

COMPREHENSIVE ANNUAL

# FINANCIAL REPORT

fiscal years

2015  
2016

FOR THE FISCAL YEARS ENDED AUGUST 31, 2016 & 2015  
AUSTIN COMMUNITY COLLEGE • TEXAS



Austin Community College District  
Austin, Texas

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
For the Fiscal Years Ended August 31, 2016 and 2015

Prepared by  
Finance and Administration  
Austin Community College District

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# INTRODUCTORY SECTION



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

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**August 31, 2016**

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**Austin, Texas**

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**Austin, Texas**

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

**BOARD OF TRUSTEES AND KEY OFFICERS**  
**August 31, 2016**

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**BOARD OF TRUSTEES**

<b><u>Place #</u></b>	<b><u>Members</u></b>	<b><u>Term Expires</u></b>
1	Mr. Mark J. Williams	November 2020
2	Ms. Gigi E. Bryant	November 2020
3	Dr. Nan McRaven	November 2020
4	Mr. Jeffrey Richard	November 2016
5	Dr. Victor Villarreal, Chair	November 2016
6	Ms. Guadalupe Sosa	November 2016
7	Dr. Barbara Mink, Secretary	November 2018
8	Dr. Betty Hwang	November 2018
9	Mr. Allen Kaplan, Vice Chair	November 2018

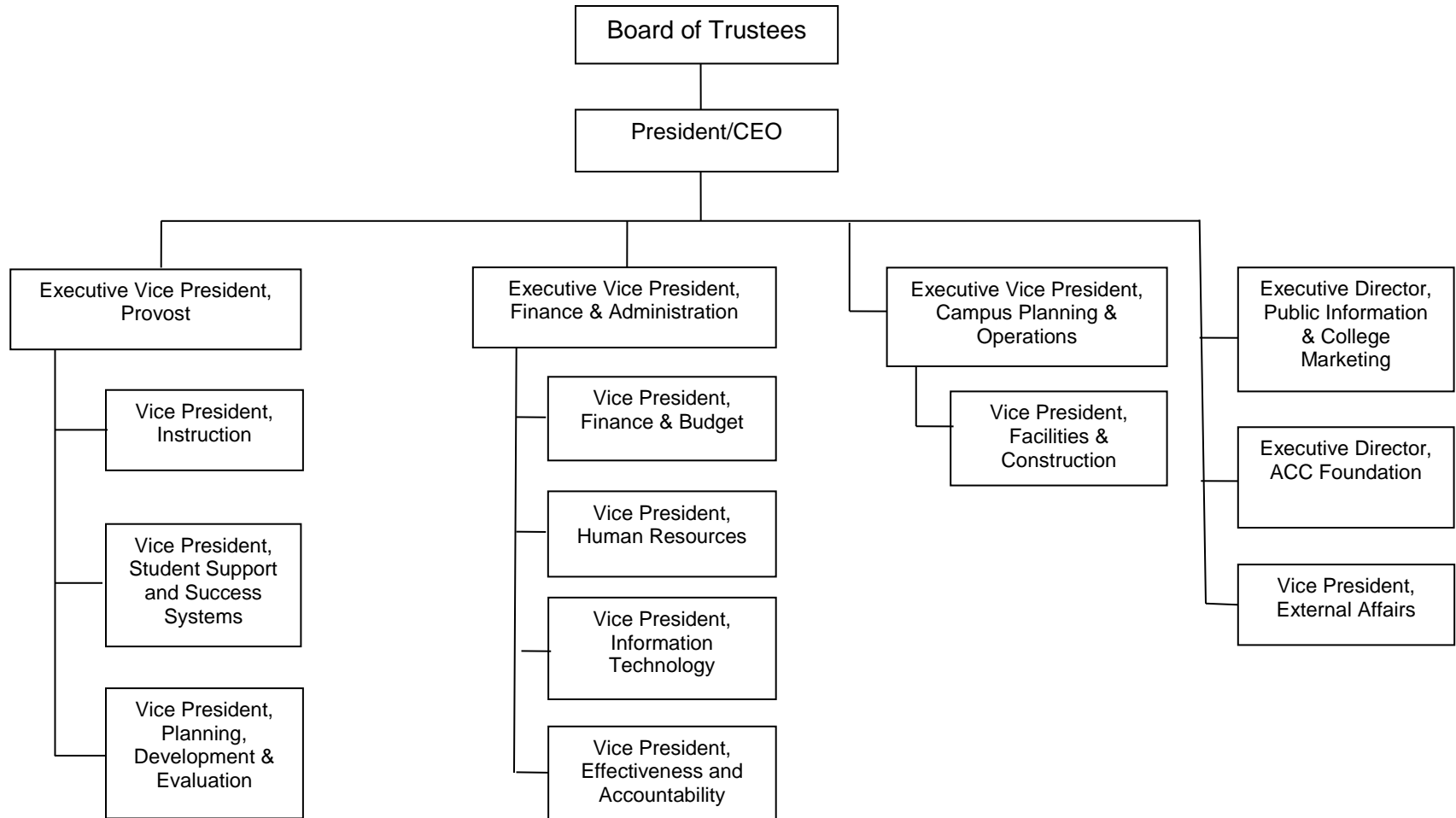
**KEY OFFICERS**

<b><u>Name</u></b>	<b><u>Title</u></b>
Dr. Richard Rhodes, CPA	President/CEO
Dr. Charles Cook	Executive Vice President, Provost
Mr. Neil Vickers, CPA	Executive Vice President, Finance and Administration
Dr. Ben Ferrell, CPA	Executive Vice President, Campus Planning & Operations
Mr. Mike Midgley, CPA	Vice President, Instruction
Vacant	Vice President, Finance & Budget
Ms. Gerry Tucker	Vice President, Human Resources
Dr. Virginia Fraire	Vice President, Student Services
Ms. Soon Merz	Vice President, Effectiveness and Accountability
Dr. Mary Harris	Vice President, Planning, Development, and Evaluation
Mr. Stan Gunn	Vice President, Information Technology
Dr. Molly Beth Malcolm	Vice President, External Affairs
Mr. Bill Mullane	Vice President, Facilities and Construction
Ms. Brette Lea	Executive Director, Public Information and College Marketing
Ms. Stephanie Dempsey	Executive Director, ACC Foundation

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
Austin, Texas

**ORGANIZATIONAL CHART**  
August 31, 2016

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December 16, 2016

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

Dear Board Members and President:

The following comprehensive annual financial report of the Austin Community College District (“the College”) for the fiscal year ended August 31, 2016, is hereby submitted. Responsibility for the preparation and integrity of the financial information, and the completeness and fairness of the presentation, including all disclosures, rests with the College. The College relies on a comprehensive framework of internal controls. Since the cost of controls should not exceed the benefits derived, the internal controls are designed to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements. The financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) as established by the Governmental Accounting Standards Board (GASB) and comply with Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges as set forth by the Texas Higher Education Coordinating Board (THECB). The Notes to the Basic Financial Statements are provided in the financial section and are considered essential to fair presentation and adequate disclosure for this financial report. The notes include the Summary of Significant Accounting Policies for the College and other necessary disclosures of important matters relating to the financial position of the College. The notes are treated as an integral part of the financial statements and should be read in conjunction with them. The Management’s Discussion and Analysis (MD&A) is provided to supplement the basic financial statements, related notes and this transmittal letter. The purpose of the MD&A is to provide an objective and readable analysis of the College’s financial activities.

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

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

The College is required to undergo an annual federal single audit in conformity with the provisions of the Federal Single Audit Act, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements of Federal Awards*, and an annual state single audit in conformity with the Texas Governor's Office of Budget and Planning *Uniform Grant Management Standards Single Audit Circular*. Information related to these Single Audits, including the schedule of expenditures of federal awards, schedule of expenditures of state awards, and auditor's reports on compliance and on internal controls, is included in the federal and state single audit sections of this report.

### ***Governmental Structure***

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

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

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

### ***Service Area***

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

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

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

**Value Statements:** The Austin Community College District values and respects each individual student. In Austin Community College District's internal and external interactions with each other and our community, we value:

- Student success and equity in which all students have equal opportunity and support to achieve their academic goals.
- Student access to an affordable, challenging, and empowering higher education.
- Excellence, innovation, and relevance in all of our programs and services.
- Preparation of students for a globally competitive and technologically complex workplace.
- Open, honest, and respectful communication, collaboration, and teamwork in all of our operations.
- Promotion of diversity as a means to understanding, tolerance, an appreciation of cultural and individual differences, and a democratic society.
- Ongoing professional development by all faculty, staff, and administrators.
- The use of data and proven best practices in our evaluation processes, decision-making, and plans for continuous improvement.
- Ethical, effective/efficient, and accountable use of public resources.
- Partnerships with local, state, national and international entities that are respectful, engaging, and help us leverage our resources and expand our expertise.
- Creation and maintenance of a sustainable, safe, and healthy environment for students and employees, including freedom from all forms of discrimination and harassment.

***Mission Statement:*** The Austin Community College District promotes student success and community development by providing affordable access, through traditional and distance learning modes, to higher education and workforce training in its service area. To fulfill its mission, the College will provide, within its available resources, the mission elements prescribed by the State of Texas:

1. Vocational and technical programs of varying lengths leading to certificates or degrees.
2. Freshman- and sophomore-level academic courses leading to an associate degree or serving as the base of a baccalaureate degree program at a four-year institution.
3. Continuing adult education for academic, occupational, professional, and cultural enhancement.
4. Special instructional programs and tutorial services to assist underprepared students and others who need special assistance to achieve their educational goals.
5. A continuing program of counseling and advising designed to assist students in achieving their individual educational and occupational goals.
6. A program of technology, library, media, and testing services to support instruction.
7. Contracted instruction programs and services for area employers that promote economic development.

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

The College's service area is located in Central Texas, about 150 miles inland from the Gulf of Mexico. According to the US Census Bureau, the estimated 2015 population of the Austin-Round Rock-San Marcos MSA was 2,000,860 an increase of 16.6 percent since 2010. Growth in these counties is expected to continue at this rate or faster in the future. Austin is the state capital, and consequently 22 percent of its workforce is employed by government agencies. The remainder of the counties' economic base consists of manufacturing, computer technology, and trade and service industries.

The Austin-Round Rock-San Marcos MSA continues to outpace the national averages in economic indicators. According to the Texas Workforce Commission, the Austin-Round Rock MSA labor force increased 3.6 percent from 1,073,210 in 2015 to 1,112,643 in 2016. The unemployment rate in 2016 was 3.3 percent, which is significantly lower than the statewide

unemployment rate of 4.7 percent, and the national unemployment rate of 5.9 percent. According to the US Census, residents of the Austin-Round Rock-San Marcos MSA are typically well educated, with 41 percent of the workforce population age 25 or older possessing a bachelor's degree or higher.

During the past five years, the College weathered the Great Recession, state funding cuts, and extremely volatile enrollments, while maintaining a stable financial condition, including a \$17.7 million increase in net position in 2016. This stability is due to a commitment from the Board and administration to sound financial planning and budget performance. The College has increased its use of long-term planning and financial forecasting which has improved the decision-making process. Now, the local economy is in full economic recovery, including very low unemployment and a strong real estate market. While low unemployment usually has a negative impact on community college enrollments, any negative financial impacts for lower enrollments should be more than offset by increases in ad valorem taxes.

While recently stable, State funding continues to be a concern. The State reduced the College's 2010-2011 appropriations by 7.5 percent. Additionally, there was a 10 percent reduction for the 2012-2013 biennium. Although some of these cuts were restored for the 2014-2015 biennium, state funding was again reduced by about 5% for the 2016-2017 biennium. The current funding rate is significantly less per contact hour than the College was receiving in 2000. The College is committed to the legislative process and will continue to work with State leaders to inform them of the crucial role of community colleges for the State's economic and social well-being. At the same time, the College will continue to take steps to mitigate the impact of State appropriations on the College's fiscal stability.

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

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

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

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

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

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

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

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

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

### ***Major Initiatives***

The College has devoted significant time and effort to planning for the future. During 2016 the College developed a new strategic plan and continued progress with its current facilities master with a focus on increasing participation and success in higher education. The College has clearly emerged as the regional leader in the effort to promote economic development through an educated workforce.

The College is moving ahead with significant plans for expansion, thanks to its community support, and it expects to maintain its role as a major source of post-secondary education and economic development in the Central Texas region. For 2017 the College plans to further develop its strategic academic and facilities planning for the region.

### ***Independent Audit***

State statutes require an annual audit by independent certified public accountants. The College's Board of Trustees selected the accounting firm of Padgett Stratemann & Co. (PS&Co.). In addition to meeting the requirements set forth in State statutes, their audit also was designed to meet the requirements of the Federal Single Audit Act, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements of Federal Awards* and the State of Texas *Single Audit Circular*. The Independent Auditors Report includes an "unmodified" opinion for the financial statements can be found on page 1. The auditor's reports related specifically to the Single Audits are included in the Single Audit Sections.

## **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Austin Community College District for its comprehensive annual financial report for the fiscal year ended August 31, 2015. This was the thirteenth consecutive year that the College has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

## **Acknowledgements**

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

Respectively submitted,



Neil Vickers, C.P.A.  
Executive Vice President,  
Finance & Administration





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Austin Community College District  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**August 31, 2015**

Executive Director/CEO

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# **FINANCIAL** **SECTION**



# Padgett Stratemann

## Independent Auditor's Report

To the Board of Trustees  
Austin Community College District  
Austin, Texas

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component unit of Austin Community College District (the "College") as of and for the years ended August 31, 2016 and 2015, 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.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the financial statements based on our audits. We did not audit the financial statements of Austin Community College Foundation, the discretely presented component unit of the College, as of and for the years ended August 31, 2016 and 2015. Those financial statements, were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the component unit, is based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component unit, Austin Community College Foundation, audited separately by other auditors, was not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's

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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.

### ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component unit of the College as of August 31, 2016 and 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As described in Note 2 to the financial statements, effective September 1, 2015, the College implemented Governmental Accounting Standards Board ("GASB") Statement No. 72, *Fair Value Measurement and Application*, and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Our opinion is not modified with respect to these matters.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Schedule of College's Proportionate Share of Net Pension Liability, Schedule of Contributions to the Teacher Retirement System, and Schedule of Funding Progress – Other Postemployment Benefits, as listed in 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 GASB, 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.

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### *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 Schedule of Operating Revenues, Schedule of Operating Expenses by Object, Schedule of Non-Operating Revenues and Expenses, Schedule of Net Position by Source and Availability, Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Schedule of Expenditures of State Awards, as required by the State of Texas *Single Audit Circular*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Operating Revenues, Schedule of Operating Expenses by Object, Schedule of Non-Operating Revenues and Expenses, Schedule of Net Position by Source and Availability, Schedule of Expenditures of Federal Awards, and the Schedule of Expenditures of State Awards 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 Schedule of Operating Revenues, Schedule of Operating Expenses by Object, Schedule of Non-Operating Revenues and Expenses, Schedule of Net Position by Source and Availability, Schedule of Expenditures of Federal Awards, and the Schedule of Expenditures of State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2016 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 College's internal control over financial reporting and compliance.

*Padgett, Stratemann + Co., L.L.P.*

Austin, Texas

December 16, 2016



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

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

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

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**Financial Statement Analysis and Overview**

The following discussion and analysis of the Austin Community College District's ("the College") annual financial statements provides an overview of the College's financial activities for the years ended August 31, 2016 (Fiscal Year 2016), 2015 (Fiscal Year 2015), and 2014 (Fiscal Year 2014), and identifies changes in its financial position for these years. In conformity with Government Accounting Standards Board (GASB) Statement No. 34, the discussion focuses on currently known facts, decisions, and conditions that have an impact on the financial activities of the College, and is intended to assist the reader in the interpretation of the financial statements. The financial statements should be read in conjunction with the Notes to the Basic Financial Statements.

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), and comply with reporting requirements as set by the Texas Higher Education Coordinating Board (THECB). Three primary statements are required: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

Financial statements for the College's discrete component unit, Austin Community College Foundation ("the Foundation"), are issued independent of the College. The Foundation's financial information for fiscal years 2016 and 2015 is shown on separate pages behind the College's basic financial statements. Refer to Notes 1 and 27 in the Notes to the Basic Financial Statements for more detail on the Foundation.

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

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

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
Austin, Texas

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

*Statement of Net Position*

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

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

**Condensed Statement of Net Position**

(in Millions)

	August 31			Change	
	2016	(a) 2015	2014	2015 to 2016	2014 to 2015
<b>Assets</b>					
Current Assets	\$ 139.7	\$ 99.2	\$ 102.0	\$40.5	\$ (2.8)
Capital Assets, Net of Accumulated Depreciation	500.5	476.7	479.5	23.8	(2.8)
Other Noncurrent Assets	219.7	197.4	28.4	22.3	169.0
Total Assets	859.9	773.3	609.9	86.6	163.4
<b>Deferred Outflows of Resources</b>	30.4	18.9	-	11.5	18.9
<b>Liabilities</b>					
Current Liabilities	83.3	80.1	77.1	3.2	3.0
Noncurrent Liabilities	738.4	665.5	460.4	72.9	205.1
Total Liabilities	821.7	745.6	537.5	76.1	208.1
<b>Deferred Inflows of Resources</b>	16.6	12.3	-	4.3	12.3
<b>Net Position</b>					
Net Investment in Capital Assets	45.5	42.9	33.6	2.6	9.3
Restricted: Expendable	15.8	14.2	23.3	1.6	(9.1)
Unrestricted (Deficit)	(9.3)	(22.8)	15.5	13.5	(38.3)
Total Net Position	\$ 52.0	\$ 34.3	\$ 72.4	\$17.7	\$(38.1)

Note:

(a) To reflect the adoption of GASB 68, beginning net position was restated to record the beginning net pension liability and related deferred outflows for contributions made after measurement date of the beginning net pension liability and the beginning of the fiscal year.

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

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

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Since 2014, the College has increased its total assets before considering liabilities by \$250.0 million, most of which is related to real estate acquisitions and facility construction. Total assets increased from 2015 to 2016 by \$86.6 million. The increase was primarily due to the issuance of \$75.0 million in general obligation tax bonds, plus the increase in Net Position of \$17.8 million. Unrestricted cash and investments increased by \$17.9 million, which reflects the College's positive operating results, on a cash basis.

Total liabilities increased from 2015 to 2016 by \$76.1 million. This increase was primarily due to the issuance of \$75.0 million in general obligation tax bonds. In 2015, liabilities increased by \$208.1 million which resulted from the issuance of \$165.2 million in general obligation bonds. Additionally in 2015, 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* resulted in a \$40.1 million increase in TRS Pension Liability (Refer to Note 11 in the Notes to the Basic Financial Statements for more detail). This increase in liabilities was partially offset by principal payments on outstanding bonds and capital leases.

The College's net position was \$52.0 million in 2016, \$34.3 in 2015, and \$72.4 million in 2014. This year's \$17.8 million increase was due to the positive operating performance of the College. The \$38.1 million decrease in 2015 was due to 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*. The cumulative impact of the change in accounting principle was a \$45.4 million reduction in Net Position (Refer to Note 26 in the Notes to the Basic Financial Statements for more detail). The operational performance of the College resulted in a \$7.3 million increase in Net Position for 2016.

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

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

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
Austin, Texas

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

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

(in Millions)

	Fiscal Year			Change	
	2016	(a) 2015	2014	2015 to 2016	2014 to 2015
<b>Operating Revenues</b>					
Tuition and Fees	\$ 64.3	\$ 64.2	\$ 58.8	\$ 0.1	\$ 5.4
Grants and Contracts	16.9	13.9	10.6	3.0	3.3
Auxiliary Enterprises	1.4	1.5	0.5	(0.1)	1.0
Other Operating Revenues	9.5	8.9	8.6	0.6	0.3
Total Operating Revenues	92.1	88.5	78.5	3.6	10.0
<b>Operating Expenses</b>	303.8	287.1	280.8	16.7	6.3
Operating Loss	(211.7)	(198.6)	(202.3)	(13.1)	3.7
<b>Non-Operating Revenues (Expenses)</b>					
State Appropriations	62.5	62.0	60.0	0.5	2.0
Ad Valorem Taxes	159.2	131.1	118.7	28.1	12.4
Federal Revenue, Non Operating	32.7	32.5	35.0	0.2	(2.5)
Investment Income	1.9	0.4	0.4	1.5	-
Interest on Capital-Related Debt	(26.9)	(22.7)	(17.9)	(4.2)	(4.8)
Other Non-Operating Revenue (Expense)	0.0	2.7	-	(2.7)	2.7
Net Non-Operating Revenues	229.4	206.0	196.2	23.4	9.8
Increase (Decrease) in Net Position	17.7	7.4	(6.1)	10.3	13.5
<b>Net Position</b>					
Net Position, Beginning of Year	34.3	26.9	78.5	7.4	(51.6)
Net Position, End of Year	\$ 52.0	\$ 34.3	\$ 72.4	\$ 17.7	\$ (38.1)

Note:

(a) To reflect the adoption of GASB 68, beginning net position was restated to record the beginning net pension liability and related deferred outflows for contributions made after measurement date of the beginning net pension liability and the beginning of the fiscal year.

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

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Key Factors impacting total revenues:

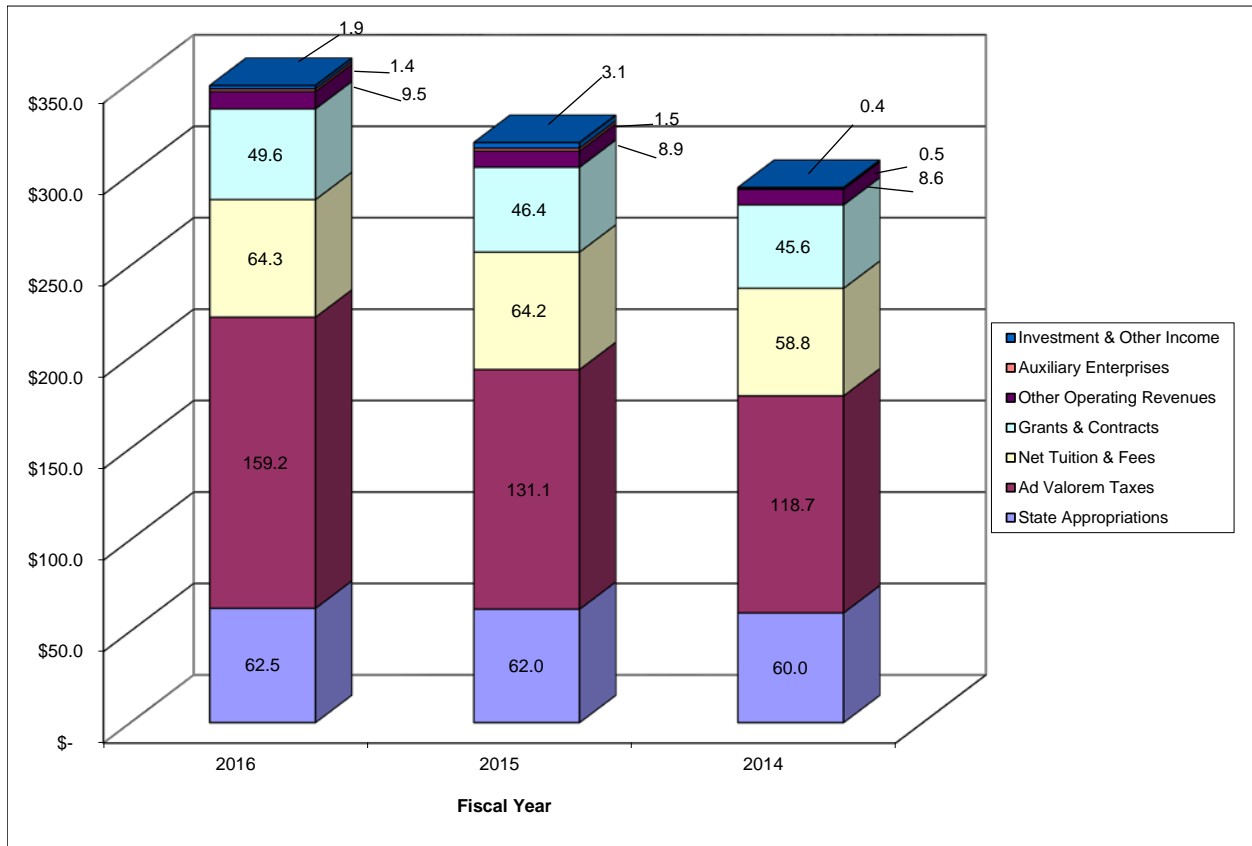
- State appropriations, which are categorized as non-operating revenues, were \$62.5 million in 2016, and increase of \$0.5 million over 2015. In 2015, state appropriations were \$62.0, and increase of \$2.0 million over 2014. This increase was due to the appropriation for the Adult Career Education program for which the College has been named the program administrator of this statewide program.
- Tuition and Fees, net of discounts, were up \$0.2 million in 2016. Gross Tuition and Fees increased due to a \$20 per credit hour increase in the Out of District Fee and a \$17 increase in the Out of State tuition rate, however this increase was offset by a \$2 million increase tuition and fee discounts. In 2015, Tuition and Fees, net of discounts, were up \$5.4 million. This increase in revenue resulted from a \$2 increase per credit hour in the General Fee, along with a \$23 per credit hour increase in the Out of District Fee and a \$30 increase in the Out of State tuition rate. Tuition and Fees accounted for 18.5% of total revenue in the current year, compared to 20.2 % in 2015 and 20.1% in 2014.
- Grants and Contracts revenue increased in 2016 and 2015 due to the College being awarded additional grants.
- Other Operating Revenue, which includes interest income, continuing education programs, miscellaneous fees, property rental, and testing fees, totaled \$9.5 million in 2016 which was a slight increase of \$0.6 million over 2015.
- Ad valorem taxes, which are categorized as non-operating revenues, increased by \$28.1 million in 2016 and increased by \$12.4 million in 2015. Specifically, the College recognized \$159.2 million of ad valorem tax revenue in 2016, \$131.1 million in 2015, and \$118.7 million in 2014. The increase in 2016 is partly due to the increases in the debt service tax rate resulting from the November 2014 tax bond referendum approved by College voters, but also due to valuation and new property growth in the local tax base. The 2015 increase was due to a growing local economy and therefore increases in the taxable value of real estate properties, including the addition of new properties. Ad valorem taxes in 2016 were 45.7% of total revenues compared to 41.3% in 2015 and 40.6% in 2014. See graphical illustration on next page.

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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**Total Revenue by Source**  
(in Millions)

	<u>Fiscal Year</u>			<u>Change</u>	
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2015 to</u> <u>2016</u>	<u>2014 to</u> <u>2015</u>
<b>Revenue Sources:</b>					
State Appropriations	\$ 62.5	\$ 62.0	\$ 60.0	\$ 0.5	\$ 2.0
Ad Valorem Taxes	159.2	131.1	118.7	28.1	12.4
Net Tuition & Fees	64.3	64.2	58.8	0.1	5.4
Grants & Contracts	49.6	46.4	45.6	3.2	0.8
Other Operating Revenues	9.5	8.9	8.6	0.6	0.3
Auxiliary Enterprises	1.4	1.5	0.5	(0.1)	1.0
Investment & Other Income	1.9	3.1	0.4	(1.2)	2.7
<b>Total Revenue</b>	<b><u>\$ 348.4</u></b>	<b><u>\$ 317.2</u></b>	<b><u>\$ 292.6</u></b>	<b><u>\$ 31.2</u></b>	<b><u>\$ 24.6</u></b>



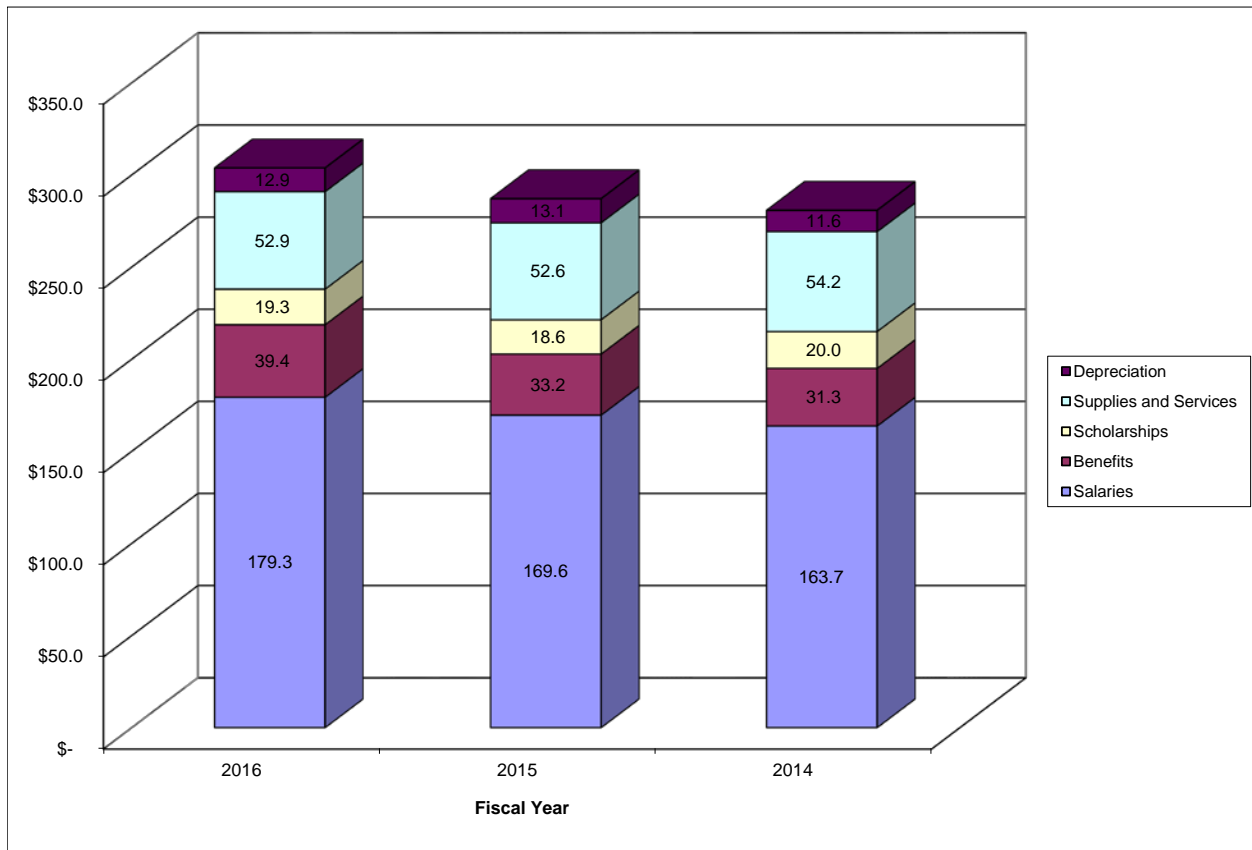


**AUSTIN COMMUNITY COLLEGE DISTRICT**  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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**Operating Expenses - Natural Classification**  
(in Millions)

	<u>Fiscal Year</u>			<u>Change</u>	
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2015</u> <u>to</u> <u>2016</u>	<u>2014</u> <u>to</u> <u>2015</u>
<b>Operating Expenses:</b>					
Salaries	\$ 179.3	\$ 169.6	\$ 163.7	\$ 9.7	\$ 5.9
Benefits	39.4	33.2	31.3	6.2	1.9
Scholarships	19.3	18.6	20.0	0.7	(1.4)
Supplies and Services	52.9	52.6	54.2	0.3	(1.6)
Depreciation	12.9	13.1	11.6	(0.2)	1.5
Total Operating Expenses	<u>\$ 303.8</u>	<u>\$ 287.1</u>	<u>\$ 280.8</u>	<u>\$ 16.7</u>	<u>\$ 6.3</u>



**AUSTIN COMMUNITY COLLEGE DISTRICT**  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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Factors impacting operating expenses by natural classification include the following:

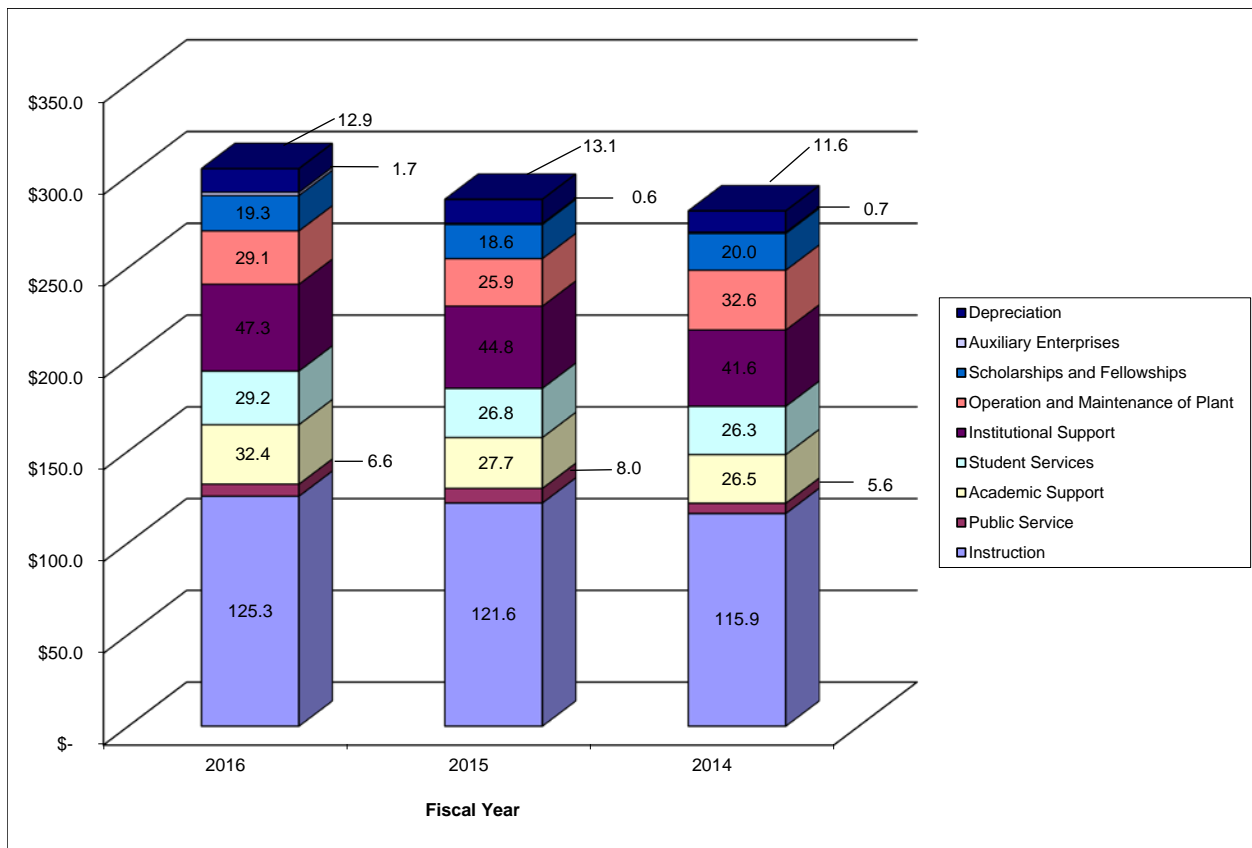
- In 2016, salary expense increased by \$9.7 million mostly due to 3% raise for all employees. Additionally, the College completed a comprehensive review of its compensation structure which resulted in various salary adjustments totaling about \$2.7 million. Salary expenses increased by \$5.9 million in 2015. This increase was mostly due to 2% raise for all employees. Additionally, there were new staff positions created in order to operate the new Hays and Highland campuses.
- In 2016 and 2015, benefits expense increased by \$6.2 million and \$1.9 million, respectively. This increase is due to increased premiums for health insurance, increased contribution rates for the College's retirement program, and benefits related to the increased salaries noted above.
- Other operating expenses increased by \$0.2 million in 2016 and decreased by \$1.5 million in 2015 and therefore have remained relatively flat the last few years.
- In 2016, depreciation expense was relatively unchanged with a \$0.2 million decrease. Depreciation expense increased in 2015 by \$1.5 million. The increases are primarily due to addition of buildings at the Elgin Campus, Hays Campus and Highland Campus.
- Total scholarship costs for 2016 were \$19.3 million, compared to \$18.6 million in 2015 and \$20.0 million in 2014. This expense has stayed relatively unchanged with only a \$0.7 million decrease over the last three years.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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**Operating Expenses - Functional Classification**  
(in Millions)

	<u>Fiscal Year</u>			<u>Change</u>	
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2015 to 2016</u>	<u>2014 to 2015</u>
<b>Operating Expenses:</b>					
Instruction	\$ 125.3	\$ 121.6	\$ 115.9	\$ 3.7	\$ 5.7
Public Service	6.6	8.0	5.6	(1.4)	2.4
Academic Support	32.4	27.7	26.5	4.7	1.2
Student Services	29.2	26.8	26.3	2.4	0.5
Institutional Support	47.3	44.8	41.6	2.5	3.2
Operation and Maintenance of Plant	29.1	25.9	32.6	3.2	(6.7)
Scholarships and Fellowships	19.3	18.6	20.0	0.7	(1.4)
Auxiliary Enterprises	1.7	0.6	0.7	1.1	(0.1)
Depreciation	12.9	13.1	11.6	(0.2)	1.5
<b>Total Operating Expenses</b>	<b><u>\$ 303.8</u></b>	<b><u>\$ 287.1</u></b>	<b><u>\$ 280.8</u></b>	<b><u>\$ 16.7</u></b>	<b><u>\$ 6.3</u></b>



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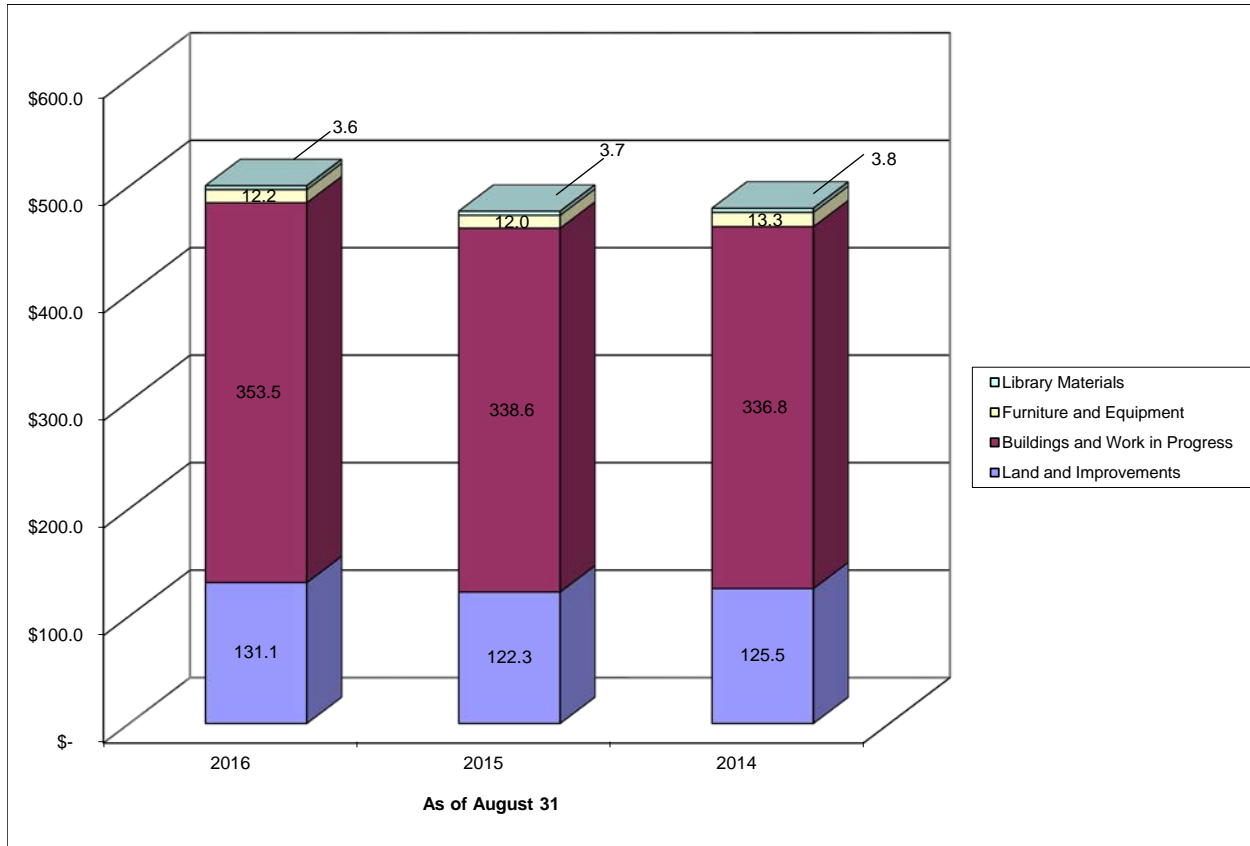
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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In 2016 and 2015, the functional expense increases were due to salary raises and higher benefit and retirement costs, plus the first full year of operation for the new Hays and Highland campuses.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

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

	August 31			Change	
	2016	2015	2014	2015 to 2016	2014 to 2015
<b>Capital Assets:</b>					
Land and Improvements	\$ 131.1	\$ 122.3	\$ 125.5	\$ 8.8	\$ (3.2)
Buildings and Work in Progress	353.5	338.6	336.8	14.9	1.8
Furniture and Equipment	12.2	12.0	13.3	0.2	(1.3)
Library Materials	3.6	3.7	3.8	(0.1)	(0.1)
Works of Art	0.1	0.1	0.1	-	-
<b>Total Capital Assets</b>	<b>\$500.5</b>	<b>\$476.7</b>	<b>\$479.5</b>	<b>\$ 23.8</b>	<b>\$ (2.8)</b>



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

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

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The College had \$500.5 million, \$476.7 million, and \$479.5 million net capital assets, at August 31, 2016, 2015, and 2014, respectively. The amount of accumulated depreciation was \$117.3 million, \$105.0 million and \$92.3 million for fiscal years 2016, 2015, and 2014, respectively. Depreciation charges totaled \$12.9 million, \$13.1 million and \$11.6 for fiscal years 2016, 2015, and 2014, respectively.

Changes in net capital assets are the result of acquisitions, improvements, deletions, and changes in accumulated depreciation. In 2016, the College began construction on several major projects as part of the voter approved 2014 bond referendum. As such, there was an increase in Construction in Progress of \$21.3 million. Additionally the College completed the acquisition of 124 acres of land in Southeast Travis County for a total cost of \$10.5 million. During 2014, the College completed construction of the Highland Campus, Phase 1 (\$48.7 million) and the Hays Campus (\$31.4 million).

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

More detailed information about the College's capital assets is presented in Note 7 of the Basic Financial Statements.

***Debt Administration***

At August 31, 2016, the College had approximately \$701.2 million in outstanding debt, compared to \$637.4 million in 2015 and \$467.4 million in 2014. The increase in 2016 mostly resulted from the \$75 million Series 2016 Limited Tax Bonds, which was partially offset by principal payments made during the year. The increase in 2015 mostly resulted from the \$165.2 million Series 2015 Limited Tax Bonds, which was partially offset by principal payments made during the year.

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

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

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

	August 31			Change	
	2016	2015	2014	2015 to 2016	2014 to 2015
<b>Outstanding Debt:</b>					
Revenue Bonds	\$ 178.6	\$ 178.3	\$ 181.7	\$ 0.3	\$ (3.4)
General Obligation Bonds	334.7	265.6	92.5	69.1	173.1
Lease Revenue Bonds - PFC	187.7	192.7	191.8	(5.0)	0.9
Capital Leases	0.2	0.8	1.4	(0.6)	(0.6)
Total Outstanding Debt	\$701.2	\$637.4	\$467.4	\$ 63.8	\$ 170.0

On May 4, 2014, the College issued \$26,640,000 in Combined Fee Revenue Refunding Bonds, Series 2016A and \$21,870,000 in Combined Fee Revenue Refunding Bonds, Taxable Series 2016B. The Bonds were issued to refund certain outstanding Revenue Bonds issued in 2009 and 2011, respectively, and to pay for the costs of issuing the Bonds.

On August 17, 2016, the College issued \$65,260,000 in Limited Tax Bonds, Series 2016A and \$11,230,000 in Limited Tax Refunding Bonds, Series 2016B. The Series 2016A bonds were the second tranche of the 2014 bond referendum and will be used for the construction, renovation, and equipment of College buildings district-wide. The Series 2016B bonds were issued to refund certain outstanding bonds issued in 2006 and to pay for the costs of issuing the Bonds.

On December 1, 2014, the College issued \$13,685,000 in Combined Fee Revenue Refunding Bonds, Series 2014A and \$23,085,000 in Combined Fee Revenue Refunding Bonds, Taxable Series 2014B. The Bonds were issued to refund certain outstanding Revenue Bonds issued in 2005 and 2011 and to pay for the costs of issuing the Bonds.

On May 1, 2015, the PFC issued \$105,580,000 in Lease Revenue Refunding Bonds, Series 2015. The Bonds were issued to refund certain outstanding Lease Revenue Bonds issued in 2008 and to pay the costs of issuance related to the Bonds.

On June 1, 2015, the College issued \$165,195,000 in Limited Tax Bonds, Series 2015. The Bonds were issued for the construction, renovation, and equipment of College buildings district-wide. Among other projects, the bonds were issued for the renovation and repurposing of Highland Mall, the construction of a northwest campus in Leander, the acquisition of real property for the southeast Travis County regional workforce training center, the expansion of the Hays, Round Rock, and Elgin campuses and to pay for the bonds cost of issuance.

The College did not issue any long-term debt in 2014.

For 2016, the College's bond ratings, assigned by Moody's Investors Service and Standard and Poor's Rating Services, are "Aa1" and "AA+" for general obligation bonds, "Aa2" and "AA" for lease revenue bonds, and "A1" and "AA-" for combined fee revenue bonds, respectively. Prior to 2006, the College purchased financial guaranty insurance in order to get a higher rating on all the

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

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

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outstanding bond issues. However, due to upgrades in the College's bond ratings and other market conditions, the College has not purchased insurance on any bonds since 2006.

More detailed information about the College's long-term liabilities is presented in Notes 8, 9, and 10 of the Basic Financial Statements.

**Economic Factors That Will Affect the Future**

The economic position of the College is influenced in part by the economic position of the State of Texas and of the Austin-Round Rock-San Marcos Metropolitan Statistical Area. State appropriations are expected to be approximately \$63 million for fiscal year 2017, in accordance with the funding awarded for the State's 2016-2017 biennium. This is a slight increase, about 1%, from the appropriation received in 2016.

Tax revenues in 2017 are projected to increase by \$20.5 million or 12.9% to \$179.7 million from \$159.2 million in 2016, and \$131.1 million in 2015. The expected increase in 2017 and 2016 is partly due to the increases in the debt service tax rate resulting from the November 2014 tax bond referendum approved by College voters, but also due to valuation and new property growth in the local tax base.

Tuition and fee revenue for 2017 is projected to be approximately \$67.4 million which is an increase of about 5% compared to \$64.4 million in 2016. The College did not increase In-district Tuition rates for 2017, but did increase the Out-of-District Fee by \$56 per credit hour, which is the fee paid by those students who do not pay ad valorem taxes to the College. Additionally, the College increased Out-of-State Tuition by \$58 per credit hour.

These projected increases in revenue will be necessary to fund new or increased expenses in instructional and support functions as the College continues to achieve the College's Student Success Goals. The College's 2017 budget is balanced and structurally sound; however the College will continue to face challenges in the future to fund anticipated increases in demands for services provided by community colleges.

## **BASIC FINANCIAL STATEMENTS**



**AUSTIN COMMUNITY COLLEGE DISTRICT**  
Austin, Texas

**STATEMENTS OF NET POSITION**  
August 31, 2016 and 2015

	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 54,360,445	\$ 36,787,490
Restricted Cash & Cash Equivalents	20,944,269	18,140,346
Investments	34,300,983	33,941,050
Accounts Receivable (Net) (See Note 18)	21,278,180	21,190,745
Other Assets	6,779,119	6,337,208
Prepaid Expenses	2,077,354	1,937,374
Total Current Assets	139,740,350	118,334,213
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	11,830,833	44,628,770
Restricted Investments	207,865,662	133,572,094
Other Assets	-	30,715
Capital Assets (Net) (See Note 7)	500,478,719	476,717,750
Total Noncurrent Assets	720,175,214	654,949,329
Total Assets	\$ 859,915,564	\$ 773,283,542
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Charge on Refunding Debt	12,368,473	11,733,477
Deferred Outflow on Pension Liability	18,106,897	7,119,192
Total Deferred Outflows	\$ 30,475,370	\$ 18,852,669
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	7,326,341	6,236,020
Accrued Liabilities	6,870,750	7,573,665
Accrued Compensable Absences - Current Portion	3,453,938	3,208,301
Funds Held for Others	235,769	669,105
Unearned Revenues	49,710,178	44,982,174
Capital Leases - Current Portion	275,816	567,322
Bonds Payable - Current Portion	15,457,038	16,808,677
Total Current Liabilities	83,329,830	80,045,264

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

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
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**STATEMENTS OF NET POSITION (Continued)**  
August 31, 2016 and 2015

	<b>2016</b>	<b>2015</b>
Noncurrent Liabilities:		
Accrued Compensable Absences	2,828,716	2,510,764
Unearned Revenues	134,583	229,583
OPEB Payable	2,960,132	2,579,673
TRS Pension Liability	47,029,919	40,130,541
Capital Leases	-	275,816
Bonds Payable	685,480,540	619,803,650
Total Noncurrent Liabilities	738,433,890	665,530,027
Total Liabilities	\$ 821,763,720	\$ 745,575,291
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflow on Pension Liability	16,613,852	12,276,051
<b>NET POSITION</b>		
Net Investment in Capital Assets	45,476,227	42,854,449
Restricted for:		
Expendable		
Scholarships	1,292,648	1,115,232
Departmental Activities	113,265	94,855
Debt Service	14,428,600	13,021,285
Unrestricted (Deficit)	(9,297,378)	(22,800,952)
Total Net Position (Schedule D)	\$ 52,013,362	\$ 34,284,869

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

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
Austin, Texas

**STATEMENTS OF FINANCIAL POSITION OF ACC FOUNDATION**  
**(A Component Unit of Austin Community College District)**  
May 31, 2016 and 2015

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	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,393,217	\$ 1,293,479
Investments (Note 27C)	6,294,785	6,284,428
Accrued Interest/Dividends Receivable	20,442	20,708
Promises to Give (Note 27D)	772,370	717,800
Total Assets	<b>\$ 8,480,814</b>	<b>\$ 8,316,415</b>
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities	-	-
Net Assets		
Unrestricted	601,261	602,200
Temporarily Restricted (Note 27G)	2,561,104	2,690,444
Permanently Restricted (Note 27F)	5,318,449	5,023,771
Total Net Assets	8,480,814	8,316,415
Total Liabilities and Net Assets	<b>\$ 8,480,814</b>	<b>\$ 8,316,415</b>

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

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
Austin, Texas

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
For The Years Ended August 31, 2016 and 2015

	<b>2016</b>	<b>2015</b>
<b>OPERATING REVENUES</b>		
Tuition and Fees (Net of Discounts of \$38,069,482 and \$36,176,823, Respectively)	\$ 64,354,364	\$ 64,209,335
Federal Grants and Contracts	6,302,994	6,347,487
State Grants and Contracts	7,665,315	5,924,292
Local Grants and Contracts	198,770	206,842
Non-Governmental Grants and Contracts	2,735,151	1,391,343
Sales and Services of Educational Activities	6,472,144	5,134,260
Auxiliary Enterprises	1,385,572	1,523,794
General Operating Revenues	2,988,588	3,777,693
Total Operating Revenues (Schedule A)	92,102,898	88,515,046
<b>OPERATING EXPENSES</b>		
Instruction	125,340,680	121,622,993
Public Service	6,624,700	8,012,733
Academic Support	32,368,500	27,702,925
Student Services	29,205,130	26,822,153
Institutional Support	47,261,001	44,835,367
Operation and Maintenance of Plant	29,104,224	25,849,863
Scholarships and Fellowships	19,265,966	18,640,887
Auxiliary Enterprises	1,734,452	608,140
Depreciation	12,886,750	13,064,484
Total Operating Expenses (Schedule B)	303,791,403	287,159,545
Operating Loss	(211,688,505)	(198,644,499)
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
State Appropriations	62,494,165	62,036,062
Ad Valorem Taxes	159,229,502	131,067,317
Federal Revenue, Non Operating	32,723,899	32,488,418
Gifts	8,967	9,925
Investment Income	1,919,049	374,951
Interest on Capital Related Debt	(26,922,459)	(22,676,547)
Gains (Losses) on Disposal of Capital Assets	(36,125)	2,685,047
Net Non-Operating Revenues (Schedule C)	229,416,998	205,985,173
Increase in Net Position	17,728,493	7,340,674
<b>NET POSITION</b>		
Net Position, Beginning of Year, as Previously Stated	34,284,869	72,412,266
Cumulative Effect of Change in Accounting Principle (Note 2)		(45,468,071)
Net Position, Beginning of Year, as Restated	34,284,869	26,944,195
Net Position, End of Year	\$ 52,013,362	\$ 34,284,869

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

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
Austin, Texas

**STATEMENTS OF ACTIVITIES OF ACC FOUNDATION**  
**(A Component Unit of Austin Community College District)**  
**For The Years Ended May 31, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>CHANGES IN UNRESTRICTED NET ASSETS:</b>		
Revenues		
Contributions	\$ 303,912	\$ 39,503
Interest and Dividend Income	48,085	56,301
Investment Gains (Losses)	(45,807)	8,261
Net Assets Released from Restrictions	902,671	626,595
Total Unrestricted Revenues	1,208,861	730,660
Expenses		
Program Services	980,499	646,549
General and Administrative	180,963	11,857
Fundraising	48,338	-
Total Expenses	1,209,800	658,406
Increase (Decrease) in Unrestricted Net Assets	(939)	72,554
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:</b>		
Contributions	744,590	485,569
Interest and Dividend Income	273,427	317,980
Investment Gains	(244,686)	40,787
Net Assets Released from Restrictions	(902,671)	(626,595)
Increase in Temporarily Restricted Net Assets	(129,340)	217,741
<b>CHANGES IN PERMANENTLY RESTRICTED NET ASSETS:</b>		
Contributions	294,414	242,018
Interest and dividends	264	321
Increase in Permanently Restricted Net Assets	294,678	242,339
Change in Net Assets	164,399	532,634
Net Assets, Beginning of Year	8,316,415	7,783,781
Net Assets, End of Year	\$ 8,480,814	\$ 8,316,415

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

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
Austin, Texas

**STATEMENTS OF CASH FLOWS**  
For The Years Ended August 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Students and Other Customers	\$ 70,782,790	\$ 66,814,230
Receipts from Grants and Contracts	17,175,027	16,488,507
Other Receipts	6,722,319	7,841,023
Payment of Student Loans	-	(27,609)
Payments to or On-Behalf of Employees	(200,148,389)	(191,584,127)
Payments to Suppliers for Goods and Services	(54,762,953)	(54,587,313)
Payments for Scholarships and Fellowships	(19,707,878)	(19,496,312)
Net Cash Used by Operating Activities	<u>(179,939,084)</u>	<u>(174,551,601)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Receipts from Ad Valorem Taxes	159,386,162	130,774,112
Receipts from State Appropriations	50,165,062	50,450,804
Receipts from Title IV Federal Financial Aid Programs	31,994,771	32,488,418
Receipts (Payments) to Student Organizations and Other Agencies	(433,335)	292,783
Net Cash Used by Non-Capital Financing Activities	<u>241,112,660</u>	<u>214,006,117</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Proceeds from Issuance of Capital Debt	76,497,197	176,405,152
Proceeds from the Sale of Capital Assets	25,380	3,805,850
Other Payments Associated with Issuance of Capital Debt	(1,924,946)	(10,852,055)
Purchases of Capital Assets	(36,017,272)	(11,711,883)
Payments on Capital Debt and Leases - Principal	(13,718,743)	(12,178,872)
Payments on Capital Debt and Leases - Interest	(26,205,317)	(16,795,297)
Net Cash Used by Capital and Related Financing Activities	<u>(1,343,701)</u>	<u>128,672,895</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from Sales and Maturities of Investments	58,893,312	31,777,576
Interest on Investments	1,895,761	91,933
Purchase of Investments	(133,040,007)	(167,867,131)
Net Cash Used by Investing Activities	<u>(72,250,934)</u>	<u>(135,997,622)</u>
Increase (Decrease) in Cash and Cash Equivalents	(12,421,059)	32,129,789
Cash and Cash Equivalents, Beginning of Year	99,556,606	67,426,817
Cash and Cash Equivalents, End of Year	<u>\$ 87,135,547</u>	<u>\$ 99,556,606</u>

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

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
Austin, Texas

**STATEMENTS OF CASH FLOWS**  
For The Years Ended August 31, 2016 and 2015

<b>RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</b>	<b>2016</b>	<b>2015</b>
Operating Loss	\$ (211,388,505)	\$ (198,644,499)
Adjustments to Reconcile Net Operating Loss to Net Cash Used in Operating Activities		
State On-Behalf Payments	14,829,102	11,585,258
Depreciation Expense	12,886,750	13,064,484
Changes in Assets and Liabilities:		
Receivables (Net)	(282,605)	3,125,928
Other Assets	(207,413)	277,167
Deferred Charges	(441,911)	(855,425)
Deferred Outflows	(10,987,705)	(7,119,192)
Accounts Payable	1,078,647	(2,381,901)
Accrued Liabilities	(479,513)	(637,948)
Compensated Absences	563,589	212,129
OPEB Payable	380,459	372,884
TRS Pension Liability	6,899,378	(5,337,529)
Unearned Revenues	2,862,131	(489,008)
Deferred Inflows	4,348,512	12,276,051
Net Cash Used in Operating Activities	\$ (179,939,084)	\$ (174,551,601)

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

Non-Cash Gifts	\$ 8,967	\$ 9,925
Change in Fair Value of Investments	\$ (61,798)	\$ (114,379)
Deferred Loss on Refunding Debt	\$ 645,707	\$ 11,733,477

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2016 and 2015**

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**NOTE 1. REPORTING ENTITY**

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

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

***Blended Component Unit***

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

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

***Discrete Component Unit***

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



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2016 and 2015**

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

The Foundation is a Texas nonprofit corporation chartered in 1991 to provide supplemental financial resources to advance the institutional goals and expand the educational services of the College. It is the intention of the Foundation to support educational initiatives which will enhance the quality of facilities and instruction, increase and diversify educational services, and improve accessibility to educational opportunities for students, faculty, staff, and residents of the geographic areas served by the College. The Foundation is governed by up to thirty board members with each member serving a three-year term. It is accounted for separately in the Basic Financial Statements of the College and has a May 31 fiscal year end. The Foundation's Notes to Financial Statements are disclosed in Note 27. Complete financial statements of the Austin Community College Foundation can be obtained from the business office of the College.

***Other Organizations***

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

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

***Reporting Guidelines***

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

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

***Basis of Accounting***

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2016 and 2015**

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

***Tuition Discounting***

*Texas Public Education Grants (TPEG):*

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

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

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

*Tuition Remissions and Exemptions:*

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

***Budgetary Data***

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

***Cash and Cash Equivalents***

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

Board policy requires the College to maintain a minimum unrestricted, unallocated cash and investments level of 16.7% of budgeted total annual expenses plus total accounts payable. The College was in compliance with this policy as of August 31, 2016 and 2015.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2016 and 2015**

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

***Investments***

The College reports investments in accordance with GASB Statement No. 31, *Accounting and Financial reporting for Certain Investments and External Investment Pools*, and GASB Statement No. 72, *Fair Value Measurement and Application*. The College reports investment in debt securities at fair value using other observable significant inputs including but not limited to quoted prices for similar securities, interest rates, prepayment speeds, and credit risk. Certificate of deposit are reported at cost plus accrued interest. The College reports its investment in local government investment pools and SEC registered money market mutual funds at published net asset values per share. Short-term investments have an original maturity date greater than three months but less than one year at the time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

***Capital Assets***

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2016 and 2015**

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

***Deferred Outflows of Resources***

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

***Deferred Inflows of Resources***

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

***Net Position***

The College's net position is classified as follows:

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

*Restricted Net Position, Nonexpendable:* Net Position, such as endowments and similar type funds, which are subject to externally imposed stipulations requiring that the funds be maintained permanently by the College. The College has no restricted net position nonexpendable at fiscal year 2016 and 2015.

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2016 and 2015**

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

***Unearned Revenues***

Tuition, fees, and other revenues received and related to periods after August 31, 2016 or 2015, respectively, will be recognized in subsequent fiscal years.

***Estimates***

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

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

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

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

***Reclassification***

Certain reclassifications have been made in the prior year's financial statements to conform to the current year's presentation.

***Pensions***

For the fiscal year ended August 31, 2015, the College implemented 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*. The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined based on the flow of economic resource measurement focus and 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2016 and 2015**

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

***Restatement of Beginning Net Position***

For the fiscal year ending August 31, 2015, the College adopted GASB Statement No. 68, as amended by GASB Statement No. 71, which required a restatement to beginning net position for the recording of the beginning net pension liability and for the recording of deferred outflows of resources for contributions made after measurement date of the beginning net pension liability and the beginning of the reporting entity's fiscal year.

In accordance with GASB Statement No. 68, paragraph 137 if the restatement of all prior period presented is not practical, the cumulative effect of applying this Statement, if any, should be reported as a restatement of beginning net position for the earliest period restated. Information for the previous year is not available from TRS to record the net pension liability or related adjustments, therefore, the College restated net position as of September 1, 2014. Note 26, below, explains the effect of GASB Statement No. 68 implementation on the financial statements.

***New GASB Pronouncements***

The GASB has issued Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and no authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The requirements of this Statement are effective for financial statements beginning after June 15, 2015. This Statement was implemented for the fiscal year ending August 31, 2016. The adoption of this Statement did not to have any impact on the College's financial statements.

The GASB has issued Statement No. 77, Tax Abatement Disclosures. This Statement addresses financial statements prepared by state and local governments in conformity with generally accepted accounting principles are to provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability.

Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The requirements of this Statement are effective for financial statements beginning after December 15, 2015. This Statement is expected to be implemented for the fiscal year ending August 31, 2017. The College does not have any tax abatements.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2016 and 2015**

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

The GASB has issued Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The requirements of this Statement are effective for financial statements beginning after December 15, 2015. This Statement is expected to be implemented for the fiscal year ending August 31, 2017. The College does not expect this Statement to have any impact on the College's financial statements.

Effective September 1, 2015, the College implemented GASB Statement No. 72, *Fair Value Measurement and Application* (Statement No. 72), and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* (Statement No.79). Statement No. 72 addresses the accounting and reporting issues related to fair value measurements. Statement No 79 establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The adoption of these standards did not have a significant impact to the College's financial statements.

**NOTE 3. AUTHORIZED INVESTMENTS**

The College is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (PFIA) (Sec. 2256.001 Texas Government Code). The Board has adopted a written investment policy regarding the investment of its funds as defined in the PFIA. Such investments include (1) obligations of the United States or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than "A" by a national investment rating firm, (4) certificates of deposit, and (5) other instruments and obligations authorized by statute. During the years ended August 31, 2016 and 2015, the College was in compliance with the Public Funds Investment Act.

**NOTE 4. DEPOSITS AND INVESTMENTS**

At August 31, 2016 and 2015, the College had demand deposits with the carrying amount of \$25,052,478 and \$20,233,516, respectively, and total bank balances equaled \$25,236,182 and \$21,446,534, respectively.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2016 and 2015**

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

Bank balances up to \$250,000 were covered under the Federal Deposit Insurance Corporation (FDIC) for the years ended August 31, 2016 and 2015. Demand deposits not covered under the FDIC require pledged collateral with a fair value of at least 102% of the par value of the deposit.

Monthly collateral reports reporting the pledged securities and their fair values are required from each financial institution. As of August 31, 2016 and 2015, the College had demand deposits not covered under the FDIC in the amount of \$24,302,478 and \$20,446,534, respectively.

The College's investments in certificates of deposits require pledged collateral with a fair value of at least 102% of the par value of the deposit. In addition, monthly collateral reports, including the pledged securities and their fair values, are required from each financial institution. As of August 31, 2016 and 2015, the College had certificates of deposits in the amount of \$195,306,782 and \$94,378,157, respectively.

***Deposits***

The College had the following deposits as of August 31, 2016 and 2015:

Deposit Type	2016	2015
Petty Cash on Hand	\$ 21,265	\$ 18,294
Demand Deposits	24,371,482	20,233,516
Money Market Account	20,640,633	16,970,828
Investment Pools	39,212,012	57,623,662
Certificates of Deposit	195,306,782	94,378,157
Total Deposits	<u>\$ 279,552,174</u>	<u>\$ 189,224,457</u>

**Investments**

As of August 31, 2016 the College had the following investments:

Investment Type	2016	Weighted Average Maturity (Years)	Credit Exposure	Exposure Permitted by Investment Policy
Mutual Funds	2,890,154	0.00	6.94%	80%
Municipal Bonds	1,372,629	1.72	0.39%	25%
U.S. Agency Securities	45,487,235	1.98	13.83%	80%
Total Investments	<u>\$ 49,750,018</u>			



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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 4. DEPOSITS AND INVESTMENTS (Continued)**

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

Investment Type	2015	Weighted Average Maturity (Years)	Credit Exposure	Exposure Permitted by Investment Policy
Mutual Funds	4,710,306	0.00	8.78%	80%
Municipal Bonds	1,312,460	2.75	0.53%	25%
U.S. Agency Securities	71,822,527	1.48	29.10%	80%
Total Investments	<u>\$ 77,845,293</u>			

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

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

As of August 31, 2016 and 2015, the College had an investment of \$45,487,234 and \$71,822,527, respectively, in U.S. Agency Securities. All of those securities had a Moody's rating of Aaa. In addition, as of August 31, 2016 and 2015, the College had an investment of \$1,372,629 and \$1,312,460, respectively, in Municipal Bonds with a Moody's rating of Aaa.

The State Comptroller of Public Accounts exercises oversight responsibility over TexPool, the Texas Local Government Investment Pool, pursuant to the Interlocal Cooperation Act, Chapter 791, of the Texas Government Code. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. TexPool invests in securities that meet the requirements of the Texas Public Funds Investment Act. Standard & Poor rates TexPool AAA-m. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor, as well as to the Office of Comptroller of Public Accounts, for review. As of August 31, 2016 and 2015, the College had an investment of \$39,212,012 and \$57,623,662, in TexPool, the Texas Local Government Investment Pool.

The College believes TexPool operates in conformity with the requirements of GASB Statement No. 79. Accordingly, the TexPool qualifies as a 2a7-like pool and reports its investments using the amortized cost method. The College reports investments in TexPool as cash and cash equivalents.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 4. DEPOSITS AND INVESTMENTS (Continued)**

Reconciliation of Deposits and Investments to Statement of Net Position:

Type of Security	2016	2015
Total Deposits	279,552,174	189,224,457
Total Investments	49,750,018	77,845,293
Total Deposits and Investments	<u>\$ 329,302,192</u>	<u>\$ 267,069,750</u>

Per Statement of Net Position (Exhibit 1):

Cash and Cash Equivalents	\$ 54,360,445	36,787,490
Restricted Cash and Cash Equivalents (Current)	20,944,269	18,140,346
Restricted Cash and Cash Equivalents (Noncurrent)	11,830,833	44,628,770
Investments (Current)	34,300,983	33,941,050
Restricted Investments	207,865,662	133,572,094
Total Deposits and Investments	<u>\$ 329,302,192</u>	<u>\$ 267,069,750</u>

**NOTE 5. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The College categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Fair value measurements were arrived at using the following inputs at August 31, 2016 and 2015:

Description	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	2016
	Level 1	Level 2	Level 3	
Mutual Funds	\$ 2,890,155			\$ 2,890,155
U.S. Agency Securities	-	45,487,234		45,487,234
Municipal Bonds	-	1,372,629	-	1,372,629
Total	<u>\$ 2,890,155</u>	<u>\$ 46,859,863</u>	<u>\$ -</u>	<u>\$ 49,750,018</u>

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 5. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**

Description	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	2015
	Level 1	Level 2	Level 3	
Mutual Funds	\$ 4,710,306			\$ 4,710,306
U.S. Agency Securities	-	71,822,527		71,822,527
Municipal Bonds	1,312,460	-	-	1,312,460
<b>Total</b>	<b>\$ 6,022,766</b>	<b>\$ 71,822,527</b>	<b>\$ -</b>	<b>\$ 77,845,293</b>

**NOTE 6. DERIVATIVES**

Derivatives are investment products that may be a security or contract that derives its value from another security, currency, commodity, or index, regardless of the source of funds used. At August 31, 2016 and 2015, the College had not engaged in any derivative transactions either for investment purposes or as a risk management strategy.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 7. CAPITAL ASSETS**

Capital assets activity for the year ended August 31, 2016, was as follows:

	Balance September 1, 2015	Additions	Reductions	Transfers	Balance August 31, 2016
<b>Not Depreciated</b>					
Land	\$ 91,639,153		\$ -	\$ 10,624,178	\$ 102,263,331
Artwork	95,004	-	-	-	95,004
Construction in Progress	19,261,146	32,965,479	-	(11,636,666)	\$ 40,589,959
Subtotal	<u>110,995,303</u>	<u>32,965,479</u>	<u>-</u>	<u>(1,012,488)</u>	<u>142,948,294</u>
<b>Other Capital Assets</b>					
<b>Buildings and Building</b>					
Improvements	374,990,615	-	-	\$ 683,249	375,673,864
Infrastructure	2,913,746	-	-	-	2,913,746
<b>Other Real Estate</b>					
Improvements	45,424,251	-	-	329,239	45,753,490
Library Books	6,051,384	266,089	(316,371)	-	6,001,102
Furniture, Machinery, Vehicle & Other Equipment	36,187,862	3,483,230	(350,141)	-	39,320,951
Subtotal	<u>465,567,858</u>	<u>3,749,319</u>	<u>(666,512)</u>	<u>1,012,488</u>	<u>469,663,153</u>
<b>Accumulated Depreciation</b>					
<b>Buildings and Building</b>					
Improvements	55,692,776	7,107,603	-	-	62,800,379
Infrastructure	1,845,373	97,125	-	-	1,942,498
<b>Other Real Estate</b>					
Improvements	15,852,233	2,034,438	-	-	17,886,671
Library Books	2,354,196	347,534	(316,371)	-	2,385,359
Furniture, Machinery, Vehicle & Other Equipment	25,078,252	2,771,344	(283,061)	-	27,566,535
Subtotal	<u>100,822,830</u>	<u>12,358,044</u>	<u>(599,432)</u>	<u>-</u>	<u>112,581,442</u>
Net Other Capital Assets	<u>364,745,028</u>	<u>(8,608,725)</u>	<u>(67,080)</u>	<u>1,012,488</u>	<u>357,081,711</u>
<b>Assets Under Capital Leases</b>					
<b>Equipment</b>					
Equipment	5,204,784	-	-	-	5,204,784
<b>Accumulated Depreciation</b>					
Equipment	4,227,365	528,705	-	-	4,756,070
Net Lease Capital Assets	<u>977,419</u>	<u>(528,705)</u>	<u>-</u>	<u>-</u>	<u>448,714</u>
Net Capital Assets	<u>\$ 476,717,750</u>	<u>\$ 23,828,049</u>	<u>\$ (67,080)</u>	<u>-</u>	<u>\$ 500,478,719</u>

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2016 and 2015**

**NOTE 7. CAPITAL ASSETS (Continued)**

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

	Balance September 1, 2014	Additions	Reductions	Transfers	Balance August 31, 2015
Not Depreciated					
Land	\$ 92,751,965	\$ -	\$ (1,112,812)	\$ -	\$ 91,639,153
Artwork	95,004	-	-	-	95,004
Construction in Progress	11,756,751	8,985,222	-	(1,480,827)	19,261,146
Subtotal	<u>104,603,720</u>	<u>8,985,222</u>	<u>(1,112,812)</u>	<u>(1,480,827)</u>	<u>110,995,303</u>
Other Capital Assets					
Buildings and Building Improvements	373,509,788	-	-	1,480,827	374,990,615
Infrastructure	2,913,746	-	-	-	2,913,746
Other Real Estate Improvements	45,424,251	-	-	-	45,424,251
Library Books	6,025,451	275,733	(249,800)	-	6,051,384
Furniture, Machinery, Vehicle & Other Equipment	34,144,462	2,121,195	(77,795)	-	36,187,862
Subtotal	<u>462,017,698</u>	<u>2,396,928</u>	<u>(327,595)</u>	<u>1,480,827</u>	<u>465,567,858</u>
Accumulated Depreciation					
Buildings and Building Improvements	48,488,016	7,204,760	-	-	55,692,776
Infrastructure	1,748,248	97,125	-	-	1,845,373
Other Real Estate Improvements	13,821,989	2,030,244	-	-	15,852,233
Library Books	2,246,638	357,358	(249,800)	-	2,354,196
Furniture, Machinery, Vehicle & Other Equipment	22,301,765	2,846,291	(69,804)	-	25,078,252
Subtotal	<u>88,606,656</u>	<u>12,535,778</u>	<u>(319,604)</u>	<u>-</u>	<u>100,822,830</u>
Net Other Capital Assets	<u>373,411,042</u>	<u>(10,138,850)</u>	<u>(7,991)</u>	<u>1,480,827</u>	<u>364,745,028</u>
Assets Under Capital Leases					
Equipment	5,204,784	-	-	-	5,204,784
Accumulated Depreciation Equipment	3,698,659	528,706	-	-	4,227,365
Net Lease Capital Assets	<u>1,506,125</u>	<u>(528,706)</u>	<u>-</u>	<u>-</u>	<u>977,419</u>
Net Capital Assets	<u>\$ 479,520,887</u>	<u>\$ (1,682,334)</u>	<u>\$ (1,120,803)</u>	<u>\$ -</u>	<u>\$ 476,717,750</u>

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 8. LONG-TERM LIABILITIES**

Long-term liability activity for the year ended August 31, 2016, was as follows:

	Balance September 1, 2015	Additions	Reductions	Balance August 31, 2016	Current Portion
<b>Bonds</b>					
2002 Revenue Bonds	\$ 9,434,685	\$ 274,913	\$ (965,001)	\$ 8,744,598	\$ 432,344
2009A Revenue Bonds	29,954,930	-	(29,282,605)	672,325	125,000
2009B Revenue Bonds	2,061,887	-	(311,954)	1,749,933	325,000
2010 Revenue Bonds	2,701,830	-	(361,409)	2,340,421	345,000
2011A Revenue Bonds	18,960,000	-	(18,960,000)	-	-
2012 Revenue Bonds	77,041,948	-	(408,982)	76,632,966	150,000
2014A Revenue Bonds	15,092,274	-	(2,427,431)	12,664,843	2,110,000
2014B Revenue Bonds	23,085,000	-	(1,165,000)	21,920,000	1,310,000
2016A Revenue Bonds	-	32,134,476	(158,179)	31,976,296	-
2016B Revenue Bonds	-	21,870,000	-	21,870,000	-
Total Combined Fee Revenue Bonds	<u>\$ 178,332,555</u>	<u>\$ 54,279,389</u>	<u>\$ (54,040,561)</u>	<u>\$ 178,571,382</u>	<u>\$ 4,797,344</u>
2006 G.O. Bonds	18,312,639	455,112	(13,417,150)	5,350,601	1,069,694
2011 G.O. Bonds	27,527,541	-	(3,519,033)	24,008,508	540,000
2013 G.O. Bonds	43,627,217	-	(230,522)	43,396,695	-
2015 G.O. Bonds	176,119,216	-	(2,886,860)	173,232,357	2,710,000
2016 G.O. Bonds	-	75,693,490	(41,923)	75,651,567	2,250,000
2016 G.O. Bonds -Tax Refund	-	13,023,968	(4,620)	13,019,347	-
Total G.O. Bonds	<u>\$ 265,586,613</u>	<u>\$ 89,172,569</u>	<u>\$ (20,100,107)</u>	<u>\$ 334,659,076</u>	<u>\$ 6,569,694</u>
2010A Lease Revenue Bonds (PFC)	33,340,000	-	(210,000)	33,130,000	295,000
2012 Lease Revenue Bonds (PFC)	46,133,708	46,830	(160,544)	46,019,994	190,000
2015 Lease Revenue Bonds (PFC)	113,219,450	577,413	(5,239,737)	108,557,126	3,605,000
Total Lease Revenue Bonds (PFC)	<u>\$ 192,693,158</u>	<u>\$ 624,243</u>	<u>\$ (5,610,281)</u>	<u>\$ 187,707,120</u>	<u>\$ 4,090,000</u>
<b>Total Bonds</b>	<u>\$ 636,612,326</u>	<u>\$ 144,076,201</u>	<u>\$ (79,750,950)</u>	<u>\$ 700,937,578</u>	<u>\$ 15,457,038</u>
<b>Other Long-Term Liabilities</b>					
Capital Leases	843,138	-	(567,322)	275,816	275,816
Compensable Absences	5,719,065	4,017,527	(3,453,938)	6,282,654	3,453,938
OPEB Payable	2,579,673	380,459	-	2,960,132	-
Net Pension Liability	40,130,541	-	6,899,378	47,029,919	-
Unearned Revenue	324,583	-	(95,000)	229,583	95,000
<b>Total Other Long-Term Liabilities</b>	<u>\$ 49,597,000</u>	<u>\$ 4,397,986</u>	<u>\$ 2,783,118</u>	<u>\$ 56,778,104</u>	<u>\$ 3,824,754</u>
<b>Total Long-Term Liabilities</b>	<u>\$ 686,209,326</u>	<u>\$ 148,474,187</u>	<u>\$ (76,967,832)</u>	<u>\$ 757,715,683</u>	<u>\$ 19,281,792</u>

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 8. LONG-TERM LIABILITIES (Continued)**

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

	Balance September 1, 2014	Additions	Reductions	Balance August 31, 2015	Current Portion
<b>Bonds</b>					
2002 Revenue Bonds	\$ 8,940,432	\$ 494,253	\$ -	\$ 9,434,685	\$ 202,041
2005 Revenue Bonds	17,019,883	-	(17,019,883)	-	-
2009A Revenue Bonds	30,308,608	-	(353,678)	29,954,930	238,724
2009B Revenue Bonds	3,580,277	-	(1,518,390)	2,061,887	311,954
2010 Revenue Bonds	3,056,646	-	(354,816)	2,701,830	361,409
2011 Revenue Bonds	22,225,000	-	(22,225,000)	-	-
2011A Revenue Bonds	19,310,000	-	(350,000)	18,960,000	-
2012 Revenue Bonds	77,296,190	-	(254,242)	77,041,948	408,982
2014A Revenue Bonds	-	15,436,556	(344,281)	15,092,275	2,427,431
2014B Revenue Bonds	-	23,085,000	-	23,085,000	1,165,000
Total Combined Fee Revenue Bonds	<u>181,737,036</u>	<u>39,015,809</u>	<u>(42,420,290)</u>	<u>178,332,555</u>	<u>5,115,541</u>
2006 G.O. Bonds	18,383,040	414,396	(484,797)	18,312,639	70,684
2011 G.O. Bonds	29,708,058	-	(2,180,517)	27,527,541	3,519,032
2013 G.O. Bonds	44,362,945	-	(735,728)	43,627,217	230,522
2015 G.O. Bonds	-	176,405,152	(285,935)	176,119,217	2,886,860
Total G.O. Bonds	<u>92,454,043</u>	<u>176,819,548</u>	<u>(3,686,977)</u>	<u>265,586,614</u>	<u>6,707,098</u>
2008 Lease Revenue Bonds (PFC)	112,119,226	-	(112,119,226)	-	-
2010A Lease Revenue Bonds (PFC)	33,470,000	-	(130,000)	33,340,000	210,000
2012 Lease Revenue Bonds (PFC)	46,243,521	-	(109,813)	46,133,708	113,714
2015 Lease Revenue Bonds (PFC)	-	118,319,351	(5,099,901)	113,219,450	4,662,324
Total Lease Revenue Bonds (PFC)	<u>191,832,747</u>	<u>118,319,351</u>	<u>(117,458,940)</u>	<u>192,693,158</u>	<u>4,986,038</u>
<b>Total Bonds</b>	<u>466,023,826</u>	<u>334,154,708</u>	<u>(163,566,207)</u>	<u>636,612,327</u>	<u>16,808,677</u>
<b>Other Long-Term Liabilities</b>					
Capital Leases	1,402,011	-	(558,873)	843,138	567,322
Compensable Absences	5,506,936	3,420,430	(3,208,301)	5,719,065	3,208,301
OPEB Payable	2,206,789	372,884	-	2,579,673	-
Net Pension Liability	-	40,130,541	-	40,130,541	-
Unearned Revenue	419,583	-	(95,000)	324,583	95,000
<b>Total Other Long-Term Liabilities</b>	<u>9,535,319</u>	<u>43,923,855</u>	<u>(3,862,174)</u>	<u>49,597,000</u>	<u>3,870,623</u>
<b>Total Long-Term Liabilities</b>	<u>\$ 475,559,145</u>	<u>\$ 378,078,563</u>	<u>\$ (167,428,381)</u>	<u>\$ 686,209,327</u>	<u>\$ 20,679,300</u>

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 9. DEBT AND LEASE OBLIGATIONS**

The debt service requirement at August 31, 2016 is summarized below:

For Year Ended August 31,	General Obligation Bonds		Combined Fee Revenue Bonds		Lease Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest (1)
2017	\$ 6,569,694	\$ 14,905,338	\$ 4,797,344	\$ 6,502,949	\$ 4,090,000	\$ 8,048,877
2018	6,548,965	14,952,434	5,804,780	6,347,923	4,675,000	7,927,763
2019	8,665,000	12,802,749	6,176,574	6,157,960	5,105,000	7,706,400
2020	9,045,000	12,414,699	6,236,637	5,946,061	5,560,000	7,467,112
2021	9,495,000	11,962,449	7,246,011	5,719,165	6,045,000	7,206,038
2022 -2026	54,510,000	52,377,314	40,561,749	26,493,190	38,885,000	31,161,612
2027 - 2031	68,470,000	38,608,444	43,785,000	12,872,619	57,265,000	20,334,162
2032 - 2036	66,190,000	22,841,519	42,255,000	5,215,200	53,490,000	6,432,431
2037 - 2041	38,210,000	11,995,200	8,725,000	141,781	-	-
2042 - 2045	36,450,000	3,716,400	-	-	-	-
<b>SubTotal</b>	<b>\$ 304,153,659</b>	<b>\$ 196,576,544</b>	<b>\$ 165,588,095</b>	<b>\$ 75,396,849</b>	<b>\$ 175,115,000</b>	<b>\$ 96,284,394</b>
Net premium	27,464,202	-	8,345,730	-	12,592,120	-
Accreted Interest	3,041,216	-	4,637,557	-	-	-
<b>Total</b>	<b>\$ 334,659,076</b>	<b>\$ 196,576,544</b>	<b>\$ 178,571,382</b>	<b>\$ 75,396,849</b>	<b>\$ 187,707,120</b>	<b>\$ 96,284,394</b>

**Note:**

(1) Future interest amount is shown net of "Build America Bonds" Federal subsidy. As "Build America Bonds," the PFC will receive, in general, periodic Federal Payments from the United States Treasury equal to 35% of the interest payable on its Taxable Series 2010A bonds. However, these payments are subject to sequestration in accordance with the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985. As such, refund payments processed on or after October 1, 2015 until September 30, 2016 will be reduced by the fiscal year sequestration rate of 6.8 percent for an actual 32.62% payment from the United States Treasury.

General information related to general obligation, combined fee revenue bonds and lease revenue bonds payable is summarized below.

**General Obligation Bonds**

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



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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2016 and 2015**

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**NOTE 9. DEBT AND LEASE OBLIGATIONS (Continued)**

In November 2014, the College voters passed a bond referendum authorizing the College to issue up to \$386 million in General Obligation Bonds. In June 2015, the College issued \$165 million of that authorized amount in the Limited Tax Bonds, Series 2015 leaving a remaining authorized, unissued amount of \$221 million. In August 2016, the College issued the second tranche of bonds which was the Limited Tax Bond, Series 2016 for \$75 million. Therefore, the amount of authorized, unissued bonds remaining for the 2014 bond referendum is \$146 million.

- Limited Tax Bonds, Series 2016.
  - To construct, renovate and equipment of College buildings district-wide, including Highland Mall renovation and construction of the Leander Campus.
  - Issued August 17, 2016.
  - Total authorized \$65,260,000; all authorized bonds have been issued.
  - Source of revenue for debt service is ad valorem taxes.
  - Outstanding principal balance as of August 31, 2016 and 2015 is \$65,260,000 and \$0.00, respectively.
  - Interest rates varying from 3.0% to 5.0%.
  
- Limited Tax Refunding Tax Bonds, Series 2016.
  - To refund a portion of Series 2006 Bonds.
  - Issued August 17, 2016.
  - Total authorized \$11,230,000; all authorized bonds have been issued.
  - Source of revenue for debt service is ad valorem taxes.
  - Outstanding principal balance as of August 31, 2016 and 2015 is \$11,230,000 and \$0.00, respectively.
  - Interest rates varying from 4.0% to 5.0%.
  
- Limited Tax Bonds, Series 2015.
  - To construct, renovate and equip College buildings district-wide, including Highland Mall renovation, construction of the Leander Campus, acquisition of southeast real property, and the expansion of the Hays, Round Rock, and Elgin campuses.
  - Issued June 1, 2015.
  - Total authorized \$165,195,000; all authorized bonds have been issued.
  - Source of revenue for debt service is ad valorem taxes.
  - Outstanding principal balance as of August 31, 2016 and 2015 is \$163,460,000 and \$165,195,000 respectively.
  - Interest rates varying from 3.0% to 5.0%.
  
- Limited Tax Bonds Refunding, Series 2013.
  - To refund a portion of Series 2003 and 2004 bonds.
  - Issued April 1, 2013.
  - Total authorized \$40,745,000; all authorized bonds have been issued.
  - Source of revenue for debt service is ad valorem taxes.
  - Outstanding principal balance as of August 31, 2016 and 2015 is \$40,240,000 and \$40,240,000, respectively.
  - Interest rates varying from 3.125% to 5.0%.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 9. DEBT AND LEASE OBLIGATIONS (Continued)**

- Limited Tax Bonds Refunding, Series 2011.
  - To refund a portion of Series 2003 and 2004 bonds.
  - Issued December 1, 2011.
  - Total authorized \$28,200,000; all authorized bonds have been issued.
  - Source of revenue for debt service is ad valorem taxes.
  - Outstanding principal balance as of August 31, 2016 and 2015 is \$21,920,000 and \$24,915,000, respectively.
  - Interest rates varying from 3.0% to 5.0%.
  
- Limited Tax Bonds Refunding, Series 2006.
  - To refund a portion of Series 2003 and 2004 bonds.
  - Issued December 12, 2006.
  - Total authorized \$17,573,659; \$15,530,000 Current Interest Bonds and \$2,043,659 Capital Appreciation Bonds; all authorized bonds have been issued.
  - Source of revenue for debt service is ad valorem taxes.
  - Outstanding principal balance as of August 31, 2016 and 2015 is \$2,043,659 and \$15,138,659 respectively.
  - Interest rates varying from 4.0% to 9.6%.

**Combined Fee Revenue Bonds**

Repayment of the Combined Fee Revenue Bonds indebtedness is collateralized by a first lien on a pledge of certain tuition and fees described below. The bond indentures for all outstanding Revenue Bonds require that the College deposit into an interest and sinking fund the following: 1) Tuition Fee pledged at the maximum amount permitted by Section 130.123 of the Texas Education Code, as amended. Section 130.123 currently limits the maximum pledge to an amount equal to 25% of all tuition collections; 2) the General Fee of \$15 per semester credit hour from all nonexempt students for each semester and summer term; and 3) investment income derived from any and all funds. Such pledged tuition and fees amounted to \$27,138,388 and \$26,868,128 for the years ended August 31, 2016 and 2015, respectively. The pledged amount equates to 37.0% and 36.9% of the above revenue streams, respectively. The actual debt service payment for those years was \$10,968,079 and \$10,471,444, respectively.

Compared to the minimum required pledge-to-debt service coverage ratio of 1.25, the actual coverage ratio was 2.47 and 2.57, respectively. Revenue bonds payable are due in annual installments varying from \$125,000 to \$8,725,000, with interest rates ranging from 0.512% to 5.767% and the final installment due in 2037. The College has complied with all significant bond covenants for the years ended August 31, 2016 and 2015.

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**NOTE 9. DEBT AND LEASE OBLIGATIONS (Continued)**

- Combined Fee Revenue Refunding Bonds, Series 2016A.
  - To refund a portion of the outstanding Series 2009A Bonds.
  - Issued May 4, 2016.
  - Total authorized \$26,640,000; all authorized bonds have been issued.
  - Source of revenue for debt service is tuition and general fees.
  - Outstanding principal balance as of August 31, 2016 and 2015 is \$26,640,000 and \$0.00, respectively.
  - Interest rates varying from 4.0% to 5.0%.
  
- Combined Fee Revenue Refunding Bonds Taxable, Series 2016B.
  - To refund a portion of the outstanding Series 2011A Bonds.
  - Issued May 4, 2016.
  - Total authorized \$21,870,000; all authorized bonds have been issued.
  - Source of revenue for debt service is tuition and general fees.
  - Outstanding principal balance as of August 31, 2016 and 2015 is \$21,870,000 and \$0.00, respectively.
  - Interest rates varying from 1.9% to 4.1%.
  
- Combined Fee Revenue Refunding Bonds, Series 2014A.
  - To refund all the outstanding Series 2005 Bonds.
  - Issued December 1, 2014.
  - Total authorized \$13,685,000; all authorized bonds have been issued.
  - Source of revenue for debt service is tuition and general fees.
  - Outstanding principal balance as of August 31, 2016 and 2015 is \$11,700,000 and \$13,685,000, respectively.
  - Interest rates are 5.0%.
  
- Combined Fee Revenue Refunding Bonds, Series 2014B.
  - To refund all the outstanding Series 2011 Bonds.
  - Issued December 1, 2014.
  - Total authorized \$23,085,000; all authorized bonds have been issued.
  - Source of revenue for debt service is tuition and general fees.
  - Outstanding principal balance as of August 31, 2016 and 2015 is \$21,920,000 and \$23,085,000, respectively.
  - Interest rates varying from 0.51% to 3.9%.
  
- Combined Fee Revenue Building Bonds, Series 2012.
  - To pay for the acquisition, construction, and improvement of property, buildings and facilities for the College.
  - Issued November 1, 2012.
  - Total authorized \$74,790,000; all authorized bonds have been issued.
  - Source of revenue for debt service is tuition and general fees.
  - Outstanding principal balance as of August 31, 2016 and 2015 is \$74,640,000 and \$74,790,000, respectively.
  - Interest rates varying from 3.0% to 4.0%.

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- Combined Fee Revenue Building Bonds, Taxable Series 2011A.
  - To acquire real property and renovate and improve college facilities including real property in the vicinity of Highland Mall.
  - Issued July 1, 2011.
  - Total authorized \$20,275,000; all authorized bonds have been issued.
  - Source of revenue for debt service is tuition and general fees.
  - Outstanding principal balance as of August 31, 2016 and 2015 is \$0.00 and \$18,960,000, respectively.
  - Interest rates varying from 4.2% to 5.8%.
  
- Combined Fee Revenue Refunding Bonds, Series 2010.
  - To refund all the callable outstanding Series 2002 Bonds.
  - Issued October 15, 2010.
  - Total authorized \$3,860,000; all authorized bonds have been issued.
  - Source of revenue for debt service is tuition and general fees.
  - Outstanding principal balance as of August 31, 2016 and 2015 is \$2,280,000 and \$2,615,000, respectively.
  - Interest rates varying from 2.0% to 4.0%.
  
- Combined Fee Revenue Building Bonds, Series 2009A.
  - To acquire real property and renovate and improve College facilities.
  - Issued November 1, 2009.
  - Total authorized \$31,510,000; all authorized bonds have been issued.
  - Source of revenue for debt service is tuition and general fees.
  - Outstanding principal balance as of August 31, 2016 and 2015 is \$680,000 and \$29,855,000, respectively.
  - Interest rates varying from 3.3% to 3.8%.
  
- Combined Fee Revenue Refunding Bonds, Series 2009B.
  - To refund the remaining 1998 and 2000 Series bonds.
  - Issued November 1, 2009.
  - Total authorized \$9,300,000; all authorized bonds have been issued.
  - Source of revenue for debt service is tuition and general fees.
  - Outstanding principal balance as of August 31, 2016 and 2015 is \$1,750,000 and \$2,060,000, respectively.
  - Interest rates varying from 2.0% to 3.8%.
  
- Combined Fee Revenue Refunding Bonds, Series 2002.
  - To purchase, acquire, renovate, construct and equip College facilities and to refund the remaining 1992 Series bonds.
  - Issued April 3, 2002.
  - Total authorized \$10,389,516; \$5,805,000 Current Interest Bonds and \$4,584,516 Capital Appreciation Bonds; all authorized bonds have been issued.
  - Source of revenue for debt service is tuition and general fees.
  - Outstanding principal balance as of August 31, 2016 and 2015 is \$4,108.095 and \$4,584,516, respectively.
  - Interest rates varying from 3.0% to 4.0%.

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**NOTE 9. DEBT AND LEASE OBLIGATIONS (Continued)**

***Lease Revenue Bonds***

The PFC pays Lease Revenue Bonds from the lease payments made by the College. The Lease payments are due at such times and in such amounts as will be required to timely pay the principal and interest on the Lease Revenue Bonds. The obligation of the College to make lease payments is a current expense, payable solely from funds annually appropriated by the College for such use. Remedies available upon a failure of the College to appropriate or pay lease payments are limited to termination of the College's leasehold interest, the right to take possession and control of the Project, and the right to sell or lease the Project upon foreclosure.

- Lease Revenue Refunding Bonds, Series 2015.
  - To refund all the outstanding Series 2008 bonds.
  - Issued May 1, 2015.
  - Total authorized \$105,580,000; all authorized bonds have been issued.
  - Source of revenue for debt service is lease payments in amounts required by lease purchase agreement between the College and the PFC.
  - Outstanding principal balance as of August 31, 2016 and 2015 is \$97,555,000 and \$100,825,000, respectively.
  - Interest rates varying from 1.0% to 5.0%.
  
- Lease Revenue Bonds, Series 2012.
  - To finance the cost of acquisition, construction and equipment of the Hays Campus.
  - Issued April 1, 2012.
  - Total authorized \$44,430,000; all authorized bonds have been issued.
  - Source of revenue for debt service is lease payments in amounts required by lease purchase agreement between the College and the PFC.
  - Outstanding principal balance as of August 31, 2016 and 2015 is \$44,430,000 and \$44,430,000, respectively.
  - Interest rates varying from 2.0% to 5.0%.
  
- Lease Revenue Bonds, Taxable Series 2010A (Build America Bonds – Direct Payment).
  - To finance the cost of acquisition, construction and equipment of the Elgin Campus.
  - Issued December 1, 2010.
  - Total authorized \$33,470,000; all authorized bonds have been issued.
  - Source of revenue for debt service is lease payments in amounts required by lease purchase agreement between the College and the PFC.
  - Outstanding principal balance as of August 31, 2016 and 2015 is \$33,130,000 and \$33,340,000 respectively.
  - Interest rates varying from 2.0% to 5.0%.

The PFC designated the Lease Revenue Bonds Taxable Series 2010A, as "Build America Bonds" for purposes of the American Recovery and Reinvestment Act of 2009 ("the Recovery Act"). In general, the PFC will receive periodic Federal Payments from the United States Treasury equal to 35% of the interest payable on these Bonds. However, pursuant to the requirements of the

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**NOTE 9. DEBT AND LEASE OBLIGATIONS (Continued)**

Balanced Budget and Emergency Deficit Control Act of 1985, these Federal payments are subject to sequestration. As a result, the refund payments for the fiscal year ended August 31, 2016, were reduced by the fiscal year 2016 sequestration rate of 6.8 percent that resulted in a 32.62% actual payment from the United States Treasury. In order to receive Federal Payments, the PFC is required to file a form with the Internal Revenue Service prior to each interest payment date for the Bonds. The Federal payments do not constitute a full faith and credit guarantee of the United States Government, but they are required to be paid by the United States Treasury under the Recovery Act. The Federal Payments will not be pledged to secure payment of the Bonds; however, the PFC has agreed to deposit all Federal Payments with respect to the Bonds in the Interest and Sinking Fund.

***Arbitrage***

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. The College had no arbitrage liability for the years ended August 31, 2016 and 2015.

***Capital Leases***

As of August 31, 2016 and 2015, the College made annual lease payments for capital leased property of \$579,876 and \$579,876, respectively.

Obligations under capital leases at August 31, 2016, were as follows:

<u>For the year ended August 31,</u>	<u>Total</u>
2016	<u>\$ 279,803</u>
Total Minimum Lease Payments	279,803
Less: Amount Representing Interest Costs	<u>(3,987)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 275,816</u></u>

**Interest Expense**

For the year ended August 31, 2016, the College incurred \$27,538,010 in interest cost, of which \$26,922,459 was expensed and \$615,551 was capitalized. For the year ended August 31, 2015, the College incurred \$23,168,730 in interest cost, of which \$22,676,547 was expensed and \$492,183 was capitalized.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 10. REFUNDING AND DEFEASED BONDS OUTSTANDING**

**Bond Refundings:**

- General Obligation Limited Tax Refunding Bonds, Series 2006.
  - Partially refunded \$12,800,000; all authorized bonds have been issued.
  - Issued August 17, 2016.
  - Refunded by General Obligation Limited Tax Refunding Bonds Series 2016.
  - The unrefunded bond debt service amount is \$3,639,384.
  - Average interest rate of bonds refunded 4.067%.
  - The College placed the proceeds of the Refunded Bonds in an escrow fund.
  - The escrow account assets and the liability for the defeased bonds are not included in the College's financial statements.
  - The present value of the net refunding gain was \$2,528,333.
  - The total cash flow to service the refunded bonds and cash flows required to service the refunding bonds as of the effective date of the refunding were \$20,866,906 and \$17,736,440.
  
- Combined Fee Revenue Building Bonds, Taxable Series 2011A
  - Refunded \$18,960,000; all authorized bonds have been issued.
  - Issued May 4, 2016.
  - Refunded by Combined Fee Revenue Taxable Refunding, Series 2016B
  - The College placed the proceeds of the Refunded Bonds in an escrow fund.
  - The escrow account assets and the liability for the defeased bonds are not included in the College's financial statements.
  - Average interest rate of bonds refunded 3.592%.
  - The present value of the net refunding gain was \$1,339,024.
  - The total cash flow to service the refunded bonds and cash flows required to service the refunding bonds as of the effective date of the refunding were \$33,459,384 and \$32,044,714.
  
- Combined Fee Revenue Building Bonds, Taxable Series 2009A
  - Refunded \$28,950,000; all authorized bonds have been issued.
  - Issued May 4, 2016.
  - Refunded by Combined Fee Revenue Taxable Refunding, Series 2016A.
  - The College placed the proceeds of the Refunded Bonds in an escrow fund.
  - The escrow account assets and the liability for the defeased bonds are not included in the College's financial statements.
  - Average interest rate of bonds refunded 2.87%.
  - The present value of the net refunding gain was \$2,437,184.
  - The total cash flow to service the refunded bonds and cash flows required to service the refunding bonds as of the effective date of the refunding were \$42,825,073 and \$39,419,546.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 10. REFUNDING AND DEFEASED BONDS OUTSTANDING (Continued)**

- Lease Revenue Bonds, Series 2008.
  - Refunded \$105,580,000 of Lease Revenue Bonds, Series 2008.
  - Issued May 1, 2015.
  - Refunded by Lease Revenue Refunding Bonds, Series 2015.
  - The College placed the proceeds of the refunding bond in an escrow fund.
  - The escrow account assets and the liability for the defeased bonds are not included in the College's financial statements.
  - The present value of the net refunding gain was \$3,734,973.
  - The total cash flow to service the refunded bonds and cash flows required to service the refunding bonds as of the effective date of the refunding were \$175,427,013 and \$158,097,428.
  
- Combined Fee Revenue Refunding Bonds, Series 2005.
  - Refunded \$14,840,000; all authorized bonds have been issued.
  - Refunded by Combined Fee Revenue Refunding Bonds, Series 2014A.
  - Issued December 1, 2014.
  - The College placed the proceeds of the refunding bond in an escrow fund.
  - The escrow account assets and the liability for the defeased bonds are not included in the College's financial statements.
  - Average interest rate of bonds refunded 5.24%.
  - The present value of the net refunding gain was \$1,734,077.
  - The total cash flow to service the refunded bonds and cash flows required to service the refunding bonds as of the effective date of the refunding were \$18,073,033 and \$16,264,980.
  
- Combined Fee Revenue Refunding Bonds, Series 2011
  - Refunded \$22,225,000; all authorized bonds have been issued.
  - Refunded by Combined Fee Revenue Refunding Bonds, Series 2014B.
  - Issued December 1, 2014.
  - The College placed the proceeds of the refunding bond in an escrow fund.
  - The escrow account assets and the liability for the defeased bonds are not included in the College's financial statements.
  - Average interest rate of bonds refunded 4.82%.
  - The present value of the net refunding gain was \$505,896.
  - The total cash flow to service the refunded bonds and cash flows required to service the refunding bonds as of the effective date of the refunding were \$26,057,189 and \$29,317,975.



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**NOTE 10: REFUNDING AND DEFEASED BONDS OUTSTANDING (Continued)**

**Defeased Bonds**

As of August 31, 2016 and 2015, the College had the following legally defeased bonds outstanding:

<u>Bond Issue</u>	<u>Year Refunded</u>	<u>2016 Par Value Outstanding</u>	<u>2015 Par Value Outstanding</u>
Lease Revenue Bonds, Series 2008	2015	\$104,865,000	\$108,115,000
Limited Tax Bonds Refunding, Series 2006	2016	\$ 28,950,000	\$ -
Combined Fee Revenue Building Bonds, Taxable Series 2011A	2016	\$ 18,960,000	\$ -
Combined Fee Revenue Building Bonds, Taxable Series 2009A	2016	\$ 12,800,000	\$ -

**NOTE 11. OPERATING LEASE COMMITMENTS AND RENTAL AGREEMENTS**

The College leases various classrooms, offices, parking lots, and equipment under Rental Agreements. These agreements have clauses which allow the College to terminate the agreement if funding becomes unavailable or the Board does not approve funding. Rental payments during the fiscal year ended August 31, 2016 and 2015 were \$1,177,855 and \$1,994,769, respectively. The lease with the City of Austin (see Note 19) is the only non-cancelable lease for the College, and the future minimum rental payments are as follows:

<u>For the Year Ending August 31,</u>	<u>Total</u>
2017	\$ 70,000
2018	70,000
2019	<u>70,000</u>
Total Future Minimum Lease Payments	<u><u>\$210,000</u></u>

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**NOTE 12. EMPLOYEES' RETIREMENT PLANS**

***Defined Benefit Plan***

**Plan Description**

The State of Texas ("the State") has joint contributory retirement plans for almost all of its employees. One of the primary plans in which the College participates is administered by the Teacher Retirement System of Texas (TRS), a cost-sharing multiple-employer defined benefit pension plan that has a special funding situation. 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 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 TRS.

**Pension Plan Fiduciary Net Position**

The fiduciary net position of TRS has been determined using the flow of economic resources measurement focus and 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.

Detailed information about 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 [https://www.trs.texas.gov/Pages/about\\_publications.aspx](https://www.trs.texas.gov/Pages/about_publications.aspx); 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% (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 5 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 5 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,

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**NOTE 12. EMPLOYEES' RETIREMENT PLANS (Continued)**

but the member is less than age 60 or 62 depending on the date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic 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 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of TRS 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, Section 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% 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. The 84<sup>th</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

Contributors to the plan include members, the College, and the state of Texas as the only nonemployer contributing entity ("NECE"). 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 follows:

	<u>2016</u>	<u>2015</u>
Contribution Rates:		
Member	7.2%	6.7%
NECE (State)	6.8%	6.8%
Employers	6.8%	6.8%
FY15 College Contributions		\$ 3,890,030
FY15 Member Contributions		\$ 7,097,884
FY15 NECE (State) Contributions		\$ 3,340,982

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**NOTE 12. EMPLOYEES' RETIREMENT PLANS (Continued)**

The District's contributions to the TRS pension plan in FY16 were \$3,838,913 as reported in the Schedule of District Contributions in the Required Supplementary Information section of these financial statements. Estimated State of Texas on-behalf contributions for FY16 were \$3,423,149.

As the NECE for public education and junior colleges, the state of Texas contributes to TRS 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 noneducational and general, or local funds.
- When the employing district is a public junior college or junior college district, the district shall contribute to TRS an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% 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 THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 12. EMPLOYEES' RETIREMENT PLANS (Continued)**

**Actuarial Assumptions**

The total pension liability in the August 31, 2015 and 2014 actuarial valuation were determined using the following actuarial assumptions:

Valuation Date	2015	2014
Actuarial Cost Method	Individual Entry Age Normal	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open	Level Percentage of Payroll, Open
Remaining Amortization Period	29.8 years	30 years
Asset Valuation Method	Market Value	Market Value
Discount Rate	8.00%	8.00%
Long-term Expected Investment Rate of Return (1)	8.00%	8.00%
Salary Increases (1)	3.50% to 9.50%	4.25% to 7.25%
Payroll Growth Rate	2.50%	3.50%
Benefit Changes During the Year	None	None
Ad hoc Post-Employment Benefit Changes	None	None

Note:

(1) Includes Inflation of 2.5%

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2014 and adopted on September 24, 2015.

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 was decreased to add additional margin for future improvement in mortality in accordance with the Actuarial Standards of Practice No. 35.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 12. EMPLOYEES' RETIREMENT PLANS (Continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 8%. 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 NECE 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.

The long-term rate of return on pension plan investments is 8%. 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 TRS's target asset allocation as of August 31, 2015 are summarized below:

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**NOTE 12. EMPLOYEES' RETIREMENT PLANS (Continued)**

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns (1)
Global Equity:			
U.S.	18.0%	4.60%	1.0%
Non-U.S. Developed	13.0%	5.10%	0.8%
Emerging Markets	9.0%	5.90%	0.7%
Directional Hedge Funds	4.0%	3.20%	0.1%
Private Equity	13.0%	7.00%	1.1%
Stable Value:			
U.S. Treasuries	11.0%	0.70%	0.1%
Absolute Return	0.0%	1.80%	0.0%
Stable Value Hedge Funds	4.0%	3.00%	0.1%
Cash	1.0%	-0.20%	0.0%
Real Return:			
Global Inflation Linked Bonds	3.0%	0.90%	0.0%
Real Assets	16.0%	5.10%	1.1%
Energy and Natural Resources	3.0%	6.60%	0.2%
Commodities	0.0%	1.20%	0.0%
Risk Parity:			
Risk Parity	5.0%	6.70%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
Total	<u>100.0%</u>		<u>8.7%</u>

Note:

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

Source:

Teacher Retirement System of Texas 2015 Comprehensive Annual Financial Report

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**NOTE 12. EMPLOYEES' RETIREMENT PLANS (Continued)**

**Discount Rate Sensitivity Analysis**

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2015 Net Pension Liability.

**Fiscal Year 2016 Net Pension Liability**

	<u>1% Decrease in Discount Rate (7%)</u>	<u>Discount Rate (8%)</u>	<u>1% Increase in Discount Rate (9%)</u>
College's Proportionate Share of the Net Pension Liability	<u>\$ 73,687,020</u>	<u>\$ 47,029,919</u>	<u>\$ 24,826,212</u>

**Fiscal Year 2015 Net Pension Liability**

	<u>1% Decrease in Discount Rate (7%)</u>	<u>Discount Rate (8%)</u>	<u>1% Increase in Discount Rate (9%)</u>
College's Proportionate Share of the Net Pension Liability	<u>\$ 71,710,843</u>	<u>\$ 40,130,541</u>	<u>\$ 16,514,356</u>



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**NOTE 12. EMPLOYEES' RETIREMENT PLANS (Continued)**

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

At August 31, 2016 and 2015, the College reported a liability of \$47,029,919 and \$40,130,541, respectively, for its proportionate share of 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:

	Fiscal Year August 31, 2016	Fiscal Year August 31, 2015
College's Proportionate Share of the Collective Net Pension Liability	\$ 47,029,919	\$ 40,130,541
State's Proportionate Share that is Associated with the College	39,872,522	33,702,414
Total Net Pension Liability	\$ 86,902,441	\$ 73,832,955

The net pension liability for the fiscal years ended August 31, 2016 and August 31, 2015, were measured as of August 31, 2015 and August 31, 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of these date. The College's proportion of the net pension liability for 2015 and 2014 was based on the College's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2014 through August 31, 2015 and September 1, 2013 through August 31, 2014, respectively.

At August 31, 2015 the College's proportion of the collective net pension liability was 0.1330458%, which was a decrease of 11.44% from its proportion measured of 0.001502376% in the previous year of August 31, 2014. The change in proportion was immaterial and therefore disregarded this year.

**Changes Since the Prior Actuarial Valuation** – The following are changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period:

*Economic Assumptions*

1. The inflation assumption was decreased from 3.00% to 2.50%.
2. The ultimate merit assumption for long-service employees was decreased from 1.25% to 1.00%.
3. In accordance with the observed experience, there were small adjustments in the service-based promotional/longevity component of the salary scale.
4. The payroll growth assumption was lowered from 3.50% to 2.50%.

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**NOTE 12. EMPLOYEES' RETIREMENT PLANS (Continued)**

*Mortality Assumptions*

5. The post-retirement mortality tables for non-disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
6. The post-retirement mortality tables for disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
7. The pre-retirement mortality tables for active employees were updated to use 90% of the recently published RP-2014 mortality table for active employees. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and the Scale BB.

*Other Demographic Assumptions*

8. Previously, it was assumed 10% of all members who contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities, and therefore these 10% are no longer being counted as active members.
9. There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.
10. Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
11. Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.
12. For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.

*Actuarial Methods and Policies*

13. The method of using celled data in the valuation process was changed to now using individual data records to allow for better reporting of some items, such as actuarial gains and losses by source.

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

For the year ended August 31, 2016 and 2015, the College recognized pension expense of \$5,681,193 and \$3,192,014, respectively and revenue of \$5,681,193 and \$3,192,014, respectively for support provided by the State (unaudited).

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**NOTE 12. EMPLOYEES' RETIREMENT PLANS (Continued)**

At August 31, 2016, the College reported its proportionate share of TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
	<u>                    </u>	<u>                    </u>
Differences Between Expected and Actual Economic Experience	\$ 516,159	\$ 1,807,402
Changes in Actuarial Assumptions	\$ 2,169,428	\$ 1,677,822
Difference Between Projected and Actual Investment Earnings	\$ 11,582,422	\$ 9,188,438
Changes in Proportion and Difference Between the College's Contributions and the Proportionate Share of Contributions	\$ (25)	\$ 3,940,190
Contributions Paid to TRS Subsequent to the Measurement Date	<u>\$ 3,838,913</u>	
Total	<u><u>\$ 18,106,897</u></u>	<u><u>\$ 16,613,852</u></u>

At August 31, 2015, the College reported its proportionate share of TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
	<u>                    </u>	<u>                    </u>
Differences Between Expected and Actual Economic Experience	\$ 620,632	\$ -
Changes in Actuarial Assumptions	2,608,530	-
Difference Between Projected and Actual Investment Earnings	-	12,265,532
Changes in Proportion and Difference Between the College's Contributions and the Proportionate Share of Contributions	-	10,519
Contributions Paid to TRS Subsequent to the Measurement Date	<u>3,890,030</u>	<u>-</u>
Total	<u><u>\$ 7,119,192</u></u>	<u><u>\$ 12,276,051</u></u>

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**NOTE 12. EMPLOYEES' RETIREMENT PLANS (Continued)**

The net amounts of the College's fiscal year 2016 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
2017	\$ (885,222)
2018	(885,222)
2019	(885,222)
2020	2,181,161
2021	(746,628)
Thereafter	\$ 1,124,735

The net amounts of the College's fiscal year 2015 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	\$ (2,523,399)
2017	(2,523,399)
2018	(2,523,399)
2019	(2,523,399)
2020	542,984
Thereafter	\$ 503,723

***Defined Contribution Retirement Plans***

The State has also established an Optional Retirement Plan (ORP) for institutions of higher education that is subject to amendment by the Texas Legislature. Participation in the ORP is in lieu of participation in the TRS. The ORP provides for the purchase of annuity contracts as individual retirement accounts and is a defined contribution plan. For fiscal years 2016 and 2015, the employee contribution rate is 6.65% and the employer contribution rate is 6.60%. For those employees hired prior to September 1, 1995, the College contributes an additional 1.90% and 2.10%, respectively, for the fiscal years ended August 31, 2016 and 2015. For the years ended August 31, 2016 and 2015, ORP contributions made by employees were \$2,096,498 and \$2,082,115, respectively; contributions made by the State were \$976,157 and \$1,020,835, respectively; and the expense to the College was \$1,435,236 and \$1,400,409, respectively. Total payroll of employees participating in ORP for the fiscal years ended August 31, 2016 and 2015 are \$31,460,209 and \$31,286,580, respectively.

In addition, the College has established a defined contribution Money Purchase Plan for part-time employees, called the Part-Time Employees Retirement System (PTERS). To be eligible for participation in the PTERS, an employee must complete one hour of service in a service period.

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**NOTE 12. EMPLOYEES' RETIREMENT PLANS (Continued)**

Participation in this plan is in lieu of participation in the TRS or the ORP. Under the PTERS, the College is required to withhold from an employee's compensation 6% and match an amount equal to 1.5% of the employee's total compensation, for a combined contribution of 7.5% of the employee's total annual compensation. The College has contracted with Ohio National Life Insurance Company to administer the PTERS. The College maintains the authority to amend plan provisions and contributions of the PTERS. For the years ended August 31, 2016 and 2015, PTERS contributions made by employees were \$1,592,434 and \$1,515,041; and the expense to the College was \$394,030 and \$379,801, respectively. Total payroll of employees participating in PTERS for the fiscal years ended August 31, 2016 and 2015 are \$26,540,844 and \$25,251,458 respectively.

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

**NOTE 13. HEALTHCARE AND LIFE INSURANCE BENEFITS**

In addition to the pension benefits described in Note 12, the State provides certain health care and life insurance benefits for most active and retired employees. The State appropriates a sum-certain amount for these benefits to the College based on employee enrollments during the legislative cycle, and any additional expense must be funded by the College. These benefits are administered by the Employees Retirement System of Texas and provided through an insurance company whose premiums are based on benefits paid during the previous year.

For the year ended August 31, 2016, the employer's maximum contribution per full-time employee was \$577 per month for the year and totaled \$6,924 per employee for the year. The employer also paid a maximum amount for a spouse, child(ren), or family of \$1,237, \$1,019, and \$1,679 per month, respectively. The total cost of providing those benefits for the year was \$2,908,438 for 399 retirees and \$17,899,041 for 2,431 active employees.

For the year ended August 31, 2015, the employer's maximum contribution per full-time employee was \$538 per month for the year and totaled \$6,452 per employee for the year. The employer also paid a maximum amount for a spouse, child(ren), or family of \$1,153, \$950, and \$1,566 per month, respectively. The total cost of providing those benefits for the year was \$2,558,526 for 368 retirees and \$16,154,253 for 2,224 active employees.

Of the costs above, the health and life insurance expense to the State on behalf of the College was \$9,147,910 and \$8,469,532 for the fiscal years ended August 31, 2016 and 2015, respectively. The expense to the College was \$11,659,570 and \$10,243,247 for the fiscal years ended August 31, 2016 and 2015, respectively.

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**NOTE 14. ON-BEHALF PAYMENTS**

For the fiscal years ended August 31, 2016 and 2015 the College recorded State on-behalf contributions for the Teacher's Retirement System of \$3,451,722 and \$3,115,726, respectively, and contributions for the Optional Retirement Program of \$1,091,202 and \$1,020,835, respectively. The Optional Retirement Program contributions are received as cash reimbursements from the State for payments made by the College to the respective investment funds on behalf of the employees.

The College recorded State on-behalf contributions for health insurance of \$9,147,910 and \$8,469,532 for the fiscal years ended August 31, 2016 and 2015, respectively. These were non-cash, on-behalf contributions.

The State's total on-behalf contributions for the fiscal years ended August 31, 2016 and 2015 of \$13,690,833 and \$12,606,093, respectively, were recorded as revenues and expenses in the accompanying basic financial statements.

**NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

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

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

ERS issues a publicly available financial report that includes financial statements and required supplementary information for SRHP. That report may be obtained from ERS via their website at [http://www.ers.state.tx.us/About\\_ERS/Reports/](http://www.ers.state.tx.us/About_ERS/Reports/).

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

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

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

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**NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

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

The employer contribution for the retiree medical insurance is partially funded by the State as an on-behalf contribution and the remaining cost is paid by the College. The College and the State's on-behalf contributions to SRHP for the years ended August 31, 2016, 2015, and 2014, were \$2,908,438, \$2,558,526, and \$2,150,140, respectively.

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

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

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

The College reimburses 100% of the retirees cost of the dental benefits provided by the SRHP. These costs are funded on a pay-as-you-go basis. A retired employee becomes eligible for dental benefits upon retirement from the College, assuming they meet the eligibility requirements for participation in the SRHP. The College's annual cost per retiree was \$291.36 for the year 2016, and \$282.96 for the years ended 2015, and 2014. The total annual contributions made by the College were \$87,223, \$80,192, and \$72,585 for the years 2016, 2015, and 2014, respectively.

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

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

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**NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

The College's annual OPEB cost for the years ended August 31, 2016, 2015, and 2014 is as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual Required Contribution (ARC)	\$ 459,149	\$ 445,776	\$ 363,027
Interest on OPEB Obligation	116,085	99,306	85,951
Adjustment to ARC	<u>(107,552)</u>	<u>(92,006)</u>	<u>(79,633)</u>
Annual OPEB Cost, End of Year	467,682	453,076	369,345
Employer Contributions	<u>(87,223)</u>	<u>(80,192)</u>	<u>(72,585)</u>
Increase in Net OPEB Obligation	380,459	372,884	296,760
Net OPEB Obligation, Beginning of Year	<u>2,579,673</u>	<u>2,206,789</u>	<u>1,910,029</u>
Net OPEB Obligation, End of Year	<u><u>\$ 2,960,132</u></u>	<u><u>\$ 2,579,673</u></u>	<u><u>\$ 2,206,789</u></u>

The College's annual OPEB cost, the amount contributed by the employer, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended August 31, 2016, 2015, and 2014 are as follows:

<u>Fiscal Year Ended</u>	<u>Net OPEB Obligation Beginning of Year</u>	<u>Annual OPEB Cost</u>	<u>Employer Contributions</u>	<u>Net OPEB Obligation End of Year</u>	<u>Annual OPEB Cost Contributed</u>
2016	\$2,579,673	\$ 467,682	\$ 87,223	\$2,960,132	18.65%
2015	2,206,789	453,076	80,192	2,579,673	17.70%
2014	1,910,029	369,345	72,585	2,206,789	19.65%



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**NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

***Funding Status and Funding Progress***

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

Actuarial Valuation Date as of August 31,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll	UAAL as a Percentage of Covered Payroll
2015	\$ -	\$ 4,597,888	\$4,597,888	0%	\$137,326,406	3.35%
2013	-	3,538,156	3,538,156	0%	125,523,197	2.82%
2011	-	4,112,179	4,112,179	0%	118,176,838	3.48%
2009	-	3,190,301	3,190,301	0%	102,919,712	3.10%

***Actuarial Methods and Assumptions***

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

Projections of dental benefits are based on the plan as understood by the College and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the College and the College's employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions for the years ended August 31, 2016, 2015, and 2014 were as follows:

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**NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

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

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

**NOTE 16. COMPENSABLE ABSENCES**

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

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

For the fiscal years ended August 31, 2016 and 2015, the College recognized \$6,282,654 and \$5,719,065, respectively, as an accrued liability for the unpaid annual and sick leave. The College's reporting of accrued liabilities for compensable absences is in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*. The total amount accrued at August 31, 2016, of \$6,282,654; of that amount, \$1,212,054 is allocated to sick leave and \$5,070,600 to annual leave. The total amount accrued at August 31, 2015, of \$5,719,065; of that amount, \$1,175,985 is allocated to sick leave and \$4,543,080 to annual leave.

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**NOTE 17. PENDING LAWSUITS AND CLAIMS**

On August 31, 2016 and 2015, various lawsuits and claims involving the College were pending. While the ultimate liability with respect to litigation and other claims asserted against the College cannot be reasonably estimated at this time, this liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the College.

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

**NOTE 18. DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES**

***Receivables***

Accounts Receivable at August 31, 2016 and 2015 were as follows:

	2016	2015
Tuition and Fees Receivable (Net of Allowance for Doubtful Accounts of \$11,281,227 and \$10,035,540)	\$ 15,464,745	\$ 15,107,838
Taxes Receivable (Net of Allowance for Doubtful Accounts of \$327,348 and \$344,754)	2,946,129	3,102,788
Contracts and Grants Receivable	2,086,198	2,612,070
Investment Income Receivable	168,989	207,500
Other Receivables	612,119	160,549
Total Receivables	\$ 21,278,180	\$ 21,190,745

***Payables***

Payable balances at August 31, 2016 and 2015 were as follows:

	2016	2015
Payable to Vendors	\$ 7,326,341	\$ 6,236,020
Salaries and Benefits Payable	3,082,852	3,311,095
Payable to Students	1,124,428	1,087,371
Accrued Interest Payable	2,122,379	3,052,769
Construction Retainage	541,091	122,430
Total Payables	\$ 14,197,091	\$ 13,809,685

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**NOTE 19. DEFERRED REVENUE – CITY OF AUSTIN LEASE**

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

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

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

The College and the City agreed that the City would begin paying an annual base rent of \$95,000 once the building was completed, or by May 31, 2000. As a result of the prime lease, the City prepaid the entire twenty year annual base rent of \$1,900,000 to the College. For the years ended August 31, 2016 and 2015, the College has recognized \$95,000 each year as lease payments. The remaining liability is recorded as unearned revenue for the fiscal years ended August 31, 2016 and 2015, in the amounts of \$229,583 and \$324,583, respectively.

**NOTE 20. FUNDS HELD FOR OTHERS**

The College holds funds for certain student organizations and other agencies. These amounts are reflected in the basic financial statements as funds held for others in the amount of \$235,769 and \$669,105 for the fiscal years ended August 31, 2016 and 2015, respectively.

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**NOTE 21. CONTRACT AND GRANT AWARDS**

Contract and grant awards are accounted for in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized on the *Statements of Revenues, Expenses and Changes in Net Position* (Exhibit 2), *Schedule of Operating Revenues* (Schedule A) and *th and Expenses* (Schedule C). Contract and grant awards for which funds are expended but not yet collected are included in Accounts Receivable in the *Statement of Net Position* (See Contracts and Grants Receivable, Note 18). Contract and grant awards that are not yet funded or expended are not included in the financial statements. Contract and grant awards funds already committed, e.g., multi-year awards, or funds awarded during fiscal years ended August 31, 2016 and 2015, for which no expenses have been incurred totaled \$12,491,113 and \$14,334,347, respectively.

These amounts are comprised of the following:

	2016	2015
Federal Contracts and Grant Awards	\$ 6,119,790	\$ 4,137,897
State Contracts and Grant Awards	5,846,168	9,989,246
Local Contracts and Grant Awards	59,212	59,544
Private Contracts and Grant Awards	465,943	147,660
Total Contracts and Grant Awards	\$ 12,491,113	\$ 14,334,347

**NOTE 22. PROPERTY TAXES**

The College's ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the College's taxing jurisdiction. The College's Taxable Assessed Values for the years ended August 31, 2016 and 2015, are as follows:

	2016	2015
Appraised Valuation	\$ 195,753,882,701	\$ 168,976,486,811
Less: Exemptions	(38,665,847,811)	(29,669,338,881)
Taxable Assessed Value	\$ 157,088,034,890	\$ 139,307,147,930

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**NOTE 22. PROPERTY TAXES (Continued)**

Tax rates for the years ended August 31, 2016 and 2015, are as follows:

Fiscal Year 2016:

	Current Operations	Debt Service	Total
Tax Rate per \$100 valuation Authorized	\$ 0.0900	\$ 0.5000	\$ 0.5900
Tax Rate per \$100 valuation Assessed	\$ 0.0900	\$ 0.0105	\$ 0.1005

Fiscal Year 2015:

	Current Operations	Debt Service	Total
Tax Rate per \$100 valuation Authorized	\$ 0.0900	\$ 0.5000	\$ 0.5900
Tax Rate per \$100 valuation Assessed	\$ 0.0900	\$ 0.0042	\$ 0.0942

Taxes levied for the years ended August 31, 2016 and 2015, were \$159,377,762 and \$130,593,819, respectively (which includes adjustments for the year, if applicable). Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1st of the year following the year in which imposed. On January 1 of each year a tax lien attaches to property to secure payment of all taxes, penalties, and interest.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 22. PROPERTY TAXES (Continued)**

Taxes collected for the years ended August 31, 2016 and 2015, are as follows:

Fiscal Year 2016:

	Current Operations	Debt Service	Total
Current Taxes Collected	\$ 141,765,878	\$ 16,539,352	\$ 158,305,230
Delinquent Taxes Collected	371,304	\$ 43,319	414,623
Penalties & Interest Collected	548,188	\$ 63,955	612,143
Other Tax Related Collections	40,985	\$ 4,782	45,766
Total Collections	<u>\$ 142,726,354</u>	<u>\$ 16,651,408</u>	<u>\$ 159,377,762</u>

Fiscal Year 2015:

	Current Operations	Debt Service	Total
Current Taxes Collected	\$ 124,065,279	\$ 5,789,713	\$ 129,854,992
Delinquent Taxes Collected	294,878	13,761	308,639
Penalties & Interest Collected	533,103	24,878	557,981
Other Tax Related Collections	50,159	2,341	52,500
Total Collections	<u>\$ 124,943,419</u>	<u>\$ 5,830,693</u>	<u>\$ 130,774,112</u>

Tax collections for the years ended August 31, 2016 and 2015, are 99.45% and 99.24%, respectively, of the current tax levy. The allowance for uncollectible property taxes amounted to \$327,348 and \$344,754 for the years ended August 31, 2016 and 2015, respectively. The use of debt service tax proceeds is restricted for the retirement of general obligation bonds.

**NOTE 23. INCOME TAXES**

The College is exempt from income taxes under Internal Revenue Code Section 115, *Income of States, Municipalities, Etc.*, although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511(a)(2)(B), *Imposition of Tax on Unrelated Business Income of Charitable, etc., Organizations*. The College had no unrelated business income tax liability for the fiscal years ended August 31, 2016 and 2015.

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**NOTE 24. GREATER AUSTIN AREA TELECOMMUNICATIONS NETWORK**

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

**NOTE 25. CONSTRUCTION COMMITMENTS**

The College has entered into construction commitments for various projects, including the renovation of facilities and the construction of buildings. At August 31, 2016 and 2015, the outstanding commitments under construction contracts for facilities and other projects are \$5,470,404 and \$9,303,091, respectively.

**NOTE 26. RESTATEMENTS**

For the year ended August 31, 2015, the College implemented GASB Statement No.68, *Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27*. This statement requires recognition of the entire net pension liability and a more comprehensive measure of pension expense.

In accordance with GASB Statement No. 68, paragraph 137, if the restatement of all prior periods presented is not practical, the cumulative effect of applying this Statement, if any, should be reported as a restatement of beginning net position for the earliest period restated. Information for the previous year is not available from TRS to record the net pension liability or related adjustments, therefore, the College restated net position as of September 1, 2014 as follows:

	Beginning Net Position at <u>September 1, 2014</u>
Beginning Net Position, As Presented on the August 31, 2014 Financial Statements	\$ 72,412,266
Prior Period Adjustment - Implementation of GASB 68:	
Net Pension Liability (Measurement Date as of August 31, 2014)	(49,276,250)
Deferred Outflows - College Contributions Made During FY14	<u>3,808,179</u>
Beginning Net Position, As Restated	<u>\$ 26,944,195</u>



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**NOTE 27. DISCRETE COMPONENT UNIT – AUSTIN COMMUNITY COLLEGE FOUNDATION**

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

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

The following footnotes are excerpted from the Foundation's audited financial statements for the year ended May 31, 2016:

**A: ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

1. Organization and Nature of Activities

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

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

2. Basis of Accounting

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

3. Basis of Presentation

Financial statement presentation follows the guidance of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205, Not-for-Profit Entities: Presentation of

Financial Statements. Under these standards, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

4. Cash Equivalents

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 27. DISCRETE COMPONENT UNIT – AUSTIN COMMUNITY COLLEGE FOUNDATION**  
**(Continued)**

5. Investments

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

6. Contributions

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

7. Functional Expenses

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

8. Estimates

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

**B: TAX EXEMPT STATUS**

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

The tax years 2012 through 2015 remain open to examination by the major taxing jurisdictions in which returns are filed.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2016 and 2015**

**NOTE 27. DISCRETE COMPONENT UNIT – AUSTIN COMMUNITY COLLEGE FOUNDATION**  
**(Continued)**

**C: INVESTMENTS**

Investments comprised the following at May 31,

	2016	2015
Mutual funds	\$ 4,292,677	\$ 4,594,001
Corporate bonds	1,224,216	1,330,394
Certificates of deposit	400,000	200,000
Exchange traded funds	318,209	99,773
Government securities	59,683	60,260
	\$ 6,294,785	\$ 6,284,428

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

	2016	2015
Am. Funds Growth Fund of America (AGTHX)	\$ 1,344,702	\$ 1,463,816
Am. Funds Capital Income Builder Fund (CAIBX)	875,051	1,184,483
Am. Funds Invmt Company of America (AIVSX)	958,663	793,285
Oppenheimer Mid Cap Value Fund (QVSCX)	361,036	379,562

**D: PROMISES TO GIVE**

The promises to give balances as of May 31, 2016 and 2015 were considered fully collectible. Therefore, no allowances for uncollectible balances are reflected in these financial statements. Contributions receivable have been discounted to their present values at May 31, 2016 and 2015 using interest rates of 1.24% and 1.21%, respectively. Promises to give comprised the following at May 31,

	2016	2015
Collection expected in less than one year	\$ 189,770	\$ 81,500
Collection expected in one to five years	240,000	240,000
Collection expected in more than five years	390,000	450,000
Promises to give, gross	819,770	771,500
Less discounts to present value	(47,400)	(53,700)
Less allowances for uncollectible balances	-	-
Promises to give, net	\$ 772.37	\$ 717,800

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**NOTE 27. DISCRETE COMPONENT UNIT– AUSTIN COMMUNITY COLLEGE FOUNDATION  
(Continued)**

**E: RESTRICTIONS ON NET ASSETS**

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

***ACC Counseling Services Endowed Scholarship***

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

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

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

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

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

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

Provide support for ACC's music business, performance, and technology summer workshop for high school students.

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

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

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

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

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

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

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

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

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

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

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 27. DISCRETE COMPONENT UNIT– AUSTIN COMMUNITY COLLEGE FOUNDATION**  
**(Continued)**

**F: ENDOWMENT FUND**

The Foundation's endowment comprised approximately 65 individual funds established for a variety of purposes. The Foundation does not have any Board designated endowment funds.

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

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

***Funds with Deficiencies***

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donors require the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature that are reported in unrestricted net assets were \$13,475 and \$11,078 at May 31, 2016 and 2015, respectively.

***Return Objectives***

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

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**NOTE 27. DISCRETE COMPONENT UNIT– AUSTIN COMMUNITY COLLEGE FOUNDATION**  
**(Continued)**

**F. ENDOWMENT FUND (Continued)**

***Strategies Employed for Achieving Objectives***

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

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

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

***Changes in Endowment Funds***

Changes in the Foundation's endowment funds (excludes promises to give) were as follows for the years ended May 31, 2016 and 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment funds, May 31, 2014	\$ (11,933)	\$ 1,211,731	\$ 4,778,932	\$ 5,978,730
Contributions	-	-	238,768	238,768
Return on investments	855	358,767	321	359,943
Appropriations	-	(133,023)	-	(133,023)
Endowment funds, May 31, 2015	(11,078)	1,437,475	5,018,021	6,444,418
Contributions	-	-	297,744	297,744
Return on investments	(2,397)	28,741	264	26,608
Appropriations	-	(193,542)	-	(193,542)
Endowment funds, May 31, 2016	\$ (13,475)	\$ 1,272,674	\$ 5,316,029	\$ 6,575,228

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**NOTE 27. DISCRETE COMPONENT UNIT– AUSTIN COMMUNITY COLLEGE FOUNDATION**  
**(Continued)**

**F: ENDOWMENT FUND (Continued)**

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

	2016	2015
A+ Federal Credit Union Endowed Scholarship	\$ 15,000	\$ 15,000
AAUW - Frances Malmberg Endowed Scholarship	78,455	78,455
ACC Counseling Services Endowed Scholarship	16,250	-
ACC Counseling Services Endowed Scholarship	100,025	100,025
AMD/Gary Heerssen Memorial Scholarship	155,516	155,516
Drs. Aileen and Walker Bumphus Endowed Scholarship	50,000	-
Amanda Hernandez Endowed Scholarship	37,874	31,240
Andres Alcantar Endowed Scholarship	25,000	25,000
Asian American Endowed Scholarship	35,550	35,550
Assistance League Endowed Scholarship	15,000	15,000
Austin Hotel & Lodging Association Hospitality Mgmt Endowed Scholarship	45,000	35,000
Automotive Technology Endowed Scholarship	36,025	36,025
Barnes Gromatzky Kosarek Architects Endowed Scholarship	20,000	20,000
Dr. Belle Wheelan Endowed Scholarship	25,000	-
Benjamin Clough Endowed Scholarship	40,495	40,495
Ben F. Barnes Endowed Scholarship	25,500	25,500
Bill Waeltz Endowed Scholarship	20,904	14,240
Bob Lain Endowed Scholarship	43,945	43,945
Boone Baker Endowed Scholarship	4,504	4,504
Computer Studies Endowed Scholarship	13,250	8,750
ConnectTel Endowed Scholarship	40,000	40,000
Dr. Dan Arvizu Endowed Scholarship	25,000	25,000
Delco Endowed Scholarship	57,894	57,894
Denius/Schulman Music Business Performance & Technology Endowed Scholarship	150,000	150,000
Denius/Schulman Recording Workshop Endowed Scholarship	100,000	100,000
Diagnostic Radiology Endowed Scholarship	15,000	15,000
Didi Stuart Endowed Scholarship	16,510	16,510
Earl Maxwell Endowed Scholarship	30,050	30,050
Edwina Fredlund Traverso Endowed Scholarship	27,818	27,818
Eric Hanson Endowed Scholarship	39,000	39,000
Ethel Mae Hafernik Hummell Endowed Scholarship	17,000	17,000
Greg Bourgeois Endowed Scholarship	26,300	24,200
H.E. and Karla Bost Endowed Scholarship	15,625	15,625
James and Lillian Rhodes Endowed Scholarship	10,000	3,000
James and Oda Thompson Memorial Endowed Scholarship	26,400	24,400
James Lee Williams Endowed Scholarship	15,237	15,237
Jo Frances Hill Endowed Scholarship	16,335	16,335
Drs. John and Suanne Roueche Endowed Scholarship	238,541	188,160
Judge David Phillips Endowed Scholarship	29,638	29,638
Madison and Janet Scholl Endowed Scholarship	15,100	15,000
Marc A. Wiesner Endowed Scholarship	30,000	15,000
Maxine Black Endowed Scholarship	16,734	16,734
McRaven Hahn Endowed Scholarship	10,000	-
Melinda Townsel & Greg Dunn Endowed Scholarship	20,000	17,500
Thomas M. Madison and O.B. Ross/Merrill Lynch Endowed Scholarships	45,000	45,000
Military Order of the Purple Heart Service Foundation, Inc. Endowed Scholarship	102,648	102,384
Subtotal (continued on next page)	\$ 1,939,123	\$ 1,730,730

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**NOTE 27. DISCRETE COMPONENT UNIT– AUSTIN COMMUNITY COLLEGE FOUNDATION**  
**(Continued)**

**F: ENDOWMENT FUND (Continued)**

	2016	2015
Subtotal (contined from previous page)	\$ 1,939,123	\$ 1,730,730
Myra A. McDaniel Endowed Scholarship	15,000	15,000
Nursing Program Endowment	10,000	10,000
Pat Dobbs Endowed Scholarship	44,808	44,808
Dr. Paul Schreiber Endowed Scholarship	60,000	-
Peggy Hale Croshaw Endowed Scholarship	14,593	14,593
Pradeau Endowed Scholarship	36,000	36,000
Reagan Bradshaw Endowed Scholarship	26,505	26,505
Robert W. Galvin Endowed Scholarship	104,708	104,708
Robyn Richter Endowed Scholarship	15,000	15,000
Roy F. & Joann Cole Mitte Foundation Endowed Scholarship	150,000	150,000
Royce & Donna Faulkner Family Endowed Scholarship	152,520	152,520
Round Rock Endowed Scholarship	24,484	24,484
Ruth Townley Endowed Scholarship	9,462	9,462
"Ryan" Endowed Scholarship	18,884	18,884
South Austin Medical Center Auxiliary Endowed Scholarship	52,500	50,000
St. David's Neal Kocurek ACC Endowed Scholarship	2,230,000	2,230,000
Steven E. and Anna D. Rinehart Endowed Scholarship	15,000	15,000
Dr. Stephen B. Kinslow Endowed Scholarship	37,575	37,525
Steve Kramer Endowed Scholarship	39,972	38,821
Student Emergency Fund Endowment	120,500	105,850
Susan Eason Endowed Scholarship for Students with Disabilities	7,934	-
Suzanne Cooper Endowed Scholarship	50,000	50,000
Texas Pioneer Foundation Endowed Scholarship	40,000	40,000
Tommy Cowan Endowed Scholarship	17,450	17,450
Travis County Medical Alliance Endowed Scholarship	11,431	11,431
Victor Hwang Endowed Scholarship	25,000	25,000
Visual Communication Endowed Scholarship	50,000	50,000
	\$ 5,318,449	\$ 5,023,771



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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 27. DISCRETE COMPONENT UNIT– AUSTIN COMMUNITY COLLEGE FOUNDATION**  
**(Continued)**

**G: TEMPORARILY RESTRICTED NET ASSETS**

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

	2016	2015
A+ Federal Credit Union Endowed Scholarship	\$ 1,218	\$ 1,751
AAUW - Frances Malmberg Endowed Scholarship	17,575	20,315
ACC Alumni Network Scholarship	33	39,306
ACC Counseling Services Endowed Scholarship	35,867	-
AMD/Gary Heerssen Memorial Scholarship	37,091	42,514
Drs. Aileen and Walter Bumphus Endowed Scholarship	102	-
Amanda Hernandez Endowed Scholarship	2,981	4,071
Andres Alcantar Endowed Scholarship	1,642	2,532
Asian American Endowed Scholarship	1,938	2,912
Assistance League Endowed Scholarship	5,436	5,951
Austin Hotel & Lodging Association Hospitality Mgmt Endowed Scholarship	7,821	8,924
Automotive Technology Endowed Scholarship	7,272	8,533
Barnes Gromatzky Kosarek Architects Endowed Scholarship	3,785	4,486
Dr. Belle S. Wheelan Endowed Scholarship	51	-
Benjamin Clough Endowed Scholarship	16,469	17,853
Ben F. Barnes Endowed Scholarship	1,873	2,779
Bill Waeltz Endowed Scholarship	117	425
Bob Lain Endowed Scholarship	8,904	10,442
Boone Baker Endowed Scholarship	633	792
Computer Studies Endowed Scholarship	283	239
ConnectTel Endowed Scholarship	7,525	8,829
Dr. Dan Arvizu Endowed Scholarship	-	746
Delco Endowed Scholarship	11,499	13,527
Denius/Schulman Music Business Performance & Technology Endowed Scholarship	40,718	45,928
Denius/Schulman Recording Workshop Endowed Scholarship	32,928	36,377
Diagnostic Radiology Endowed Scholarship	3,284	3,808
Didi Stuart Endowed Scholarship	3,846	4,422
Earl Maxwell Endowed Scholarship	9,879	10,915
Edwina Fredlund Traverso Endowed Scholarship	7,182	8,150
Eric Hanson Endowed Scholarship	11,853	13,203
Ethel Mae Hafernik Hummell Endowed Scholarship	4,841	5,431
Greg Bourgeois Endowed Scholarship	1,432	2,273
H.E. and Karla Bost Endowed Scholarship	3,603	4,148
James and Lillian Rhodes Endowed Scholarship	117	90
James and Oda Thompson Memorial Endowed Scholarship	5,257	6,024
James Lee Williams Endowed Scholarship	3,940	4,470
Jo Frances Hill Endowed Scholarship	3,443	4,014
Drs. John and Suanne Roueche Endowed Scholarship	47,206	46,143
Judge David Phillips Endowed Scholarship	244	884
Madison and Janet Scholl Endowed Scholarship	60	448
Marc A. Wiesner Endowed Scholarship	1,249	1,751
Maxine Black Endowed Scholarship	1,313	1,907
McRaven Hahn Endowed Scholarship	20	-
Melinda Townsel & Greg Dunn Endowed Scholarship	3,415	4,023
Thomas M. Madison and O.B. Ross/Merrill Lynch Endowed Scholarships	-	-
Military Order of the Purple Heart Service Foundation, Inc. Endowed Scholarship	21,298	24,808
Myra A. McDaniel Endowed Scholarship	3,624	4,147
Nursing Program Endowment	1,402	1,755
Subtotal (continued to next page)	\$ 382,269	\$ 432,046

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2016 and 2015**

**NOTE 27. DISCRETE COMPONENT UNIT– AUSTIN COMMUNITY COLLEGE FOUNDATION**  
**(Continued)**

**G: TEMPORARILY RESTRICTED NET ASSETS (Continued)**

	2016	2015
Subtotal (continued from previous page)	\$ 382,269	\$ 432,046
Pat Dobbs Endowed Scholarship	11,511	13,030
Dr. Paul Schreiber Endowed Scholarship	123	-
Peggy Hale Croshaw Endowed Scholarship	1,506	2,022
Pradeau Endowed Scholarship	8,232	9,489
Reagan Bradshaw Endowed Scholarship	3,281	4,216
Robert W. Galvin Endowed Scholarship	28,998	35,768
Robyn Richter Endowed Scholarship	4,273	4,793
Roy F. & Joann Cole Mitte Foundation Endowed Scholarship	66,089	71,195
Royce & Donna Faulkner Family Endowed Scholarship	42,303	47,597
Round Rock Endowed Scholarship	6,741	7,587
Ruth Townley Endowed Scholarship	-	-
"Ryan" Endowed Scholarship	4,934	5,590
South Austin Medical Center Auxiliary Endowed Scholarship	11,797	13,486
St. David's Neal Kocurek ACC Endowed Scholarship	624,354	701,729
Steven E. and Anna D. Rinehart Endowed Scholarship	4,938	5,455
Dr. Stephen B. Kinslow Endowed Scholarship	9,478	10,786
Steve Kramer Endowed Scholarship	6,975	8,323
Student Emergency Fund Endowment	23,903	27,322
Susan Eason Endowed Scholarship for Students with Disabilities	11	-
Suzanne Cooper Endowed Scholarship	10,649	12,398
Texas Pioneer Foundation Endowed Scholarship	-	1,194
Tommy Cowan Endowed Scholarship	7,162	7,758
Travis County Medical Alliance Endowed Scholarship	1,697	2,099
Victor Hwang Endowed Scholarship	350	745
Visual Communication Endowed Scholarship	11,100	12,847
Temporarily restricted, endowed	\$ 1,272,674	\$ 1,437,475

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2016 and 2015**

**NOTE 27. DISCRETE COMPONENT UNIT– AUSTIN COMMUNITY COLLEGE FOUNDATION**  
**(Continued)**

**G: TEMPORARILY RESTRICTED NET ASSETS (Continued)**

	2016	2015
ACC Board of Trustees Scholarship	\$ 1,880	\$ 1,880
ACCF General 2000	-	34,150
ACCF General 2500	42,800	7,500
ASL Interpreter Scholarship	1,300	-
Adrienne Warmick Scholarship	5,000	-
Assistance League of Austin Scholarships	10,500	29,482
Austin Area Car Club	2,500	-
Austin Classical Guitar Society Scholarship	2,500	2,500
Auto Department Scholarship	1,000	-
Barrientos Annual Scholarship	17,600	19,600
Bill Waeltz Scholarship	500	1,000
Bowman Scholarship	10,500	10,000
Career Expressway	125,000	-
Carolyn & Tom Gallagher Scholarship	10,000	10,000
Cassandra & Kerry Wiggins	2,500	2,500
College Connection Scholarships	125	13,801
Corbin T. Jastrow Scholarship	2,500	2,500
Creative Writing Scholarship	224	2,258
Daman Consulting Scholarship	10,000	-
Dance and Drama Scholarship	4,261	5,925
Dance and Drama Freshman Scholarship	-	3,210
Elgin Scholarship	7,500	7,500
Encore Capital Scholarship	2,500	2,500
England Study Abroad	-	2,449
First State Bank	-	5,000
Gearheads Scholarship	13,000	11,000
General Scholarships	37,351	31,681
HEB Scholarship	-	2,500
Hindu Charities	-	5,000
Joan Wolf Ort Memorial Scholarship	1,000	250
Drs. John and Suanne Roueche Scholarship	14,734	14,734
Juan T. Diaz Scholarship	50	10,000
Kathleen Christianson Scholarship	1,275	1,275
Kinnser Software Scholarships	702,600	756,300
LGR Scholarship	18,000	18,000
Dr. Mary Scholarship	2,511	-
McDonald's of Central Texas ACC Scholarship	10,000	10,000
Memorial Fund	4,501	6,971
Miscellaneous purposes	4,027	4,044
President's Scholarship	-	1,248
Professor Jan Smith IBIAC Scholarship	6,400	9,500
Roueche Vet-Tech Scholarship	10,000	10,000
Subtotal (continued to next page)	\$ 1,086,139	\$ 1,056,258

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2016 and 2015**

**NOTE 27. DISCRETE COMPONENT UNIT– AUSTIN COMMUNITY COLLEGE FOUNDATION**  
**(Continued)**

**G: TEMPORARILY RESTRICTED NET ASSETS (Continued)**

	2016	2015
Subtotal (continued from previous page)	\$ 1,086,139	\$ 1,056,258
Scott D Evans Rotary Club of RR Scholarship	5,000	5,000
SEMI/Frank Squires Scholarships	20,000	30,000
State Farm Program	-	5,000
Student Emergency Fund	1,580	1,000
TACHE Scholarship	19,000	10,500
Town Lake Links Inc. Scholarship	2,500	2,500
United Lending	2,000	-
W. "Woody" Woodside Rotary Club of RR Scholarship	2,500	2,500
Wells Fargo Scholarship	5,000	-
Well-Wisher's Scholarship	141,711	140,211
Yianna Guerra Scholarship	3,000	-
	\$ 1,288,430	\$ 1,252,969
Temporarily restricted, non-endowed	\$ 1,288,430	\$ 1,252,969
Total temporarily restricted net assets	\$ 2,561,104	\$ 2,690,444

**H: RELATED PARTY TRANSACTIONS**

The purpose of the Foundation is to support initiatives of ACC. For the years ended May 31, 2016 and 2015, the Foundation remitted \$927,663 and \$646,549 respectively, to ACC for scholarships and programs.

All of the Foundation's personnel and facilities are provided by ACC. ACC's cost of providing these services totaled approximately \$268,540 and \$264,934 during the years ended May 31, 2016 and 2015, respectively. The personnel provided by ACC do not meet the requirements for recognition as set forth in the FASB ASC 958-605 and, therefore, are not reflected in the statements of activities.

The Foundation receives in-kind contributions of property and equipment on behalf of ACC. These are considered agency transactions as the Foundation never takes custody of the property, but merely acts as a transfer agent. Therefore, these donations are not reflected as contributions and related program expenses on the statements of activities. The Foundation acted as a transfer agent and received approximately \$55,844 and \$36,662 of property and equipment during the years ended May 31, 2016 and 2015, respectively, on ACC's behalf.

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
Austin, Texas

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
For The Years Ended August 31, 2016 and 2015

**NOTE 27. DISCRETE COMPONENT UNIT– AUSTIN COMMUNITY COLLEGE FOUNDATION**  
**(Continued)**

**I: FAIR VALUE MEASUREMENTS**

Certain assets are carried at fair value in these financial statements. Fair value measurements were arrived at using the following inputs at May 31, 2016 and 2015:

		Fair Value Measurements at Reporting Date Using:		
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
Description	2016	(Level 1)	(Level 2)	(Level 3)
Mutual funds	\$ 4,292,677	\$ 4,292,677	\$ -	\$ -
Corporate bonds	1,224,216	1,224,216	-	-
Exchange traded funds	318,209	318,209	-	-
Government securities	59,683	59,683	-	-
	<u>\$ 5,894,785</u>	<u>\$ 5,894,785</u>	<u>\$ -</u>	<u>\$ -</u>
Description	2015	(Level 1)	(Level 2)	(Level 3)
Mutual funds	\$ 4,594,001	\$ 4,594,001	\$ -	\$ -
Corporate bonds	1,330,394	1,330,394	-	-
Exchange traded funds	99,773	99,773	-	-
Government securities	60,260	60,260	-	-
	<u>\$ 6,084,428</u>	<u>\$ 6,084,428</u>	<u>\$ -</u>	<u>\$ -</u>

**J: CONCENTRATION**

A promise to give from one donor comprised 84% and 97% of the promises to give balances at May 31, 2016 and 2015, respectively.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Years Ended August 31, 2016 and 2015**

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**NOTE 27. DISCRETE COMPONENT UNIT– AUSTIN COMMUNITY COLLEGE FOUNDATION**  
**(Continued)**

**K: PRIOR PERIOD ADJUSTMENT**

A new accounting principle requires the Foundation to recognize all services that are received from personnel of an affiliate (ACC) that directly benefit the organization (Foundation) receiving the services. The personnel provided by ACC meet the requirements for recognition. Consequently, this change in accounting principle is being reflected through retrospective application to the prior period; the year ended May 31, 2016. For comparative purposes, restatements have been made as follows to the year-end May 31, 2016:

	As originally reported	Restatement	As restated
Unrestricted contributions	\$ 39,503	\$ 264,934	\$ 304,437
Program services	646,549	52,135	698,684
General and administrative	11,857	165,112	176,969
Fundraising	-	47,687	47,687
Total expenses	\$ 658,406	\$ 264,934	\$ 923,340

**L: SUBSEQUENT EVENTS**

Subsequent events have been evaluated through August 5, 2016, the date the financial statements were available to be issued.

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**REQUIRED SUPPLEMENTAL  
INFORMATION**



**AUSTIN COMMUNITY COLLEGE DISTRICT**  
Austin, Texas

**REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF COLLEGE'S PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**For The Years Ended August 31, 2016 and 2015**

For the year ended August 31,	2016	2015
College's Proportion of the Net Pension Liability	0.1330458%	0.1502376%
College's Proportionate Share of Net Pension Liability	\$ 47,029,919	\$ 40,130,541
State's Proportionate Share of the Net Pension Liability Associated With the College	39,872,522	33,702,414
Total	<u>\$ 86,902,441</u>	<u>\$ 73,832,955</u>
College's Covered-Employee Payroll	\$ 106,013,031	\$ 101,875,066
College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	44%	39%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.43%	83.25%

Note:

Only two years of data is presented in accordance with GASB Statement No. 68, paragraph 138. The information for all periods for the 10-year schedules that are required to be presented as required supplementary information is not available. During this transition period, the information will be presented for as many years as are available.

**Austin Community College  
Austin, Texas**

**REQUIRED SUPPLEMENTAL INFORMATION  
SCHEDULE OF CONTRIBUTIONS TO THE TEACHER RETIREMENT SYSTEM  
For Years Ended August 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 3,838,913	3,808,940
Contribution in Relation to the Contractually Required Contribution	<u>(3,838,913)</u>	<u>(3,808,940)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
 College's Covered-Employee Payroll	 \$ 114,156,085	 \$ 106,013,031
 Contributions as a Percentage of Covered- Employee Payroll	 3.36%	 3.59%

Note:

Only two years of data is presented in accordance with GASB Statement No. 68, paragraph 138. The information for all periods for the 10-year schedules that are required to be presented as required supplementary information is not available. During this transition period, the information will be presented for as many years as are available.

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

**REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS**  
**Other Postemployment Benefits**  
**For Years Ended August 31, 2015, 2013, and 2011**

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Actuarial Valuation Date as of August 31,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll	UAAL as a Percentage of Covered Payroll
2015	\$ -	\$ 4,597,888	\$ 4,597,888	0%	\$ 137,326,406	3.35%
2013	-	3,538,156	3,538,156	0%	125,523,197	2.82%
2011	-	4,112,179	4,112,179	0%	118,176,838	3.48%

Note:

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. There is no Actuarial Valuation Report for fiscal year 2016.

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

**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**  
**For The Year Ended August 31, 2016**

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**Changes Since the Prior Actuarial Valuation** – The following are changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period:

*Economic Assumptions*

1. The inflation assumption was decreased from 3.00% to 2.50%.
2. The ultimate merit assumption for long-service employees was decreased from 1.25% to 1.00%.
3. In accordance with the observed experience, there were small adjustments in the service-based promotional/longevity component of the salary scale.
4. The payroll growth assumption was lowered from 3.50% to 2.50%.

*Mortality Assumptions*

5. The post-retirement mortality tables for non-disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
6. The post-retirement mortality tables for disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
7. The per-retirement mortality tables for active employees were updated to use 90% of the recently published RP-2014 mortality table for active employees. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and the Scale BB.

*Other Demographic Assumptions*

8. Previously, it was assumed 10% of all members who contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities, and therefore these 10% are no longer being counted as active members.
9. There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.
10. Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
11. Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.
12. For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.

*Actuarial Methods and Policies*

13. The method of using celled data in the valuation process was changed to now using individual data records to allow for better reporting of some items, such as actuarial gains and losses by source.

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**SUPPLEMENTAL  
INFORMATION**

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
Austin, Texas

**SCHEDULE OF OPERATING REVENUES**  
**For The Fiscal Year Ended August 31, 2016**  
**(With Memorandum Totals for the Year Ended August 31, 2015)**

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	2016 Total	2015 Total
<b>Tuition:</b>						
State Funded Credit Courses						
In District Resident Tuition	\$ 39,537,681	\$ -	\$ 39,537,681	\$ -	\$ 39,537,681	\$ 39,979,891
Out of District Resident Tuition	6,543,120	-	6,543,120	-	6,543,120	6,639,311
Non Resident Tuition	8,029,910	-	8,029,910	-	8,029,910	7,597,460
TPEG - Credit (set aside)*	2,590,492	-	2,590,492	-	2,590,492	2,668,654
State Funded Continuing Education	3,425,643	-	3,425,643	-	3,425,643	3,171,359
TPEG - Non-Credit (set aside)*	209,600	-	209,600	-	209,600	190,607
Non-state Funded Educational Programs	1,179,388	-	1,179,388	-	1,179,388	1,092,739
Total Tuition	<u>61,515,834</u>	<u>-</u>	<u>61,515,834</u>	<u>-</u>	<u>61,515,834</u>	<u>61,340,021</u>
<b>Fees:</b>						
Out of District Fees	22,862,691	-	22,862,691	-	22,862,691	21,049,513
General Fees	11,076,082	-	11,076,082	-	11,076,082	11,206,376
Student Service Fee	1,476,794	-	1,476,794	-	1,476,794	1,494,092
Sustainability Fee	738,411	-	738,411	-	738,411	747,034
Laboratory Fee	244,481	-	244,481	-	244,481	209,562
Student Accident Insurance	296,022	-	296,022	-	296,022	297,098
Application Fees	600	-	600	-	600	1,720
Other Fees	4,212,931	-	4,212,931	-	4,212,931	4,040,742
Total Fees	<u>40,908,012</u>	<u>-</u>	<u>40,908,012</u>	<u>-</u>	<u>40,908,012</u>	<u>39,046,137</u>
<b>Scholarship Allowances and Discounts:</b>						
Bad Debt Allowance	(1,254,997)	-	(1,254,997)	-	(1,254,997)	(1,477,118)
Remissions and Exemptions- State	(3,751,730)	-	(3,751,730)	-	(3,751,730)	(3,865,881)
Remissions and Exemptions-Local	(11,501,502)	-	(11,501,502)	-	(11,501,502)	(9,517,235)
Title IV Federal Grants	(15,352,877)	-	(15,352,877)	-	(15,352,877)	(15,279,486)
Other Federal Grants	(12,064)	-	(12,064)	-	(12,064)	(178,384)
Other Scholarships and Grants	(751,424)	-	(751,424)	-	(751,424)	(662,492)
TPEG Awards	(1,164,826)	-	(1,164,826)	-	(1,164,826)	(1,697,150)
Other State Grants	(4,280,062)	-	(4,280,062)	-	(4,280,062)	(3,499,077)
Total Scholarship Allowances	<u>(38,069,482)</u>	<u>-</u>	<u>(38,069,482)</u>	<u>-</u>	<u>(38,069,482)</u>	<u>(36,176,823)</u>
Total Net Tuition and Fees	<u>64,354,364</u>	<u>-</u>	<u>64,354,364</u>	<u>-</u>	<u>64,354,364</u>	<u>64,209,335</u>
<b>Additional Operating Revenues:</b>						
Federal Grants and Contracts	-	6,302,994	6,302,994	-	6,302,994	6,347,487
State Grants and Contracts	-	7,665,315	7,665,315	-	7,665,315	5,924,292
Local Grants and Contracts	-	198,770	198,770	-	198,770	206,842
Non-governmental Grants and Contracts	-	2,735,151	2,735,151	-	2,735,151	1,391,343
Sales and Services of Educational Activities	6,472,144	-	6,472,144	-	6,472,144	5,134,260
General Operating Revenues	2,988,588	-	2,988,588	-	2,988,588	3,777,693
Total Additional Operating Revenues	<u>9,460,732</u>	<u>16,902,230</u>	<u>26,362,962</u>	<u>-</u>	<u>26,362,962</u>	<u>22,781,917</u>
<b>Auxiliary Enterprises:</b>						
Bookstore	-	-	-	734,153	734,153	1,255,559
Food Service	-	-	-	222,784	222,784	223,728
Other Auxiliary	-	-	-	428,635	428,635	44,507
Total Net Auxiliary Enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,385,572</u>	<u>1,385,572</u>	<u>1,523,794</u>
Total Operating Revenues	<u>\$ 73,815,096</u>	<u>\$ 16,902,230</u>	<u>\$ 90,717,326</u>	<u>\$ 1,385,572</u>	<u>\$ 92,102,898</u>	<u>\$ 88,515,046</u>
					(Exhibit 2)	(Exhibit 2)

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
Austin, Texas

**SCHEDULE OF OPERATING EXPENSES BY OBJECT**  
**For The Fiscal Year Ended August 31, 2016**  
**(With Memorandum Totals for the Year Ended August 31, 2015)**

	<u>Operating Expenses</u>					<u>2016 Total</u>	<u>2015 Total</u>
	<u>Salaries and Wages</u>	<u>Benefits</u>		<u>Other Expenses</u>			
		<u>State</u>	<u>Local</u>				
<b>Unrestricted - Educational Activities</b>							
Instruction	\$ 93,630,313	\$ -	\$ 9,583,176	\$ 5,541,117	\$ 108,754,606	\$ 108,674,237	
Public Service	2,280,530	-	229,830	2,620,678	5,131,038	7,552,805	
Academic Support	22,125,927	-	2,323,015	5,380,002	29,828,944	25,950,095	
Student Services	21,752,154	-	2,377,712	1,935,074	26,064,940	24,495,350	
Institutional Support	24,818,553	-	4,856,845	13,858,359	43,533,757	42,133,508	
Operation and Maintenance of Plant	9,540,571	-	1,110,305	18,453,348	29,104,224	25,827,805	
Total Unrestricted- Educational Activities	<u>174,148,048</u>	<u>-</u>	<u>20,480,883</u>	<u>47,788,578</u>	<u>242,417,509</u>	<u>234,633,800</u>	
<b>Restricted - Educational Activities</b>							
Instruction	2,615,771	10,746,642	202,706	3,020,955	16,586,074	12,948,756	
Public Service	1,232,240	-	108,653	152,769	1,493,662	459,928	
Academic Support	-	2,539,556	-	-	2,539,556	1,752,830	
Student Services	170,718	2,496,655	10,910	461,907	3,140,190	2,326,803	
Institutional Support	909,058	2,814,175	642	3,369	3,727,244	2,701,859	
Operation and Maintenance of Plant	-	-	-	-	-	22,058	
Scholarship and Fellowships	-	-	-	19,265,966	19,265,966	18,640,887	
Total Restricted- Educational Activities	<u>4,927,787</u>	<u>18,597,028</u>	<u>322,911</u>	<u>22,904,966</u>	<u>46,752,692</u>	<u>38,853,121</u>	
Total Educational Activities	<u>179,075,835</u>	<u>18,597,028</u>	<u>20,803,794</u>	<u>70,693,544</u>	<u>289,170,201</u>	<u>273,486,921</u>	
Auxiliary Enterprises	283,231	-	13,374	1,437,847	1,734,452	608,140	
Depreciation Expense - Buildings and Other Real Estate Improvements	-	-	-	12,886,750	12,886,750	9,332,129	
Depreciation Expense - Equipment and Library Books	-	-	-	-	-	3,732,355	
Total Operating Expenses	<u>\$ 179,359,066</u>	<u>\$ 18,597,028</u>	<u>\$ 20,817,168</u>	<u>\$ 85,018,141</u>	<u>\$ 303,791,403</u>	<u>\$ 287,159,545</u>	
					(Exhibit 2)	(Exhibit 2)	



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

**SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES**  
**For The Fiscal Year Ended August 31, 2016**  
**(With Memorandum Totals for the Year Ended August 31, 2015)**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>2016 Total</u>	<u>2015 Total</u>
Non-Operating Revenues:					
State Appropriations	\$ 53,346,255	\$ 9,147,910		\$ 62,494,165	\$ 62,036,062
Maintenance Ad Valorem Taxes	142,506,659	16,722,843		159,229,502	131,067,317
Federal Revenue, Non-Operating	-	32,723,899		32,723,899	32,488,418
Capital Grants & Gifts	8,967	-		8,967	9,925
Investment Income	721,155	1,176,255	21,639	1,919,049	374,951
Gain on Disposal of Capital Assets	(36,125)			(36,125)	2,685,047
Total Non-Operating Revenues	<u>196,546,911</u>	<u>59,770,907</u>	<u>21,639</u>	<u>256,339,457</u>	<u>228,661,720</u>
Non-Operating Expenses:					
Interest on Capital Related Debt	<u>16,990,950</u>	<u>9,931,509</u>	<u>-</u>	<u>26,922,459</u>	<u>22,676,547</u>
Net Non-Operating Revenues	<u>\$ 179,555,961</u>	<u>\$ 49,839,398</u>	<u>\$ 21,639</u>	<u>\$ 229,416,998</u> (Exhibit 2)	<u>\$ 205,985,173</u> (Exhibit 2)

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

**SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY**  
**For The Fiscal Year Ended August 31, 2016**  
**(With Memorandum Totals for the Year Ended August 31, 2015)**

	Detail by Source				Available for Current Operations			2015 Total
	Restricted			Capital Assets Net of Depreciation & Related Debt	2016 Total	Yes	No	
	Unrestricted	Expendable	Non- expendable					
Current:								
Unrestricted	\$ (26,617,559)	\$ -	\$ -	\$ -	\$ (26,617,559)	\$ (26,617,559)	\$ -	\$ (38,378,391)
Board Designated	-	-	-	-	-	-	-	-
Restricted		1,405,913	-	-	1,405,913	-	1,405,913	1,210,087
Auxiliary Enterprises	4,487,277	-	-	-	4,487,277	4,487,277	-	5,181,194
Loan	-	-	-	-	-	-	-	-
Endowment								
Quasi:								
Unrestricted	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Endowment								
True	-	-	-	-	-	-	-	-
Term (per instructions at maturity)	-	-	-	-	-	-	-	-
Life Income Contracts	-	-	-	-	-	-	-	-
Annuities	-	-	-	-	-	-	-	-
Plant:								
Unexpended	12,832,904	-	-	-	12,832,904	12,832,904	-	-
Renewals	-	-	-	-	-	-	-	10,396,245
Debt Service	-	14,428,600	-	-	14,428,600	-	14,428,600	13,021,285
Investment in Plant	-	-	-	45,476,227	45,476,227	-	45,476,227	42,854,449
<b>Total Net Position, End of Year</b>	<b>(9,297,378)</b>	<b>15,834,513</b>	<b>-</b>	<b>45,476,227</b>	<b>52,013,362</b>	<b>(9,297,378)</b>	<b>61,310,740</b>	<b>34,284,869</b>
					(Exhibit 1)			
<b>Total Net Position, Beginning of Year, as Restated</b>								<b>26,944,195</b>
					(Exhibit 1)			
<b>Net Increase (Decrease) in Net Position</b>	<b>\$ (9,297,378)</b>	<b>\$ 15,834,513</b>	<b>\$ -</b>	<b>\$ 45,476,227</b>	<b>\$ 52,013,362</b>	<b>\$ (9,297,378)</b>	<b>\$ 61,310,740</b>	<b>\$ 7,340,674</b>
					(Exhibit 2)			

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**STATISTICAL**  
**SECTION**

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

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

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

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

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

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

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

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

**Net Position by Component**

**Last Ten Fiscal Years**

(in Thousands)

	Fiscal Year									
	2016	(a) 2015	2014	(b) Restated 2013	2012	2011	2010	2009	2008	2007
<b>Net Position:</b>										
Net Investment in Capital Assets	\$ 45,476	\$ 42,855	\$ 33,624	\$ 39,222	\$ 50,221	\$ 49,331	\$ 53,589	\$ 54,104	\$ 44,737	\$ 43,822
Restricted - Expendable	15,834	14,231	23,362	23,268	17,876	18,270	17,471	15,153	12,919	5,611
Unrestricted	<u>(9,297)</u>	<u>(22,801)</u>	<u>15,426</u>	<u>15,975</u>	<u>25,679</u>	<u>24,402</u>	<u>26,144</u>	<u>20,694</u>	<u>26,312</u>	<u>19,874</u>
Net Position, End of Year	52,013	34,285	72,412	78,465	93,776	92,003	97,204	89,951	83,968	69,307
Net Position, Beginning of Year	<u>34,284</u>	<u>26,944</u>	<u>78,465</u>	<u>89,090</u>	<u>92,003</u>	<u>97,204</u>	<u>89,951</u>	<u>83,968</u>	<u>69,307</u>	<u>54,589</u>
Increase (Decrease) in Net Position	<u>\$ 17,729</u>	<u>\$ 7,341</u>	<u>\$ (6,053)</u>	<u>\$ (10,625)</u>	<u>\$ 1,773</u>	<u>\$ (5,201)</u>	<u>\$ 7,253</u>	<u>\$ 5,983</u>	<u>\$ 14,661</u>	<u>\$ 14,718</u>

**Notes:**

(a) To reflect the adoption of GASB 68, beginning net position was restated to record the beginning net pension liability and related deferred outflows for contributions made after measurement date of the beginning net pension liability and the beginning of the fiscal year.

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

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

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

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

Revenues by Source  
Last Ten Fiscal Years  
(in Thousands)

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Operating Revenues:</b>										
Tuition and Fees (Net of Discounts)	\$ 64,354	\$ 64,209	\$ 58,817	\$ 59,623	\$ 59,017	\$ 52,740	\$ 50,540	\$ 47,763	\$ 45,751	\$ 45,749
Federal Grants and Contracts	6,303	6,348	5,560	4,806	4,971	7,850	7,243	4,340	4,753	5,979
State Grants and Contracts	7,665	5,924	3,613	3,565	3,771	4,215	3,499	1,831	2,055	2,352
Local Grants and Contracts	199	207	206	206	239	337	383	299	290	278
Non-Governmental Grants and Contracts	2,735	1,391	1,272	1,214	1,157	1,047	1,028	1,473	1,696	1,400
Sales and Services of Educational Activities	6,472	5,134	3,696	4,884	5,012	4,395	4,370	3,513	2,983	2,240
Auxiliary Enterprises	1,386	1,524	451	963	1,119	1,243	1,147	1,018	1,184	1,077
Other Operating Revenues	2,989	3,778	4,916	5,842	4,027	3,441	3,220	2,112	2,071	3,609
<b>Total Operating Revenues</b>	<b>92,103</b>	<b>88,515</b>	<b>78,531</b>	<b>81,103</b>	<b>79,313</b>	<b>75,268</b>	<b>71,430</b>	<b>62,349</b>	<b>60,783</b>	<b>62,684</b>
<b>Non-Operating Revenues:</b>										
State Appropriations	62,494	62,036	60,016	54,182	53,088	59,097	59,134	55,950	55,451	48,544
Ad Valorem Taxes	159,230	131,067	118,716	111,550	106,214	100,785	104,504	88,900	80,568	71,181
Federal Revenue, Non Operating	32,724	32,488	34,991	39,178	44,963	48,823	40,322	22,799	17,222	14,817
Gifts	9	10	25	21	105	3	23	130	37	96
Investment Income	1,919	375	350	448	412	406	1,277	717	3,870	4,887
Other Non-operating revenues	-	2,685	8	-	-	-	2	-	-	-
<b>Total Non-Operating Revenues</b>	<b>256,376</b>	<b>228,661</b>	<b>214,106</b>	<b>205,379</b>	<b>204,782</b>	<b>209,114</b>	<b>205,262</b>	<b>168,496</b>	<b>157,148</b>	<b>139,525</b>
<b>Total Revenues</b>	<b>\$ 348,479</b>	<b>\$ 317,176</b>	<b>\$ 292,637</b>	<b>\$ 286,482</b>	<b>\$ 284,095</b>	<b>\$ 284,382</b>	<b>\$ 276,692</b>	<b>\$ 230,845</b>	<b>\$ 217,931</b>	<b>\$ 202,209</b>

**Percentage of Total**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Operating Revenues:</b>										
Tuition and Fees (Net of Discounts)	18.47%	20.24%	20.10%	20.81%	20.77%	18.55%	18.27%	20.69%	20.99%	22.62%
Federal Grants and Contracts	1.81%	2.00%	1.90%	1.68%	1.75%	2.76%	2.62%	1.88%	2.18%	2.96%
State Grants and Contracts	2.20%	1.87%	1.23%	1.24%	1.33%	1.48%	1.26%	0.79%	0.94%	1.16%
Local Grants and Contracts	0.06%	0.07%	0.07%	0.07%	0.08%	0.12%	0.14%	0.13%	0.13%	0.14%
Non-Governmental Grants and Contracts	0.78%	0.44%	0.43%	0.42%	0.41%	0.37%	0.37%	0.64%	0.78%	0.69%
Sales and Services of Educational Activities	1.86%	1.62%	1.26%	1.70%	1.76%	1.55%	1.58%	1.52%	1.37%	1.11%
Auxiliary Enterprises	0.40%	0.48%	0.16%	0.34%	0.39%	0.44%	0.41%	0.44%	0.54%	0.53%
Other Operating Revenues	0.86%	1.19%	1.69%	2.04%	1.43%	1.20%	1.17%	0.92%	0.96%	1.79%
<b>Total Operating Revenues</b>	<b>26.43%</b>	<b>27.91%</b>	<b>26.84%</b>	<b>28.30%</b>	<b>27.92%</b>	<b>26.47%</b>	<b>25.82%</b>	<b>27.01%</b>	<b>27.89%</b>	<b>31.00%</b>
<b>Non-Operating Revenues:</b>										
State Appropriations	17.93%	19.56%	20.50%	18.91%	18.69%	20.78%	21.37%	24.24%	25.44%	24.00%
Ad Valorem Taxes	45.69%	41.32%	40.57%	38.94%	37.39%	35.44%	37.77%	38.51%	36.97%	35.20%
Federal Revenue, Non Operating	9.39%	10.24%	11.96%	13.68%	15.82%	17.17%	14.57%	9.88%	7.90%	7.33%
Gifts	0.00%	0.00%	0.01%	0.01%	0.04%	0.00%	0.01%	0.06%	0.02%	0.05%
Investment Income	0.55%	0.12%	0.12%	0.16%	0.14%	0.14%	0.46%	0.30%	1.78%	2.42%
Other Non-Operating revenues	0.00%	0.85%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Total Non-Operating Revenues</b>	<b>73.57%</b>	<b>72.09%</b>	<b>73.16%</b>	<b>71.70%</b>	<b>72.08%</b>	<b>73.53%</b>	<b>74.18%</b>	<b>72.99%</b>	<b>72.11%</b>	<b>69.00%</b>
<b>Total Revenues</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
Austin, Texas

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

Program Expenses by Function  
Last Ten Fiscal Years  
(in Thousands)

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Operating Expenses:</b>										
Instruction	\$125,341	\$121,623	\$115,914	\$120,734	\$115,498	\$116,847	\$107,782	\$96,583	\$87,363	\$82,398
Public Service	6,625	8,013	5,563	4,436	4,607	5,446	5,165	4,656	4,015	3,466
Academic Support	32,369	27,703	26,418	24,964	24,373	24,572	23,052	21,705	20,335	18,195
Student Services	29,205	26,822	26,306	25,758	24,218	24,034	21,871	20,070	17,225	14,779
Institutional Support	47,261	44,835	41,621	41,341	35,851	35,080	35,052	31,460	30,969	26,640
Operation and Maintenance of Plant	29,104	25,850	32,630	27,369	24,172	24,336	31,883	19,037	17,761	16,896
Scholarships and Fellowships	19,266	18,641	19,989	22,292	27,442	34,550	30,785	18,399	12,483	12,959
Auxiliary Enterprises	1,734	608	722	352	237	939	331	379	325	1,100
Depreciation	12,886	13,064	11,597	10,443	10,100	9,750	6,531	5,778	5,269	4,653
Total Operating Expenses	303,791	287,159	280,760	277,689	266,498	275,554	262,452	218,067	195,745	181,086
<b>Non-Operating Expenses:</b>										
Interest on Capital Related Debt	26,922	22,677	17,930	19,164	15,798	13,942	6,987	6,592	7,517	6,388
Other Non-Operating Expenses	-	-	-	-	-	-	-	-	-	-
Loss on Disposal of Capital Assets	36	-	-	23	26	88	-	9	7	17
Investment Loss	-	-	-	-	-	-	-	194	-	-
Total Non-Operating Expenses	26,958	22,677	17,930	19,187	15,824	14,030	6,987	6,795	7,524	6,405
Total Expenses	\$ 330,749	\$ 309,836	\$ 298,690	\$ 296,876	\$ 282,322	\$ 289,584	\$ 269,439	\$ 224,862	\$ 203,269	\$ 187,491

**Percentage of Total**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Operating Expenses:</b>										
Instruction	37.89%	39.24%	38.81%	40.67%	40.91%	40.35%	40.00%	42.95%	42.98%	43.95%
Public Service	2.00%	2.59%	1.86%	1.49%	1.63%	1.88%	1.92%	2.07%	1.98%	1.85%
Academic Support	9.79%	8.94%	8.84%	8.41%	8.63%	8.49%	8.56%	9.65%	10.00%	9.70%
Student Services	8.83%	8.66%	8.81%	8.68%	8.58%	8.30%	8.12%	8.93%	8.47%	7.88%
Institutional Support	14.29%	14.47%	13.93%	13.93%	12.70%	12.11%	13.01%	13.99%	15.24%	14.21%
Plant	8.80%	8.34%	10.92%	9.22%	8.56%	8.40%	11.83%	8.47%	8.74%	9.01%
Scholarships and Fellowships	5.82%	6.02%	6.70%	7.51%	9.72%	11.93%	11.43%	8.18%	6.14%	6.91%
Auxiliary Enterprises	0.52%	0.20%	0.24%	0.12%	0.08%	0.32%	0.12%	0.17%	0.16%	0.59%
Depreciation	3.90%	4.22%	3.89%	3.51%	3.58%	3.36%	2.42%	2.57%	2.59%	2.48%
Total Operating Expenses	91.85%	92.68%	94.00%	93.54%	94.39%	95.16%	97.41%	96.98%	96.30%	96.58%
<b>Non-Operating Expenses:</b>										
Interest on Capital Related Debt	8.14%	7.32%	6.00%	6.46%	5.60%	4.81%	2.59%	2.93%	3.70%	3.41%
Other Non-Operating Expenses	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Loss on Disposal of Capital Assets	0.01%	0.00%	0.00%	0.01%	0.01%	0.03%	0.00%	0.00%	0.00%	0.01%
Investment Loss	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.09%	0.00%	0.00%
Total Non-Operating Expenses	8.15%	7.32%	6.00%	6.46%	5.61%	4.84%	2.59%	3.02%	3.70%	3.42%
Total Expenses	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%



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

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

Tuition and Fees  
 Last Ten Fiscal Years

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

Fiscal Year	In-District Tuition	Out-of-District Tuition (a)	Out-of-District Fee (a)	General Fee	Student Activity Fees	Sustainability Fee	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Yr In-District	Increase from Prior Yr Out-of-District
2016	\$ 67	\$ 67	\$ 222	\$ 15	\$ 2	\$ 1	\$ 1,020	\$ 3,684	0.00%	6.97%
2015	67	67	202	15	2	1	1,020	3,444	2.41%	9.54%
2014	67	67	179	13	2	1	996	3,144	6.41%	9.17%
2013	62	62	162	13	2	1	936	2,880	14.71%	14.29%
2012	52	52	142	13	2	1	816	2,520	17.24%	26.51%
2011	42	150	-	13	2	1	696	1,992	7.41%	9.21%
2010	39	137	-	13	2	-	648	1,824	0.00%	7.04%
2009	39	127	-	13	2	-	648	1,704	-3.57%	5.19%
2008	39	118	-	15	2	-	672	1,620	3.70%	8.00%
2007	39	110	-	13	2	-	648	1,500	1.89%	7.76%

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

Fiscal Year	Non-Res Tuition Out-of-State	Non-Res Tuition Intl	General Fee	Student Activity Fees	Sustainability Fee	Cost for 12 SCH Out-of-State	Cost for 12 SCH Intl	Increase from Prior Yr Out-of-State	Increase from Prior Yr Intl
2016	\$ 360	\$ 360	\$ 15	\$ 2	\$ 1	\$ 4,536	\$ 4,536	4.71%	4.71%
2015	343	343	15	2	1	4,332	4,332	9.73%	9.73%
2014	313	313	13	2	1	3,948	3,948	1.54%	1.54%
2013	308	308	13	2	1	3,888	3,888	3.18%	3.18%
2012	298	298	13	2	1	3,768	3,768	3.29%	3.29%
2011	288	288	13	2	1	3,648	3,648	1.33%	1.33%
2010	285	285	13	2	-	3,600	3,600	0.00%	0.00%
2009	285	285	13	2	-	3,600	3,600	2.39%	2.39%
2008	276	276	15	2	-	3,516	3,516	10.15%	10.15%
2007	251	251	13	2	-	3,192	3,192	31.03%	31.03%

**Notes:**

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

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

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
Austin, Texas

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

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

Fiscal Year	State Appropriation	Appropriation per FTSE		Appropriation per Contact Hour			State Appropriation per Contact Hour
		FTSE (15 SCH)	State Appropriation per FTSE	Academic Contact Hours (a)	Voc/Tech Contact Hours (a)	Total Contact Hours	
2016	\$ 62,494,165	20,965	\$ 2,981	10,940,246	3,074,734	14,014,980	4.46
2015	62,036,062	20,055	3,093	10,998,536	3,190,436	14,188,972	4.37
2014	60,016,104	20,259	2,962	11,101,552	3,177,630	14,279,182	4.20
2013	54,181,617	20,806	2,604	11,627,424	3,631,732	15,259,156	3.55
2012	53,087,767	21,701	2,446	12,427,152	3,847,562	16,274,714	3.26
2011	59,097,142	21,972	2,690	12,913,216	4,720,791	17,634,007	3.35
2010	59,133,878	20,000	2,957	12,144,888	3,578,718	15,723,606	3.76
2009	55,950,127	17,789	3,145	10,774,752	3,202,731	13,977,483	4.00
2008	55,451,405	17,032	3,256	9,816,472	3,088,583	12,905,055	4.30
2007	48,543,742	16,831	2,884	9,547,964	2,920,238	12,468,202	3.89

**Sources:**

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

**Notes:**

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

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
Austin, Texas

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

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

(Amounts expressed in thousands)				Tax Rate			
Fiscal Year	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value	Ratio of Taxable Assessed Value to Assessed Value	Maintenance & Operations Rate	Debt Service Rate	Total Tax Rate
2016	\$ 195,753,883	\$ 38,665,848	\$ 157,088,035	80.25%	\$ 0.09000	\$ 0.00420	\$ 0.09420
2015	168,976,487	29,669,339	139,307,148	82.44%	0.09000	0.00420	0.09420
2014	149,340,769	25,245,135	124,095,634	83.10%	0.09000	0.00490	0.09490
2013	140,251,968	23,240,309	117,011,659	83.43%	0.09000	0.00510	0.09510
2012	135,788,176	23,541,278	112,246,898	82.66%	0.09000	0.00480	0.09480
2011	124,833,360	19,963,728	104,869,632	84.01%	0.09000	0.00510	0.09510
2010	130,105,839	21,074,859	109,030,980	83.80%	0.09000	0.00460	0.09460
2009	109,645,790	16,667,307	92,978,483	84.80%	0.09000	0.00540	0.09540
2008	98,281,381	14,902,149	83,379,232	84.84%	0.09000	0.00580	0.09580
2007	84,941,603	13,819,387	71,122,216	83.73%	0.09000	0.00650	0.09650

**Source:**

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

**Notes:**

Property is assessed at full market value.

(a) per \$100 Taxable Assessed Valuation

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
Austin, Texas

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

**Principal Taxpayers**  
**Last Ten Fiscal Years**

**Taxable Assessed Value (TAV) by Fiscal Year (in Thousands)**

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Fiscal Year (in Thousands)				
		2016	2015	2014	2013	2012
Samsung Austin Semiconductor	Manufacturing	\$ 2,477,907	\$ 2,479,597	\$ 2,301,995	\$ 2,931,282	\$ 2,884,673
PKY-San Jacinto Center LLC	Real Estate	307,830	747,258	-	-	-
Columbia/St Davids Health Care	Medical	516,094	484,356	481,018	475,510	259,057
Freescale Semiconductor, Inc	Manufacturing	308,035	316,663	300,552	333,704	357,971
Freescale Semiconductor	Manufacturing	-	-	-	-	-
Applied Materials, Inc.	Manufacturing	418,773	309,466	270,384	337,799	432,369
Apple INC	Manufacturing	264,264	-	-	-	-
Circuit of the Americas LLC	Sports/Recreation	-	289,214	290,836	-	-
Dell, Inc.	Manufacturing	-	265,799	287,908	323,587	-
Dell USA LP	Manufacturing	-	-	-	-	-
IBM Corporation (a)	Manufacturing	253,918	240,682	231,662	246,278	233,059
IBM Corporation (a)	Manufacturing	-	-	-	-	-
IMT Capital II Riata LP	Real Estate	256,260	236,598	211,437	-	-
CSHV-401 Congress LLC	Limited Liability Co.	251,256	-	-	-	-
Finley Company	Oil Land Leases	240,032	-	-	-	-
HEB Grocery Company LP	Food Retail	-	222,663	-	-	-
TPG-300 West 6th Street LLC	Real Estate	-	-	705,800	815,137	489,131
Shoping Center at Gateway LP	Real Estate	-	-	214,811	206,168	197,737
Spancion LLC	Manufacturing	-	-	-	204,763	217,236
Brandywine Acquisition Partners LP	Real Estate	-	-	-	186,630	-
Advanced Micro Devices Inc.	Manufacturing	-	-	-	-	260,060
CJUF II Stratus Block 21 LLC	Real Estate	-	-	-	-	178,304
Hewlett-Packard Company	Manufacturing	-	-	-	-	-
Flextronics	Manufacturing	-	-	-	-	-
Cisco Systems, Inc.	Manufacturing	-	-	-	-	-
Southwestern Bell Telephone	Telephone Utility	-	-	-	-	-
TX Frost Tower Office	Real Estate	-	-	-	-	-
Solectron Texas	Manufacturing	-	-	-	-	-
Cousins Properties Texas LP	Real Estate	-	-	-	-	-
Totals		\$ 5,294,369	\$ 5,592,296	\$ 5,296,403	\$ 6,060,858	\$ 5,509,597
Total Taxable Assessed Value		\$ 159,159,030	\$ 139,307,148	\$ 124,095,634	\$ 117,011,659	\$ 112,246,898

**% of Taxable Assessed Value (TAV) by Fiscal Year**

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Fiscal Year				
		2015	2015	2014	2013	2012
Samsung Austin Semiconductor	Manufacturing	1.56%	1.78%	1.86%	2.50%	2.57%
PKY-San Jacinto Center LLC	Real Estate	0.19%	0.54%	-	-	-
Columbia/St Davids Health Care	Medical	0.32%	0.35%	0.39%	0.41%	0.23%
Freescale Semiconductor, Inc	Manufacturing	0.19%	0.23%	0.24%	0.29%	0.32%
Freescale Semiconductor	Manufacturing	-	-	-	-	-
Applied Materials, Inc.	Manufacturing	0.26%	0.22%	0.22%	0.28%	0.39%
Apple INC	Manufacturing	0.17%	-	-	-	-
Circuit of the Americas LLC	Sports/Recreation	-	0.21%	0.23%	-	-
Dell, Inc.	Manufacturing	-	0.19%	0.23%	0.28%	-
Dell USA LP	Manufacturing	-	-	-	-	-
IBM Corporation (a)	Manufacturing	0.16%	0.17%	0.19%	0.21%	0.21%
IBM Corporation (a)	Manufacturing	-	-	-	-	-
IMT Capital II Riata LP	Real Estate	0.16%	0.17%	0.17%	-	-
CSHV-401 Congress LLC	Limited Liability Co.	0.16%	-	-	-	-
Finley Company	Oil Land Leases	0.15%	-	-	-	-
HEB Grocery Company LP	Food Retail	-	0.16%	-	-	-
TPG-300 West 6th Street LLC	Real Estate	-	-	0.57%	0.70%	0.44%
Shoping Center at Gateway LP	Real Estate	-	-	0.17%	0.18%	0.18%
Spancion LLC	Manufacturing	-	-	-	0.17%	0.19%
Brandywine Acquisition Partners LP	Real Estate	-	-	-	0.16%	-
Advanced Micro Devices Inc.	Manufacturing	-	-	-	-	0.23%
CJUF II Stratus Block 21 LLC	Real Estate	-	-	-	-	0.15%
Hewlett-Packard Company	Manufacturing	-	-	-	-	-
Flextronics	Manufacturing	-	-	-	-	-
Cisco Systems, Inc.	Manufacturing	-	-	-	-	-
Southwestern Bell Telephone	Telephone Utility	-	-	-	-	-
TX Frost Tower Office	Real Estate	-	-	-	-	-
Solectron Texas	Manufacturing	-	-	-	-	-
Cousins Properties Texas LP	Real Estate	-	-	-	-	-
Totals		3.33%	4.02%	4.27%	5.18%	4.91%

**Source:**

Travis and Williamson County Tax Assessor/Collector

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

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

	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
\$	1,000,506	\$ 1,389,942	\$ 853,031	\$ 304,088	\$ 258,950
	-	-	-	-	-
	253,067	232,463	-	-	-
	337,666	-	-	-	156,113
	-	415,367	464,415	335,899	347,003
	284,469	392,680	486,079	539,389	404,655
	-	-	-	-	-
	215,894	224,722	483,562	443,892	544,783
	-	-	-	186,656	153,676
	233,764	253,136	260,769	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	470,972	530,753	530,753	-	-
	202,486	-	221,999	-	-
	216,490	267,313	355,933	274,700	215,012
	-	-	-	-	-
	257,777	282,338	224,626	-	-
	-	-	-	-	-
	-	226,245	-	-	-
	-	-	239,315	197,365	-
	-	-	-	254,768	-
	-	-	-	230,208	210,312
	-	-	-	176,566	-
	-	-	-	-	214,516
	-	-	-	-	147,389
<b>\$</b>	<b>3,473,091</b>	<b>\$ 4,214,959</b>	<b>\$ 4,120,482</b>	<b>\$ 2,943,531</b>	<b>\$ 2,652,409</b>
<b>\$</b>	<b>104,869,632</b>	<b>\$ 109,030,980</b>	<b>\$ 92,978,483</b>	<b>\$ 83,379,232</b>	<b>\$ 71,122,216</b>

	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
	0.95%	1.27%	0.92%	0.36%	0.36%
	-	-	-	-	-
	0.24%	0.21%	-	-	-
	0.32%	-	-	-	0.22%
	-	0.38%	0.50%	0.40%	0.49%
	0.27%	0.36%	0.52%	0.65%	0.57%
	-	-	-	-	-
	0.21%	0.21%	0.52%	0.53%	0.77%
	-	-	-	0.22%	0.22%
	0.22%	0.23%	0.28%	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	0.45%	0.49%	0.57%	-	-
	0.19%	-	0.24%	-	-
	0.21%	0.25%	0.38%	0.33%	0.30%
	-	-	-	-	-
	0.25%	0.26%	0.24%	-	-
	-	-	-	-	-
	-	0.21%	-	-	-
	-	-	0.26%	0.24%	-
	-	-	-	0.31%	-
	-	-	-	0.28%	0.30%
	-	-	-	0.21%	-
	-	-	-	-	0.30%
	-	-	-	-	0.20%
	<b>3.31%</b>	<b>3.87%</b>	<b>4.43%</b>	<b>3.53%</b>	<b>3.73%</b>

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

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

**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**  
(in Thousands)

<b>Fiscal Year</b>	<b>Original Tax Levy</b>	<b>Cumulative Levy Adjustments</b>	<b>Adjusted Tax Levy</b>	<b>Collection Year of Levy</b>	<b>Percentage of Levy</b>	<b>Prior Collections of Prior Levies</b>	<b>Current Collections of Prior Levies</b>	<b>Total Collections</b>	<b>Cumulative Collections of Adjusted Levy</b>
2016	\$ 158,987	\$ -	\$ 158,987	\$ 158,107	99.45%	\$ -	\$ -	\$ 158,107	99.45%
2015	130,594	-	130,594	129,598	99.24%	-	-	129,598	99.24%
2014	118,146	(154)	117,992	117,220	99.22%	-	269	117,489	99.57%
2013	111,214	(205)	111,009	110,452	99.31%	287	32	110,771	99.79%
2012	106,051	(192)	105,859	105,233	99.23%	401	32	105,666	99.82%
2011	100,447	(298)	100,149	99,520	99.08%	442	16	99,978	99.83%
2010	104,074	(313)	103,761	102,956	98.93%	645	(7)	103,594	99.84%
2009	88,614	(247)	88,367	87,605	98.86%	598	13	88,216	99.83%
2008	80,144	(366)	79,778	79,341	99.00%	315	5	79,661	99.85%
2007	70,836	(283)	70,553	70,106	98.97%	337	4	70,447	99.85%

**Sources:**

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

**Note:**

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

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

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

**Ratios of Outstanding Debt**  
**Last Ten Fiscal Years**  
(in Thousands)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>General Bonded Debt</b>										
General Obligation Bonds	\$ 334,659	\$ 265,587	\$ 92,454	\$ 95,593	\$ 96,250	\$ 95,169	\$ 96,399	\$ 97,268	\$ 98,135	\$ 98,749
Less:										
Funds Restricted for Debt Service	844	822	818	817	246	194	191	188	177	123
Net General Bonded Debt	\$ 333,815	\$ 264,765	\$ 91,636	\$ 94,776	\$ 96,004	\$ 94,975	\$ 96,208	\$ 97,080	\$ 97,958	\$ 98,626
<b>Other Debt</b>										
Revenue Bonds	\$ 178,571	\$ 178,333	\$ 181,737	\$ 185,841	\$ 112,061	\$ 125,759	\$ 76,340	\$ 46,966	\$ 49,526	\$ 51,736
Lease Revenue Bonds	187,707	192,693	191,833	194,685	197,054	152,423	120,365	121,732	122,064	-
Capital Lease Obligations	275	843	1,402	1,955	1,159	534	1,050	1,549	2,034	3,260
Total Other Debt	366,553	371,869	374,972	382,481	310,274	278,716	197,755	170,247	173,624	54,996
<b>Total Outstanding Debt</b>	<b>\$ 700,368</b>	<b>\$ 636,634</b>	<b>\$ 466,608</b>	<b>\$ 477,257</b>	<b>\$ 406,278</b>	<b>\$ 373,691</b>	<b>\$ 293,963</b>	<b>\$ 267,327</b>	<b>\$ 271,582</b>	<b>\$ 153,622</b>
<b>General Bonded Debt Ratios</b>										
Per Capita	\$ 171.78	\$ 140.60	\$ 49.96	\$ 51.67	\$ 53.83	\$ 54.95	\$ 56.42	\$ 58.69	\$ 61.51	\$ 64.59
Per FTSE	15,922	13,202	4,523	4,555	4,424	4,323	4,810	5,457	5,751	5,860
As a % of Taxable Assessed Value	\$ 0	0.19%	0.07%	0.08%	0.09%	0.09%	0.09%	0.10%	0.12%	0.14%
<b>Total Outstanding Debt Ratios</b>										
Per Capita	\$ 371.93	\$ 338.09	\$ 254.38	\$ 260.18	\$ 227.80	\$ 216.23	\$ 172.40	\$ 161.61	\$ 170.53	\$ 100.60
Per FTSE	34,922	31,744	23,032	22,938	18,722	17,008	14,698	15,028	15,945	9,127
As a % of Taxable Assessed Value	0.50%	0.46%	0.38%	0.41%	0.36%	0.36%	0.27%	0.29%	0.33%	0.22%

**Notes:**

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

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

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

**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
(in Thousands)

	2016	2015	2014	2013	2012
<b>Taxable Assessed Value</b>	<b>\$ 159,159,030</b>	<b>\$ 139,307,148</b>	<b>\$ 124,095,634</b>	<b>\$ 117,011,659</b>	<b>\$ 112,246,898</b>
<b>General Obligation Bonds</b>					
Statutory Tax Levy Limit for Debt Serv (1)	\$ 795,795	\$ 696,536	\$ 620,478	\$ 585,058	\$ 561,234
Less:					
Funds Restricted for Repayment of General Obligation Bonds	844	822	818	817	246
Net Statutory Tax Levy Limit for Debt Service	794,951	695,714	619,660	584,241	560,988
Current Year Debt Service Requirements		5,882	6,093	5,428	4,868
<b>Excess of Statutory Limit for Debt Service over Current Requirements</b>	<b>\$ 794,951</b>	<b>\$ 689,832</b>	<b>\$ 613,567</b>	<b>\$ 578,813</b>	<b>\$ 556,120</b>
<b>Net Current Requirements as a % of Statutory Limit</b>	0.11%	0.96%	1.11%	1.07%	0.91%

**Notes:**

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



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

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

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2011	2010	2009	2008	2007
\$ 104,869,632	\$ 109,030,980	\$ 92,978,483	\$ 83,379,232	\$ 71,122,216
\$ 524,348	\$ 545,155	\$ 464,892	\$ 416,896	\$ 355,611
194	191	188	177	123
524,154	544,964	464,704	416,719	355,488
5,402	5,065	5,086	4,849	4,666
\$ 518,752	\$ 539,899	\$ 459,618	\$ 411,870	\$ 350,822
1.07%	0.96%	1.13%	1.21%	1.35%

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
Austin, Texas

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

**Pledged Revenue Coverage**  
**Last Ten Fiscal Years**  
(in Thousands)

Fiscal Year	Combined Fee Revenue Bonds							Coverage Ratio
	Pledged Revenues				Debt Service Requirements			
	Tuition	General Fees	Interest Income	Total	Principal	Interest	Total	
2016	15,379	11,077	682	27,138	4,646	6,322	10,968	2.47
2015	15,335	11,206	327	26,868	4,315	6,156	10,471	2.57
2014	14,940	9,717	316	24,973	4,170	7,240	11,410	2.19
2013	14,702	10,119	424	25,245	4,050	6,397	10,447	2.42
2012	18,698	10,709	355	29,762	3,895	4,941	8,836	3.37
2011	16,237	11,155	369	27,761	3,545	3,072	6,617	4.20
2010	14,239	10,404	292	24,935	2,910	2,614	5,524	4.51
2009	1,311	6,386	859	8,556	2,810	1,969	4,779	1.79
2008	1,191	6,190	1,523	8,904	2,445	2,085	4,530	1.97
2007	1,156	5,629	2,681	9,466	1,920	2,179	4,099	2.31

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

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

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

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income (in Thousands)</b>	<b>Personal Income Per Capita</b>	<b>Unemployment Rate</b>
2016	(a)	(a)	(a)	3.3%
2015	1,943,299	\$ 91,385,667	\$ 47,026	3.5%
2014	1,883,051	\$ 84,285,529	\$ 44,760	4.6%
2013	1,834,303	\$ 78,695,523	\$ 42,902	5.6%
2012	1,783,519	\$ 72,152,395	\$ 40,455	6.4%
2011	1,728,247	\$ 66,945,243	\$ 38,736	7.6%
2010	1,705,075	\$ 64,014,645	\$ 37,544	7.3%
2009	1,654,100	\$ 61,800,403	\$ 37,362	7.5%
2008	1,592,590	\$ 59,305,518	\$ 37,238	4.7%
2007	1,527,040	\$ 55,636,235	\$ 36,434	4.1%

**Source:**

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

**Notes:**

(a) Not yet available

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

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

Principal Employers  
Last Ten Fiscal Years

Employer	2016		2015		2014		2013		2012	
	Number of Employees	% of Total Employment	Number of Employees	% of Total Employment	Number of Employees	% of Total Employment	Number of Employees	% of Total Employment	Number of Employees	% of Total Employment
Local Government	91,900	9.24%	90,000	9.47%	89,600	9.95%	83,900	10.16%	86,200	10.84%
State Government	69,400	6.98%	69,100	7.27%	70,900	7.88%	72,500	8.78%	70,800	8.90%
University of Texas at Austin	14,079	1.42%	26,935	2.84%	27,264	3.03%	21,626	2.62%	27,894	3.51%
Dell Inc.	13,000	1.31%	14,000	1.47%	14,000	1.56%	12,000	1.45%	12,000	1.51%
Federal Government	13,500	1.36%	13,100	1.38%	11,300	1.26%	12,400	1.50%	12,500	1.57%
Seton Healthcare Family	10,945	1.10%	12,770	1.34%	12,609	1.40%	12,606	1.53%	11,601	1.46%
St. David's Healthcare	8,369	0.84%	8,100	0.85%	7,950	0.88%	7,400	0.90%	7,100	0.89%
Texas State University	3,154	0.32%	6,085	0.64%	6,572	0.73%	n/a	n/a	n/a	n/a
IBM Corporation	6,000	0.60%	6,000	0.63%	6,000	0.67%	6,000	0.73%	6,239	0.78%
Wal-Mart Stores, Inc.	5,700	0.57%	5,500	0.58%	n/a	n/a	n/a	n/a	n/a	n/a
HEB	n/a	n/a	n/a	n/a	11,277	1.25%	10,545	1.28%	10,263	1.29%
Freescale Semiconductor, Inc	n/a	n/a	n/a	n/a	n/a	n/a	5,000	0.61%	5,000	0.63%
<b>Total</b>	<b>236,047</b>	<b>23.74%</b>	<b>251,590</b>	<b>26.47%</b>	<b>257,472</b>	<b>28.61%</b>	<b>243,977</b>	<b>29.56%</b>	<b>249,597</b>	<b>31.38%</b>

**Sources:**

Austin Business Journal, Book of Lists 2007 - 2016  
Texas Workforce Commission  
Austin American Statesman, Monday, July 17, 2006  
Austin Business Journal 2006  
Greater Austin Chamber of Commerce, June 2005

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

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

2011		2010		2009		2008		2007	
Number of Employees	% of Total Employment	Number of Employees	% of Total Employment	Number of Employees	% of Total Employment	Number of Employees	% of Total Employment	Number of Employees	% of Total Employment
86,800	11.23%	83,800	11.01%	81,200	10.41%	75,900	9.96%	67,659	9.35%
72,100	9.33%	72,000	9.46%	69,600	8.92%	68,100	8.94%	63,332	8.75%
28,128	3.64%	16,156	2.12%	16,156	2.07%	16,919	2.22%	16,500	2.28%
10,000	1.29%	16,000	2.10%	17,000	2.18%	17,000	2.23%	17,000	2.35%
12,300	1.59%	11,900	1.56%	11,700	1.50%	11,400	1.50%	9,911	1.37%
10,737	1.39%	9,793	1.29%	9,807	1.26%	6,743	0.88%	7,538	1.04%
6,598	0.85%	6,043	0.79%	6,200	0.79%	6,219	0.82%	5,712	0.79%
n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	6,200	0.81%	6,239	0.80%	6,200	0.81%	6,300	0.87%
6,900	0.89%	6,900	0.91%	6,700	0.86%	6,500	0.85%	5,648	0.78%
14,882	1.93%	10,904	1.43%	6,746	0.86%	7,095	0.93%	n/a	n/a
5,000	0.65%	4,300	0.56%	n/a	n/a	n/a	n/a	5,400	0.75%
<b>253,445</b>	<b>32.79%</b>	<b>243,996</b>	<b>32.04%</b>	<b>231,348</b>	<b>29.65%</b>	<b>222,076</b>	<b>29.14%</b>	<b>205,000</b>	<b>28.33%</b>

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

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Faculty:</b>										
Full-Time	641	626	608	632	632	624	592	526	498	467
Part-Time	1394	1,371	1,340	1,434	1,487	1,460	1,401	1,316	1,224	1,187
Total	2,035	1,997	1,948	2,066	2,119	2,084	1,993	1,842	1,722	1,654
<b>Percent:</b>										
Full-Time	31.5%	31.3%	31.2%	30.6%	29.8%	29.9%	29.7%	28.6%	28.9%	28.2%
Part-Time	68.5%	68.7%	68.8%	69.4%	70.2%	70.1%	70.3%	71.4%	71.1%	71.8%
<b>Staff and Administrators:</b>										
Full-Time	1,407	1,352	1,261	1,271	1,288	1,282	1,215	1,118	925	888
Part-Time	172	160	138	150	163	173	174	175	141	145
Total	1,579	1,512	1,399	1,421	1,451	1,455	1,389	1,293	1,066	1,033
<b>Percent:</b>										
Full-Time	89.1%	89.4%	90.1%	89.4%	88.8%	88.1%	87.5%	86.5%	86.8%	86.0%
Part-Time	10.9%	10.6%	9.9%	10.6%	11.2%	11.9%	12.5%	13.5%	13.2%	14.0%
FTSE per Full-time Faculty	31.29	32.04	33.32	32.92	34.34	35.2	33.8	33.8	34.2	36.0
FTSE per Full-Time Staff	14.25	14.83	16.07	16.37	16.85	17.1	16.5	15.9	18.4	19.0
Average Annual Faculty Salary	\$ 69,151	\$ 66,961	\$ 66,085	\$ 65,585	\$ 64,150	\$ 62,124	\$ 63,123	\$ 62,895	\$ 61,194	\$ 60,068

**Sources:**

ACC Office of Institutional Effectiveness

TCCTA Survey of Faculty Salaries

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**AUSTIN COMMUNITY COLLEGE DISTRICT**  
Austin, Texas

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

**Enrollment Details**

**Last Ten Fiscal Years**

<b>Student Classification</b>	<b>Fall 2015</b>		<b>Fall 2014</b>		<b>Fall 2013</b>		<b>Fall 2012</b>		<b>Fall 2011</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
00-30 hours	26,894	69.12%	25,806	68.09%	26,452	68.51%	27,584	68.69%	29,546	70.34%
31-60 hours	9,220	23.70%	9,297	24.53%	9,455	24.49%	9,927	24.72%	9,987	23.78%
>60 hours	2,795	7.18%	2,797	7.38%	2,704	7.00%	2,648	6.59%	2,471	5.88%
<b>Total</b>	<b>38,909</b>	<b>100.00%</b>	<b>37,900</b>	<b>100.00%</b>	<b>38,611</b>	<b>100.00%</b>	<b>40,159</b>	<b>100.00%</b>	<b>42,004</b>	<b>100.00%</b>

<b>Semester Hour Load</b>	<b>Fall 2015</b>		<b>Fall 2014</b>		<b>Fall 2013</b>		<b>Fall 2012</b>		<b>Fall 2011</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Less than 3	414	1.06%	438	1.16%	376	0.97%	473	1.18%	606	1.44%
3-5 semester hours	10,929	28.09%	10,571	27.89%	11,161	28.91%	9,347	23.27%	12,202	29.05%
6-8 Semester hours	13,069	33.59%	12,591	33.22%	12,235	31.69%	13,364	33.28%	12,619	30.04%
9-11 semester hours	7,236	18.60%	6,997	18.46%	7,123	18.45%	7,621	18.98%	8,315	19.80%
12-14 semester hours	6,272	16.12%	6,257	16.51%	6,575	17.03%	8,148	20.29%	7,082	16.86%
15-17 semester hours	897	2.31%	964	2.54%	1,035	2.68%	1,085	2.70%	1,068	2.54%
18 & over	92	0.24%	82	0.22%	106	0.27%	121	0.30%	112	0.27%
<b>Total</b>	<b>38,909</b>	<b>100.00%</b>	<b>37,900</b>	<b>100.00%</b>	<b>38,611</b>	<b>100.00%</b>	<b>40,159</b>	<b>100.00%</b>	<b>42,004</b>	<b>100.00%</b>

<b>Average course load</b>	7.94		7.94		7.87		7.77		7.75	
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<b>Tuition Status</b>	<b>Fall 2015</b>		<b>Fall 2014</b>		<b>Fall 2013</b>		<b>Fall 2012</b>		<b>Fall 2011</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Texas Resident (In-District)	27,809	71.47%	27,552	72.70%	27,986	72.48%	29,481	73.41%	31,291	74.50%
Texas Resident (Out-of-District)	3,679	9.46%	3,824	10.09%	3,803	9.85%	4,460	11.11%	5,156	12.28%
Non-Resident Tuition (a)	995	2.56%	940	2.48%	908	2.35%	993	2.47%	949	2.25%
Other (b)	6,426	16.52%	5,584	14.73%	5,914	15.32%	5,225	13.01%	4,608	10.97%
<b>Total</b>	<b>38,909</b>	<b>100.00%</b>	<b>37,900</b>	<b>100.00%</b>	<b>38,611</b>	<b>100.00%</b>	<b>40,159</b>	<b>100.00%</b>	<b>42,004</b>	<b>100.00%</b>

**Source:**

ACC Office of Institutional Effectiveness

**Notes:**

(a) Non-resident includes students whose legal residence is not Texas.

(b) Other includes students with tuition exemptions and waivers.



**AUSTIN COMMUNITY COLLEGE DISTRICT**  
Austin, Texas

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

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Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
29,920	71.95%	27,602	72.92%	24,397	72.33%	23,237	73.02%	23,479	74.27%
9,429	22.68%	8,278	21.88%	7,555	22.40%	7,012	22.04%	6,624	20.96%
2,233	5.37%	1,970	5.20%	1,776	5.27%	1,573	4.94%	1,507	4.77%
<u>41,582</u>	<u>100.00%</u>	<u>37,850</u>	<u>100.00%</u>	<u>33,728</u>	<u>100.00%</u>	<u>31,822</u>	<u>100.00%</u>	<u>31,610</u>	<u>100.00%</u>

Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
519	1.25%	439	1.16%	391	1.16%	396	1.24%	427	1.36%
9,591	23.07%	8,951	23.65%	7,876	23.35%	7,383	23.20%	7,701	24.36%
13,138	31.60%	11,715	30.95%	10,599	31.42%	9,667	30.38%	9,253	29.27%
8,205	19.73%	7,344	19.40%	6,368	18.88%	5,870	18.45%	5,626	17.80%
8,739	21.02%	8,194	21.65%	7,254	21.51%	7,235	22.74%	7,363	23.29%
1,247	3.00%	1,070	2.83%	1,119	3.32%	1,149	3.61%	1,111	3.51%
143	0.33%	137	0.36%	121	0.36%	122	0.38%	129	0.41%
<u>41,582</u>	<u>100.00%</u>	<u>37,850</u>	<u>100.00%</u>	<u>33,728</u>	<u>100.00%</u>	<u>31,822</u>	<u>100.00%</u>	<u>31,610</u>	<u>100.00%</u>

7.93

7.93

7.91

8.03

7.99

Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
30,112	72.42%	27,587	72.89%	24,101	71.45%	21,153	66.47%	21,256	67.24%
6,422	15.44%	5,909	15.61%	5,659	16.78%	7,075	22.23%	6,802	21.52%
953	2.29%	856	2.26%	816	2.42%	831	2.61%	956	3.02%
4,095	9.85%	3,498	9.24%	3,152	9.35%	2,763	8.69%	2,596	8.22%
<u>41,582</u>	<u>100.00%</u>	<u>37,850</u>	<u>100.00%</u>	<u>33,728</u>	<u>100.00%</u>	<u>31,822</u>	<u>100.00%</u>	<u>31,610</u>	<u>100.00%</u>

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
Austin, Texas

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

Student Profile

Last Ten Fiscal Years

<b>Gender</b>	<b>Fall 2015</b>		<b>Fall 2014</b>		<b>Fall 2013</b>		<b>Fall 2012</b>		<b>Fall 2011</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Female	21,331	54.82%	21,057	55.56%	21,402	55.43%	22,347	55.65%	23,311	55.50%
Male	17,578	45.18%	16,843	44.44%	17,209	44.57%	17,812	44.35%	18,693	44.50%
<b>Total</b>	<b>38,909</b>	<b>100.00%</b>	<b>37,900</b>	<b>100.00%</b>	<b>38,611</b>	<b>100.00%</b>	<b>40,159</b>	<b>100.00%</b>	<b>42,004</b>	<b>100.00%</b>

<b>Ethnic Origin</b>	<b>Fall 2014</b>		<b>Fall 2014</b>		<b>Fall 2013</b>		<b>Fall 2012</b>		<b>Fall 2011</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
White	17,496	44.97%	17,569	46.36%	18,303	47.40%	19,615	48.84%	21,246	50.58%
Hispanic	12,995	33.40%	11,900	31.40%	11,668	30.22%	11,698	29.13%	11,765	28.01%
African American	2,755	7.08%	2,732	7.21%	2,892	7.49%	3,170	7.89%	3,423	8.15%
Asian/Pacific Islander	2,137	5.49%	2,085	5.50%	2,027	5.25%	2,403	5.98%	2,140	5.09%
Am.Indian/Alaskan Native	306	0.79%	316	0.83%	316	0.82%	69	0.17%	389	0.93%
Non-Resident Alien	151	0.39%	153	0.40%	877	2.27%	190	0.47%	193	0.46%
Other/Unknown	3,069	7.89%	3,145	8.30%	2,528	6.56%	3,014	7.52%	2,848	6.78%
<b>Total</b>	<b>38,909</b>	<b>100.00%</b>	<b>37,900</b>	<b>100.00%</b>	<b>38,611</b>	<b>100.01%</b>	<b>40,159</b>	<b>100.00%</b>	<b>42,004</b>	<b>100.00%</b>

<b>Age</b>	<b>Fall 2014</b>		<b>Fall 2014</b>		<b>Fall 2013</b>		<b>Fall 2012</b>		<b>Fall 2011</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Under 18	5,294	13.61%	4,372	11.54%	4,501	11.66%	3,965	9.87%	3,487	8.30%
18 -21	14,238	36.59%	13,605	35.90%	13,641	35.33%	13,877	34.56%	14,381	34.24%
22 - 24	5,350	13.75%	5,436	14.34%	5,311	13.76%	5,772	14.37%	6,331	15.07%
25 - 35	9,403	24.17%	9,633	25.42%	9,665	25.03%	10,665	26.56%	11,608	27.64%
36 - 50	3,678	9.45%	3,843	10.14%	4,323	11.20%	4,674	11.64%	4,929	11.73%
51 & over	946	2.42%	1,011	2.66%	1,170	3.03%	1,206	3.00%	1,268	3.02%
<b>Total</b>	<b>38,909</b>	<b>100.00%</b>	<b>37,900</b>	<b>100.00%</b>	<b>38,611</b>	<b>100.00%</b>	<b>40,159</b>	<b>100.00%</b>	<b>42,004</b>	<b>100.00%</b>

<b>Average Age</b>	24.7	25.2	25.6	25.9	26.1
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**Source:**

ACC Office of Institutional Effectiveness

**AUSTIN COMMUNITY COLLEGE DISTRICT**  
Austin, Texas

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

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Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
23,020	55.36%	21,115	55.79%	19,055	56.50%	18,033	56.67%	17,670	55.90%
18,562	44.64%	16,735	44.21%	14,673	43.50%	13,789	43.33%	13,940	44.10%
<u>41,582</u>	<u>100.00%</u>	<u>37,850</u>	<u>100.00%</u>	<u>33,728</u>	<u>100.00%</u>	<u>31,822</u>	<u>100.00%</u>	<u>31,610</u>	<u>100.00%</u>

Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
22,466	54.03%	21,720	57.38%	19,580	58.05%	18,884	59.34%	18,648	58.99%
11,067	26.61%	9,440	24.94%	8,316	24.66%	7,475	23.49%	7,696	24.35%
3,698	8.89%	3,263	8.62%	2,753	8.16%	2,498	7.85%	2,405	7.61%
2,503	6.02%	2,026	5.35%	1,876	5.56%	1,651	5.19%	1,506	4.76%
44	0.11%	333	0.88%	287	0.85%	279	0.88%	277	0.88%
183	0.44%	476	1.26%	477	1.41%	564	1.77%	634	2.01%
1,621	3.90%	592	1.57%	439	1.31%	471	1.48%	444	1.40%
<u>41,582</u>	<u>100.00%</u>	<u>37,850</u>	<u>100.00%</u>	<u>33,728</u>	<u>100.00%</u>	<u>31,822</u>	<u>100.00%</u>	<u>31,610</u>	<u>100.00%</u>

Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
3,247	7.81%	2,913	7.70%	2,718	8.06%	2,427	7.63%	2,211	6.99%
14,371	34.56%	13,765	36.37%	13,016	38.59%	12,513	39.32%	12,318	38.97%
6,345	15.26%	5,822	15.38%	5,115	15.17%	4,948	15.55%	5,074	16.05%
11,508	27.68%	10,017	26.46%	8,493	25.18%	7,833	24.62%	7,993	25.29%
4,891	11.76%	4,296	11.35%	3,553	10.53%	3,348	10.52%	3,304	10.45%
1,220	2.93%	1,037	2.74%	833	2.47%	753	2.36%	710	2.25%
<u>41,582</u>	<u>100.00%</u>	<u>37,850</u>	<u>100.00%</u>	<u>33,728</u>	<u>100.00%</u>	<u>31,822</u>	<u>100.00%</u>	<u>31,610</u>	<u>100.00%</u>

26.0

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

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

**Transfers to Senior Institutions**  
**2014-2015 Students as of Fall 2015**  
(Includes only public senior colleges in Texas)

	<b>Transfer Student Count (Academic)</b>	<b>Transfer Student Count (Technical)</b>	<b>Transfer Student Count (Tech-Prep)</b>	<b>Total of all ACC Transfer Students</b>	<b>% of all ACC Transfer Students</b>
1 Angelo State University	26	5	4	35	0.36%
2 Baylor College of Medicine	1	-	-	1	0.01%
3 Lamar University	10	4	1	15	0.15%
4 Midwestern State University	6	7	-	13	0.13%
5 Prairie View A&M University	12	4	1	17	0.17%
6 Sam Houston State University	57	18	10	85	0.87%
7 Stephen F. Austin State University	52	17	5	74	0.76%
8 Sul Ross State University	6	1	2	9	0.09%
9 Tarleton State University	52	6	7	65	0.66%
10 Texas A&M International University	3	1	-	4	0.04%
11 Texas A&M University	580	124	55	759	7.75%
12 Texas A&M University - Central Texas	17	5	-	22	0.22%
13 Texas A&M University - Commerce	12	5	-	17	0.17%
14 Texas A&M University - Corpus Christi	91	22	7	120	1.23%
15 Texas A&M University - Kingsville	20	-	2	22	0.22%
16 Texas A&M University - San Antonio	2	2	-	4	0.04%
17 Texas A&M University - Texarkana	1	-	1	2	0.02%
18 Texas A&M University at Galveston	14	3	1	18	0.18%
19 Texas A&M University System Health Science Center	18	1	-	19	0.19%
20 Texas Southern University	2	1	1	4	0.04%
21 Texas State University	2,441	354	258	3,053	31.17%
22 Texas Tech University	397	103	27	527	5.38%
23 Texas Tech University Health Sciences Center	23	7	1	31	0.32%
24 Texas Woman's University	26	1	-	27	0.28%
25 The University of Texas - Rio Grande Valley	14	1	2	17	0.17%
26 The University of Texas at Arlington	87	29	8	124	1.27%
27 The University of Texas at Austin	2,931	455	200	3,586	36.61%
28 The University of Texas at Dallas	155	24	29	208	2.12%
29 The University of Texas at El Paso	24	2	1	27	0.28%
30 The University of Texas at San Antonio	254	56	26	336	3.43%
31 The University of Texas at Tyler	29	3	2	34	0.35%
32 The University of Texas Health Science Center at Houston	6	1	0	7	0.07%
33 The University of Texas Health Science Center at San Antonio	22	2	3	27	0.28%
34 The University of Texas M.D. Anderson Cancer Center	2	-	-	2	0.02%
35 The University of Texas Medical Branch at Galveston	23	3	-	26	0.27%
36 The University of Texas of the Permian Basin	19	6	3	28	0.29%
37 The University of Texas Southwestern Medical Center	3	-	-	3	0.03%
38 University of Houston	112	17	11	140	1.43%
39 University of Houston - Clear Lake	6	-	-	6	0.06%
40 University of Houston - Downtown	9	2	2	13	0.13%
41 University of Houston - Victoria	16	3	4	23	0.23%
42 University of North Texas	160	37	17	214	2.19%
43 University of North Texas at Dallas	1	-	-	1	0.01%
44 University of North Texas Health Science Center	7	-	-	7	0.07%
45 West Texas A&M University	19	2	1	22	0.22%
Totals	<b>7,768</b>	<b>1,334</b>	<b>692</b>	<b>9,794</b>	<b>100.00%</b>

**Source:**

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

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

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

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**Capital Asset Information**  
**Last Ten Fiscal Years**

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Academic Buildings	43	43	43	41	40	38	35	29	28	27
Square footage (in thousands)	3,026	3,026	3,026	2,736	2,676	2,084	1,610	1,166	1,161	1,137
Administrative and Support Buildings	2	2	2	2	2	2	2	2	2	2
Square footage (in thousands)	168	168	168	168	168	168	168	168	168	168
Portable Buildings	10	10	10	10	10	10	10	10	10	10
Parking Garages	2	2	2	2	2	2	2	2	1	1
Transportation										
Cars	51	53	49	43	41	39	37	31	28	26
Light Trucks/Vans	102	92	87	90	87	75	79	75	65	64
Other	11	11	11	13	14	10	-	-	1	1

**Source:**

ACC Fact Book

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# FEDERAL SINGLE AUDIT SECTION

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## Padgett Stratemann

### Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Board of Trustees  
Austin Community College District  
Austin, Texas

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, and the aggregate discretely presented component unit of Austin Community College District (the "College"), as of and for the year ended August 31, 2016 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 16, 2016. We did not audit the financial statements of Austin Community College Foundation, the discretely presented component unit of the College, as of and for the year ended August 31, 2016. Those financial statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts include for the component unit, is based solely on the report of the other auditors. The financial statements of the discrete component unit, Austin Community College Foundation, audited separately by other auditors, was not audited in accordance with *Government Auditing Standards*.

#### ***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the 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 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.

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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*.

### ***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.

*Padgett, Statemann + Co., L.L.P.*

Austin, Texas

December 16, 2016

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# Padgett Stratemann

## Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Trustees  
Austin Community College District  
Austin, Texas

### ***Report on Compliance for Each Major Federal Program***

We have audited the Austin Community College District's (the "College") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended August 31, 2016. The College's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Federal Findings and Questioned Costs.

### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the College's major federal 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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### ***Opinion on Each Major Federal 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 programs for the year ended August 31, 2016.

### ***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 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 program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Padgett, Stratemann + Co., L.L.P.*

Austin, Texas

December 16, 2016

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**AUSTIN COMMUNITY COLLEGE DISTRICT**  
Austin, Texas

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For The Year Ended August 31, 2016

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures and Pass Through Disbursements
<b>U.S. DEPARTMENT OF EDUCATION</b>				
Direct Programs:				
Student Financial Aid Cluster				
Federal Supplemental Education Opportunity Grants	84.007	-		\$ 659,057
Federal Work-Study Program	84.033	-		602,214
Federal Pell Grant Program	84.063	-		32,064,842
Federal Direct Student Loans	84.268	-		24,276,022
Total Student Financial Assistance Cluster				<u>57,602,135</u>
Childcare Access Means Parents in School	84.335A	P335A140013		<u>110,309</u>
Discretionary/Competitive Grants to States	84.013A	P031A150121		<u>101,352</u>
Pass-Through From:				
Texas Education Agency				
Texas A&M University				
Adult Education Basic Grants to States	84.002	02-S140280		<u>103,616</u>
Texas Workforce Commission				
Adult Education Basic Grants to States	84.002A	1414AEL000	\$ 78,364	1,465,473
Adult Education Basic Grants to States	84.002A	1414AEL000	217,390	217,390
Adult Education Basic Grants to States	84.002A	1414AEL000		33,778
Adult Education Basic Grants to States	84.002A	1414AEL000		69,089
Adult Education Basic Grants to States	84.002A	1414AEL000		44,912
Adult Education Basic Grants to States	84.002A	1416AC1000		33,171
Adult Education Basic Grants to States	84.002A	1416AEL001		8,769
Adult Education Basic Grants to States	84.002A	1416AEL002		827
Adult Education Basic Grants to States	84.002A	1416AEL006	12,910	23,149
Adult Education Basic Grants to States	84.002A	1416AEL006	24,586	120,913
Adult Education Basic Grants to States	84.002A	1416AEL006		6,588
Total CFDA 84.002				<u>2,024,059</u>
Texas Higher Education Coordinating Board				
Career and Technical Education - Basic Grants to States	84.048	14864		823,589
Career and Technical Education - Basic Grants to States	84.048	14742	27,627	112,006
Total CFDA 84.048				<u>935,595</u>
Education Service Center, Region 13				
Twenty First Century Community Learning Centers	84.287C	166950167110016		64,337
Twenty First Century Community Learning Centers	84.287C	176950247110022		6,020
Total CFDA 84.287C				<u>70,357</u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>				
<b><u>60,947,423</u></b>				
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Pass-Through From:				
Texas State University San Marcos				
Hispanic Serving Institutions Education Grants	10.223	15009-82203-1		<u>4,500</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>				
<b><u>4,500</u></b>				
<b>U.S. DEPARTMENT OF LABOR</b>				
Pass-Through From:				
Sinclair Community College				
Trade Adjustment Assistance Community College and Career Training Grant	17.282	TC-23784-12-60-A-39		314,648
Northern Virginia Community College				
Trade Adjustment Assistance Community College and Career Training Grant	17.282	TC-23776-12-60-A-51		414,485
Forsyth Community College				
Trade Adjustment Assistance Community College and Career Training Grant	17.282	TC-23761-12-60-A-37		76,124
Total CFDA 17.282				<u>805,257</u>
Texas Workforce Commission				
Employment Service/Wagner-Peyser Funded Act	17.207	1415WPB000		364,116
Employment Service/Wagner-Peyser Funded Act	17.207	1416WPB001		13,140
Total CFDA 17.207				<u>377,256</u>
Education & Human Resources	17.278	1416WOS000		<u>457</u>
WorkForce Solutions				
Workforce Innovation Fund	17.283	WIF ACE 13.15		<u>7,788</u>
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>				
<b><u>1,190,758</u></b>				

Notes To Schedule on Following Page



**AUSTIN COMMUNITY COLLEGE DISTRICT**  
Austin, Texas

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For The Year Ended August 31, 2016

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures and Pass Through Disbursements
<b>NATIONAL SCIENCE FOUNDATION</b>				
Direct Programs:				
Education and Human Resources Cluster				
Education and Human Resources	47.076	DUE-1122660		9,578
Education and Human Resources	47.076	DUE-1501207		680,301
Education and Human Resources	47.050	1600177		2,700
Total Education and Human Resources Cluster				<u>692,579</u>
Pass-Through From:				
City College of San Francisco				
Education and Human Resources	47.076	DUE-0903317		51,113
Rochester Institute of Technology				
Education and Human Resources	47.076	DUE-1104229		42,450
Education and Human Resources	47.076	DUE-1501756		805
ST Edward's University				
Education and Human Resources	47.076	1356496		8,515
Total CFDA 47.076				<u>102,883</u>
<b>TOTAL NATIONAL SCIENCE FOUNDATION</b>				<b><u>795,462</u></b>
<b>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</b>				
Pass-Through Form:				
San Jacinto Community College	43.008	-		29,109
<b>TOTAL NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</b>				<b><u>29,109</u></b>
<b>CORPORATION OF NATIONAL AND COMMUNITY SERVICE</b>				
Pass-Through From				
AARP Foundation				
Social Innovation Fund	94.019	INC-2015-03-0001		39,563
<b>TOTAL CORPORATION OF NATIONAL AND COMMUNITY SERVICE</b>				<b><u>39,563</u></b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
Pass-Through From:				
Texas Workforce Commission				
Temporary Assistance for Needy Families	93.558	1414AEL000	139,883	139,883
Temporary Assistance for Needy Families	93.558	1414AEL000		51,172
Temporary Assistance for Needy Families	93.558	1416SMP000		6,903
Temporary Assistance for Needy Families	93.558	1416AEL006	5,826	5,826
Total CFDA 93.558				<u>203,784</u>
University of Texas Medical Branch at Galveston, East Texas AHEC				
Area Health Education Centers Point of Service Maintenance and Enhancement Awards	93.107	5U77HP01066-12-00		92,316
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				<b><u>296,100</u></b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<b><u>\$ 63,302,915</u></b>

Notes To Schedule on Following Page

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

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For The Year Ended August 31, 2016**

**NOTE 1: FEDERAL ASSISTANCE RECONCILIATION**

Federal Grants and Contracts Revenue - per Schedule of Operating Revenues (Schedule A)	6,302,994
Federal Revenue, Non Operating - per Schedule of Non-Operating Revenues and Expenses (Schedule C)	32,723,899
Federal Direct Student Loans	24,276,022
Total Federal Revenues per Schedule of Expenditures of Federal Awards (Schedule E)	<b>\$ 63,302,915</b>

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

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

**NOTE 3: INDIRECT COST RATE**

The College has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

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

**SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS**  
**For The Year Ended August 31, 2016**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

***Financial Statements:***

Type of auditors' report issued on whether the financial statements were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted?	No

***Federal Awards:***

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None Reported
Type of auditors' report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	No

***Identification of Major Programs:***

<u>Federal CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.007, 84.033, 84.063, 84.268	Student Financial Aid Cluster ("SFA")
84.002A	Adult Education Basic Grants to States
84.048	Career and Technical Education-Basic Grants to States
17.282	Trade Adjustment Assistance Community
47.076	College and Career Training(TAACCT) Education and Human Resources
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

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

**SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS**  
**For The Year Ended August 31, 2016**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

The results of our procedures disclosed no findings to be reported for the year ended August 31, 2016.

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

The results of our procedures disclosed no findings to be reported for the year ended August 31, 2016.

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# STATE SINGLE AUDIT SECTION

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## Padgett Stratemann

### Independent Auditor's Report on Compliance For Each Major State Program and Report on Internal Control Over Compliance as Required by the State of Texas *Single Audit Circular*

To the Board of Trustees  
Austin Community College District  
Austin, Texas

#### ***Report on Compliance for Each Major State Program***

We have audited the Austin Community College District's (the "College") compliance with the types of compliance requirements described in the State of Texas *Single Audit Circular* that could have a direct and material effect on each of the College's major state programs for the year ended August 31, 2016. The College's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of State Findings and Questioned Costs.

#### ***Management's Responsibility***

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the College's major 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 the audit requirements of the State of Texas *Single Audit Circular*. Those standards and the State of Texas *Single Audit Circular* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the 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 state program. However, our audit does not provide a legal determination of the College's compliance.

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### ***Opinion on Each Major 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 state programs for the year ended August 31, 2016.

### ***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 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 state program and to test and report on internal control over compliance in accordance with the State of Texas *Single Audit Circular*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

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

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

*Padgett, Stratemann + Co., L.L.P.*

Austin, Texas

December 16, 2016

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**AUSTIN COMMUNITY COLLEGE DISTRICT**  
Austin, Texas

**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
For the Year Ended August 31, 2016

<u>Grantor Agency/Program Title</u>	<u>Grant Contract Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Expenditures</u>
TEXAS HIGHER EDUCATION COORDINATING BOARD (THECB)			
Fifth Year Accounting Scholarship	-		\$ 7,000
Integrated Reading & Writing	12079/12864		7,388
Nursing Shortage Reduction Program Over 70 FY 2014	-		120,838
THECB Nursing & Allied Health	14114		24,775
Texas B-On Time Loan Program	-		2,654
Texas-Science, Technology, Engineering and Math (T-STEM) Challenge Scholarship Program	15138		364,632
Texas Grant Fund	13099		39,996
Texas Education Opportunity Grant	36002		1,619,549
Texas College Fund 2016	22339		111,282
Texas College Fund 2017	22339		728
Work Study Student Mentorship Program	15547		36,518
<b>TOTAL TEXAS HIGHER EDUCATION COORDINATING BOARD</b>			<b>2,335,360</b>
TEXAS COMPTROLLER OF PUBLIC ACCOUNTS			
Law Enforcement Education	-		2,314
OFFICE OF THE GOVERNOR OF THE STATE OF TEXAS			
Texas Technology Fund	-		1,494,873
TEXAS WORKFORCE COMMISSION			
Advanced Techonlogy and Manufacturing Consortium	1414SDF000		485,173
TWC ATM Phase II	1416SDF000		422,169
ACC Dual Credit Program	1415SDF002		128,397
Epic Piping LLC	1415SDF003		1,263,005
ST David Hospital Consortium	1415SDF000		541,641
Skills Development Fund Veteran and Industry Partnership	1414SDF001		504,841
Skills for Small Business 15-16	1415SSD000		12,256
Visa Skill Development Fund Phase II	1415SDF001		167,171
<b>TOTAL TEXAS WORKFORCE COMMISSION</b>			<b>3,524,653</b>
TEXAS COMMISSION ON STATE EMERGENCY COMMUNICATIONS			
Enterprise Georspatial Data Management System (EGDMS)	ICC no. 477.6.117		9,937
U.S. DEPARTMENT EDUCATION			
Pass-Through From:			
Texas Workforce Commission			
Adult Education	1414AEL000	\$ 298,178	298,178
<b>Total Expenditures of State Awards</b>			<b>\$ 7,665,315</b>

Notes to Schedule on Following Page

AUSTIN COMMUNITY COLLEGE DISTRICT  
Austin, Texas

SCHEDULE OF EXPENDITURES OF STATE AWARDS  
For The Year Ended August 31, 2016

**NOTE 1: STATE ASSISTANCE RECONCILIATION**

State Grants and Contracts Revenue - per Schedule of Operating Revenues (Schedule A)	\$ 7,665,315
Total State Revenues per Schedule of Expenditures of State Awards (Schedule F)	<u>\$ 7,665,315</u>

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

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

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

**SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS**  
**For The Year Ended August 31, 2016**

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

***Financial Statements:***

Type of auditors' report issued on whether the financial statements were prepared in Accordance with GAAP:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted?	No

***State Awards:***

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None Reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of the State of Texas <i>Single Audit Circular</i> ?	No

***Identification of Major Programs:***

<u>State Identifying Number</u>	<u>Name of State Program</u>
36002	Texas Educational Opportunity Grant-tested as part of SFA
N/A	Texas Technology Fund
1414AEL000	Adult Education Basic Grants to States

Dollar threshold used to distinguish between Type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

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

**SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS**  
**For The Year Ended August 31, 2016**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

The results of our procedures disclosed no findings to be reported for the year ended August 31, 2016.

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

The results of our procedures disclosed no findings to be reported for the year ended August 31, 2016.

A C C H I G H I A N D



West Entrance



AUSTIN COMMUNITY COLLEGE DISTRICT  
5930 MIDDLE FISKVILLE ROAD  
AUSTIN, TEXAS 78752