

ANNUAL FINANCIAL REPORT

of

ALVIN COMMUNITY COLLEGE

For the Fiscal Years Ended
August 31, 2015 and 2014

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ALVIN COMMUNITY COLLEGE

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ALVIN COMMUNITY COLLEGE

ORGANIZATIONAL DATA For the Year Ended August 31, 2015

Board of Regents

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

Members		<u>Term Expires</u>
Mac Barrow	Alvin, Texas	2016
Jody Droege	Alvin, Texas	2020
Cheryl Knape	Alvin, Texas	2020
Mike Pyburn	Alvin, Texas	2020
Bel Sanchez	Alvin, Texas	2018
Doyle Swindell	Alvin, Texas	2018

Principal Administrative Officers

Dr. Christal M. Albrecht	President
Ms. Wendy Del Bello	Assistant to President/Executive Director of Development
Dr. John Bethscheider	Dean of Instruction/Provost
Dr. Andrew Nelson	Dean of Academic Programs
Mr. Karl Stager	Dean of Financial and Administrative Services
Ms. JoAn Anderson	Dean of Students
Dr. Patricia Hertenberger	Dean of Continuing Education Workforce Development
Dr. Cynthia Griffith	Vice President of Instruction
Ms. Karen Edwards	Executive Director of Human Resources

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INDEPENDENT AUDITORS' REPORT

To the Board of Regents
Alvin Community College:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Alvin Community College (the "College"), as of and for the years ended August 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 auditors' 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 College'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 College'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.

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

Basis for Disclaimer of Opinion

The financial statements of the Alvin Community College Foundation (the "Foundation") have not been audited, and we were not engaged to audit the Foundation financial statements as part of our audit of the College's basic financial statements, as of and for the years ended December 31, 2014 and 2013.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the Foundation's financial statements (Exhibit 1A, Exhibit 2A, and Exhibit 3A).

Unmodified Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the business-type activities of the College as of August 31, 2015 and 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

In 2015, the College adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The organizational data, supplemental schedules (schedules A through D), schedule of expenditures of federal awards (schedule E), schedule of expenditures of state awards (schedule F), and statistical information are presented for purposes of additional analysis and are not required parts of the basic financial statements.

Schedules E and F are required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and the *State of Texas Single Audit Circular*. Schedules A through F are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The organizational data and statistical information have not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2015 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Belt Harris Pechacek, LLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
December 15, 2015

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*MANAGEMENT'S DISCUSSION
AND ANALYSIS*

ALVIN COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended August 31, 2015 and 2014

This section of the Annual Financial Report of Alvin Community College (the "College") presents Management's Discussion and Analysis (MD&A) of the College's financial activity during the fiscal years ended August 31, 2015 and 2014, with particular focus on current events, legislation, and other various conditions. Please read this MD&A in conjunction with the College's basic financial statements and the notes to the basic financial statements. Responsibility for the completeness and fairness of the information included in this section of the annual report rests with the College.

Financial Highlights for Fiscal Years 2015 and 2014

The following factors had a significant effect on the College's financial status for fiscal years 2015 and 2014:

- There was a decrease in headcount of less than one percent in fiscal year 2014-2015 from the previous fiscal year. This decrease in headcount translated into a decrease of 2.84 percent in contact hours. There was no change in the tuition rates for in-district and out-of-district from fiscal year 2013-2014 to fiscal year 2014-2015. As a result of the decrease in headcount and contact hours, total tuition revenues decreased \$252,795 or 3.64 percent compared to the prior fiscal year.
- The College Board of Regents passed a combined tax rate of \$0.204009, which was \$0.004253 more than the effective tax rate. The Maintenance and Operations tax rate increased from \$0.176540 to \$0.181907 or 3.04 percent. However, the Debt Service tax rate decreased from \$0.023216 to \$0.022102 or 4.85 percent. Overall tax collections increased by \$1,539,199 from \$13,109,560 in fiscal year 2013-2014 to \$14,648,759 in fiscal year 2014-2015.
- The College received \$90,864 more in State Appropriations in fiscal year 2014-2015 than it received in 2013-2014.
- There was no salary schedule adjustment in fiscal year 2014-2015. Compared to the prior fiscal year, salary and wage expenses increased by approximately \$540,000 in fiscal year 2014-2015.
- The 2014-2015 Maintenance and Operations budget was \$27,376,798, which was an increase of approximately \$1.48 million over the 2013-2014 budget.

Overview of Financial Statements

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

Under GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - An Amendment of GASE Statements No. 14 and No. 34*, the Alvin Community College Foundation is considered a component unit of the College for fiscal years 2015 and 2014 and, as such, is discretely presented in the College's basic financial statements. Complete financial statements of the Alvin Community College Foundation can be obtained from their offices.

ALVIN COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Years Ended August 31, 2015 and 2014

Statements of Net Position

The Statements of Net Position presents the assets, liabilities, deferred inflows/outflows of resources, and net position of the College as of August 31, 2015 and 2014. It is a point-in-time financial statement. The purpose of the Statements of Net Position is to provide the readers with a snapshot of the financial condition of the College on August 31, 2015 and 2014. It presents end-of-year data for current and noncurrent assets, current and noncurrent liabilities, and net position. From the information shown, readers are able to determine the assets that are available to continue operations, how much the College owes, and net position and its availability to carry out the College's mission.

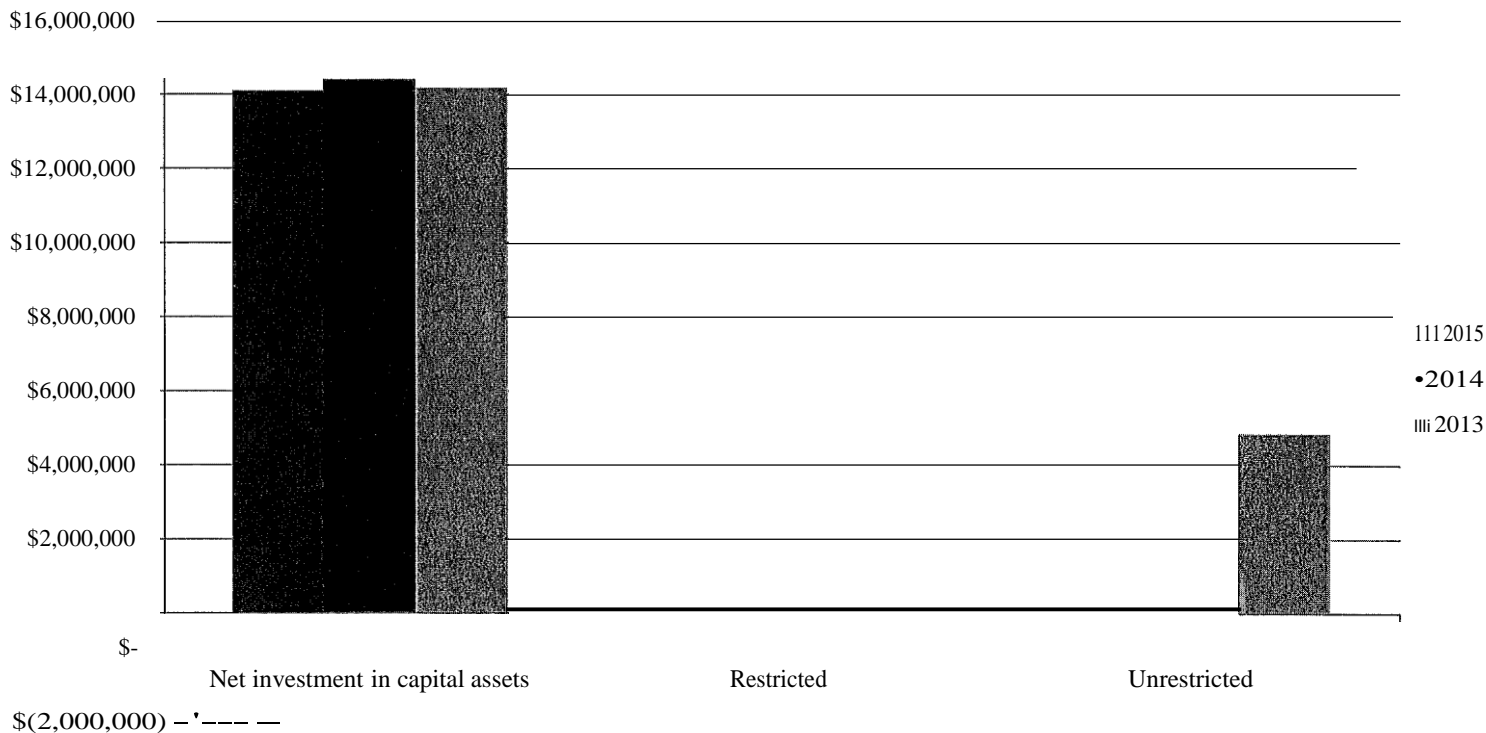
CONDENSED STATEMENTS OF NET POSITION

As of August 31, 2015-2013

	2015	2014	Increase (Decrease) 2015-2014	2013	Increase (Decrease) 2014-2013
Current assets	\$ 10,791,604	\$ 11,012,348	\$ (220,744)	\$ 11,548,886	\$ (536,538)
Noncurrent assets:					
Restricted cash and cash equivalents				368,322	(368,322)
Investments	1,000,000	1,000,000		250,000	750,000
Capital assets, net of accumulated depreciation	28,776,808	29,327,761	(550,953)	29,654,461	(326,700)
Total Assets	<u>40,568,412</u>	<u>41,340,109</u>	<u>(771,697)</u>	<u>41,821,669</u>	<u>(481,560)</u>
Deferred outflows of resources	<u>1,703,668</u>	<u>1,398,858</u> *	<u>304,810</u>	<u>1,063,278</u>	<u>335,580</u>
Current liabilities	6,639,260	7,194,657	(555,397)	7,327,383	(132,726)
Noncurrent liabilities	<u>19,657,472</u>	<u>21,249,662</u> *	<u>(1,592,190)</u>	<u>16,225,415</u>	<u>5,024,247</u>
Total Liabilities	<u>26,296,732</u>	<u>28,444,319</u>	<u>(2,147,587)</u>	<u>23,552,798</u>	<u>4,891,521</u>
Deferred inflows of resources	<u>1,571,113</u>		<u>1,571,113</u>		
Net position:					
Net investment in capital assets	14,102,131	14,382,023	(279,892)	14,159,770	222,253
Restricted					
Expendable student aid	244,124	325,310	(81,186)	320,427	4,883
Unrestricted	<u>57,980</u>	<u>(412,685)</u>	<u>470,665</u>	<u>4,851,952</u>	<u>(5,264,637)</u>
Total Net Position	<u>\$ 14,404,235</u>	<u>\$ 14,294,648</u>	<u>\$ 109,587</u>	<u>\$ 19,332,149</u>	<u>\$ (5,037,501)</u>

ALVIN COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Years Ended August 31, 2015 and 2014

Net Position
Fiscal Years 2015- 2013



Fiscal Year 2015 Compared to 2014

Current assets decreased \$220,744 primarily due to a decrease in accounts receivables related to TDCJ, bookstore, and State grants. Noncurrent assets decreased \$550,953 due primarily to current year depreciation and the net disposal of capital assets.

Current liabilities decreased \$555,397 primarily due to a policy change which removed the necessity to recognize accrued payroll. This was offset slightly by an increase in the current portion of an exit incentive liability as the result of a new plan in which 29 employees accepted. Noncurrent liabilities decreased \$1,592,190 due mainly to a decrease in the net pension liability and scheduled debt payments. This was partially offset by an increase in the new exit incentive liability.

Fiscal Year 2014 Compared to 2013

Current assets decreased \$536,538 primarily due to a decrease in cash and cash equivalents as a result of current year operations. Noncurrent assets increased \$54,978 due primarily to an increase in investments offset by current year depreciation and a decrease in restricted cash and cash equivalents.

Current liabilities decreased \$132,726 primarily due to a decrease in unearned revenues. Noncurrent liabilities increased \$5,024,247 due to the implementation of GASB Statement No. 68 which recognized a net pension liability for the first time.

Statements of Revenues, Expenses, and Changes in Net Position

The purpose of the Statements of Revenues, Expenses, and Changes in Net Position is to present the revenues earned by the College, both operating and nonoperating, and the expenses incurred, operating and nonoperating,

ALVIN COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Years Ended August 31, 2015 and 2014

and any other revenues, expenses, gains, and losses received or spent by the College. Generally, operating revenues are received for providing goods and services to the students of the College. Operating expenses are those paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the College's mission. Nonoperating revenues and expenses are funds received or used for which goods and services are not provided.

CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Years Ended August 31, 2015-2013

	2015	2014	Increase (Decrease) 2015-2014	2013	Increase (Decrease) 2014-2013
Operating Revenues:					
Tuition and fees,					
net of discounts	\$ 10,107,379	\$ 10,252,689	\$ (145,310)	\$ 9,095,957	\$ 1,156,732
Auxiliary enterprises, net of discounts	1,901,881	1,918,530	(16,649)	1,986,466	(67,936)
Non-governmental grants and contracts	21,214				
State grants and contracts	1,678,224				
Federal grants and contracts	296,682				
Total Operating Revenues	14,005,380	—	—	—	—
Less Operating Expenses (Table 1)	42,298,738	—	—	3	—
Operating Loss	(28,293,358)	—	—	(2)	—
Nonoperating Revenues (Expenses):					
State appropriations	9,298,760	9,207,896	90,864	8,360,259	847,637
Property tax revenue	14,648,759	13,109,560	1,539,199	12,273,552	836,008
Federal revenue, nonoperating	4,230,382	4,574,385	(344,003)	5,048,318	(473,933)
Investment income	23,347	18,303	5,044	15,631	2,672
Interest and fiscal agent fees	(496,153)	(539,144)	42,991	(618,942)	79,798
Loss on sale of capital assets	(8,206)		(8,206)		
Other nonoperating revenues	706,056	612,216	93,840	677,246	(65,030)
Total Nonoperating Revenues, Net	28,402,945	26,983,216	1,419,729	25,756,064	1,227,152
Change in Net Position	109,587	781,592	(672,005)	(977,631)	1,759,223
Beginning net position	14,294,648	13,513,056 *	781,592	20,309,780	(6,796,724)
Ending Net Position	\$ 14,404,235	\$ 14,294,648	\$ 109,587	\$ 19,332,149	\$ (5,037,501)

* Restated per GASB 68

Fiscal Year 2015 Compared to 2014

Total revenues (operating and nonoperating) for the year 2015 were \$42,912,684. Operating revenues decreased \$311,872 largely due to a decrease in head count, contact hours, and State grants and contracts compared to the prior year. Nonoperating revenues increased \$1,384,944 primarily due to an increase in property tax revenues as the result of an increase in the assessed values of properties and an increase in the tax rate. This was partially offset by a decrease in federal grant revenues.

ALVIN COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Years Ended August 31, 2015 and 2014

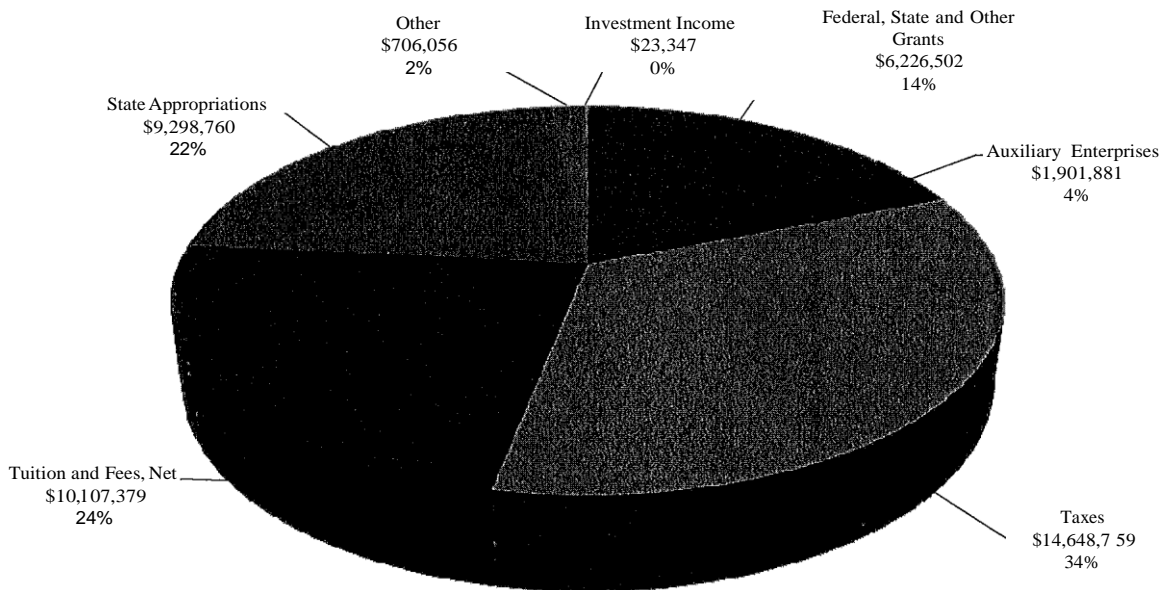
Total expenses (operating and nonoperating) increased \$1,745,077 mainly due to the new exit incentive plan, pension expense related to GASB Statement No. 68, and an increase in personnel related costs.

Fiscal Year 2014 Compared to 2013

Total revenues (operating and nonoperating) for the year 2014 were \$41,839,612. Operating revenues increased \$2,650,389 largely due to an increase in tuition and fees, net of discounts, and State grants and contracts compared to the prior year. Nonoperating revenues increased \$1,147,354 primarily due to an increase in State appropriations and property tax revenues.

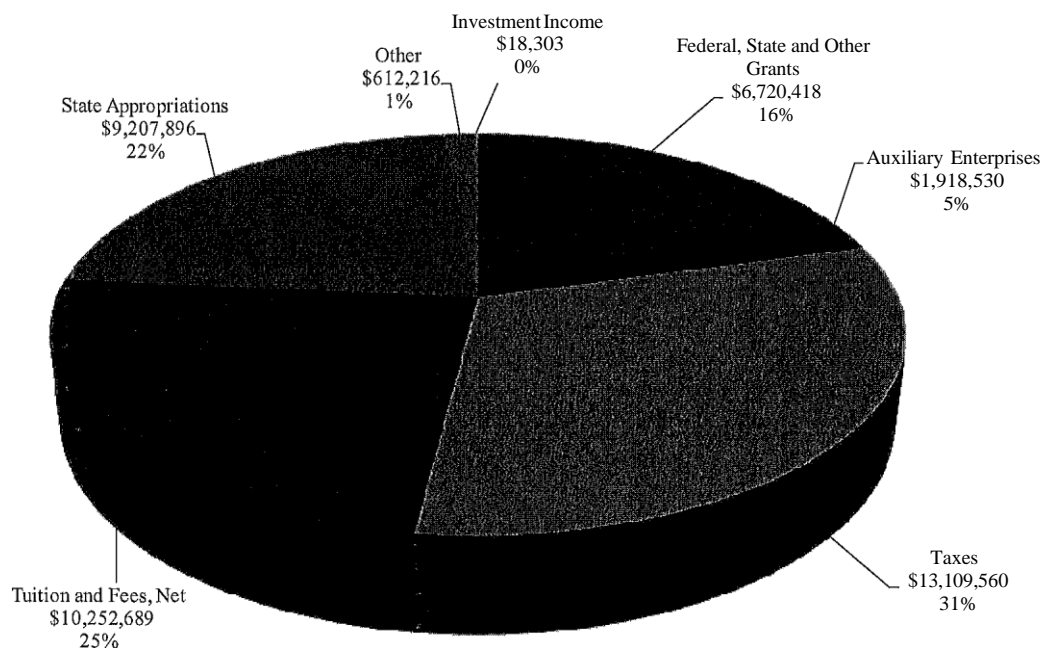
Operating expenses increased \$2,118,318 mainly due to an increase in salaries and wages and grants and contracts.

**Revenues by Source and Percentage
For the Year Ended August 31, 2015**



ALVIN COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Years Ended August 31, 2015 and 2014

Revenues by Source and Percentage
For the Year Ended August 31, 2014



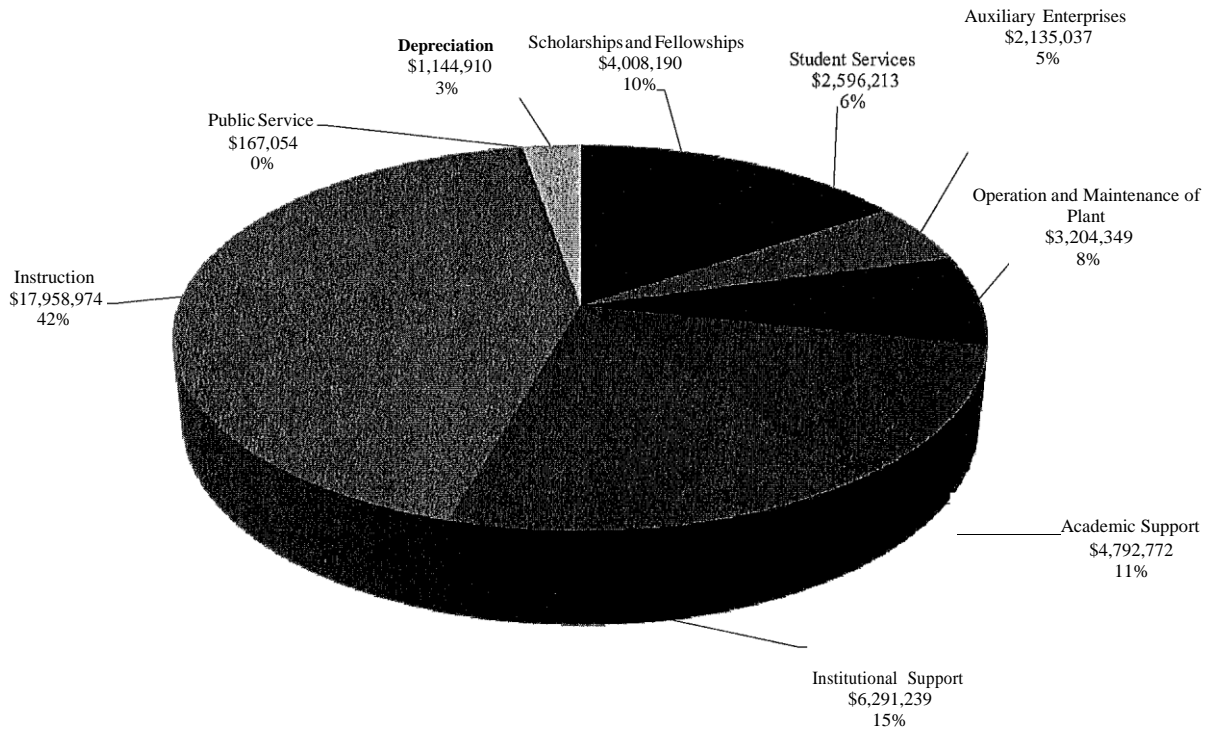
Operating expenses are primarily presented by functional categories, which represent the types of programs and services provided. Nonoperating expenses consist of interest and fiscal agent fees from capital related debt service of \$496,153 and \$539,144 for the years ended August 31, 2015 and 2014, respectively. The College also recognized a loss on sale of capital assets of \$8,206. The following are graphic illustrations of operating expenses by functional category and percentage of total operating expenses for the years ended August 31, 2015 and 2014.

Table 1
OPERATING EXPENSES
Years Ended August 31, 2015-2013

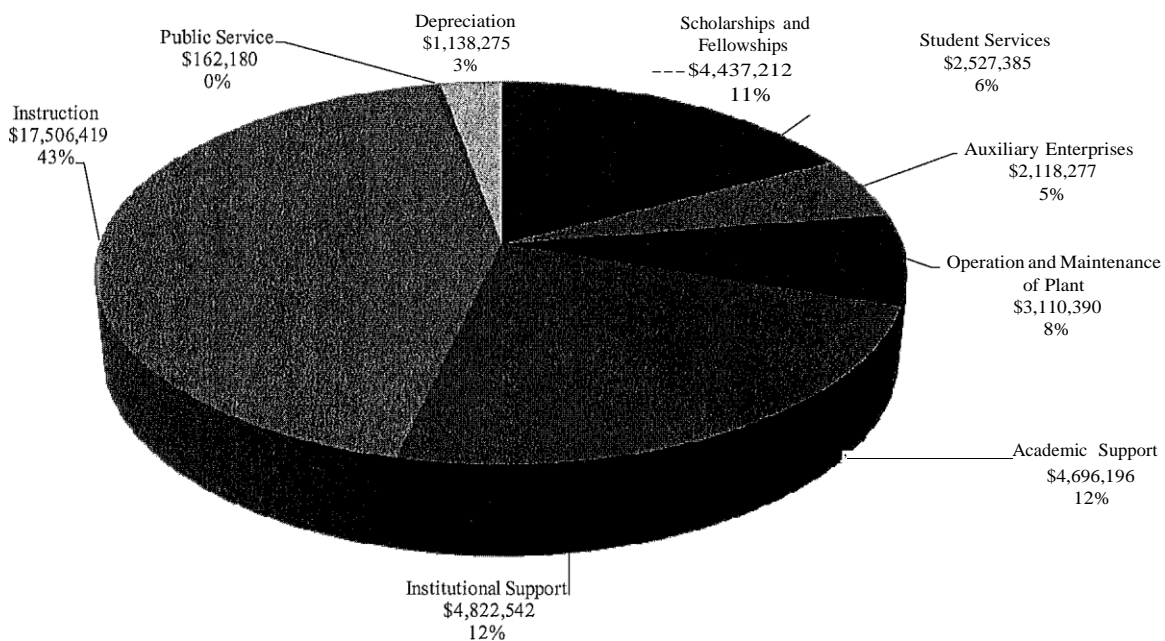
Operating Expenses:	2015	2014	Increase	2013	Increase
			(Decrease)		(Decrease)
Instruction	\$ 17,958,974	\$ 17,506,419	\$ 452,555	\$ 15,216,809	\$ 2,289,610
Institutional support	6,291,239	4,822,542	1,468,697	3,849,352	973,190
Academic support	4,792,772	4,696,196	96,576	4,545,395	150,801
Operation and maintenance of plant	3,204,349	3,110,390	93,959	3,939,413	(829,023)
Auxiliary enterprises	2,135,037	2,118,277	16,760	2,117,285	992
Student services	2,596,213	2,527,385	68,828	2,459,042	68,343
Scholarships and fellowships	4,008,190	4,437,212	(429,022)	4,961,534	(524,322)
Depreciation	1,144,910	1,138,275	6,635	1,147,001	(8,726)
Public service	167,054	162,180	4,874	164,727	(2,547)
Total	\$ 42,298,738	\$ 40,518,876	\$ 1,779,862	\$ 38,400,558	\$ 2,118,318

ALVIN COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Years Ended August 31, 2015 and 2014

**Operating Expenses by Function and Percentage
 For the Year Ended August 31, 2015**



**Operating Expenses by Function and Percentage
 For the Year Ended August 31, 2014**

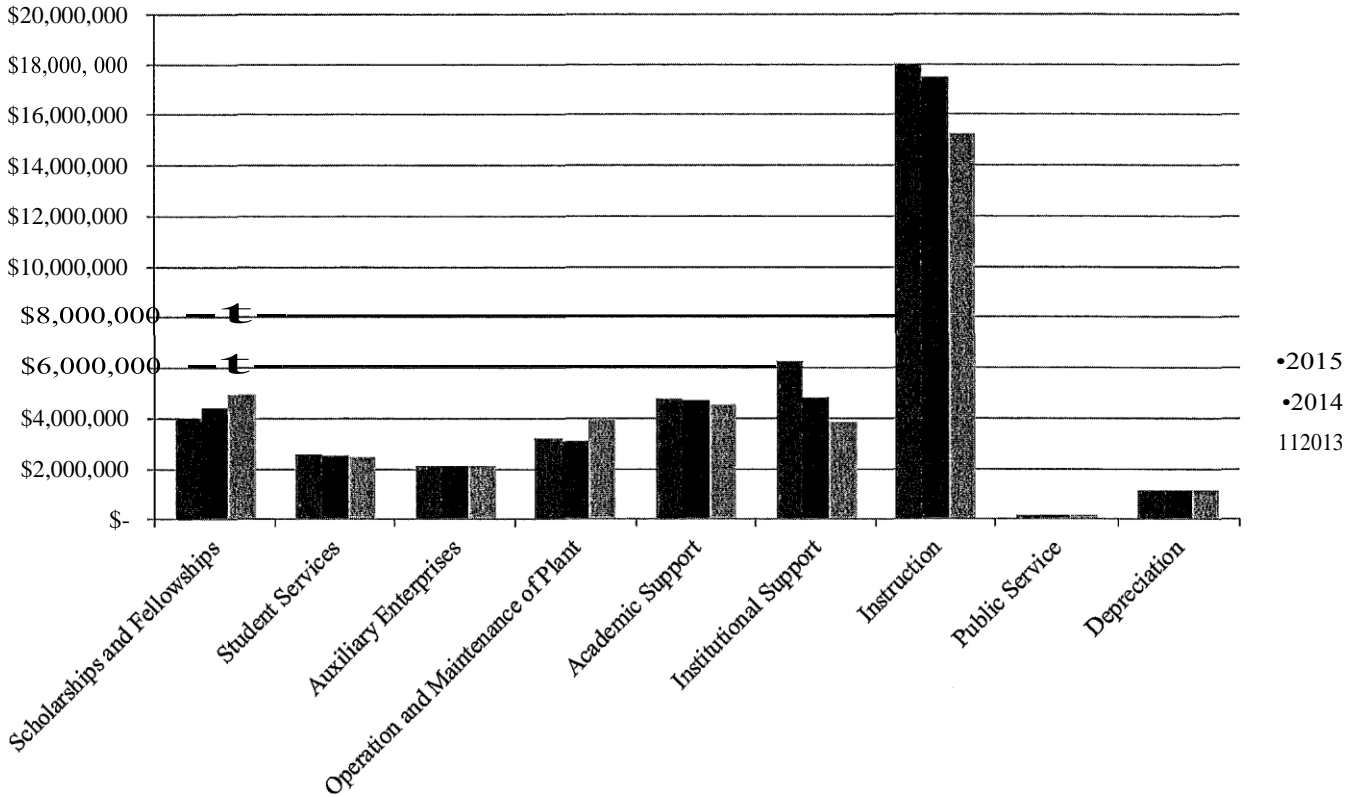


ALVIN COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Years Ended August 31, 2015 and 2014

Comparison of Operating Expenses
Fiscal Years 2015-2013



Capital Assets

CAPITAL ASSETS ACTIVITY
Years Ended August 31, 2015-2013

	2015	2014	Increase (Decrease) 2015-2014	2013	Increase (Decrease) 2014-2013
Capital assets not depreciated:					
Land	\$ 774,128	\$ 774,128	\$	\$ 774,128	\$
Construction in process	7,280		7,280		
Total	<u>781,408</u>	<u>774,128</u>	<u>7,280</u>	<u>774,128</u>	<u></u>
Other capital assets:					
Buildings and improvements	36,215,703	36,215,703		36,215,703	
Facilities and improvements	3,400,347	3,355,079	45,268	3,285,822	69,257
Telecommunications equipment	1,654,555	2,747,984	(1,093,429)	2,662,277	85,707
Furniture and equipment	5,441,661	5,454,459	(12,798)	4,815,221	639,238
Library books	394,068	382,852	11,216	365,479	17,373
Total	<u>47,106,334</u>	<u>48,156,077</u>	<u>1,049,743</u>	<u>47,344,502</u>	<u>811,575</u>
Less accumulated depreciation	<u>(19,110,934)</u>	<u>(19,602,444)</u>	<u>491,510</u>	<u>(18,464,169)</u>	<u>(1,138,275)</u>
Net Capital Assets	<u>\$ 28,776,808</u>	<u>\$ 29,327,761</u>	<u>\$ (550,953)</u>	<u>\$ 29,654,461</u>	<u>\$ (326,700)</u>

ALVIN COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Years Ended August 31, 2015 and 2014

Fiscal Year 2015 Compared to 2014

As of August 31, 2015, the College had \$47,887,742 invested in capital assets, \$19,110,934 in accumulated depreciation, and \$28,776,808 in net capital assets. Significant additions during the fiscal year included purchases of servers, equipment through the nursing grant, bleachers, an amplifier, and radio/telecommunication equipment. The College recognized the disposal of \$1,117,312 in fully depreciated telecommunication equipment during the fiscal year.

Fiscal Year 2014 Compared to 2013

As of August 31, 2014, the College had \$48,930,205 invested in capital assets, \$19,602,444 in accumulated depreciation, and \$29,327,761 in net capital assets. Furniture and equipment increased \$639,237 primarily due to purchases of a school bus, two vehicles, a semi-truck, and a DAC/Polaris hands-on operations training skid.

Long-Tenn Debt

The Board of Regents voted a debt service tax rate for 2013-14 of \$0.023216. The debt service rate was lowered in 2014 (for the 2014-15 fiscal year) to \$0.022102. The principal balance of the bonds was \$13,350,000 and \$14,380,000 as of August 31, 2015 and 2014, respectively.

On September 8, 2014, Moody's Investors Service downgraded the College's general obligation limited tax rating to "Aa3" from "Aa2." On March 5, 2014, Fitch Ratings downgraded the College's limited tax bonds rating to "A+" from "AA-." According to these rating agencies, the downgrades reflect the College's weakened financial position demonstrated through multiple years of operating deficits. The rating agencies also noted concerns about weakened State support and the College's exposure to the counter-cyclic enrollment declines from a strengthened economy.

As required, detailed debt disclosures are presented in note 8 to the basic financial statements.

Contacting the College's Financial Management

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

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BASIC FINANCIAL STATEMENTS

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ALVIN COMMUNITY COLLEGE

Exhibit 1

STATEMENTS OF NET POSITION

August 31, 2015 and 2014

	2015	2014
Assets		
Current Assets:		
Cash and cash equivalents	\$ 7,484,620	\$ 7,573,294
Accounts receivable, net	1,964,099	2,213,034
Inventories	798,120	626,873
Prepays	544,765	599,147
Total Current Assets	10,791,604	11,012,348
Noncurrent Assets:		
Investments	1,000,000	1,000,000
Capital assets, net:		
Non-depreciable	781,408	774,128
Depreciable	27,995,400	28,553,633
Total Noncurrent Assets	29,776,808	30,327,761
Total Assets	40,568,412	41,340,109
<u>Deferred Outflows of Resources</u>		
Deferred charge on refunding	759,484	911,381
Deferred outflows - pensions	944,184	487,477
Total Deferred Outflows of Resources	1,703,668	1,398,858
Liabilities		
Current Liabilities:		
Accounts payable and accrued liabilities	829,526	1,651,194
Deferred compensation		52,279
Funds held for others	38,789	27,289
Unearned revenues	4,018,719	4,104,892
Compensated absences	319,367	299,101
Exit incentive - current portion	327,043	19,598
Bonds payable - current portion	1,095,000	1,030,000
Capital lease payable - current portion	10,816	10,304
Total Current Liabilities	6,639,260	7,194,657
Noncurrent Liabilities:		
Compensated absences	22,041	126,277
Exit incentive	981,129	
Net pension liability	5,135,984	6,306,570
Bonds payable	13,495,049	14,782,730
Capital lease payable	23,269	34,085
Total Noncurrent Liabilities	19,657,472	21,249,662
Total Liabilities	26,296,732	28,444,319
<u>Deferred Inflows of Resources</u>		
Deferred inflows - pensions	1,571,113	
Total Deferred Inflows of Resources	1,571,113	
<u>Net Position</u>		
Net investment in capital assets	14,102,131	14,382,023
Restricted for expendable student aid	244,124	325,310

Unrestricted		<u>57,980</u>	(412,685)
	Total Net Position (Schedule D)	\$ 14,404,235	\$ 14,294,618

See accompanying notes to basic financial statements.

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ALVIN COMMUNITY COLLEGE FOUNDATION

Exhibit 1A

STATEMENTS OF FINANCIAL POSITION (unaudited)

December 31, 2014 and 2013

Assets:	2014	2013
Cash and cash equivalents	\$ 40,157	\$ 38,792
Investments	2,601,519	2,232,492
Other assets	20,223	20,223
Total Assets	<u>\$ 2,661,899</u>	<u>\$ 2,291,507</u>
Net Assets:		
Unrestricted	\$ 45,159	\$ 45,159
Temporarily restricted	1,635,390	1,264,998
Permanently restricted	981,350	981,350
Total Net Assets	<u>\$ 2,661,899</u>	<u>\$ 2,291,507</u>

See accompanying notes to basic financial statements.

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ALVIN COMMUNITY COLLEGE

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Years Ended August 31, 2015 and 2014

	2015	2014
Revenues:		
Operating Revenues:		
Tuition and fees, net of discounts of \$2,149,751 for 2015 and		
\$2,248,363 for 2014	\$ 10,107,379	\$ 10,252,689
Federal grants and contracts	296,682	299,825
State grants and contracts	1,678,224	1,834,681
Non-governmental grants and contracts	21,214	11,527
Auxiliary enterprises, net of discounts of \$288,506 for 2015 and		
\$329,136 for 2014	1,901,881	1,918,530
Total Operating Revenues (Schedule A)	14,005,380	14,317,252
Expenses:		
Operating Expenses:		
Instruction	17,958,974	17,506,419
Public service	167,054	162,180
Academic support	4,792,772	4,696,196
Student services	2,596,213	2,527,385
Institutional support	6,291,239	4,822,542
Operation and maintenance of plant	3,204,349	3,110,390
Scholarships and fellowships	4,008,190	4,437,212
Auxiliary enterprises	2,135,037	2,118,277
Depreciation	1,144,910	1,138,275
Total Operating Expenses (Schedule B)	42,298,738	40,518,876
Operating Loss	(28,293,358)	(26,201,624)
Nonoperating Revenues (Expenses):		
State appropriations	9,298,760	9,207,896
Property tax revenue	13,064,017	11,586,195
Debt service ad valorem taxes	1,584,742	1,523,365
Federal revenue, nonoperating	4,230,382	4,574,385
Investment income	23,347	18,303
Interest on capital related debt	(496,153)	(539,144)
Loss on disposal of capital assets	(8,206)	
Other nonoperating revenues	706,056	612,216
Total Nonoperating Revenues, Net (Schedule C)	28,402,945	26,983,216
Change in Net Position	109,587	781,592
Beginning net position	14,294,648	13,513,056
Ending Net Position	\$ 14,404,235	\$ 14,294,648

See accompanying notes to basic financial statements.

ALVIN COMMUNITY COLLEGE FOUNDATION

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS *(unaudited)*

For the Years Ended December 31, 2014 and 2013

	2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Support and Revenue:				
Contributions and grants	\$	\$ 13,216	\$	\$ 13,216
Author luncheon income, net	12,177	12,176		24,353
Randy Weber Roast income, net	2,500	2,500		5,000
Gala income, net	14,869	14,870		29,739
Alvin Live, net	1,504	1,504		3,008
Interest and dividend income		51,358		51,358
Travel/fundraisers	326	326		652
Dolphin athletics, net	10,687	10,686		21,373
ACC Feed the Hungry, net	367	367		734
Income from sale of property				
Realized gain on investments, net		224,123		224,123
Urealized appreciation on investments, net		166,484		166,484
Net assets released from restrictions	127,218	(127,218)		
Total Support and Revenue	169,648	370,392		540,040
Program and Support Services:				
Scholarships	81,098			81,098
Other expenses				
K219/theatre chair donations				
Awards	62,779			62,779
Investment management fee	22,253			22,253
Management and general	3,518			3,518
Total Expenses	169,648			169,648
Change in Net Assets		370,392		370,392
Beginning net assets	45,159	1,264,998	981,350	2,291,507
Ending Net Assets	\$ 45,159	\$ 1,635,390	\$ 981,350	\$ 2,661,899

See accompanying notes to basic financial statements.

2013			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$	\$ 36,659	\$	\$ 36,659
21,076	21,075		42,151
19,107	19,108		38,215
1,985	1,985		3,970
	52,938		52,938
124	124		248
22,500			
	108,787		
	294,865		
23,440	(23,440)	-	
88,232	512,101	-	
35,113			35,113
745			745
7,549			7,549
24,649			24,649
18,963			18,963
1,213			1,213
88,232			88,232
	512,101		512,101
45,159	752,897	981,350	1,779,406
\$ 45,159	\$ 1,264,998	\$ 981,350	\$ 2,291,507

ALVIN COMMUNITY COLLEGE

STATEMENTS OF CASH FLOWS

For the Years Ended August 31, 2015 and 2014

	2015	2014
Cash Flows from Operating Activities:		
Receipts from students and other customers	\$ 12,127,770	\$ 12,297,947
Receipts of grants and contracts	2,126,545	1,707,610
Payments to or on behalf of employees	(26,216,289)	(27,422,763)
Payments to suppliers for goods or services	(10,846,410)	(7,709,575)
Payments of scholarships	(4,008,190)	(4,437,212)
Net Cash (Used) by Operating Activities	(26,816,574)	(25,563,993)
Cash Flows from Noncapital Financing Activities:		
Receipts of State appropriations	9,298,760	9,207,896
Receipts of maintenance and operations ad valorem taxes	13,064,017	11,586,195
Receipts from nonoperating Federal revenue	4,230,382	4,574,385
Other	706,056	612,216
Net Cash Provided by Noncapital Financing Activities	27,299,215	25,980,692
Cash Flows from Capital and Related Financing Activities:		
Receipts from debt service ad valorem taxes	1,584,742	1,523,365
Purchases of capital assets	(632,735)	(811,575)
Proceeds from sale of capital assets	30,572	
Proceeds from capital lease		56,212
Payments on principal debt	(1,040,304)	(936,823)
Interest payments on principal debt	(536,937)	(576,038)
Net Cash (Used) by Capital and Related Financing Activities	(594,662)	(744,859)
Cash Flows from Investing Activities:		
Purchases of investments		(750,000)
Receipts from investment income	23,347	18,303
Net Cash Provided (Used) by Investing Activities	23,347	(731,697)
(Decrease) in Cash and Cash Equivalents	(88,674)	(1,059,857)
Beginning cash and cash equivalents	7,573,294	8,633,151
Ending Cash and Cash Equivalents	\$ 7,484,620	\$ 7,573,294

ALVIN COMMUNITY COLLEGE

Exhibit 3

STATEMENTS OF CASH FLOWS, Continued

For the Years Ended August 31, 2015 and 2014

	2015	2014
Reconciliation of Operating (Loss)		
to Net Cash (Used) by Operating Activities:		
Operating (loss)	\$ (28,293,358)	\$ (26,201,624)
Adjustments to reconcile operating (loss) to net cash (used)		
by operating activities:		
Depreciation expense	1,144,910	1,138,275
Changes in assets and liabilities:		
Receivables, net	248,935	(311,695)
Inventories	(171,247)	218,696
Prepays	54,382	(61,998)
Deferred outflows	(456,707)	
Deferred inflows	1,571,113	
Accounts payable and accrued liabilities	(821,668)	52,076
Deferred compensation	(52,279)	(16,868)
Funds held for others	11,500	(2,411)
Deferred revenues	(86,173)	(338,235)
Exit incentive	1,288,574	(19,598)
Net pension liability	(1,170,586)	
Compensated absences	(83,970)	(20,611)
Net Cash (Used) by Operating Activities	\$ (26,816,574)	\$ (25,563,993)

See accompanying notes to basic financial statements.

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ALVIN COMMUNITY COLLEGE FOUNDATION

Exhibit 3A

STATEMENTS OF CASH FLOWS *(unaudited)*

For the Years Ended December 31, 2014 and 2013

	2014	2013
Cash Flows from Operating Activities:		
Change in net assets	\$ 370,392	\$ 512,101
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Unrealized appreciation (depreciation) on investments	(166,484)	(294,865)
Net Cash Provided by Operating Activities	203,908	217,236
Cash Flows from Investing Activities:		
Purchases of investment securities	(202,543)	(235,451)
Net Cash (Used) by Investing Activities	(202,543)	(235,451)
Increase (Decrease) in Cash and Cash Equivalents	1,365	(18,215)
Beginning cash and cash equivalents	38,792	57,007
Ending Cash and Cash Equivalents	\$ 40,157	\$ 38,792

See accompanying notes to basic financial statements.

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ALVIN COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

For the Years Ended August 31, 2015 and 2014

NOTE 1-Reporting Entity

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

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASE Statement No. 14 and No. 34*, modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. GASB Statement No. 61 has been applied as required in the preparation of these basic financial statements and, accordingly, the Alvin Community College Foundation (the "Foundation") is considered a component unit of the College as of August 31, 2015 and 2014. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further discussed below.

The Foundation is a separate nonprofit organization, with the sole purpose of supporting the educational and other activities of the College. The Foundation reports its financial results under the standards of the Financial Accounting Standards Board (FASB). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences. The College furnished certain services, such as office space, supplies, and staff assistance, to the Foundation during the years ended August 31, 2015 and 2014. The costs of these services were not significant to the College.

NOTE 2-Summary of Significant Accounting Policies

Reporting Guidelines

The significant accounting policies followed by the College in preparing these basic financial statements are in accordance with the Texas Higher Education Coordinating Board's (THECB) *Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges*. The College applies all applicable GASB pronouncements. The College is reported as a special purpose government engaged in business-type activities.

Basis of Accounting

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

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2015 and 2014

Net Position

Net position is classified as follows:

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

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

Restricted net position - nonexpendable: Restricted nonexpendable net position is subject to externally imposed provisions that it be maintained permanently by the College.

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

Operating and Nonoperating Revenue and Expense Policy

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

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

Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. Nonoperating expenses consist of interest and fiscal agent fees from capital related debt.

Budgetary Data

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

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2015 and 2014

Cash and Cash Equivalents

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statements of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The College has four items that qualify for reporting in this category on the Statements of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred charges have been recognized as a result of differences between the actuarial expectations and the actual economic experience and for the changes in actuarial assumptions related to the College's defined benefit pension plan. These amounts are deferred and amortized over the average of the expected service lives of pension plan members. A deferred charge has been recognized for employer pension plan contributions that were made subsequent to the measurement date through the end of the College's fiscal year. This amount is deferred and recognized as a reduction to the net pension liability during the measurement period in which the contributions were made.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The College has two items that qualify for reporting in this category on the Statements of Net Position. Deferred inflows of resources are recognized for the difference between the projected and actual investment earnings on the pension plan assets. This amount is deferred and amortized over a period of five years. Another deferral is recognized for the changes in proportion and difference between the employer's contributions and the proportionate share of contributions related to the College's defined benefit pension plan. This amount is deferred and amortized over the average of the expected service lives of pension plan members.

Investments

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

Inventories

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

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation. The College capitalizes all furniture and equipment with a unit cost equal to or greater than \$5,000 and an estimated useful life in excess of one year. Renovations of \$100,000 or greater to buildings and facilities and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. The costs of normal

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
 For the Years Ended August 31, 2015 and 2014

maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are charged to operating expense in the year in which the expense is incurred.

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

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

Collections

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

Unearned Revenues

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

Tuition Discounting

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

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

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

Bond Premiums and Issuance Costs

Premiums received are amortized over the term of the related bond. Costs incurred in connection with bond issuances are expensed as incurred.

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2015 and 2014

Pensions

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities, and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Estimates

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

Income Taxes

The College is exempt from income taxes under Internal Revenue Code Section 115, *Income of States, Municipalities, etc.*, although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511 (a) (2) (8), *Imposition of Tax on Unrelated Business Income of Charitable, etc., Organizations*. The College had no unrelated business income tax liability for the years ended August 31, 2015 and 2014 and, therefore, has not recorded a liability for income taxes.

Reclassifications

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

Net Position Flow Assumption

Sometimes the College will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the College's practice to consider restricted net position to have been depleted before unrestricted net position is applied.

NOTE 3-Authorized Investments

The Board of Regents of the College has adopted a written investment policy regarding the investments of its funds as defined in the Public Funds Investment Act (Chapter 2256.001 Texas Government Code). The investments of the College are in compliance with the Board of Regents' investment policy and the Public Funds Investment Act. The College is authorized to invest in obligations and instruments as follows: (1) obligations of the United States and its agencies, (2) 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 deposits, and (5) other instruments and obligations authorized by statute.

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2015 and 2014

NOTE 4-Deposits and Investments

Deposits

Custodial credit risk for deposits with financial institutions is the risk that, in the event of a bank failure, the College's deposits may not be returned to it. The College's investment policy requires pledging of collateral for all bank balances in excess of Federal Deposit Insurance Corporation (FDIC) limits at a minimum of 102 percent of market value. As of August 31, 2015 and 2014, the College's cash and cash equivalents balances were either insured or collateralized, and thus not exposed to custodial credit risk.

Cash and cash equivalents reported on the Statements of Net Position consist of the items reported below at August 31:

	2015	2014
Cash and cash equivalents:		
Bank deposits - demand deposits	\$ 983,799	\$ 1,791,766
Money market account	1,494,276	574,030
Certificates of deposit	5,000,000	5,200,000
Petty cash	6,545	7,498
Total Cash and Cash Equivalents	\$ 7,484,620	\$ 7,573,294

Investments

As of August 31, 2015, the College had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
Certificates of deposit	\$ 6,000,000	0.30
Total Fair Value	\$ 6,000,000	
Portfolio weighted average maturity		0.30

As of August 31, 2015 and 2014, the College held certificates of deposit of \$6,000,000 and \$6,200,000, respectively. For the current fiscal year, \$5,000,000 was classified as cash equivalents due to the certificates of deposit having maturities of less than three months from the date of acquisition and \$1,000,000 was classified as noncurrent investments.

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

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2015 and 2014

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

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

NOTE 5-Disaggregation of Accounts Receivable

Accounts receivable were as follows at August 31:

	<u>2015</u>	<u>2014</u>
Student receivables	\$ 1,214,904	\$ 1,387,547
Taxes receivable	438,299	421,445
Interest receivable	3,656	3,198
Federal receivables	139,998	109,227
State receivables	293,617	454,813
Sponsor receivables	226,363	238,524
Total accounts receivable	<u>2,316,837</u>	<u>2,614,754</u>
Less allowance for doubtful accounts	(352,738)	(401,720)
Total Accounts Receivable, Net	<u>\$ 1,964,099</u>	<u>\$ 2,213,034</u>

NOTE 6-Disaggregation of Accounts Payable and Accrued Liabilities

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

	<u>2015</u>	<u>2014</u>
Accrued payroll	\$ 8,892	.
Vendor payables	770,117	.
Sales tax payable	50,517	.
Total Accounts Payable and Accrued Liabilities	<u>\$ 829,526</u>	.

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2015 and 2014

NOTE 7-Capital Assets

Capital assets activity for the year ended August 31, 2015 was as follows:

	Balance September 1, 2014	Additions	Deletions/ Adjustments	Balance August 31, 2015
Not depreciated:				
Land	\$ 774,128	\$	\$	\$ 774,128
Construction in process		7,280		7,280
Subtotal	774,128	7,280		781,408
Other capital assets:				
Buildings and improvements	36,215,703			36,215,703
Facilities and improvements	3,355,080	45,267		3,400,347
Furniture and equipment	5,454,458	545,089	(557,886)	5,441,661
Telecommunications equipment	2,747,984	23,883	(1,117,312)	1,654,555
Library books	382,852	11,216		394,068
Subtotal	48,156,077	625,455	(1,675,198)	47,106,334
Less accumulated depreciation:				
Buildings and improvements	11,506,024	647,608		12,153,632
Facilities and improvements	2,037,618	69,955		2,107,573
Furniture and equipment	3,193,711	358,724	(519,108)	3,033,327
Telecommunications equipment	2,604,383	50,385	(1,117,312)	1,537,456
Library books	260,708	18,238		278,946
Total accumulated depreciation	19,602,444	1,144,910	(1,636,420)	19,110,934
Net Capital Assets	\$ 29,327,761	\$ (512,175)	\$ (38,778)	\$ 28,776,808

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

	Balance September 1, 2013	Additions	Deletions/ Adjustments	Balance August 31, 2014
Not depreciated - land				
	\$ 774,128	\$	\$	\$ 774,128
Other capital assets:				
Buildings and improvements	36,215,703			36,215,703
Facilities and improvements	3,285,822	69,258		3,355,080
Furniture and equipment	4,815,221	639,237		5,454,458
Telecommunications equipment	2,662,277	85,707		2,747,984
Library books	365,479	17,373		382,852
Subtotal	47,344,502	811,575		48,156,077
Less accumulated depreciation:				
Buildings and improvements	10,854,141	651,883		11,506,024
Facilities and improvements	1,946,761	90,857		2,037,618
Furniture and equipment	2,873,393	320,318		3,193,711
Telecommunications equipment	2,547,578	56,805		2,604,383
Library books	242,296	18,412		260,708
Total accumulated depreciation	18,464,169	1,138,275		19,602,444
Net Capital Assets	\$ 29,654,461	\$ (326,700)	\$	\$ 29,327,761

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2015 and 2014

NOTE 8-Long-Term Liabilities

Long-term liabilities activity for the year ended August 31, 2015 was as follows:

	Balance September 1, 2014	Additions	Payments	Balance August 31, 2015	Current Portion
Bonds:					
General obligation bonds - 2005	\$ 1,030,000	\$	\$ (1,030,000)	\$	\$
General obligation refunding bonds - 2012	8,690,000			8,690,000	
General obligation refunding bonds - 2013	4,660,000			4,660,000	1,095,000
Capital lease	44,389		(10,304)	34,085	10,816
Deferred amounts:					
For premiums	1,432,730		(192,681)	1,240,049	
	<u>15,857,119</u>		<u>(1,232,985)</u>	<u>14,624,134</u>	<u>1,105,816</u>
Other liabilities:					
Net pension liability	6,306,570		(1,170,586)	5,135,984	
Compensated absences	425,378	313,946	(397,916)	341,408	319,367
Deferred compensation payable	52,279		(52,279)		
Total Long-Term Liabilities	<u>\$ 22,641,346</u>	<u>\$ 313,946</u>	<u>\$ (2,853,766)</u>	<u>\$ 20,101,526</u>	<u>\$ 1,425,183</u>

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

	Balance September 1, 2013	Additions	Payments	Balance August 31, 2014	Current Portion
Bonds:					
General obligation bonds - 2005	\$ 1,955,000	\$	\$ (925,000)	\$ 1,030,000	\$ 1,030,000
General obligation refunding bonds - 2012	8,690,000			8,690,000	
General obligation refunding bonds - 2013	4,660,000			4,660,000	
Capital lease		56,212	(11,823)	44,389	
Deferred amounts:					
For premiums	1,621,522		(188,792)	1,432,730	
	<u>16,926,522</u>	<u>56,212</u>	<u>(1,125,615)</u>	<u>15,857,119</u>	
Other liabilities:					
Net pension liability		6,306,570		6,306,570	
Compensated absences	445,989	292,982	(313,593)	425,378	
Deferred compensation payable	69,147		(16,868)	52,279	
Total Long-Term Liabilities	<u>\$ 17,441,658</u>	<u>\$ 6,655,764</u>	<u>\$ (1,456,076)</u>	<u>\$ 22,641,346</u>	

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2015 and 2014

NOTE 9-Bonds Payable

General information related to bonds payable is summarized as follows:

Limited Tax Bonds, Series 2005

- To construct and equip a new Health Science Building and to pay the costs of issuing the bonds.
- Issued August 15, 2005.
- Original amount of issue - \$19,610,000, with all authorized bonds issued.
- Interest rate of four percent.
- Due in semiannual installments each February 15 and August 15, with the final installment due February 2015 (as the result of the two refundings noted below).
- Source of revenue for debt service - annual ad valorem taxes.
- Requires the College to maintain an insurance policy guaranteeing payment of bond principal and interest. All related premiums have been paid.
- The College advance refunded \$8,750,000 and \$4,685,000 during the fiscal years 2012 and 2013, respectively.
- The bonds were fully defeased at August 31, 2015.

Limited Tax Refunding Bonds, Series 2012

- To advance refund \$8,750,000 of the limited tax, series 2005 bonds and to pay the costs of issuing the bonds.
- Issued April 1, 2012.
- Original amount of issue - \$8,690,000, with all authorized bonds issued.
- Interest rates range from 3.50 percent to five percent.
- Due in semiannual installments each February 15 and August 15, with interest payments beginning August 15, 2012 and principal payments beginning February 15, 2020, and the final installment due February 15, 2025.
- Source of revenue for debt service - annual ad valorem taxes.
- Outstanding bonds payable of \$8,690,000 at August 31, 2015.

Limited Tax Refunding Bonds, Series 2013

- To advance refund \$4,685,000 of the limited tax, series 2005 bonds and to pay the costs of issuing the bonds.
- Issued March 15, 2013.
- Original amount of issue - \$4,660,000, with all authorized bonds issued.
- Interest rates range from two percent to four percent.
- Due in semiannual installments each February 15 and August 15, with interest payments beginning August 15, 2013 and principal payments beginning February 15, 2016, and the final installment due February 15, 2020.
- Source of revenue for debt service - annual ad valorem taxes.
- Outstanding bonds payable of \$4,660,000 at August 31, 2015.

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2015 and 2014

Bond and Lease Debt Service Requirements

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,095,000	\$ 499,913	\$ 1,594,913
2017	1,130,000	465,126	1,595,126
2018	1,170,000	426,288	1,596,288
2019	1,210,000	381,613	1,591,613
2020	1,285,000	330,725	1,615,725
2021-2025	7,460,000	739,693	8,199,693

Obligations under the capital lease as of August 31, 2015 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 10,816	\$ 1,692	\$ 12,508
2017	11,353	1,155	12,508
2018	11,916	592	12,508

The College entered into a lease agreement as a lessee for financing the acquisition of equipment at an interest rate of 4.854 percent. The lease qualifies as a capital lease for accounting purposes (title transfers at the end of the lease term) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception. Equipment acquired under current capital lease obligations totaled \$41,597, net of accumulated depreciation of \$14,615.

Arbitrage Liability

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

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2015 and 2014

NOTE 10-Termination Benefits

During the 2010-2011 fiscal year, the College approved a one-time early retirement incentive plan, known as the Exit Incentive Program, for all employees. To be eligible, employees are required to have ten or more years of service with the College. Under the plan, employees who took advantage of this incentive will receive annual payments for a set number of years based on the following:

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

A total of 11 employees accepted the agreement. As of August 31, 2015, the College paid off the liability. As of August 31, 2014, the College's liability was \$19,598.

During the 2014-2015 fiscal year, the College approved a one-time exit incentive through Public Agency Retirement Systems (PARS). The plan includes 75 percent salary payout over five years for employees with 15 or more years of service. 29 employees accepted the agreement. As of August 31, 2015, the College's liability was \$1,308,172.

NOTE 11-Unrestricted Net Position

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

		2015		2014
Other capital items	\$	57,980		_____
Total	\$	57,980	\$	_____
				=====

NOTE 12-EMPLOYEE RETIREMENT PLANS

The College's employees may participate in one of three retirement plans. Faculty, administrators, counselors, and librarians may enroll in either the Teacher Retirement System of Texas (TRS) or the Optional Retirement Plan (ORP). Secretarial and clerical employees participate in TRS and part-time employees not enrolled in either TRS or ORP participate in the Alvin Community College Money Purchase Plan ("Money Purchase Plan"). The total payroll for all College employees was \$21,549,239 and \$21,008,596 for the fiscal years ended August 31, 2015 and 2014, respectively.

Teacher Retirement System

Plan Description

The College participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the TRS. TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
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contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Pension Plan Fiduciary Net Position

Detailed information about the TRS's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report (CAFR) that includes financial statements and Required Supplementary Information. That report may be obtained on the Internet at www.trs.state.tx.us/about/documents/cafr.pdf#CAFR; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with five years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with five years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes, including automatic cost of living adjustments (COLAs). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan Description above.

Contributions

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than six percent of the member's annual compensation and a state contribution rate of not less than six percent and not more than ten percent of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code Section 821.006 prohibits benefit improvements if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. It also added a 1.5 percent contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective for fiscal year 2015 as discussed in Note 1 of the TRS 2014 CAFR. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015.

ALVIN COMMUNITY COLLEGE
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<u>Contribution Rates</u>	2014	2015
Member	6.4%	6.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%

Employer # 1829 - 2014 Employer Contributions	\$487,477
Employer # 1829 - 2014 Member Contributions	\$453,329
Employer # 1829 - 2014 State of Texas On-behalf Contributions	\$338,523

Contributors to the plan include members, employers, and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools, and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the GAA.

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities, or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general or local funds.
- When the employing College is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50 percent of the state contribution rate for certain instructional or administrative employees; and 100 percent of the state contribution rate for all other employees.

In addition to the employer contributions listed above, when employing a retiree of TRS, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

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NOTES TO FINANCIAL STATEMENTS (Continued)
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Actuarial Assumptions

The total pension liability in the August 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2014
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 years
Asset Valuation Method	5 year Market Value
Discount Rate	8.00%
Long-term Expected Investment Rate of Return*	8.00%
Salary Increases*	4.25% to 7.25%
Weighted-Average at Valuation Date	5.55%
Payroll Growth Rate	3.50%

**Includes Inflation of 3%*

The actuarial methods and assumptions are primarily based on a study of actual experience for the four-year period ending August 31, 2010 and adopted on April 8, 2011. With the exception of the post-retirement mortality rates for healthy lives and a minor change to the expected retirement age for inactive vested members stemming from the actuarial audit performed in the Summer of 2014, the assumptions and methods are the same as used in the prior valuation. When the mortality assumptions were adopted in 2011, they contained a significant margin for possible future mortality improvement. As of the date of the valuation, there has been a significant erosion of this margin to the point that the margin has been eliminated. Therefore, the post-retirement mortality rates for current and future retirees were decreased to add additional margin for future improvement in mortality in accordance with the Actuarial Standards of Practice No. 35.

Discount Rate

The discount rate used to measure the total pension liability was eight percent. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2015 and 2014

The long-term rate of return on pension plan investments is eight percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2014 are summarized below:

Asset Class	Target Allocation	Real Return Geometric Basis	Portfolio Real Rate of Return*
Global Equity			
U.S.	18%	7.0%	11.4%
Non-U.S. Developed	13%	7.3%	11.1%
Emerging Markets	9%	8.1%	0.9%
Commodity Hedge Funds	4%	5.4%	0.2%
Private Equity	13%	9.2%	1.4%
Stable Value			
U.S. Treasuries	11%	2.0%	0.3%
Absolute Return	0%	4.0%	1.1%
Stable Value Hedge Funds	4%	5.2%	(0.2)%
Cash	1%	2.0%	0.0%
Real Return			
Global Inflation Linked Bonds	3%	3.1%	0.1%
Real Assets	16%	7.3%	1.5%
Energy and Natural Resources	3%	8.8%	0.3%
Commodities	0%	3.4%	0.1%
Fixed Income			
Risk Parity	5%	8.9%	0.4%
Alloca			1.1%
Total	100%		8.1%

* The Expected Contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net pension liability if the discount rate used was one percent less than and one percent greater than the discount rate that was used (8%) in measuring the 2014 net pension liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
College's proportionate share of the net pension liability:	\$9,177,693	\$5,135,984	\$2,113,539

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NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2015 and 2014

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At August 31, 2014, the College reported a liability of \$5,135,984 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the College. The amount recognized by the College as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the College were as follows:

College's proportionate share of the collective net pension liability	\$5,135,984
State's proportionate share that is associated with the College	3,574,251
Total	\$8,710,235

The net pension liability was measured as of August 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2013 through August 31, 2014.

At August 31, 2014, the employer's proportion of the collective net pension liability was 0.000192277 percent, which was a decrease of 0.000000134 percent from its proportion measured as of August 31, 2013. The change in proportion was immaterial and, therefore, disregarded this year.

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

There was a change in employer contribution requirements that occurred after the measurement date of the net pension liability and the employer's reporting date. A 1.5 percent contribution for employers not paying OASDI on certain employees went into law effective September 1, 2014. The amount of the expected resultant change in the employer's proportion cannot be determined at this time.

For the year ended August 31, 2014, the College recognized pension expense of \$330,433 and revenue of \$330,433 for support provided by the State.

At August 31, 2014, the College reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$79,430	-
Changes in actuarial assumptions	\$333,845	-
Difference between projected and actual investment earnings	-	\$1,569,767
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	-	\$1,346
Contributions paid to TRS subsequent to the measurement date	\$530,909	-
Total	\$644,184	\$1,571,113

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NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2015 and 2014

The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended August 31:	Pension Expense Amount
2016	(\$323,101)
2017	(\$323,101)
2018	(\$323,101)
2019	(\$323,101)
2020	\$69,341
Thereafter	\$65,225

Optional Retirement Plan

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

*Funding Policy-*Contribution requirements are not actuarially determined but are established and amended by the Texas State legislature. For fiscal years 2015 and 2014, the percentage of participant salaries contributed by the State and each participant was 6.6 percent and 6.0 percent, respectively. For employees who were employed as of September 1, 1995, the College contributed 3.3 percent and 2.5 percent for fiscal years 2015 and 2014, respectively. Benefits are fully vested after one year plus one day of employment. Because these are individual annuity contracts, neither the State nor the College has an additional or unfunded liability for this program. S.B. 1812, effective September 1, 2013, limits the amount of the State's contribution to 50 percent of eligible employees in the reporting district.

The ORP retirement expense to the State for the College was \$196,743, \$197,413, and \$341,783 for fiscal years 2015, 2014, and 2013, respectively. This amount represents the portion of expended appropriations made by the State legislature on behalf of the College.

The total payroll of employees covered by the ORP was \$6,449,503, \$6,027,018, and \$5,719,095 for fiscal years 2015, 2014, and 2013, respectively.

Alvin Community College Money Purchase Plan

The Money Purchase Plan is a defined contribution plan created in accordance with the Internal Revenue Code Section 401(a) and is available to eligible, part-time employees of the College. Under the Money Purchase Plan, employees may contribute 6.2 percent of their total gross earnings and the College contributes 1.3 percent of the participant's total gross earnings. Benefits are immediately vested. The total payroll of employees covered by the Money Purchase Plan was \$2,552,646, \$2,312,690, and \$2,488,081 for the years ended August 31, 2015, 2014, and 2013, respectively. Contributions made by the College during the years ended August 31, 2015, 2014, and 2013 were approximately \$33,184, \$30,065, \$32,347, respectively.

NOTE 13-Post Retirement Health Care and Life Insurance Benefits

*Plan Description-*The College contributes to the State Retiree Health Plan (SRHP), a cost-sharing multiple-employer, defined benefit post-employment healthcare plan administered by the Employees Retirement System of Texas (ERS). The 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

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provisions of the SRHP are authorized by State law and may be amended by the Texas Legislature. The ERS issues a publicly available financial report that includes financial statements and Required Supplementary Information for the SRHP. That report may be obtained from the ERS via their website at <http://www.ers.state.tx.us>.

Funding Policy-Section 1551.055 of Chapter 1551, Texas Insurance Code provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS Board of Trustees. Plan members or beneficiaries receiving benefits pay any premium over and above the employer contribution. The employer's share of the cost of retiree healthcare coverage for the current year is known as the implicit rate subsidy. It is the difference between the claims costs for the retirees and the amounts contributed by the retirees. The ERS Board of 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 Financial Reporting by Employers for Post Employment Benefits Other Than Pensions. The employer contribution rate represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed 30 years. The State's contribution per full-time employee was \$535 to \$1,049 per month for fiscal year 2015, \$503 to \$1,077 per month for fiscal year 2014, and \$468 to \$918 per month for fiscal year 2013, depending on the coverage elected. The State's contribution totaled \$1,390,672, \$1,295,698, and \$942,155 for the years ended August 31, 2015, 2014, and 2013, respectively. Beginning September 1, 2013, S.B. 1812 limited the State's contribution to 50 percent of eligible employees for community colleges.

The College also provides dental benefits for retired employees. The College recognizes the cost of providing these benefits annually on a pay as you go basis. The College's contributions per retiree were approximately \$24 per month for fiscal years 2015, 2014, and 2013, respectively. The College's total contributions for the dental benefits were approximately \$31,627, \$31,627, and \$31,939 for the years ended August 31, 2015, 2014, and 2013, respectively.

NOTE 14-Compensated Absences

Compensated absences represent the liability associated with vacation benefits and compensatory time earned but not yet taken by employees of the College. The expense associated with vacation benefits and compensatory time benefits earned is recognized in the periods in which the associated employee services are rendered. Full-time employees earn annual leave at the rate of eight hours per month (September through May). No employee may accrue more than 192 hours of vacation benefits and, upon termination, an employee is paid for vacation benefits and accrued compensatory time (if compensatory time is applicable). As of August 31, 2015 and 2014, the College had an accrued vacation and compensated time liability of \$341,408 and \$425,378, respectively.

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

NOTE 15-Deferred Compensation Program

The College had established a deferred compensation program under which the former President elected to defer a portion of his earnings for income tax purposes pursuant to authority granted in Government Code 609.001. This deferred compensation program ended August 31, 2014, and the final liability of \$52,279 was paid on September 1, 2014.

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
 For the Years Ended August 31, 2015 and 2014

NOTE 16-Contract and Grant Awards

Contract and grant awards are accounted for in accordance with the requirements of accounting principles generally accepted in the United States of America. Revenues are recognized on Exhibit 2 and Schedule A. Contract and grant awards for which funds are expended, but not collected, are reported as receivables on Exhibit

1. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the basic financial statements. Contract and grant award funds already committed, e.g., multi-year awards, or funds awarded during fiscal years 2015 and 2014 for which monies have not been received nor funds expended totaled \$3,867,911 and \$4,932,350, respectively, which was from Federal and State contract and grant awards.

NOTE 17-Property Taxes

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

At August 31:

	2015	2014		
Assessed valuation of the tax district	\$ 7,776,725,835	\$ 7,072,384,771		
Less exemptions	(645,321,142)	(566,308,843)		
Net Assessed Valuation of the Tax District	\$ 7,131,404,693	\$ 6,506,075,928		
	Maintenance & Operations	Debt Service		Total
For fiscal year 2015:				
Tax rate per \$100 valuation authorized	\$ 0.500000	\$ 0.500000	\$	1.000000
Tax rate per \$100 valuation assessed	\$ 0.181907	\$ 0.022102	\$	0.204009
For fiscal year 2014:				
Tax rate per \$100 valuation authorized	\$ 0.500000	\$ 0.500000	\$	1.000000
Tax rate per \$100 valuation assessed	\$ 0.176540	\$ 0.023216	\$	0.199756

Taxes levied for the years ended August 31, 2015 and 2014 were \$14,045,007 and \$12,452,654, respectively. Taxes are due upon receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

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

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2015 and 2014

For the year ended August 31, 2015:

Taxes collected:	<u>Maintenance & Operations</u>	<u>Debt Service</u>	<u>Total</u>
Current taxes collected	\$ 12,637,577	\$ 1,553,711	\$ 14,191,288
Delinquent taxes collected	151,107	17,037	168,144
Penalties and interest collected	114,905	13,994	128,899
Total Taxes Collected	\$ 12,903,589	\$ 1,584,742	\$ 14,488,331

For the year ended August 31, 2014:

	<u>Maintenance & Operations</u>	<u>Debt Service</u>	<u>Total</u>
Current taxes collected	\$ 11,288,334	\$ 1,484,476	\$ 12,772,810
Delinquent taxes collected	187,992	26,056	214,048
Penalties and interest collected	100,378	12,833	113,211
Total Taxes Collected	\$ 11,576,704	\$ 1,523,365	\$ 13,100,069

Tax collections for the years ended August 31, 2015 and 2014 were 99 percent, respectively, of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to maintenance and operations and debt service.

NOTE 18-Contingent Liabilities

Legal Matters

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

State and Federally Assisted Programs

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

NOTE 19-Risk Management

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

ALVIN COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2015 and 2014

NOTE 20-Restatement of Net Position

Beginning net position as of September 1, 2013, has been restated as follows for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

	2014
Beginning net position as reported	\$ 19,332,149
Net pension liability restatement	(6,306,570)
Deferred outflows - College contributions made during FY2014	487,477
Restated beginning net position as reported	\$ <u>13,513,056</u>

REQUIRED SUPPLEMENTARY INFORMATION

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ALVIN COMMUNITY COLLEGE
SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS (TRS)
For the Year Ended August 31, 2015

	Year
	2015*
College's proportion of the net pension liability (asset)	0.0192277%
College's proportionate share of the net pension liability (asset)	\$ 5,135,984
State's proportionate share of the net pension liability (asset) associated with the College	3,574,251
	\$ 8,710,235
Total	\$ 12,097,591
College's covered employee payroll**	\$ 12,097,591
College's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	42.45%
Plan fiduciary net position as a percentage of the total pension liability	83.25%

* Only one years' worth of information is currently available.

** As of the measurement date.

Notes to Required Supplementary Information:

Changes in assumptions. There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

Changes in benefits. There were no changes of benefit items that affected measurement of the total pension liability during the measurement period.

ALVIN COMMUNITY COLLEGE
SCHEDULE OF COLLEGE CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS (TRS)

Last 10 Fiscal Years
For the Year Ended August 31, 2015

	Year			
	2015	2014	2013	2012
Contractually required contribution	\$ 530,909	\$ 487,477	\$ 594,269	\$ 549,771
Contributions in relations to the contractually required contribution	530,909	487,477	594,269	549,771
Contribution deficiency (excess)	\$	\$	\$	\$
College's covered employee payroll	\$ 13,147,582	\$ 12,097,591	\$ 9,120,208	\$ 8,718,199
Contributions as a percentage of covered employee payroll	4.04%	4.03%	6.52%	6.31%

Year						
2011	2010	2009	2008	2007	2006	
\$ 151,068	\$ 146,550	\$ 147,160	\$ 144,124	\$ 121,615	\$ 107,369	
<u>151,068</u>	146,550	147,160	144,124	121,615	107,369	
\$	\$	\$	\$	\$	\$	<u><u> </u></u>
\$ 9,119,391	\$ 8,409,367	\$ 9,811,627	\$ 9,057,361	\$ 7,690,216	\$ 7,660,733	
1.66%	1.74%	1.50%	1.59%	1.58%	1.40%	

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SUPPLEMENTAL SCHEDULES

ALVIN COMMUNITY COLLEGE**SCHEDULE OF OPERATING REVENUES**

For the Year Ended August 31, 2015

(With Memorandum Totals For the Year Ended August 31, 2014)

	2015			Auxiliary Enterprises
	Educational Activities		Total	
	Unrestricted	Restricted		
Tuition				
State funded courses:				
In-district resident tuition	\$ 1,985,595	\$	\$ 1,985,595	\$
Out-of-district resident tuition	4,341,732		4,341,732	
TPEG - credit (set aside) *	225,125		225,125	
Non-resident tuition	369,941		369,941	
State funded continuing education	1,467,778		1,467,778	
TPEG - non-credit (set aside) *	101,698		101,698	
Non-state funded continuing education	706,917		706,917	
Total Tuition	9,198,786		9,198,786	
Fees				
General fees	1,284,637			
Student service fees				
Laboratory fees	290,883			
Building use fees	488,916			
Technology fees	587,829			
Security fees				
Other fees	27,430			
Total Fees	2,679,695		2,679,695	378,649
Scholarship Allowances and Discounts				
Remissions and exemptions - State	(822,490)			
Remissions and exemptions - local				
TPEG allowances	(326,823)			
Federal grants to students	(804,186)			
Other	(190,551)			
Total Scholarship Allowances and Discounts	(2,144,050)			
Total Net Tuition and Fees	9,734,431			

2015			
Total		2014	
\$ 1,985,595		\$ 2,080,964	
4,341,732		4,534,866	
225,125		228,127	
369,941		334,233	
1,467,778		1,675,509	
101,698		100,060	
706,917		469,951	
<hr/>		<hr/>	
9,198,786		9,423,710	
1,284,637		1,262,647	
201,905		195,054	
290,883		313,329	
488,916		505,351	
587,829		592,635	
176,744		179,786	
27,430		28,540	
<hr/>		<hr/>	
3,058,344		3,077,342	
(822,490)		(916,722)	
(5,701)		(5,540)	
(326,823)		(328,187)	
(804,186)		(770,563)	
(190,551)		(227,351)	
<hr/>		<hr/>	
(2,149,751)		(2,248,363)	
<hr/>		<hr/>	
10,107,379		10,252,689	
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ALVIN COMMUNITY COLLEGE
SCHEDULE OF OPERATING REVENUES, Continued
For the Year Ended August 31, 2015
(With Memorandum Totals For the Year Ended August 31, 2014)

	2015			Auxiliary Enterprises
	Educational Activities			
	Unrestricted	Restricted	Total	
Other Operating Revenues				
Federal grants and contracts	\$	\$ 296,682	\$ 296,682	\$
State grants and contracts		1,678,224	1,678,224	
Non-governmental grants				
and contracts		21,214	21,214	
Total Other Operating Revenues		1,996,120	1,996,120	
Auxiliary Enterprises				
Bookstore				1,860,425
Scholarships allowances and discounts				(288,506)
Net Bookstore				1,571,919
Child care center				263,616
Food services				27,953
Fitness center				38,393
Total Net Auxiliary Enterprises				1,901,881
Total Operating Revenues (Exhibit 2)	\$ 9,734,431	\$ 1,996,120	\$ 11,730,551	\$ 2,274,829

* In accordance with Texas Education Code 56.033, \$326,823 and \$328,187 of tuition was set aside for Texas Public Education Grants (TPEG) during fiscal years 2015 and 2014, respectively.

<u>2015</u>			
<u>Total</u>		<u>2014</u>	
\$ 296,682		\$ 299,825	
1,678,224		1,834,681	
21,214		11,527	
1,996,120		2,146,033	
1,860,425		1,923,341	
(288,506)		(329,136)	
1,571,919		1,594,205	
263,616		227,315	
27,953		59,247	
38,393		37,763	
1,901,881		1,918,530	
\$ 14,005,380		\$ 14,317,252	

ALVIN COMMUNITY COLLEGE
SCHEDULE OF OPERATING EXPENSES BY OBJECT
For the Year Ended August 31, 2015
(With Memorandum Totals For the Year Ended August 31, 2014)

	2015			Other Expenses
	Educational Activities			
	Salaries and Wages	Benefits		
	State	Local		
Unrestricted - Educational Activities				
Instruction	\$ 12,183,111	\$	\$ 1,713,464	\$ 1,520,014
Public service	81,018		11,395	64,016
Academic support	2,719,202		382,435	1,048,932
Student services	1,768,519		248,729	327,762
Institutional support	2,355,249		351,599	3,354,336
Operation and maintenance of plant	1,306,523		402,560	1,495,266
Total Unrestricted - Educational Activities	20,413,622		3,110,182	7,810,326
Restricted - Educational Activities				
Instruction	327,906		541,787	
Public service			2,731	
Academic support	237,267		93,741	
Student services	74,400		4,490	
Institutional support			575	
Scholarships and fellowships			4,008,190	
Total Restricted Educational Activities	639,573		4,651,514	
Total Educational Activities	21,053,195		12,461,840	
Auxiliary enterprises	496,044		1,465,727	
Depreciation expense - buildings and other real estate improvements			717,563	
Depreciation expense - equipment and furniture			427,347	
Total Operating Expenses	\$ 21,549,239		\$ 15,072,477	

<u>2015</u>			
<u>Total</u>		<u>2014</u>	
\$ 15,416,589		\$ 15,222,974	
156,429		147,044	
4,150,569		3,914,634	
2,345,010		2,273,063	
6,061,184		4,591,090	
3,204,349		3,110,390	
<u>31,334,130</u>		<u>29,259,195</u>	
2,542,385		2,283,445	
10,625		15,136	
642,203		781,562	
251,203		254,322	
230,055		231,452	
4,008,190		4,437,212	
<u>7,684,661</u>		<u>8,003,129</u>	
39,018,791		37,262,324	
2,135,037		2,118,277	
717,563		742,740	
427,347		395,535	
<u>\$ 42,298,738</u>		<u>\$ 40,518,876</u>	

ALVIN COMMUNITY COLLEGE
SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES

For the Year Ended August 31, 2015
 (With Memorandum Totals For the Year Ended August 31, 2014)

	<u>Unrestricted</u>	
Nonoperating Revenues	-	-
State appropriations:		
Education and general State support	\$ 7,380,912	\$
State group insurance		
State retirement matching	-	-
Total State Appropriations	7,380,912	
Taxes for maintenance and operations	13,064,017	
Taxes for debt service		
Federal revenue, nonoperating		
Investment income	8,502	
Other nonoperating revenues	706,056	-
Total Nonoperating Revenues	21,159,487	
Nonoperating Expenses		
Interest and fiscal agent fees	496,153	
Loss on disposal of capital assets	8,206	-
Total Nonoperating Expenses	504,359	-
Nonoperating Revenues, Net	\$ 20,655,128	\$

2014

\$ 7,380,912
1,295,698

531,286

9,207,896

11,586,195
1,523,365
4,574,385
18,303

612,216

27,522,360

539,144

539,144

\$ 26,983,216

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

For the Year Ended August 31, 2015

(With Memorandum Totals For the Year Ended August 31, 2014)

Detail by Source

	Unrestricted	Restricted		Capital Assets Net of Depreciation and Related Debt
		Expendable	Non-Expendable	
Current				
Unrestricted	\$ (1,578,331)	\$	\$	\$
Board designated	57,980			
Auxiliary	1,578,331			
Scholarships		244,124		
Plant				
Investment in plant				14,102,131
Total Net Position, August 31, 2015	57,980	244,124		14,102,131
Total net position, August 31, 2014	(412,685)	325,310		14,382,023
Net Increase (Decrease) in Net Position	\$ 470,665	\$ (81,186)	\$	\$ (279,892)

Detail by Source	Available for Current Operations	
	Yes	No
\$ (1,578,331)	\$ (1,578,331)	\$
57,980		57,980
1,578,331	1,578,331	
244,124		244,124
14,102,131		14,102,131
14,404,235		14,404,235
14,294,648	4,972,474	14,629,397
\$ 109,587	\$ (4,972,474)	\$ (225,162)



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

December 15, 2015

To the Board of Regents of
Alvin Community College:

We have audited, in accordance with the 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 the business-type activities of Alvin Community College (the "College"), as of and for the year ended August 31, 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated December 15, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the College'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 internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College'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*.

Texas Public Funds Investment Act

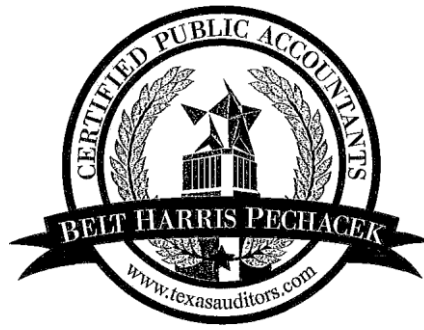
We have performed tests designed to verify the College's compliance with the requirements of the Texas Public Funds Investment Act (the "Act"). During the year ended August 31, 2015, the results of our tests disclosed no instances of noncompliance with the Act. However, providing an opinion on compliance with the Act was not an objective of our audit and, accordingly, we do not express an opinion.

Purpose of this Report

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 College'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 College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Belt Harris Pechacek, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133
AND THE STATE OF TEXAS SINGLE AUDIT CIRCULAR**

December 15, 2015

To the Board of Regents of
Alvin Community College:

Report on Compliance for Each Major Federal and State Program

We have audited Alvin Community College's (the "College") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *State of Texas Single Audit Circular* that could have a direct and material effect on each of the College's major federal and State of Texas ("State") programs for the year ended August 31, 2015. The College's major federal and State programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal and State programs 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* and the *State of Texas Single Audit Circular*. Those standards and OMB Circular A-133 and the *State of Texas Single Audit Circular* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and State program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Unmodified Opinion on Each of the Major Federal and State Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and State programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended August 31, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State of Texas Single Audit Circular* and which are described in the accompanying schedule of findings and questioned costs as items 2015-001 and 2015-002. Our opinion on each major State program is not modified with respect to these matters.

The College's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the College is responsible for establishing 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 College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and State program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and 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 College's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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

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 or 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2015-001 and 2015-002 to be significant deficiencies.

The College's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 and the *State of Texas Single Audit Circular*. Accordingly, this report is not suitable for any other purpose.

Bel Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas

Bel Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas

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ALVIN COMMUNITY COLLEGE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended August 31, 2015

No prior findings.

ALVIN COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2015

A. SUMMARY OF AUDIT RESULTS

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

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

<u>Name of State Program</u>	State Contract Number
Skills Development Fund	Various

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

B. FINDINGS - BASIC FINANCIAL STATEMENT AUDIT

None

ALVIN COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended August 31, 2015

C. FINDINGS - FEDERAL AND STATE AWARDS

Federal Awards

None

State Awards

Significant Deficiencies:

- CASH MANAGEMENT (PETROCHEMICAL VETERAN'S INITIATIVE GRANT, 2814SDF003)

Criteria

For the Petrochemical Veteran's Initiative grant, the Texas Workforce Commission (TWC) allows the College to charge the full tuition when a participant completes a minimum of 50 percent of the course training hours identified in the contract for their program (the "minimum threshold").

Condition

It was noted during the audit that the College had requested reimbursement and recognized revenues for tuition that had not been earned based upon the minimum threshold.

The costs may be disallowed.

Context

A sample of six courses totaling \$48,358 was selected for testing from a population of 30 courses totaling \$217,189. The test found that all six courses has employees who did not meet the minimum threshold in which reimbursements were requested. The known questioned costs for the 30 courses total \$44,997.

The College was requesting reimbursement (and subsequently recognizing related revenues) as individual classes were completed. The grant started on September 1, 2014 and the related contract did not specify the reimbursement criteria. However, on December 10, 2014 the College learned that cunent TWC policy allows for full reimbursement of a participant who completed 50 percent or more of the course training hours identified in the contract. Based upon TWC's cunent policy, requests for reimbursements should not be sent until a participant reaches the minimum threshold.

Recommendation

The College should no longer request reimbursement as individual classes are completed. The College should track the course training hours of each participant. Once a participant reaches the minimum threshold, the College should request reimbursement.

ALVIN COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended August 31, 2015

Corrective Action Plan

The College will request reimbursement after the terms of the grant have been met.

- TIME AND EFFORT (PARTNERSHIP WITH A PETROCHEMICAL CONSORTIUM, 2813SDF009)

Criteria

The TWC's Financial Manual for Grants and Contracts Chapter 11, Allocation (Distribution) Base states that "...the base should be a measure of actual cost or actual effort expended." Employees working on grants are required to allocate their time based on actual effort dedicated to each grant.

Condition

It was noted during payroll testing that multiple time and effort reports either used a set percentage, allocations of grant expenses did not reconcile to time and effort reports, reports were incomplete with respect to approval/documented information, or hours reported on time and effort reports did not reconcile to actual hours reported in the payroll system.

The College is not in compliance with the time and effort reporting/allocation requirements of this grant.

Context

A sample of 25 payroll transactions was selected for testing from a population of 85 payroll transactions. Four payroll transactions had grant allocations that did not reconcile to the time and effort reports.

Cause

On certain time and effort reports the College either used a predetermined percentage to allocate payroll among different grants, did not update time and effort forms for changes in hours, did not document the names of the grants that were worked on, and/or did not obtain required signatures. In some cases original time and effort reports could not be located.

Recommendation

The College should ensure that all time and effort reports are sufficiently completed in order to properly allocate time among various grants based upon actual hours spent working on each. Hours documented on these reports should tie to the hours reported in the payroll system for the given pay period. Original time and effort reports should be retained and include appropriate signatures.

Corrective Action Plan

The College will implement new procedures to ensure that the time and effort reports are completed accurately and match the payroll.

ALVIN COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2015

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass-Through Disbursements
<u>U.S. Department of Education</u>			
Direct Programs:			
Federal Supplemental Educational Opportunity Grants *	84.007	P007A143951	\$ 105,923
Federal Work-Study Program *	84.033	P033A1 53951	7,007
Federal Work-Study Program *	84.033	P033A143951	87,756
TRIO Upward Bound	84.047	P047A120527	278,333
Federal Pell Grant Program *	84.063	P063P142256	2,877,283
Federal Direct Student Loans *	84.268	P268K152256	925,394
Pass-Through From:			
Texas Higher Education Coordinating Board:			
Career & Technical Education - Basic Grants to States	84.048	15420206	<u>116,515</u>
Total U.S. Department of Education			<u>4,398,211</u>
<u>U.S. Department of Housing and Urban Development</u>			
Pass-Through From:			
Brazoria County:			
Community Development Block Grants/Entitlement Grants	14.218	B-14-UC-48-0005	<u>9,947</u>
Total U.S. Department of Housing and Urban Development			<u>9,947</u>
<u>U.S. Department of Health and Human Services</u>			
<u>Services</u> Pass-Through From:			
Texas Commission on Alcohol and Drug Abuse:			
University of Texas at Austin:			
Substance Abuse and Mental Health Services - 15	93.243	1-UDI-TI 024235-01	18,519
Substance Abuse and Mental Health Services - 14	93.243	1-UDI-TI 024235-01	4,107
Texas Workforce Commission:			
Temporary Assistance for Needy Families	93.558	2814SSF001	<u>94,671</u>
Total U.S. Department of Health and Human Services			<u>117,297</u>
<u>National Endowment for the Arts</u>			
<u>Arts</u> Direct Programs:			
National Endowment for the Arts	45.024	13-5900-7131	<u>1,609</u>
Total National Endowments for the Arts			<u>1,609</u>
Total Expenditures of Federal Awards			<u><u>\$ 4,527,064</u></u>

See accompanying notes to schedule of expenditures of federal awards.

* Indicates a cluster program

ALVIN COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended August 31, 2015

Grantor Agency/Program Title	Grant Contract Number	Expenditures
Texas Higher Education Coordinating Board:		
Nursing Shortage Reduction Grant FY2011	9106824M	\$ 13,926
Nursing Shortage Reduction Grant Under 70 FY2013	9116664M	155,674
Texas College Work Study	9125542M	10,259
Texas Grant I	9127030M	31,161
TEOG formerly Texas Grant II	9126907M	239,771
College Student Loan	9503668H	21,964
JET Grant for Nursing	915J0104	183,501
Total Texas Higher Education Coordinating Board		\$656,256
Texas Workforce Commission (Skills Development Fund):		
Partnership with a Petrochemical Consortium *	2813SDF009	475,399
Partnership with ShawCor Pipe Protection *	2813SDF004	4,100
Texas Fast Start II Program *	2814GRF002	255,650
Petrochemical Veterans Initiative *	2814SDF003	241,330
Partnership with Packaging Service Company *	2815SDF003	45,489
Total Texas Workforce Commission (Skills Development Fund)		1,021,968
Total Expenditures of State Awards		\$ 1,678,224

* Indicates a cluster program

Note 1: Significant Accounting Policies Used in Preparing the Schedule

The schedule of expenditures of State awards (the "Schedule") presents the activity of the State of Texas financial assistance programs of the College for the year ended August 31, 2015. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds which have been expended by the College for the purposes of the award during fiscal year 2015. The expenditures reported above may not have been reimbursed by the funding agencies as of the end of fiscal year 2015. 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.

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ALVIN COMMUNITY COLLEGE
NOTES TO SCHEDULES OF EXPENDITURES
OF FEDERAL AND STATE AWARDS
For the Year Ended August 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING THE SCHEDULES

The schedules of expenditures of Federal and State awards (the "Schedules") present the activity of Federal and State of Texas financial assistance programs of the College for the year ended August 31, 2015. Federal financial assistance received directly from Federal agencies is included in this Schedule.

Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported previously represent funds which have been expended by the College for the purposes of the award during fiscal year 2015. The expenditures reported previously may not have been reimbursed by the funding agencies as of the end of fiscal year 2015. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the Schedules.

2. FEDERAL ASSISTANCE RECONCILIATION

Federal revenues:		
Federal grants and contracts - per Schedule A	\$	296,682
Federal revenue, nonoperating - per Schedule C		4,230,382
Total Federal Revenues	\$	<u>4,527,064</u>
Direct costs	\$	4,491,217
Indirect costs		35,847
Total Federal Revenues	\$	<u>4,527,064</u>

3. RELATIONSHIP TO FEDERAL AND STATE REPORTS

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

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STATISTICAL INFORMATION
(Unaudited)

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

ALVIN COMMUNITY COLLEGE

SS-1

NET POSITION BY COMPONENT

Last 10 Years

(Amounts expressed in thousands)

	For the Years Ended August 31,			
	2015	2014	2013	2012
Primary government				
Net investment in capital assets	\$ 14,102	\$ 14,382 *	\$ 14,160	\$ 14,325
Restricted - expendable	244	325	320	320
Unrestricted	<u>58</u>	<u>(413) *</u>	<u>5,122</u>	<u>5,934</u>
Total Primary Government Net Position	<u>\$ 14,404</u>	<u>\$ 14,294</u>	<u>\$ 19,602</u>	<u>\$ 20,579</u>

* Updated from last year

For the Years Ended August 31,

2011	2010	2009	2008	2007	2006
\$ 13,714	\$ 14,012	\$ 13,553	\$ 13,713	\$ 14,391	\$ 14,514
349	237	356	651	658	672
<u>5,339</u>	<u>6,550</u>	<u>7,491</u>	<u>7,120</u>	<u>6,084</u>	<u>5,297</u>
\$ 19,402	\$ 20,799	\$ 21,400	\$ 21,484	\$ 21,133	<u><u>\$ 20,488</u></u>

ALVIN COMMUNITY COLLEGE

SS-2

REVENUES BY SOURCE

Last Ten Fiscal Years

	For the Years Ended August 31, (amounts expressed in thousands)			
	2015	2014	2013	2012
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Operating Revenues:				
Tuition and fees (net of discounts)	\$ 10,107	\$ 10,253	\$ 9,096	\$ 9,482
Governmental grants and contracts				
Federal grants and contract	297	300	420	399
State grants and contracts	1,678	1,835	266	1,690
Non-governmental grants and contracts	21	12	5	1
Sales and services of educational revenues				
Auxiliary enterprises	1,902	1,919	1,986	1,756
Other operating revenues				
Total Operating Revenues	<u>14,005</u>	<u>14,319</u>	<u>11,773</u>	<u>13,328</u>
Nonoperating Revenues:				
State appropriations	9,299	9,208	8,360	9,128
Ad valorem taxes	14,649	13,110	12,274	11,887
Federal revenue, nonoperating	4,230	4,574	4,942	5,423
Gifts				
Investment income	23	18	16	17
Other nonoperating revenues	706	612	677	692
Total Nonoperating Revenues	<u>28,907</u>	<u>27,522</u>	<u>26,269</u>	<u>27,147</u>
Total Primary Government Program Revenues	<u>\$ 42,912</u>	<u>\$ 41,841</u>	<u>\$ 38,042</u>	<u>\$ 40,475</u>

	For the Years Ended August 31, (amounts expressed in percentages)			
	2015	2014	2013	2012
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Operating Revenues:				
Tuition and fees (net of discounts)	23.55%	24.50%	23.91%	23.43%
Governmental grants and contracts				
Federal grants and contract	0.69%	0.72%	1.10%	0.99%
State grants and contracts	3.91%	4.39%	0.70%	4.18%
Local grants and contracts	0.00%	0.00%	0.00%	0.00%
Non-governmental grants and contracts	0.05%	0.03%	0.01%	0.00%
Sales and services of educational revenues				
Auxiliary enterprises	4.43%	4.59%	5.22%	4.34%
Other operating revenues	<u>0.00%</u>	<u>-</u>	<u>-</u>	<u>0.00%</u>
		<u>0.00</u>	<u>0.00</u>	
		<u>%</u>	<u>%</u>	
Total Operating Revenues	<u>32.64%</u>	<u>34.22%</u>	<u>30.95%</u>	<u>32.93%</u>
Nonoperating Revenues:				
State appropriations	21.67%	22.01%	21.98%	22.55%
Ad valorem taxes	34.14%	31.33%	32.26%	29.37%
Federal revenue, nonoperating	9.86%	10.93%	12.99%	13.40%
Gifts	0.00%	0.00%	0.00%	0.00%

Investment income	0.05%	0.04%	0.04%	0.04%
Other nonoperating revenues	1.65%	1.46%	1.78%	1.71%
Total Nonoperating Revenues	<u>67.36%</u>	<u>65.78%</u>	<u>69.05%</u>	<u>67.07%</u>
Total Primary Government Program Revenues	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

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

2011	2010	2009	-	-
\$ 8,541	\$ 7,872	\$ 6,893		\$
596	1,485	594		
1,190	1,007	1,569		
4	105	96		
1,971	1,944	2,146		
24	25	24		
<u>12,326</u>	<u>12,438</u>	<u>11,322</u>	.	-
10,323	10,323	10,996		
11,575	11,881	11,830		
5,612	3,416	2,419		
	156			
19	28	65		
577	785	427		
<u>28,106</u>	<u>26,589</u>	<u>25,737</u>	.	-
\$ 40,432	\$ 39,027	\$ 37,059		\$

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

2011	2010	2009	2008	2007	2006
21.12%	20.17%	18.60%	16.99%	15.48%	16.17%
1.47%	3.81%	1.60%	1.38%	3.61%	1.55%
2.94%	2.58%	4.23%	1.56%	0.35%	0.26%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.01%	0.27%	0.26%	0.41%	0.40%	0.20%
4.87%	4.98%	5.79%	5.91%	5.79%	5.96%
<u>0.06%</u>	<u>0.06%</u>	<u>0.06%</u>	<u>0.01%</u>	<u>0.02%</u>	<u>0.10%</u>
<u>30.49%</u>	<u>31.87%</u>	<u>30.55%</u>	<u>26.26%</u>	<u>25.65%</u>	<u>24.24%</u>
25.53%	26.45%	29.67%	31.79%	31.66%	33.48%
28.63%	30.44%	31.92%	32.37%	30.49%	29.71%
13.88%	8.75%	6.53%	7.09%	7.45%	7.97%
0.00%	0.40%	0.00%	0.00%	0.00%	0.00%
0.05%	0.07%	0.18%	1.02%	3.07%	4.64%
1.43%	2.01%	1.15%	1.47%	1.69%	-0.04%
<u>69.51%</u>	<u>68.13%</u>	<u>69.45%</u>	<u>73.74%</u>	<u>74.35%</u>	<u>75.76%</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

ALVIN COMMUNITY COLLEGE

SS-3

PROGRAM EXPENSES BY FUNCTION

Last Ten Fiscal Years

	For the Years Ended August 31, (amounts expressed in thousands)			
	2015	2014	2013	2012
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Operating Expenses:				
Instruction	\$ 17,959	\$ 17,506	\$ 15,217	\$ 15,687
Public service	167	162	165	155
Academic support	4,793	4,696	4,545	3,818
Student services	2,596	2,527	2,459	2,518
Institutional support	6,291	4,822	3,849	3,763
Operation and maintenance of plant	3,204	3,110	3,939	4,306
Scholarships and fellowships	4,008	4,437	4,962	5,264
Auxiliary enterprises	2,135	2,118	2,117	1,977
Depreciation	<u>1,145</u>	<u>1,138</u>	<u>1,147</u>	<u>1,138</u>
Total Operating Expenses	<u>42,298</u>	<u>40,516</u>	<u>38,400</u>	<u>38,626</u>
Nonoperating Expenses:				
Amortization of issuance costs				
Interest on capital related debt	496	539	619	670
Loss on disposal of capital assets	8			
Total Nonoperating Expenses	<u>504</u>	<u>539</u>	<u>619</u>	<u>670</u>
Total Expenses	<u>\$ 42,802</u>	<u>\$ 41,055</u>	<u>\$ 39,019</u>	<u>\$ 39,296</u>

	For the Years Ended August 31, (amounts expressed in percentages)			
	2015	2014	2013	2012
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Operating Expenses:				
Instruction	41.96%	42.64%	39.00%	39.92%
Public service	0.39%	0.39%	0.42%	0.39%
Academic support	11.20%	11.44%	11.65%	9.72%
Student services	6.07%	6.16%	6.30%	6.41%
Institutional support	14.70%	11.75%	9.86%	9.58%
Operation and maintenance of plant	7.49%	7.58%	10.10%	10.96%
Scholarships and fellowships	9.36%	10.81%	12.72%	13.40%
Auxiliary enterprises	4.99%	5.16%	5.43%	5.03%
Depreciation	<u>2.68%</u>	<u>2.77%</u>	<u>2.94%</u>	<u>2.90%</u>
Total Operating Expenses	<u>98.82%</u>	<u>98.69%</u>	<u>98.41%</u>	<u>98.29%</u>
Nonoperating Expenses:				
Amortization of issuance costs	0.00%	0.00%	0.00%	0.00%
Interest on capital related debt	1.16%	1.31%	1.59%	1.71%
Loss on disposal of capital assets	0.02%	0.00%	0.00%	0.00%
Total Nonoperating Expenses	<u>1.18%</u>	<u>1.31%</u>	<u>1.59%</u>	<u>1.71%</u>
Total Expenses	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

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

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 16,549	\$ 17,031	\$ 17,157	\$ 14,680	\$ 15,564	\$ 12,847
144	139	134	147	236	221
3,555	3,973	3,348	3,195	3,146	3,146
2,489	2,444	2,250	2,067	1,934	1,845
4,171	3,764	3,610	3,639	3,021	2,962
4,526	4,770	4,016	4,358	2,950	2,580
5,308	3,120	2,213	1,819	1,645	1,948
2,240	2,569	2,510	2,172	2,052	1,975
1,102	1,110	1,054	985	589	586
<u>40,084</u>	<u>38,920</u>	<u>36,292</u>	<u>33,062</u>	<u>31,137</u>	<u>28,110</u>
11					
801	823	851	885	914	939
<u>812</u>	<u>823</u>	<u>851</u>	<u>885</u>	<u>914</u>	<u>939</u>
\$ 40,896	\$ 39,743	\$ 37,143	\$ 33,947	\$ 32,051	\$ 29,049

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

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
40.47%	42.85%	46.19%	43.24%	48.56%	44.23%
0.35%	0.35%	0.36%	0.43%	0.74%	0.76%
8.69%	10.00%	9.01%	9.41%	9.82%	10.83%
6.09%	6.15%	6.06%	6.09%	6.03%	6.35%
10.20%	9.47%	9.72%	10.72%	9.43%	10.20%
11.07%	12.00%	10.81%	12.84%	9.20%	8.88%
12.98%	7.85%	5.96%	5.36%	5.13%	6.71%
5.48%	6.46%	6.76%	6.40%	6.40%	6.80%
2.69%	2.79%	2.84%	2.90%	1.84%	2.02%
<u>98.01%</u>	<u>97.93%</u>	<u>97.71%</u>	<u>97.39%</u>	<u>97.15%</u>	<u>96.77%</u>
0.03%	0.00%	0.00%	0.00%	0.00%	0.00%
1.96%	2.07%	2.29%	2.61%	2.85%	3.23%
<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
<u>1.99%</u>	<u>2.07%</u>	<u>2.29%</u>	<u>2.61%</u>	<u>2.85%</u>	<u>3.23%</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

ALVIN COMMUNITY COLLEGE

TUITION AND FEES

Last Ten Academic Years

Academic Year (Fall)	Resident Fees per Semester Credit Hour (SCH)			Resident Fees per Semester		
	In-District Tuition	Out-of- District Tuition	General Service Fee	Registration Fee (per Student)	Technology Fee	Student Activity Fee
2014	\$ 44	\$ 88	\$ 5	\$ 30	\$ 60	\$ 22
2013	\$ 44	\$ 88	\$ 5	\$ 30	\$ 60	\$ 22
2012	\$ 42	\$ 84	\$ 5	\$ 30	\$ 45	\$ 22
2011	\$ 42	\$ 84	\$ 5	\$ 30	\$ 45	\$ 22
2010	\$ 36	\$ 72	\$ 5	\$ 21	\$ 45	\$ 22
2009	\$ 32	\$ 65	\$ 5	\$ 21	\$ 40	\$ 22
2008	\$ 30	\$ 58	\$ 5	\$ 21	\$ 30	\$ 22
2007	\$ 30	\$ 58	\$ 5	\$ 21	\$ 30	\$ 17
2006	\$ 28	\$ 54	\$ 5	\$ 21	\$ 30	\$ 17
2005	\$ 28	\$ 54	\$ 5	\$ 21	\$ 30	\$ 17

Academic Year (Fall)	Resident Fees per Semester Credit Hour (SCH)			Resident Fees per Semester		
	Non-Resident Tuition Out of State	Non-Resident Tuition International	General Service Fee	Registration Fee (per Student)	Technology Fee	Student Activity Fee
2014	\$ 134	\$ 134	\$ 5	\$ 30	\$ 60	\$ 22
2013	\$ 134	\$ 134	\$ 5	\$ 30	\$ 60	\$ 22
2012	\$ 130	\$ 130	\$ 5	\$ 30	\$ 45	\$ 22
2011	\$ 130	\$ 130	\$ 5	\$ 30	\$ 45	\$ 22
2010	\$ 130	\$ 130	\$ 5	\$ 21	\$ 45	\$ 22
2009	\$ 110	\$ 110	\$ 5	\$ 21	\$ 40	\$ 22
2008	\$ 110	\$ 110	\$ 5	\$ 21	\$ 30	\$ 22
2007	\$ 110	\$ 110	\$ 5	\$ 21	\$ 30	\$ 17
2006	\$ 110	\$ 110	\$ 5	\$ 21	\$ 30	\$ 17
2005	\$ 110	\$ 110	\$ 5	\$ 21	\$ 30	\$ 17

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

Resident Fees per Semester								
Security Fee	LRC Fee	Bursar Fee	Cost for 12 SCH In-District	Cost for 12 SCH Out-of- District	Increase from Prior Year In-District	Increase from Prior Year Out-of-District		
\$ 20	\$ 15	\$ 10	\$ 755	\$ 1,283	0.00%	0.00%		
\$ 20	\$ 15	\$ 10	\$ 755	\$ 1,283	5.45%	5.16%		
\$ 20	\$ 15	\$ 10	\$ 716	\$ 1,220	0.00%	0.00%		
\$ 20	\$ 15	\$ 10	\$ 716	\$ 1,220	11.52%	9.34%		
\$ 20	\$	\$	\$ 610	\$ 1,042	8.75%	13.59%		
\$ 20	\$	\$	\$ 547	\$ 953	1.00%	0.60%		
\$ 10	\$	\$	\$ 503	\$ 839	5.06%	6.11%		
\$ 10	\$	\$	\$ 498	\$ 834	0.00%	0.00%		
\$ 10	\$	\$	\$ 474	\$ 786	5.33%	3.15%		
\$ 10	\$	\$	\$ 474	\$ 786	0.00%	0.00%		

Resident Fees per Semester								
Security Fee	LRC Fee	Bursar Fee	Cost for 12 SCH Non-Resident	Cost for 12 SCH International	Increase from Prior Year Non-Resident	Increase from Prior Year International		
\$ 20	\$ 15	\$ 10	\$ 1,835	\$ 1,835	0.00%	0.00%		
\$ 20	\$ 15	\$ 10	\$ 1,835	\$ 1,835	3.56%	3.56%		
\$ 20	\$ 15	\$ 10	\$ 1,772	\$ 1,772	0.00%	0.00%		
\$ 20	\$ 15	\$ 10	\$ 1,772	\$ 1,772	1.96%	1.96%		
\$ 20	\$	\$	\$ 1,738	\$ 1,738	17.19%	17.19%		
\$ 20	\$	\$	\$ 1,483	\$ 1,483	1.37%	1.37%		
\$ 10	\$	\$	\$ 1,463	\$ 1,463	0.34%	0.34%		
\$ 10	\$	\$	\$ 1,458	\$ 1,458	0.00%	0.00%		
\$ 10	\$	\$	\$ 1,458	\$ 1,458	0.00%	0.00%		
\$ 10	\$	\$	\$ 1,458	\$ 1,458	0.00%	0.00%		

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

(Amounts expressed in thousands)

Fiscal Year	Assessed Valuation of Property	Less Exemptions	Taxable Assessed Value (TAV)	Ratio of Taxable Assessed Value to Assessed Value
2014-15	\$ 7,776,726	\$ 645,321	\$ 7,131,405	91.70%
2013-14	\$ 7,072,385	\$ 566,309	\$ 6,506,076	91.99%
2012-13	\$ 6,657,772	\$ 598,418	\$ 6,059,354	91.01%
2011-12	\$ 6,526,053	\$ 1,187,556	\$ 5,888,930	82.79%
2010-11	\$ 6,898,889	\$ 1,044,338	\$ 5,711,333	84.88%
2009-10	\$ 6,905,533	\$ 916,132	\$ 5,861,195	86.38%
2008-09	\$ 6,728,205	\$ 843,423	\$ 5,812,073	85.99%
2007-08	\$ 6,020,738	\$ 718,678	\$ 5,177,315	86.08%
2006-07	\$ 5,164,489	\$ 654,631	\$ 4,445,811	85.23%
2005-06	\$ 4,433,472	\$ 627,574	\$ 3,778,841	83.38%

Source: Local Appraisal District

Notes: Property is assessed at full market value.

(a) per \$100 Taxable Assessed Valuation

Direct Rate

Maintenance & Operations (a)	Debt Service (a)	Total (a)
\$ 0.181907	\$ 0.022102	\$ 0.204009
\$ 0.176540	\$ 0.023216	\$ 0.199756
\$ 0.175119	\$ 0.024637	\$ 0.199756
\$ 0.173798	\$ 0.025687	\$ 0.199485
\$ 0.174867	\$ 0.024963	\$ 0.199830
\$ 0.176312	\$ 0.023518	\$ 0.199830
\$ 0.177329	\$ 0.022503	\$ 0.199832
\$ 0.186741	\$ 0.023539	\$ 0.210280
\$ 0.193221	\$ 0.026300	\$ 0.219521
\$ 0.208306	\$ 0.029249	\$ 0.237555

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

Fiscal Year	Appropriation per FTSE		Appropriation per Contact Hour	
	State Appropriation	FTSE (a)	State Appropriation per FTSE	Academic Contact Hours (b)
2014-15	\$ 7,381	\$ 7,211	\$ 1,024	1,290
2013-14	\$ 9,220	\$ 7,568	\$ 1,218	1,368
2012-13	\$ 8,360	\$ 7,400	\$ 1,130	1,354
2011-12	\$ 9,128	\$ 7,562	\$ 1,207	1,396
2010-11	\$ 10,323	\$ 7,621	\$ 1,355	1,503
2009-10	\$ 10,438	\$ 7,790	\$ 1,340	1,461
2008-09	\$ 10,996	\$ 6,778	\$ 1,622	1,032
2007-08	\$ 10,904	\$ 6,425	\$ 1,697	1,140
2006-07	\$ 10,353	\$ 6,500	\$ 1,593	1,158
2005-06	\$ 10,342	\$ 6,753	\$ 1,531	1,152

Notes:

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

(a) Source CBM 004

(b) Source CBM OOA

Appropriation per Contact Hour

Voe/Tech Contact Hours (b)	Total Contact Hours	State Appropriation per Contact Hour
775	2,065	\$ 3.57
777	2,145	\$ 4.30
818	2,253	\$ 3.71
857	2,408	\$ 3.79
905	2,472	\$ 4.18
1,011	1,978	\$ 5.28
978	2,118	\$ 5.19
978	2,061	\$ 5.29
903	2,013	\$ 5.14
861	2,107	\$ 4.91

ALVIN COMMUNITY COLLEGE

SS-7

PRINCIPAL TAXPAYERS

Last Ten Tax Years

Taxpayer	Type of Business	Year (amounts expressed in thousands)		
		2015	2014	2013
Ineos USA LLC	petrochemical	\$ 469,884	\$ 401,327	\$ 401,327
Denbury Onshore LLC	oil & gas exploration	250,781	381,509	381,509
Ascend Performance Materials	manufacturing	75,566	77,754	77,754
Innovene USA LLC	petrochemical			
BP Amoco Chemicals	petrochemical			
Solutia, Inc.	petrochemical			
Equistar Chemicals LP	petrochemical			
Innovene LLC	petrochemical			
Novus International Inc	agriculture	49,544	46,013	46,013
Schlumberger Well Svcs	oilfield services	51,229	51,529	51,529
Center Point Energy	utility	41,579	42,514	42,514
Huntsman Petrochemical Corp	petrochemical	29,086	41,872	41,872
Cyanco International	manufacturing	53,625	61,875	61,875
Tex Cal Energy LLC	utility			
Anueit SPF Shadow Creek LP	investment	48,319	48,188	48,188
Monsanto Company	refinery			
Southwestern Bell Telephone	utility			
Perry Homes	real estate			
Pearland Investments LTD PRT	real estate			
Inland American Waterford LTD	real estate			
Pearland Town Center LP	investment	70,769	69,086	69,086
Team Services Inc.	manufacturing	29,334	22,377	22,377
Noble Energy Incorporated	utility			
Pearland Multifamily DST	real estate	39,771	24,206	24,206
Shadow Creek Apartments LLC	real estate	29,900	23,746	23,746
Dune Operating Company	oil & gas			
12400 Shadow Creek Parkway LLC	real estate	29,000	27,100	27,100
Discovery Shadow Creek Owner	real estate	27,934	26,780	26,780
Shadow Kirby LTD	real estate	28,500	25,000	25,000
Weatherford US LP	oil & gas	23,805	23,971	23,971
Energyquest Inc.	utility			
BNSF Railway Co.	transportation			
Texas New Mexico Power Co.	utility		20,910	20,910
Argent Energy	utility			
Rice-Tee Inc.	agriculture			
Zenergy Inc	oil & gas exploration			
Oxy Petrochemical Incorporated	petrochemical			
Shadow Creek Phase II	real estate		20,605	20,605
MAR Shadow Creek LP	real estate	44,000		
MRP Radius Shadow Creek LLC	real estate	24,155		
Schlumberger Teclmology Corp.	exploration/production	27,041	21,926	21,926
	Totals	\$ 1,443,822	\$ 1,458,288	\$ 1,458,288
Total Taxable Assessed Value		\$ 7,131,405	\$ 6,506,076	\$ 6,059,354

Year
(amounts expressed in thousands)

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 371,419	\$ 419,543	\$ 442,249	\$ 418,260	\$ 428,791		\$
302,544	116,260	103,859		112,253		
77,403	94,886	82,367				
					507,006	340,150
				198,216	202,162	197,715
16,484				72,131	171,509	202,509
						129,186
49,610	54,451	55,390	53,501	53,767	54,174	57,935
33,614	32,614	37,026	35,471	63,885	70,395	58,735
41,357	37,008	36,014			32,024	34,895
47,690	47,405	58,560	40,949		22,082	24,274
40,500						
					69,738	26,369
47,959	43,672	41,007	50,744	49,614		
			16,757			
	21,155	31,697	35,554	41,742	26,876	
			17,125			
66,757	68,763	66,933	67,661	75,533		
50,523	20,724		22,348			
						30,239
	29,759					
27,100	28,229					
25,330	26,392					
25,000	25,000					
30,530	22,985					
	19,883					
19,015	18,140					
19,196	16,493					
18,209						
17,033	16,434					
				36,196		
					68,176	
<u>\$ 1,327,273</u>	<u>\$ 1,159,796</u>	<u>\$ 955,102</u>	<u>\$ 758,370</u>	<u>\$ 1,132,128</u>	<u>\$ 1,224,142</u>	<u>\$ 1,102,007</u>
\$ 5,888,930	\$ 5,711,333	\$ 5,861,195	\$ 5,812,073	\$ 5,177,315	\$ 4,445,811	\$ 3,778,841

ALVIN COMMUNITY COLLEGE*PRINCIPAL TAXPAYERS (Continued)*

Last Ten Tax Years

Taxpayer	Type of Business	Year		
		2015	2014	2013
Ineos USA LLC	petrochemical	6.59%	6.17%	6.62%
Denbury Onshore LLC	oil & gas exploration	3.52%	5.86%	6.30%
Ascend Performance Materials	manufacturing	1.06%	1.20%	1.28%
Innovene USA LLC	petrochemical	0.00%	0.00%	0.00%
BP Amoco Chemicals	petrochemical	0.00%	0.00%	0.00%
Solutia, Inc.	petrochemical	0.00%	0.00%	0.00%
Equistar Chemicals LP	petrochemical	0.00%	0.00%	0.00%
Im10vene LLC	petrochemical	0.00%	0.00%	0.00%
Novus International Inc	agriculture	0.69%	0.71%	0.76%
Schlumberger Well Svcs	oilfield services	0.72%	0.79%	0.85%
Center Point Energy	utility	0.58%	0.65%	0.70%
Huntsman Petrochemical Corp	petrochemical	0.41%	0.64%	0.69%
Cyanco International	manufacturing	0.75%	0.95%	1.02%
Tex Cal Energy LLC	utility	0.00%	0.00%	0.00%
Amreit SPF Shadow Creek LP	investment	0.68%	0.74%	0.80%
Monsanto Company	refinery	0.00%	0.00%	0.00%
Southwestern Bell Telephone	utility	0.00%	0.00%	0.00%
Perry Homes	real estate	0.00%	0.00%	0.00%
Pearland Investments LTD PRT	real estate	0.00%	0.00%	0.00%
Inland American Waterford LTD	real estate	0.00%	0.00%	0.00%
Pearland Town Center LP	investment	0.99%	1.06%	1.14%
Team Services Inc.	manufacturing	0.41%	0.34%	0.37%
Noble Energy Incorporated	utility	0.00%	0.00%	0.00%
Pearland Multifamily DST	real estate	0.56%	0.37%	0.40%
Shadow Creek Apartments LLC	real estate	0.42%	0.36%	0.39%
Dune Operating Company	oil & gas	0.00%	0.00%	0.00%
12400 Shadow Creek Parkway LLC	real estate	0.41%	0.42%	0.45%
Discovery Shadow Creek Owner	real estate	0.39%	0.41%	0.44%
Shadow Kirby LTD	real estate	0.40%	0.38%	0.41%
Weatherford US LP	oil & gas	0.33%	0.37%	0.40%
Energyquest Inc.	utility	0.00%	0.00%	0.00%
BNSF Railway Co.	transportation	0.00%	0.00%	0.00%
Texas New Mexico Power Co.	utility	0.00%	0.32%	0.35%
Argent Energy	utility	0.00%	0.00%	0.00%
Rice-Tee Inc.	agriculture	0.00%	0.00%	0.00%
Zenergy Inc	oil & gas exploration	0.00%	0.00%	0.00%
Oxy Petrochemical Incorporated	petrochemical	0.00%	0.00%	0.00%
Shadow Creek Phase II	real estate	0.00%	0.32%	0.34%
MAR Shadow Creek LP	real estate	0.62%	0.00%	0.00%
MRP Radius Shadow Creek LLC	real estate	0.34%	0.00%	0.00%
Schlumberger Technology Corp.	exploration/production	0.38%	0.34%	0.36%
		19.53%	22.40%	24.07%

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ALVIN COMMUNITY COLLEGE

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year Ended August 31	Total Tax Levy (a)	Collections Current Levy (b)	Percentage	Current Collections of Prior Levies (b)	Total Collections (c)	Percentage of Current Levy
2015	\$ 14,512	\$ 14,341	98.82%	\$ -	\$ 14,341	98.82%
2014	\$ 12,975	\$ 12,832	98.90%	\$ 81	\$ 12,913	99.52%
2013	\$ 12,104	\$ 12,040	99.47%	\$ 24	\$ 12,064	99.67%
2012	\$ 11,748	\$ 11,710	99.68%	\$ 15	\$ 11,725	99.80%
2011	\$ 11,420	\$ 11,392	98.27%	\$ 9	\$ 11,401	99.83%
2010	\$ 11,722	\$ 11,697	98.08%	\$ 7	\$ 11,704	99.85%
2009	\$ 11,650	\$ 11,632	97.79%	\$ 2	\$ 11,634	99.86%
2008	\$ 10,892	\$ 10,875	97.56%	\$ 2	\$ 10,877	99.86%
2007	\$ 9,757	\$ 9,742	97.23%	\$ 1	\$ 9,743	99.86%
2006	\$ 8,973	\$ 8,959	97.20%	\$ 1	\$ 8,960	99.86%

Source: Local Tax Assessor/Collector and College records

(a) As of August 31

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

(c) M&O and Debt Service taxes on Exhibit 2 include penalties and interest

ALVIN COMMUNITY COLLEGE

SS-9

RATIOS OF OUTSTANDING DEBT

Last Ten Fiscal Years

		For the Years Ended August 31, (amounts expressed in thousands)			
		2015	2014	2013	2012
General Bonded Debt:					
General obligation bonds		\$ 13,350	\$ 14,380	\$ 15,305	\$ 16,160
Less: Funds restricted for debt service		(1,523)	(1,523)	(1,513)	(1,528)
Net general bonded debt		11,827	12,857	13,792	14,632
Revenue bonds					
Capital leases		34	44		
Total Outstanding Debt		\$ 11,861	\$ 12,901	\$ 13,792	\$ 14,632

General Bonded Debt Ratios:

As a percentage of Taxable Assessed Value	0.17%	0.20%	0.23%	0.25%
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Total Outstanding Debt Ratios:

Per capita	\$ 395	\$ 430	\$ 488	\$ 517
Per student	\$ 1,694	\$ 1,843	\$ 2,090	\$ 2,217
As a percentage of Taxable Assessed Value	0.17%	0.20%	0.23%	0.25%

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

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

2011	2010	—	—	—
\$ 16,960	\$ 17,615	\$	\$	\$
(1,444)	(1,399)			
15,516	16,216			
\$ 15,516	\$ 16,216	\$	\$	\$

0.27% 0.28%

\$ 541	\$ 562	\$	\$	\$
\$ 2,317	\$ 2,410	\$	\$	\$
0.27%	0.28%			

ALVIN COMMUNITY COLLEGE

SS-10

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

	For the Years Ended August 31, (amounts expressed in thousands)			
	2015	2014	2013	2012
Taxable Assessed Value	\$ 7,131,405	\$ 6,506,076	\$ 6,059,244	\$ 5,888,930
General Obligation Bonds:				
Statutory tax levy limit for debt service	35,657	32,530	30,296	28,557
Less: Funds restricted for repayment of general obligation bonds	<u>(1,523)</u>	<u>(1,523)</u>	<u>(1,513)</u>	<u>(1,528)</u>
Total Net General Obligation Debt	<u>34,134</u>	<u>31,007</u>	<u>28,783</u>	<u>27,029</u>
Current Year Debt Service Requirements	<u>1,567</u>	<u>1,501</u>	<u>1,443</u>	<u>1,405</u>
Excess of Statutory Limit for Debt Service over Current Requirements	\$ <u>32,567</u>	\$ <u>29,506</u>	\$ <u>27,340</u>	\$ <u>25,624</u>
Net Current Requirements as a % of Statutory Limit	0.04%	0.05%	0.05%	0.05%

Note: Texas Education Code Section 130.122 limits the debt service tax levy of community colleges to \$0.50 per \$100 taxable assessed valuation.

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

2011	2010	2009	2008	2007	2006
\$ 5,711,333	\$ 5,861,195	\$ 5,812,073	\$ 5,177,315	\$ 4,445,811	\$ 3,778,841
28,794	29,306	29,060	30,104	22,229	22,167
(1,444)	(1,399)	(1,325)	(1,236)	(1,174)	(1,105)
<u>27,350</u>	<u>27,907</u>	<u>27,735</u>	<u>28,868</u>	<u>21,055</u>	<u>21,062</u>
<u>1,456</u>	<u>1,403</u>	<u>1,321</u>	<u>1,247</u>	<u>1,178</u>	<u>1,111</u>
\$ 25,894	\$ 26,504	\$ 26,414	\$ 27,621	\$ 19,877	\$ 19,951
0.04%	0.01%	-0.01%	0.04%	0.02%	0.03%

ALVIN COMMUNITY COLLEGE

SS-11

PLEDGED REVENUE COVERAGE

Last Ten Fiscal Years

Revenue Bonds				Debt Service Requirement
				(in thousands)
Year	Technology Fee	General Services Fee	Total	Principal
2015	\$	\$	\$	\$
2014	\$	\$	\$	\$
2013	\$	\$	\$	\$
2012	\$	\$	\$	\$
2011	\$	\$	\$	\$
2010	\$	\$	\$	\$
2009	\$ 238,467	\$ 387,715	\$ 626,182	\$ 302,000
2008	\$ 230,855	\$ 380,244	\$ 611,099	\$ 282,000
2007	\$ 228,978	\$ 378,389	\$ 607,367	\$ 265,000
2006	\$ 227,218	\$ 377,139	\$ 604,357	\$ 250,000

Debt Service Requirements (in thousands)

<u>Interest</u>	<u>Total</u>	<u>Coverage Ratio</u>
\$	\$	
\$	\$	
\$	\$	
\$	\$	
\$	\$	
\$	\$	
\$	\$	
\$ 9,815	\$ 311,815	2.01
\$ 28,654	\$ 310,654	1.97
\$ 46,026	\$ 311,026	1.95
\$ 62,123	\$ 312,123	1.94

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

SS-12

Year	District Population	District Personal Income (a) (in Thousands)	District Personal Income Per Capita	District Unemployment Rate	
2014	338,124	\$ (a)	\$ (a)	5.0%	
2013	330,242	\$ 13,788,051	\$ 41,751	6.1%	*
2012	324,769	\$ 13,104,592	\$ 40,351	7.1%	*
2011	319,973	\$ 12,550,313	\$ 39,315	8.7%	*
2010	313,166	\$ 11,610,075	\$ 37,344	9.0%	
2009	309,208	\$ 11,275,252	\$ 36,462	8.1%	
2008	301,044	\$ 11,455,625	\$ 38,030	5.2%	
2007	294,233	\$ 10,120,236	\$ 34,529	4.4%	
2006	287,898	\$ 9,241,458	\$ 32,513	5.0%	
2005	276,956	\$ 8,298,208	\$ 29,962	6.3%	
2004	270,870	\$ 7,701,167	\$ 28,431	7.1%	

Sources:

Population from U.S. Bureau of the Census

Personal income from U.S. Bureau of Economic Analysis

Unemployment rate from Texas Workforce Commission (Annual when possible)

Notes:

(a) Not yet available

* Updated from last year

ALVIN COMMUNITY COLLEGE

SS-13

PRINCIPAL EMPLOYERS

Current Fiscal Year

Employer	Employees (1)	Employment (2)
Ascend Performance Materials	.	.
Dish Network Customer Call Center	.	.
Wal-Mart Supercenter	.	.
Alvin Community College	.	.
Alvin High School	.	.
Alvin Independent School District	.	.
Alvin Police Department	.	.
City of Alvin	.	.
Diversified Ceramics	.	.
GTE Inc.	.	.
Home Depot	.	.
House Calls Home Health	.	.
Kroger	.	.
Olive Garden Restaurant	.	.
Ron Carter Autoland	.	.
Ron Carter Used Cars Inc	.	.
T & L Lease Svc	.	.
Team Engineering	.	.
Teco Manufacturing Inc	.	.
Woman's Hospital of Texas	.	.

Source:

(1) Texas Workforce Commission - SOCRATES, Employer Search

(2) US Census - Brazoria County Private nonfamily employment

Note:

Percentages are calculated using the midpoints of the ranges.

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

SS-14

	2015	2014	2013	2012
Faculty				
Full-Time	103	111	110	108
Part-Time	194	170	170	180
Total	297	281	280	288
Faculty				
Full-Time	34.7%	39.5%	39.3%	37.5%
Part-Time	65.3%	60.5%	60.7%	62.5%
Staff and Administrators				
Full-Time	168	166	170	168
Part-Time	56	55	50	50
Total	224	221	220	218
Faculty				
Full-Time	75.0%	75.1%	77.3%	77.1%
Part-Time	25.0%	24.9%	22.7%	22.9%
FTSE per Full-time Faculty	70.0	68.2	67.2	70.0
FTSE per Full-Time Staff Member	37.2	45.6	43.5	45.0
Average Annual Faculty Salary	\$ 56,291	\$ 55,309	\$ 54,308	\$ 59,598

2011	2010	2009	2008	2007	2006
109	108	108	103	100	100
<u>180</u>	<u>199</u>	<u>171</u>	<u>153</u>	<u>168</u>	<u>145</u>
289	307	279	256	268	245
37.7%	35.2%	38.7%	40.2%	37.3%	40.8%
62.3%	64.8%	61.3%	59.8%	62.7%	59.2%
163	169	162	169	154	158
<u>54</u>	<u>47</u>	<u>46</u>	<u>45</u>	<u>54</u>	<u>56</u>
217	216	208	214	208	214
75.1%	78.2%	77.9%	79.0%	74.0%	73.8%
24.9%	21.8%	22.1%	21.0%	26.0%	26.2%
69.9	72.1	62.8	62.4	65.0	67.5
46.8	46.1	41.8	38.0	42.2	42.7
<u>\$ 57,416</u>	<u>\$ 54,458</u>	<u>\$ 54,064</u>	<u>\$ 52,518</u>	<u>\$ 50,978</u>	<u>\$ 50,700</u>

ALVIN COMMUNITY COLLEGE

SS-15

ENROLLMENT DETAILS

Last Five Fall Semesters

Student Classification	Fall 2014		Fall 2013	
	Number	Percent	Number	Percent
0-30 hours	3,166	64.43%	3,400	65.50%
31-60 hours	937	19.07%	947	18.24%
> 60 hours	811	16.50%	844	16.26%
Total	4,914	100.00%	5,191	100.00%

Semester Hour Load	Fall 2014		Fall 2013	
	Number	Percent	Number	Percent
Less than 3	254	5.17%	266	5.12%
3-5 semester hours	1,292	26.29%	1,330	25.62%
6-8 Semester hours	1,333	27.13%	1,502	28.93%
9-11 semester hours	1,031	20.98%	1,055	20.32%
12-14 semester hours	762	15.51%	780	15.03%
15-17 semester hours	191	3.89%	202	3.89%
18 & over	51	1.04%	56	1.08%
Total	4,914	100.00%	5,191	100.00%

Tuition Status	Fall 2014		Fall 2013	
	Number	Percent	Number	Percent
Texas Resident (in-District)	2,216	45.10%	2,305	44.40%
Texas Resident (out-of-District)	2,525	51.38%	2,695	51.92%
Non-Resident Tuition	105	2.14%	104	2.00%
Tuition Exemption - TX Resident	68	1.38%	87	1.68%
Total	4,914	100.00%	5,191	100.00%

Fall 2012		Fall 2011		Fall 2010	
Number	Percent	Number	Percent	Number	Percent
3,364	64.82%	3,630	69.90%	3,947	68.99%
991	19.09%	897	17.27%	981	17.15%
835	16.09%	666	12.82%	793	
<u>13.86%</u> 5,190		100.00% 5,193	100.00%	5,721	100.00%

Fall 2012		Fall 2011		Fall 2010	
Number	Percent	Number	Percent	Number	Percent
119	2.29%	44	0.85%	155	2.71%
1,645	31.70%	1,438	27.69%	1,555	27.18%
1,306	25.16%	1,391	26.79%	1,512	26.43%
993	19.13%	1,010	19.45%	1,071	18.72%
871	16.78%	942	18.14%	1,064	18.60%
193	3.72%	273	5.26%	248	4.33%
63	1.21%	95	1.83%	116	2.03%
<u>5,190</u>	100.00%	<u>5,193</u>	100.00%	<u>5,721</u>	100.00%

Fall 2012		Fall 2011		Fall 2010	
Number	Percent	Number	Percent	Number	Percent
2,385	45.95%	2,495	48.05%	2,603	45.50%
2,640	50.87%	2,543	48.97%	2,963	51.79%
75	1.45%	77	1.48%	73	1.28%
90	1.73%	78	1.50%	82	1.43%
<u>5,190</u>	100.00%	<u>5,193</u>	100.00%	<u>5,721</u>	100.00%

ALVIN COMMUNITY COLLEGE

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STUDENT PROFILE

Last Five Fall Semesters

Student Classification	Fall 2014		Fall 2013	
	Number	Percent	Number	Percent
Female	2,763	56.23%	3,007	57.93%
Male	2,151	43.77%	2,184	42.07%
Total	4,914	100.00%	5,191	100.00%

Semester Hour Load	Fall 2014		Fall 2013	
	Number	Percent	Number	Percent
White	3,742	59.72%	3,847	59.46%
Hispanic**	1,505	24.02%	1,533	23.69%
African American	532	8.49%	561	8.67%
Asian	254	4.05%	259	4.00%
Foreign	51	0.81%	45	0.70%
Native American	128	2.04%	121	1.87%
Native Hawaiian/ Pacific Islander	22	0.35%	22	0.34%
Unlmown	32	0.51%	82	1.27%
Total	6,266	100.00%	6,470	100.00%

Tuition Status	Fall 2014		Fall 2013	
	Number	Percent	Number	Percent
Under 18	1,200	24.42%	1,351	26.03%
18 -21	1,772	36.06%	1,811	34.89%
22 - 24	526	10.70%	566	10.90%
25 - 35	874	17.79%	878	16.91%
36 - 50	430	8.75%	459	8.84%
51 & over	112	2.28%	126	2.43%
Total	4,914	100.00%	5,191	100.00%

Average Age	23.4	23.3
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**Numbers are skewed because Hispanic is no longer considered a race by the Federal Government. It is an origin, and Hispanic students can declare their origin without declaring a race.

Fall 2012		Fall 2011		Fall 2010	
Number	Percent	Number	Percent	Number	Percent
3,009	57.98%	3,002	57.81%	3,141	54.90%
2,181	42.02%	2,191	42.19%	2,580	45.10%
<u>5,190</u>	<u>100.00%</u>	<u>5,193</u>	<u>100.00%</u>	<u>5,721</u>	<u>100.00%</u>

Fall 2012		Fall 2011		Fall 2010	
Number	Percent	Number	Percent	Number	Percent
3,978	62.19%	4,123	64.05%	4,609	65.44%
1,435	22.43%	1,396	21.69%	1,446	20.53%
532	8.32%	481	7.47%	572	8.12%
234	3.66%	225	3.50%	247	3.51%
30	0.47%	36	0.56%	37	0.53%
108	1.69%	94	1.46%	64	0.91%
17	0.27%	11	0.17%	11	0.16%
63	0.98%	71	1.10%	57	0.81%
<u>6,397</u>	<u>100.00%</u>	<u>6,437</u>	<u>100.00%</u>	<u>7,043</u>	<u>100.00%</u>

Fall 2012		Fall 2011		Fall 2010	
Number	Percent	Number	Percent	Number	Percent
1,215	23.41%	1,207	23.24%	1,422	24.86%
1,790	34.49%	1,832	35.28%	1,804	31.53%
565	10.89%	535	10.30%	567	9.91%
966	18.61%	978	18.83%	1,171	20.47%
530	10.21%	522	10.05%	635	11.10%
124	2.39%	119	2.29%	122	2.13%
<u>5,190</u>	<u>100.00%</u>	<u>5,193</u>	<u>100.00%</u>	<u>5,721</u>	<u>100.00%</u>

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ALVIN COMMUNITY COLLEGE

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TRANSFERS TO SENIOR INSTITUTIONS

837 Fall Students as of Fall 2014

(Included only Public Senior Colleges in Texas)

	<u>Transfer Student Count Academic</u>	<u>Transfer Student Count Technical</u>	<u>Transfer Student Count Tech-Prep</u>	<u>Total of All Sample Transfer Students</u>	<u>% of All Sample Transfer Students</u>
Angelo State University	2			2	0.22%
2 Lamar University	15			15	1.69%
3 Midwestern State University	2			2	0.22%
4 Prairie View A&M University	12			13	1.46%
5 Sam Houston State University	81	2	2	85	9.55%
6 Stephen F. Austin State University	34			35	3.93%
7 Sul Ross State University	2			2	0.22%
8 Texas A&M University	99		1	101	11.35%
9 Texas A&M University - Commerce	1		1	2	0.22%
10 Texas A&M University - Corpus Christi	6		1	7	0.79%
11 Texas A&M University - Kingsville	7			7	0.79%
12 Texas A&M University at Galveston	19			19	2.13%
13 Texas A&M University System Health Science Center				1	0.11%
14 Texas Southern University	8			9	1.01%
15 Texas State University - San Marcos	57	2		60	6.74%
16 Texas Tech University	39			39	4.38%
17 Texas Tech University Health Science Center	2	4		6	0.67%
18 Texas Woman's University	14			14	1.57%
19 The University of Texas - Pan American					0.11%
20 The University of Texas at Arlington	5	4		9	1.01%
21 The University of Texas at Austin	34			35	3.93%
22 The University of Texas at Dallas	8			8	0.90%
23 The University of Texas at El Paso					0.11%
24 The University of Texas at San Antonio	28		1	30	3.37%
25 The University of Texas at Tyler	4			4	0.45%
26 The University of Texas Health Science Center at Houston	3			3	0.34%
27 The University of Texas M.D. Anderson Cancer Center	2			2	0.22%
28 The University of Texas Health Medical Branch at Galveston	14	3		17	1.91%
29 The University of Texas of the Permian Basin					0.11%
30 University of Houston	124	4	6	134	15.06%
31 University of Houston at Clear Lake	173	9	4	186	20.90%
32 University of Houston - Downtown	19			19	2.13%
33 University of Houston at Victoria	5	2		7	0.79%
34 University of N01ih Texas	14			14	1.57%
Total	837	34	19	890	100.00%

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ALVIN COMMUNITY COLLEGE

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CAPITAL ASSET INFORMATION

Fiscal Years 2011 to 2015

	2015	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Academic buildings	12	12	12	12	12
Square footage (in thousands)	311	311	311	311	311
Libraries					1
Square footage (in thousands)	12	12	12	12	12
Number of volumes (in thousands)	12	12	12	12	12
Administrative and support buildings	3	3	3	3	3
Square footage (in thousands)	13	13	13	13	13
Dormitories					
Square footage (in thousands)					
Nwnber of Beds					
Apartments					
Square footage (in thousands)					
Number of beds					
Dining Facilities	1				1
Square footage (in thousands)	5	5	5	5	5
Average daily customers	150	150	150	150	150
Athletic Facilities	8	8	8	8	8
Square footage (in thousands)	22	22	22	22	22
Stadiums					
Gymnasiums					1
Fitness centers		1			1
Tennis courts	6	6	6	6	6
Plant facilities					
Square footage (in thousands)	18	18	18	18	18
Transportation:					
Cars	6	6	7	7	6
Light trucks/vans/ ambulance	11	11	9	9	9
Buses	2	2	2	2	2
Heavy trucks	3	3			

