11,765	28.01%	11,067	26.61%	9,440	24.94%
African American	2,892	7.49%	3,170	7.89%	3,423	8.15%	3,698	8.89%	3,263	8.62%
Asian/Pacific Islander	2,027	5.25%	2,403	5.98%	2,140	5.09%	2,503	6.02%	2,026	5.35%
Am.Indian/Alaskan Native	316	0.82%	69	0.17%	389	0.93%	44	0.11%	333	0.88%
Non-Resident Alien	877	2.27%	190	0.47%	193	0.46%	183	0.44%	476	1.26%
Other/Unknown	2,528	6.56%	3,014	7.52%	2,848	6.78%	1,621	3.90%	592	1.57%
<b>Total</b>	<b>38,611</b>	<b>100.01%</b>	<b>40,159</b>	<b>100.00%</b>	<b>42,004</b>	<b>100.00%</b>	<b>41,582</b>	<b>100.00%</b>	<b>37,850</b>	<b>100.00%</b>

<b>Age</b>	<b>Fall 2013</b>		<b>Fall 2012</b>		<b>Fall 2011</b>		<b>Fall 2010</b>		<b>Fall 2009</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Under 18	4,501	11.66%	3,965	9.87%	3,487	8.30%	3,247	7.81%	2,913	7.70%
18 -21	13,641	35.33%	13,877	34.56%	14,381	34.24%	14,371	34.56%	13,765	36.37%
22 - 24	5,311	13.76%	5,772	14.37%	6,331	15.07%	6,345	15.26%	5,822	15.38%
25 - 35	9,665	25.03%	10,665	26.56%	11,608	27.64%	11,508	27.68%	10,017	26.46%
36 - 50	4,323	11.20%	4,674	11.64%	4,929	11.73%	4,891	11.76%	4,296	11.35%
51 & over	1,170	3.03%	1,206	3.00%	1,268	3.02%	1,220	2.93%	1,037	2.74%
<b>Total</b>	<b>38,611</b>	<b>100.00%</b>	<b>40,159</b>	<b>100.00%</b>	<b>42,004</b>	<b>100.00%</b>	<b>41,582</b>	<b>100.00%</b>	<b>37,850</b>	<b>100.00%</b>

<b>Average Age</b>	25.6	25.9	26.1	26.0	25.8
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**Source:**

ACC Office of Institutional Effectiveness

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
Austin, Texas

**STATISTICAL SECTION**  
**(UNAUDITED)**

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Fall 2008		Fall 2007		Fall 2006		Fall 2005		Fall 2004	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
19,055	56.50%	18,033	56.67%	17,670	55.90%	17,187	56.35%	16,341	56.34%
14,673	43.50%	13,789	43.33%	13,940	44.10%	13,315	43.65%	12,663	43.66%
<u>33,728</u>	<u>100.00%</u>	<u>31,822</u>	<u>100.00%</u>	<u>31,610</u>	<u>100.00%</u>	<u>30,502</u>	<u>100.00%</u>	<u>29,004</u>	<u>100.00%</u>

Fall 2008		Fall 2007		Fall 2006		Fall 2005		Fall 2004	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
19,580	58.05%	18,884	59.34%	18,648	58.99%	18,265	59.88%	17,552	60.52%
8,316	24.66%	7,475	23.49%	7,696	24.35%	7,156	23.46%	6,514	22.46%
2,753	8.16%	2,498	7.85%	2,405	7.61%	2,238	7.34%	2,056	7.09%
1,876	5.56%	1,651	5.19%	1,506	4.76%	1,481	4.86%	1,465	5.05%
287	0.85%	279	0.88%	277	0.88%	219	0.72%	221	0.76%
477	1.41%	564	1.77%	634	2.01%	659	2.16%	703	2.42%
439	1.31%	471	1.48%	444	1.40%	484	1.58%	493	1.70%
<u>33,728</u>	<u>100.00%</u>	<u>31,822</u>	<u>100.00%</u>	<u>31,610</u>	<u>100.00%</u>	<u>30,502</u>	<u>100.00%</u>	<u>29,004</u>	<u>100.00%</u>

Fall 2008		Fall 2007		Fall 2006		Fall 2005		Fall 2004	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
2,718	8.06%	2,427	7.63%	2,211	6.99%	1,993	6.53%	1,530	5.28%
13,016	38.59%	12,513	39.32%	12,318	38.97%	11,766	38.57%	11,100	38.27%
5,115	15.17%	4,948	15.55%	5,074	16.05%	5,105	16.74%	5,039	17.37%
8,493	25.18%	7,833	24.62%	7,993	25.29%	7,729	25.34%	7,561	26.07%
3,553	10.53%	3,348	10.52%	3,304	10.45%	3,214	10.54%	3,127	10.78%
833	2.47%	753	2.36%	710	2.25%	695	2.28%	647	2.23%
<u>33,728</u>	<u>100.00%</u>	<u>31,822</u>	<u>100.00%</u>	<u>31,610</u>	<u>100.00%</u>	<u>30,502</u>	<u>100.00%</u>	<u>29,004</u>	<u>100.00%</u>

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**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**STATISTICAL SECTION**  
**(UNAUDITED)**

**Transfers to Senior Institutions**

**2012-2013 Students as of Fall 2013**

(Includes only public senior colleges in Texas)

	Transfer Student Count (Academic)	Transfer Student Count (Technical)	Transfer Student Count (Tech-Prep)	Total of all ACC Transfer Students	% of all ACC Transfer Students
1 The University of Texas at Austin	2,871	540	202	3,613	38.08%
2 Texas State University - San Marcos	2,209	499	259	2,967	31.27%
3 Texas A&M University	475	166	30	671	7.07%
4 Texas Tech University	316	129	26	471	4.96%
5 The University of Texas at San Antonio	238	56	25	319	3.36%
6 University of North Texas	154	33	11	198	2.10%
7 The University of Texas at Arlington	77	44	7	128	1.35%
8 University of Houston	82	24	8	114	1.20%
9 The University of Texas at Dallas	76	22	11	109	1.15%
10 Texas A&M University - Corpus Christi	72	25	9	106	1.12%
11 Sam Houston State University	53	19	16	88	0.93%
12 Tarleton State University	46	18	9	73	0.77%
13 Stephen F. Austin State University	47	16	1	64	0.67%
14 Angelo State University	35	10	3	48	0.51%
15 Texas Tech University Health Sciences Center	32	16	-	48	0.51%
16 Texas Woman's University	27	12	3	42	0.44%
17 The University of Texas at Tyler	26	9	2	37	0.39%
18 Texas A&M University System Health Science Center	19	11	-	30	0.32%
19 The University of Texas Health Science Center at San Antonio	20	6	1	27	0.28%
20 Texas A&M University at Galveston	19	6	-	25	0.26%
21 The University of Texas Medical Branch at Galveston	17	7	1	25	0.26%
22 Lamar University	17	6	2	25	0.26%
23 The University of Texas Health Science Center at Houston	15	9	1	25	0.26%
24 The University of Texas at El Paso	17	3	1	21	0.22%
25 West Texas A&M University	13	6	1	20	0.21%
26 University of Houston - Victoria	9	7	3	19	0.20%
27 Texas A&M University - Commerce	12	5	1	18	0.19%
28 Texas A&M University - Central Texas	11	5	2	18	0.19%
29 University of Houston - Downtown	12	1	3	16	0.17%
30 The University of Texas of the Permian Basin	11	1	3	15	0.16%
31 Texas A&M University - Kingsville	9	2	3	14	0.15%
32 Sul Ross State University	7	6	-	13	0.14%
33 Prairie View A&M University	6	7	-	13	0.14%
34 Midwestern State University	8	4	-	12	0.13%
35 Texas Southern University	7	2	1	10	0.11%
36 The University of Texas - Pan American	7	2	1	10	0.11%
37 The University of Texas at Brownsville	7	-	-	7	0.07%
38 University of Houston - Clear Lake	5	1	-	6	0.06%
39 University of North Texas Health Science Center	4	1	-	5	0.05%
40 Texas A&M International University	4	-	-	4	0.04%
41 The University of Texas Southwestern Medical Center	3	-	1	4	0.04%
42 Texas Tech University Health Sciences Center - El Paso	2	1	-	3	0.03%
43 Texas A&M University - San Antonio	2	-	1	3	0.03%
44 Baylor College of Medicine	2	-	-	2	0.02%
45 Texas A&M University - Texarkana	1	-	-	1	0.01%
46 The University of Texas M.D. Anderson Cancer Center	1	-	-	1	0.01%
<b>Totals</b>	<b>7,103</b>	<b>1,737</b>	<b>648</b>	<b>9,488</b>	<b>100.00%</b>

**Source:**

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



**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**STATISTICAL SECTION**  
**(UNAUDITED)**

Capital Asset Information

**Last Ten Fiscal Years**

	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
Academic Buildings	43	41	40	38	35	29	28	27	26	26
Square footage (in thousands)	3,026	2,736	2,676	2,084	1,610	1,166	1,161	1,137	1,026	1,026
Administrative and Support Buildings	2	2	2	2	2	2	2	2	2	2
Square footage (in thousands)	168	168	168	168	168	168	168	168	168	168
Portable Buildings	10	10	10	10	10	10	10	10	10	10
Fall Arrest System Structures	2	2	2	2	1	-	-	-	-	-
Parking Garages	2	2	2	2	2	2	1	1	-	-
Transportation										
Cars	49	43	41	39	37	31	28	26	19	18
Light Trucks/Vans	87	90	87	75	79	75	65	64	57	55
Other	11	13	14	10	-	-	1	1	1	1

**Source:**

ACC Fact Book

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# Federal Single Audit Section



**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

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Board of Trustees  
Austin Community College District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Austin Community College District (the "District") as of and for the year ended August 31, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 18, 2014.

Our report includes a reference to other auditors who audited the financial statements of Austin Community College Foundation ("the Foundation"), as described in our report on the District's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

**Internal control over financial reporting**

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

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

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

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**Compliance and other matters**

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

**Intended purpose**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

GRANT THORNTON LLP

Dallas, Texas  
December 18, 2014

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE REQUIRED BY  
OMB CIRCULAR A-133**

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Board of Trustees  
Austin Community College District

**Report on compliance for each major federal program**

We have audited the compliance of Austin Community College District (the "District") with the types of compliance requirements described in the U.S. Office of Management and Budget's *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended August 31, 2014. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's responsibility**

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

**Auditor's responsibility**

Our responsibility is to express an opinion on compliance for the District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The above-mentioned standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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



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**Opinion on each major federal program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended August 31, 2014.

**Report on internal control over compliance**

Management of the District is responsible for designing, implementing, and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of compliance requirements that could have a direct and material effect on its major federal program to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this Report on Internal Control Over Compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

GRANT THORNTON LLP

GRANT THORNTON LLP

Dallas, Texas  
December 18, 2014

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**AUSTIN COMMUNITY COLLEGE DISTRICT**  
Austin, Texas

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For The Year Ended August 31, 2014

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures and Pass Through Disbursements</u>
<u>U.S. Department of Education</u>			
Direct Programs:			
Student Financial Aid Cluster			
Federal Supplemental Education Opportunity Grants	84.007		\$ 764,978
Federal Work-Study Program	84.033		446,514
Federal Pell Grant Program	84.063		34,225,810
Federal Direct Student Loans	84.268		23,149,247
Pass-Through From:			
Texas Education Agency			
Adult Education Basic Grants to States	84.002A	134100017110446	1,190
Career and Technical Education - Basic Grants to States	84.048A	2870	16,959
Texas Workforce Commission			
Adult Education Basic Grants to States	84.002A	1414ABE000	946,016
Adult Education Basic Grants to States	84.002A	1414AEL000	58,730
Adult Education Basic Grants to States	84.002A	1414ABE000	109,437
Texas Higher Education Coordinating Board			
Career and Technical Education - Basic Grants to States	84.048	11539	1,209,913
Career and Technical Education - Basic Grants to States	84.048	09825	(9,210)
Career and Technical Education - Basic Grants to States	84.048	11669	116,531
College Access Challenge Grant Program	84.378A	11251	215,226
Statewide Data Systems	84.372	12390	7,956
Education Service Center, Region 13			
Twenty First Century Community Learning Centers	84.287C	146950167110016	60,873
Twenty First Century Community Learning Centers	84.287C	156950167110016	5,159
Total U.S. Department of Education			<u>61,325,329</u>
<u>U.S. Department of Agriculture</u>			
Pass-Through From:			
Texas Department of State Health Services			
Special Social Supplemental Nutrition Program for Women, Infants, and Children	10.557	2013-042779	3,397
<u>U.S. Department of Labor</u>			
Pass-Through From:			
Sinclair Community College			
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grant	17.282	TC-23784-12-60-A-39	680,325
Northern Virginia Community College			
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grant	17.282	TC-23776-12-60-A-51	543,354
Forsyth Community College			
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grant	17.282	TC-23761-12-60-A-37	136,147
Texas Education Agency:			
Texas Workforce Commission			
Incentive Grants - WIA Section 503	17.267	2913WSW009	60,272
Workforce Solutions			
Workforce Innovation Fund	17.283	WIF ACE 13.15	193,875
Total U.S. Department of Labor			<u>1,613,973</u>

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For The Year Ended August 31, 2014**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures and Pass Through Disbursements</u>
<u>National Science Foundation</u>			
Direct Programs:			
Education and Human Resources Cluster			
Education and Human Resources	47.076	DUE-0965872	238,234
Education and Human Resources	47.076	DUE-1122660	20,286
Pass-Through From:			
City College of San Francisco			
Education and Human Resources	47.076	DUE-0903317	48,384
Education and Human Resources	47.076	101118-B3-N	44,359
Rochester Institute of Technology			
Education and Human Resources	47.076	DUE-1104229	43,478
Texas State University San Marcos			
Education and Human Resources	47.076	13008-8-1925-1	3,757
Total National Science Foundation			<u>398,498</u>
<u>U.S. Department of Health and Human Services</u>			
Pass-Through From:			
Texas Workforce Commission			
Temporary Assistance for Needy Families	93.558	1414ABE000	278,526
University of Texas Medical Branch at Galveston, East Texas AHEC			
Area Health Education Centers Point of Service Maintenance and Enhancement Awards	93.107	5U77HP01066-11-00	80,568
Total U.S. Department of Health and Human Services			<u>359,094</u>
Total Federal Financial Assistance			<u>\$ 63,700,291</u>

Notes to Schedule on Following Page

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For The Year Ended August 31, 2014**

**NOTE 1: FEDERAL ASSISTANCE RECONCILIATION**

Federal Grants and Contracts Revenue - per Schedule of Operating Revenues (Schedule A)	\$	5,560,256
Federal Revenue, Non Operating - per Schedule of Non-Operating Revenues and Expenses (Schedule C)		34,990,788
Federal Direct Student Loans		<u>23,149,247</u>
Total Federal Revenues per Schedule of Expenditures of Federal Awards (Schedule E)	\$	<u><u>63,700,291</u></u>

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING SCHEDULE**

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

**NOTE 3: AMOUNTS PASSED THROUGH BY THE COLLEGE**

The following amounts were passed through to the listed sub recipients by the College. These amounts were from the Texas Workforce Commission CFDA #93.558 from U.S. Department of Health and Human Services.

Communities in Schools Central Texas	\$	69,533
Ascend Center for Learning		<u>35,800</u>
Total	\$	<u><u>105,333</u></u>

The following amount was passed through to the listed subrecipient by the College. This amount was from the Texas Workforce Commission CFDA #84.002A from the U.S. Department of Education.

Austin Independent School District	\$	226,281
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**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS**  
**For The Year Ended August 31, 2014**

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**SECTION I - SUMMARY OF AUDITORS' RESULTS**

***Financial Statements:***

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? No

***Federal Awards:***

Internal control over major programs:

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

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be Reported in accordance with section 510(a) of Circular A-133? No

***Identification of Major Programs:***

<u>Federal CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.007, 84.033, 84.063, 84.268	Student Financial Aid Cluster

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

Auditee qualified as low-risk auditee? No

**AUSTIN COMMUNITY COLLEGE DISTRICT  
Austin, Texas**

**SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS  
For The Year Ended August 31, 2014**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

The results of our procedures disclosed no findings to be reported for the year ended August 31, 2014.

**SECTION III - FEDERAL AWARDS FINDINGS**

The results of our procedures disclosed no findings to be reported for the year ended August 31, 2014.

**SECTION IV – SUMMARY OF PRIOR YEAR AUDIT FINDINGS**

Finding 2013-001

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

CFDA: 84.268                      Federal Award Number: N/A                      Award Year: 2012/2013

Type of Finding: Material Weakness and Material Noncompliance

Compliance Requirement: Special Tests and Provisions: Enrollment Reporting (Student Status Changes)

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

**Condition:** Out of 40 students randomly selected for testing, we noted that 1 student had incorrect status reported to the NSLDS; and 11 students with status changes were not reported to the NSLDS in a timely manner.

**Questioned Costs:** None

**Context:** For one student, the status of “Withdrawn” was reported to the NSLDS instead of “Graduated.”

For 11 students, the status change was not reported to the NSLDS within the required timeframe.

**Cause:** We understand that the failure to report timely occurred due to the following:



**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS**  
**For The Year Ended August 31, 2014**

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**SECTION IV - SUMMARY OF PRIOR YEAR AUDIT FINDINGS (Continued)**

- The Registrar's office failed to report the student withdrawal status to the NSCH. Controls were not in place to ensure reporting was performed timely.
- Changes in enrollment status were not reported to the NSLDS accurately.

**Effect:** Users are not able to correctly assess the student's enrollment level and the student would not begin repayment of loans as required.

**Recommendation:** We recommend that the District implement enhanced monitoring controls to ensure that all required reporting is completed within the required timeframe.

**Views of Responsible Officials and Planned**

**Corrective Action:** For the student reported as "withdrawn" instead of "graduated", the District has always sent graduation status information to the National Student Loan Clearinghouse; however, the setup at the Clearinghouse did not transmit this information to NSLDS, thus preventing the graduation status from being reported to NSLDS. This setup error has been corrected with the Clearinghouse and correctly reported since August 2013. Additionally, the District requested access to update information on NSLDS from the Department of Education. With this new access, the District has corrected all student records on NSLDS for FY13.

For the students not reported timely, most of these were late due to the same setup issue noted above impacting "graduated" students. Therefore the setup correction noted above will also resolve the timeliness issue for these students. Additionally, effective fall 2013, the faculty will be required to enter a last date of attendance/participation if a grade of "F" is entered on the roster. This new procedure will assist in reporting the correct date, in a timelier manner, for the unofficial withdrawals that are calculated at the end of the semester.

In summary, the District believes it has identified and corrected all system and procedure issues that caused this finding.

**Status of Prior Year Corrective Action:**

The District improved its reporting process by having the Clearinghouse transmit the graduation status change information to NSLDS. Faculty is now required to enter the last known date of attendance for any students who receive a grade of "F" in a class, which is then recorded in Colleague and reported to NSLDS.



# State Single Audit Section



**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE  
FOR EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE STATE OF TEXAS SINGLE AUDIT CIRCULAR**

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Board of Trustees  
Austin Community College District

**Report on compliance for each major state program**

We have audited the compliance of Austin Community College District (the "District") with the types of compliance requirements described in the State of Texas *Single Audit Circular* that could have a direct and material effect on its major state program for the year ended August 31, 2014. The District's major state program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the District's state programs.

**Auditor's responsibility**

Our responsibility is to express an opinion on compliance for the District's major state program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the State of Texas *Single Audit Circular*.

The above-mentioned standards and the State of Texas *Single Audit Circular* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on each major state program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended August 31, 2014.

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**Report on internal control over compliance**

Management of the District is responsible for designing, implementing, and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of compliance requirements that could have a direct and material effect on its major state program to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major state program and to test and report on internal control over compliance in accordance with the State of Texas *Single Audit Circular*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this Report on Internal Control Over Compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of State of Texas *Single Audit Circular*. Accordingly, this report is not suitable for any other purpose.

GRANT THORNTON LLP

GRANT THORNTON LLP

Dallas, Texas  
December 18, 2014

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**AUSTIN COMMUNITY COLLEGE DISTRICT**  
Austin, Texas

**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
For The Year Ended August 31, 2014

<u>Grantor Agency/Program Title</u>	<u>Grant Contract Number</u>	<u>Total Expenditures</u>
<u>Texas Higher Education Coordinating Board (THECB)</u>		
Adult Basic Education - IG	03374	\$ (661)
Fifth Year Accounting Scholarship		9,094
Intensive College Readiness Programs for Adult Education Students	4013	101,510
Integrated Reading & Writing	12079	80,737
Nursing Shortage Reduction Program		41,026
Nursing Shortage Reduction Program Over 70 FY2011		394,265
Regional College Readiness Special Advisor	11340	2,683
Texas B-On Time Loan Program		35,851
Texas Grant Fund	13099	1,522,867
Texas College	22339	1,485
Top 10% Scholarship	20356	21,500
Texas Education Opportunity Grant	13399	483,716
Texas College Fund 2014	22339	104,386
Texas - Science, Technology, Engineering, and Mathematics	11235	326,131
Trinity Valley Community College - Nursing Innovation Grant		9,776
Texas College & Career Readiness, Profile Planning Guide	12034	43,149
Work Study Student Mentorship Program	11827	44,000
Total of THECB		3,221,515
<u>State Energy Conservation Office</u>		
SECO Alternative Fuel Initiatives Grant	AF-G1-2013	10,000
<u>Texas Comptroller of Public Accounts</u>		
Law Enforcement Education		4,239
<u>Texas Workforce Commission</u>		
Adult Education	1414ABE000	212,692
Manufacturing Consortium, Skill Development Fund	1412SDF001	136,548
TWC Visa Skill Development Fund	1413SDF000	18,993
Skills for Small Businesses	1413SSD000	9,089
Total Texas Workforce Commission		377,322
<b>Total Expenditures of State Awards</b>		<b>\$ 3,613,076</b>

Notes to Schedule on Following Page

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**For The Year Ended August 31, 2014**

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**NOTE 1: STATE ASSISTANCE RECONCILIATION**

State Grants and Contracts Revenue - per Schedule of Operating Revenues (Schedule A)	\$ 3,613,076
Reconciling Items	-
Total State Revenues per Schedule of Expenditures of State Awards (Schedule F)	<u>\$ 3,613,076</u>

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING SCHEDULE**

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



**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS**  
**For The Year Ended August 31, 2014**

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**SECTION I - SUMMARY OF AUDITORS' RESULTS**

***Financial Statements:***

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

***State Awards:***

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

***Identification of Major Programs:***

<u>State Identifying Number</u>	<u>Name of State Program</u>
13099	Texas Grant Fund (tested as part of the Student Financial Assistance Cluster)

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
**Austin, Texas**

**SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS**  
**For The Year Ended August 31, 2014**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

The results of our procedures disclosed no findings to be reported for the year ended August 31, 2014.

**SECTION III - STATE AWARDS FINDINGS AND QUESTIONED COSTS**

The results of our procedures disclosed no findings to be reported for the year ended August 31, 2014.

**SECTION IV – SUMMARY OF PRIOR YEAR AUDIT FINDINGS**

The results of our procedures disclosed no findings to be reported for the year ended August 31, 2014.



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