

*ANNUAL FINANCIAL REPORT*

of

**ALVIN COMMUNITY COLLEGE**

For the Fiscal Years Ended  
August 31, 2017 and 2016

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# ALVIN COMMUNITY COLLEGE

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# ALVIN COMMUNITY COLLEGE

## ORGANIZATIONAL DATA

For the Year Ended August 31, 2017

### Board of Regents

| <u>Officers</u>                    |              | <u>Term Expires</u> |
|------------------------------------|--------------|---------------------|
| Mike Pyburn, Chairman              | Alvin, Texas | 2020                |
| James "Bart" DeWitt, Vice-Chairman | Alvin, Texas | 2018                |
| Jody Droege, Secretary             | Alvin, Texas | 2020                |

| <u>Members</u>     |              | <u>Term Expires</u> |
|--------------------|--------------|---------------------|
| Bel Sanchez        | Alvin, Texas | 2018                |
| Doyle Swindell     | Alvin, Texas | 2018                |
| Cheryl Knape       | Alvin, Texas | 2020                |
| Patty Hertenberger | Alvin, Texas | 2022                |
| Andy Tacquard      | Alvin, Texas | 2022                |
| Roger Stuksa       | Alvin, Texas | 2022                |

### Principal Administrative Officers

|                          |   |
|--------------------------|---|
| Dr. Christal M. Albrecht | President   |
| Dr. Linda Austin         | Dean of Professional, Technical and Human Performance                     |
| Dr. John Bethscheider    | Dean of Legal and Health Sciences   |
| Ms. Wendy Del Bello      | Assistant to President/Executive Director of Development                  |
| Ms. Marilyn Dement       | Vice President of Student Services  |
| Ms. Karen Edwards        | Executive Director of Human Resources                                     |
| Dr. Cynthia Griffith     | Vice President of Instruction   |
| Dr. Nadia Nazarenko      | Dean of General Education and Academic Support                            |
| Mr. Jerry Fliger         | Dean of Arts and Sciences   |
| Mr. James Simpson        | Executive Director/Dean of Continuing Education and Workforce Development |
| Mr. Karl Stager          | Vice President of Administrative Services                                 |

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## *INDEPENDENT AUDITORS' REPORT*

To the Board of Regents of  
Alvin Community College:

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

We have audited the accompanying financial statements of the business-type activities of Alvin Community College (the "College"), as of and for the years ended August 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

Except for the matter described in the "Basis for Disclaimer of Opinion" paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Basis for Disclaimer of Opinion**

The financial statements of the Alvin Community College Foundation (the “Foundation”) have not been audited, and we were not engaged to audit the Foundation financial statements as part of our audit of the College’s basic financial statements. The Foundation’s financial activities are included in the College’s basic financial statements as a discretely presented component unit.

## **Disclaimer of Opinion**

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

## **Unmodified Opinion**

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the business-type activities of the College as of August 31, 2017 and 2016, and the respective changes in financial position and, where applicable, its cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College’s basic financial statements. The organizational data, supplemental schedules (Schedules A through D), schedule of expenditures of federal awards (Schedule E), schedule of expenditures of state awards (Schedule F), and the statistical information are presented for purposes of additional analysis and are not required parts of the basic financial statements. Schedules E and F are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *State of Texas Single Audit Circular* and are also not required parts of the basic financial statements.

Schedules A through F are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other



records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedules A through F are fairly stated in all material respects in relation to the basic financial statements as a whole.

The organizational data and statistical information have not been subjected to the auditing procedures applied in the 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 4, 2017 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

*BELT HARRIS PECHACEK, LLLP*

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas  
December 4, 2017

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

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# **ALVIN COMMUNITY COLLEGE**

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

For the Years Ended August 31, 2017 and 2016

This section of the Annual Financial Report (AFR) of Alvin Community College (the "College") presents Management's Discussion and Analysis (MD&A) of the College's financial activity during the fiscal years ended August 31, 2017 and 2016, with particular focus on current events, legislation, and other various conditions. Please read this MD&A in conjunction with the College's basic financial statements and the notes to the basic financial statements. Responsibility for the completeness and fairness of the information included in this section of the AFR rests with the College.

### **Financial Highlights for Fiscal Years 2017 and 2016**

The following factors had a significant effect on the College's financial status for fiscal years 2017 and 2016:

- There was an increase in headcount of 10.6 percent in fiscal year 2016-2017 from the previous fiscal year. This increase in headcount translated into an increase of 9.6 percent in contact hours. There was no increase in the tuition rates for in-district, out-of-district, and out-of-state from fiscal year 2015-2016 to fiscal year 2016-2017. As a result of the increase in headcount and contact hours, state funded credit courses increased \$462,778.
- The College Board of Regents passed a combined tax rate of \$0.191744, which was the effective tax rate. The Maintenance and Operations tax rate decreased from \$0.182979 to \$0.172848 or 5.54 percent. The Debt Service tax rate decreased from \$0.021030 to \$0.018896 or 10.15 percent. Overall, tax collections increased by \$545,330 from \$15,735,150 in fiscal year 2015-2016 to \$16,280,480 in fiscal year 2016-2017.
- The College received \$84,124 less in State Appropriations in fiscal year 2016-2017 than it received in 2015-2016.
- There was a salary schedule adjustment in fiscal year 2016-2017. Compared to the prior fiscal year, salary and wage expenses increased by approximately \$763,439 in fiscal year 2016-2017. A large portion of this increase is attributed to new grant positions.
- The 2016-2017 Maintenance and Operations budget was \$29,148,215, which was an increase of \$991,640 over the 2015-2016 budget.
- On August 27, 2017, Hurricane Harvey hit the College with minimal damage. There was damage to roofs and to the inside of some buildings on campus.

### **Overview of Financial Statements**

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

Under GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34*, the Alvin Community College Foundation (the "Foundation") is considered a component unit of the College for fiscal years 2017 and 2016 and, as such, is discretely presented in the College's basic financial statements. Complete financial statements of the Foundation can be obtained from their offices.

**ALVIN COMMUNITY COLLEGE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Years Ended August 31, 2017 and 2016

**Statements of Net Position**

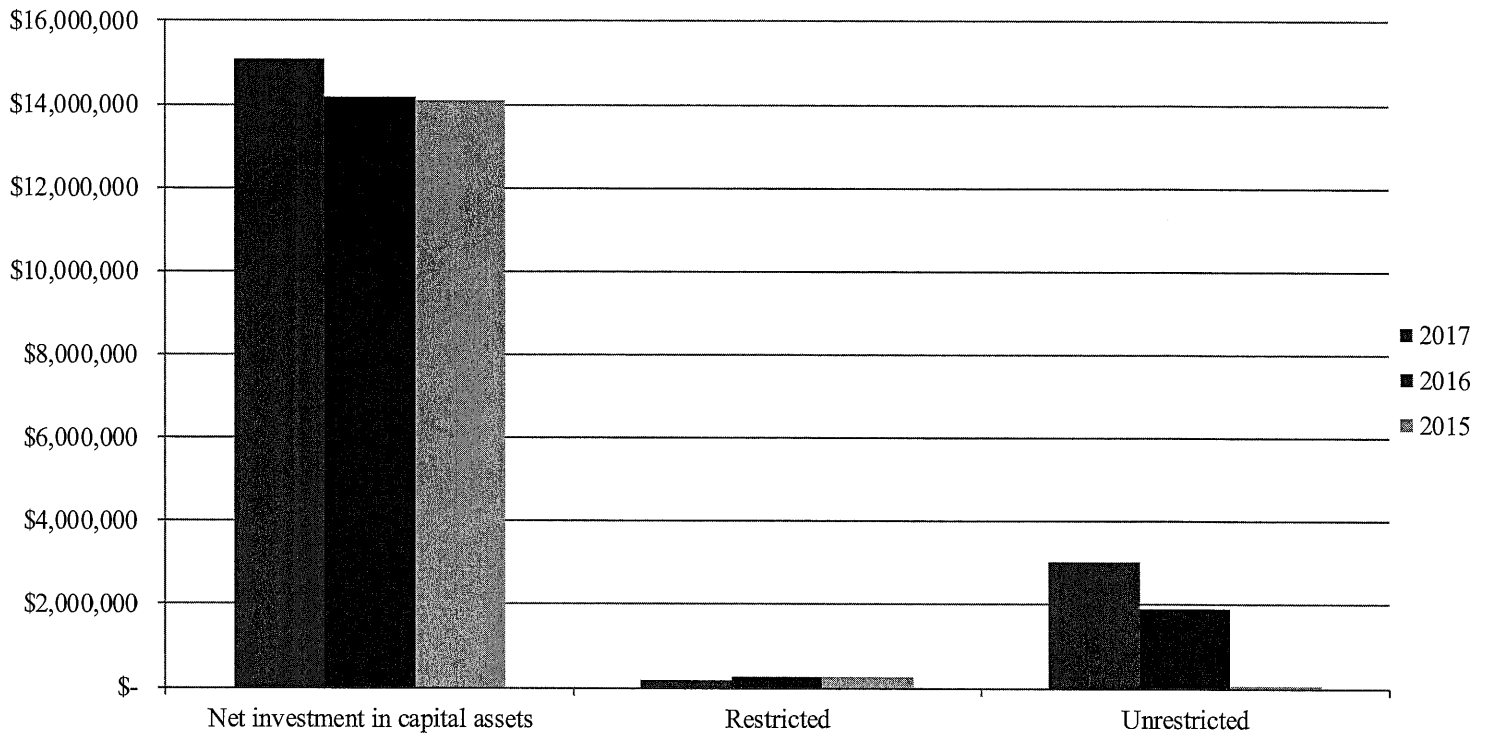
The Statements of Net Position presents the assets, liabilities, deferred inflows/outflows of resources, and net position of the College as of August 31, 2017 and 2016. It is a point-in-time financial statement. The purpose of the Statements of Net Position is to provide the readers with a snapshot of the financial condition of the College on August 31, 2017 and 2016. It presents end-of-year data for current and noncurrent assets, current and noncurrent liabilities, and net position. From the information shown, readers are able to determine the assets that are available to continue operations, how much the College owes, net position, and its availability to carry out the College's mission.

**CONDENSED STATEMENTS OF NET POSITION**  
As of August 31, 2017-2015

|  | 2017                 | 2016                 | Increase<br>(Decrease)<br>2017-2016 | 2015                 | Increase<br>(Decrease)<br>2016-2015 |
|--|----------------------|----------------------|-------------------------------------|----------------------|-------------------------------------|
| Current assets                                     | \$ 15,237,043        | \$ 13,496,014        | \$ 1,741,029                        | \$ 10,791,604        | \$ 2,704,410                        |
| Noncurrent assets:                                 |                      |                      |                                     |                      |                                     |
| Investments  | 1,000,000            | 1,000,000            | -                                   | 1,000,000            | -                                   |
| Capital assets, net of<br>accumulated depreciation | 26,716,827           | 26,933,198           | (216,371)                           | 28,776,808           | (1,843,610)                         |
| <b>Total Assets</b>                                | <b>42,953,870</b>    | <b>41,429,212</b>    | <b>1,524,658</b>                    | <b>40,568,412</b>    | <b>860,800</b>                      |
| <b>Deferred outflows of resources</b>              | <b>1,908,270</b>     | <b>3,066,780</b>     | <b>(1,158,510)</b>                  | <b>1,703,668</b>     | <b>1,363,112</b>                    |
| Current liabilities                                | 7,786,642            | 6,937,707            | 848,935                             | 6,639,260            | 298,447                             |
| Noncurrent liabilities                             | 17,916,154           | 19,303,822           | (1,387,668)                         | 19,657,472           | (353,650)                           |
| <b>Total Liabilities</b>                           | <b>25,702,796</b>    | <b>26,241,529</b>    | <b>(538,733)</b>                    | <b>26,296,732</b>    | <b>(55,203)</b>                     |
| <b>Deferred inflows of resources</b>               | <b>807,559</b>       | <b>1,945,044</b>     | <b>(1,137,485)</b>                  | <b>1,571,113</b>     | <b>373,931</b>                      |
| Net position:                                      |                      |                      |                                     |                      |                                     |
| Net investment in capital assets                   | 15,104,595           | 14,176,988           | 927,607                             | 14,102,131           | 74,857                              |
| Restricted   |                      |                      |                                     |                      |                                     |
| Expendable student aid                             | 191,345              | 242,903              | (51,558)                            | 244,124              | (1,221)                             |
| Unrestricted                                       | 3,055,845            | 1,889,528            | 1,166,317                           | 57,980               | 1,831,548                           |
| <b>Total Net Position</b>                          | <b>\$ 18,351,785</b> | <b>\$ 16,309,419</b> | <b>\$ 2,042,366</b>                 | <b>\$ 14,404,235</b> | <b>\$ 1,905,184</b>                 |

**ALVIN COMMUNITY COLLEGE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Years Ended August 31, 2017 and 2016

**Net Position**  
**Fiscal Years 2017- 2015**



**Fiscal Year 2017 Compared to 2016**

Current assets increased \$1,741,029 primarily due to the current year operating surplus and an increase in accounts receivable related to the increase in head count/contact hours. These increases were partially offset by a decrease in prepaid items compared to the prior year. Noncurrent assets decreased \$216,371 due primarily to the disposal of various assets and current year depreciation.

Current liabilities increased \$848,935 primarily due to an increase in accounts payable because of the delay in year-end payments resulting from Hurricane Harvey. Noncurrent liabilities decreased \$1,387,668 due mainly to an annual exit incentive payment (payment three of five) and principal payments on bonds. These were partially offset by the increase in the net pension liability.

**Fiscal Year 2016 Compared to 2015**

Current assets increased \$2,704,410 primarily due to the sale of the Pearland campus, an increase in accounts receivable related to the increase in head count/contact hours, and additional prepaid items compared to the prior year. Noncurrent assets decreased \$1,843,610 due primarily to the sale of the Pearland campus, disposal of an underground storage tank, and current year depreciation.

Current liabilities increased \$298,447 primarily due to an increase in unearned revenues related to the increase in Fall 2016 enrollment compared to the prior year. Noncurrent liabilities decreased \$353,650 due mainly to an annual exit incentive payment (payment two of five) and principal payment on bonds. There were partially offset by the increase in the net pension liability.

**ALVIN COMMUNITY COLLEGE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Years Ended August 31, 2017 and 2016

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

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

**CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
For the Years Ended August 31, 2017-2015

|  | 2017                 | 2016                 | Increase<br>(Decrease)<br>2017-2016 | 2015                 | Increase<br>(Decrease)<br>2016-2015 |
|--|----------------------|----------------------|-------------------------------------|----------------------|-------------------------------------|
| <b>Operating Revenues:</b>                 |                      |                      |                                     |                      |                                     |
| Tuition and fees,<br>net of discounts      | \$ 10,952,376        | \$ 9,966,110         | \$ 986,266                          | \$ 10,107,379        | \$ (141,269)                        |
| Auxiliary enterprises,<br>net of discounts | 1,610,846            | 1,942,304            | (331,458)                           | 1,900,621            | 41,683                              |
| Nongovernmental grants<br>and contracts    | 33,951               | 61,734               | (27,783)                            | 34,154               | 27,580                              |
| State grants and contracts                 | 1,832,795            | 1,045,304            | 787,491                             | 1,678,224            | (632,920)                           |
| Federal grants and contracts               | 826,880              | 302,411              | 524,469                             | 296,682              | 5,729                               |
| <b>Total Operating Revenues</b>            | <u>15,256,848</u>    | <u>13,317,863</u>    | <u>1,938,985</u>                    | <u>14,017,060</u>    | <u>(699,197)</u>                    |
| <b>Less Operating Expenses (Table 1)</b>   | <u>44,258,016</u>    | <u>41,619,326</u>    | <u>2,638,690</u>                    | <u>42,298,738</u>    | <u>(679,412)</u>                    |
| <b>Operating Loss</b>                      | <u>(29,001,168)</u>  | <u>(28,301,463)</u>  | <u>(699,705)</u>                    | <u>(28,281,678)</u>  | <u>(19,785)</u>                     |
| <b>Nonoperating Revenues (Expenses):</b>   |                      |                      |                                     |                      |                                     |
| State appropriations                       | 9,319,225            | 9,403,349            | (84,124)                            | 9,298,760            | 104,589                             |
| Property tax revenue                       | 16,280,480           | 15,735,150           | 545,330                             | 14,643,746           | 1,091,404                           |
| Federal revenue, nonoperating              | 5,247,032            | 4,841,440            | 405,592                             | 4,230,382            | 611,058                             |
| Investment income                          | 101,537              | 47,214               | 54,323                              | 23,347               | 23,867                              |
| Interest and fiscal agent fees             | (462,501)            | (497,289)            | 34,788                              | (496,153)            | (1,136)                             |
| Loss on sale of capital assets             | (49,332)             | (43,304)             | (6,028)                             | (8,206)              | (35,098)                            |
| Other nonoperating revenues                | 607,093              | 720,087              | (112,994)                           | 699,389              | 20,698                              |
| <b>Total Nonoperating Revenues, Net</b>    | <u>31,043,534</u>    | <u>30,206,647</u>    | <u>836,887</u>                      | <u>28,391,265</u>    | <u>1,815,382</u>                    |
| <b>Change in Net Position</b>              | <u>2,042,366</u>     | <u>1,905,184</u>     | <u>137,182</u>                      | <u>109,587</u>       | <u>1,795,597</u>                    |
| Beginning net position                     | 16,309,419           | 14,404,235           | 1,905,184                           | 14,294,648           | 109,587                             |
| <b>Ending Net Position</b>                 | <u>\$ 18,351,785</u> | <u>\$ 16,309,419</u> | <u>\$ 2,042,366</u>                 | <u>\$ 14,404,235</u> | <u>\$ 1,905,184</u>                 |

**Fiscal Year 2017 Compared to 2016**

Total revenues (operating and nonoperating) for the year 2017 were \$46,812,215. Operating revenues increased by \$1,938,985 largely due to an increase in tuition and fees resulting from an increase in head count/contact hours and both federal and State grants and contracts related to awards from the STEM grant, Wagner Peyser, Jobs and Education for Texans program, and various Texas Workforce Commission grants compared to the prior year. Nonoperating revenues increased \$808,127 primarily due to an increase in property tax revenues as the result of an increase in the assessed values of properties and an increase in federal nonoperating grant revenues.



**ALVIN COMMUNITY COLLEGE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Years Ended August 31, 2017 and 2016

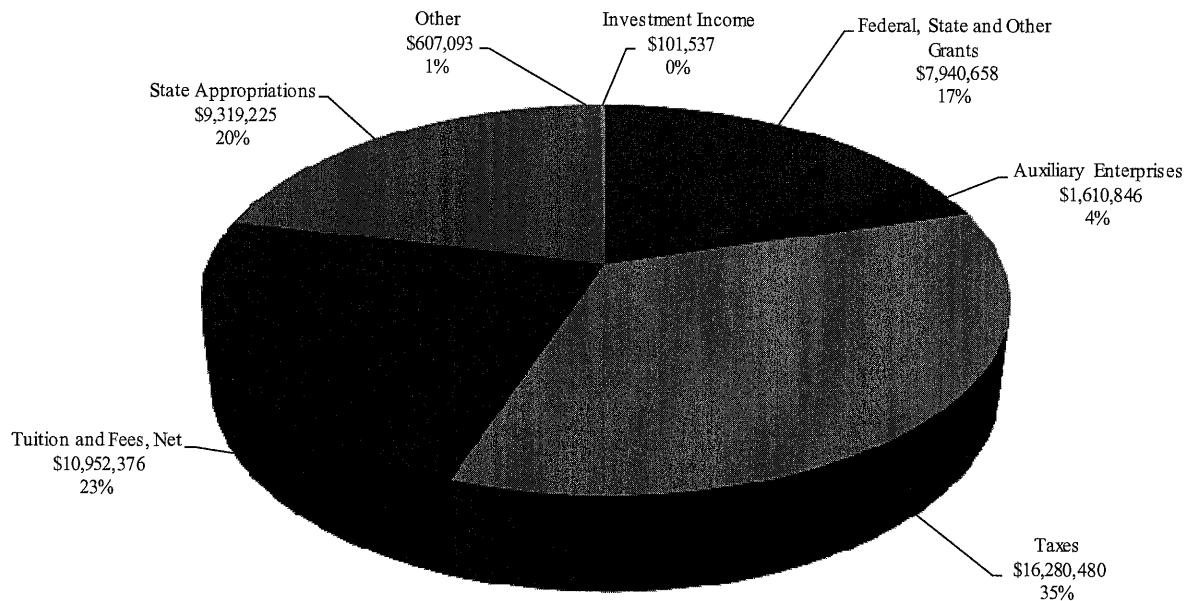
Total expenses (operating and nonoperating) increased \$2,609,930, or 6.19 percent, compared to the prior year. This increase was due to increases in both federal and State operating grant expenditures, personnel costs, and scholarship expenses.

**Fiscal Year 2016 Compared to 2015**

Total revenues (operating and nonoperating) for the year 2015 were \$44,065,103. Operating revenues decreased \$699,197 largely due to a decrease in State grants and contracts related to awards from Texas Workforce Commission grants, Jobs and Education for Texans program, Texas Education Opportunity Grant program, and Nursing Shortage grants compared to the prior year. Total tuition and fees decreased compared to the prior year due to an increase in remissions/exemptions for eligible students and a decrease in continuing education courses. These were partially offset by an increase in State-funded credit courses and fees from an increase in head count/contact hours. Nonoperating revenues increased \$1,851,616 primarily due to an increase in property tax revenues as the result of an increase in the assessed values of properties, an increase in federal nonoperating grant revenues, and an increase in State appropriations.

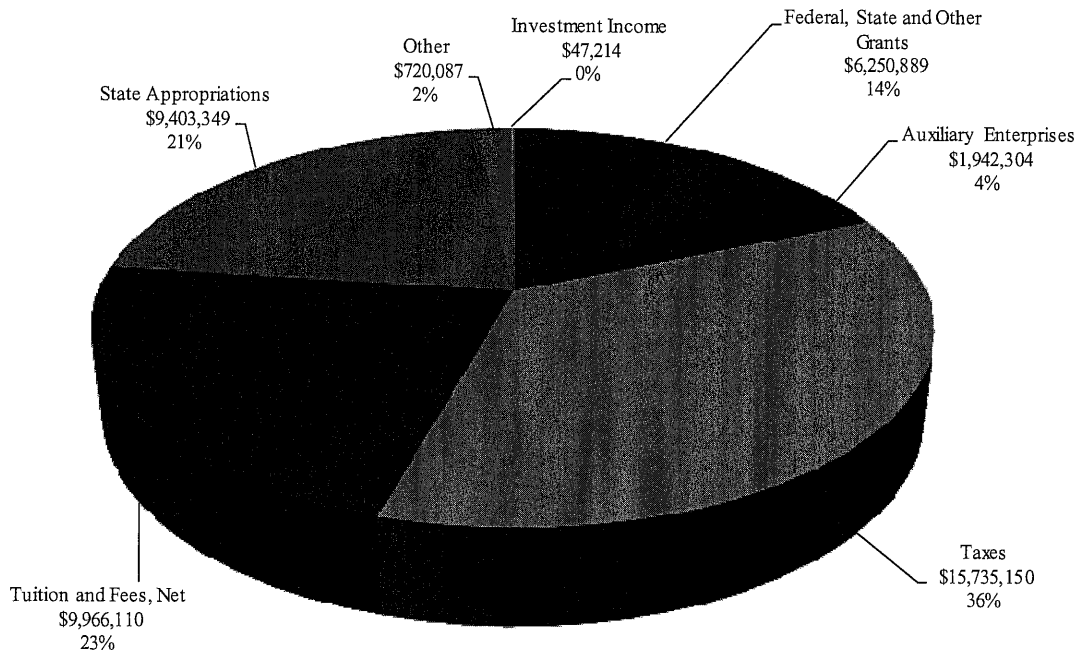
Total expenses (operating and nonoperating) decreased \$643,178, or less than two percent, compared to the prior year. This decrease was due to a decrease in State operating grant expenditures, the recognition of prior year expenses from the implementation of the exit incentive plan, new insurance and utility contracts that reduced costs in the current year, and fewer noncapital project expenses. These were partially offset by increases in personnel costs, software-related costs, federal operating grant expenditures, scholarship expenses, and TPEG fees.

**Revenues by Source and Percentage  
For the Year Ended August 31, 2017**



**ALVIN COMMUNITY COLLEGE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Years Ended August 31, 2017 and 2016

**Revenues by Source and Percentage  
For the Year Ended August 31, 2016**



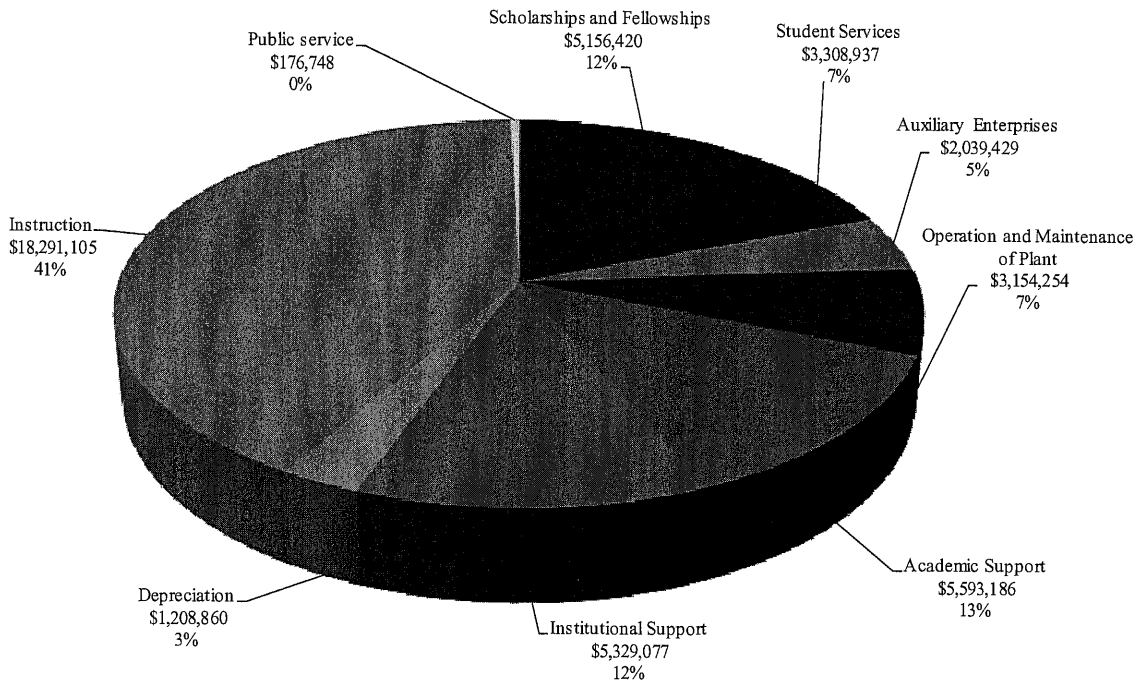
**OPERATING EXPENSES  
Years Ended August 31, 2017-2015**

|                                    | 2017                 | 2016                 | Increase<br>(Decrease)<br>2017-2016 | 2015                 | Increase<br>(Decrease)<br>2016-2015 |
|------------------------------------|----------------------|----------------------|-------------------------------------|----------------------|-------------------------------------|
| <b>Operating Expenses:</b>         |                      |                      |                                     |                      |                                     |
| Instruction                        | \$ 18,291,105        | \$ 17,067,162        | \$ 1,223,943                        | \$ 17,958,974        | \$ (891,812)                        |
| Institutional support              | 5,329,077            | 4,967,462            | 361,615                             | 6,291,239            | (1,323,777)                         |
| Academic support                   | 5,593,186            | 5,991,413            | (398,227)                           | 4,792,772            | 1,198,641                           |
| Operation and maintenance of plant | 3,154,254            | 2,756,050            | 398,204                             | 3,204,349            | (448,299)                           |
| Auxiliary enterprises              | 2,039,429            | 2,082,619            | (43,190)                            | 2,135,037            | (52,418)                            |
| Student services                   | 3,308,937            | 2,703,868            | 605,069                             | 2,596,213            | 107,655                             |
| Scholarships and fellowships       | 5,156,420            | 4,707,318            | 449,102                             | 4,008,190            | 699,128                             |
| Depreciation                       | 1,208,860            | 1,170,359            | 38,501                              | 1,144,910            | 25,449                              |
| Public service                     | 176,748              | 173,075              | 3,673                               | 167,054              | 6,021                               |
| <b>Total</b>                       | <b>\$ 44,258,016</b> | <b>\$ 41,619,326</b> | <b>\$ 2,638,690</b>                 | <b>\$ 42,298,738</b> | <b>\$ (679,412)</b>                 |

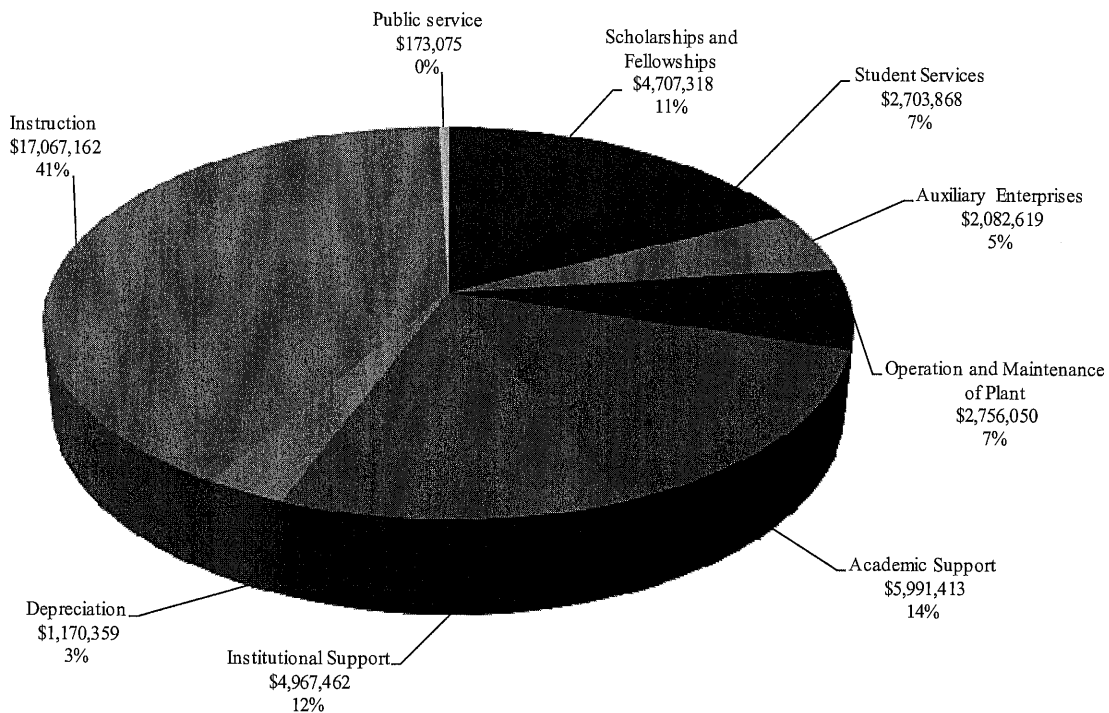
Operating expenses are primarily presented by functional categories, which represent the types of programs and services provided. Nonoperating expenses consist of interest and fiscal agent fees from capital-related debt service of \$462,501 and \$497,289 for the years ended August 31, 2017 and 2016, respectively. The College also recognized a loss on sale of capital assets of \$49,332. The following are graphic illustrations of operating expenses by functional category and percentage of total operating expenses for the years ended August 31, 2017 and 2016.

**ALVIN COMMUNITY COLLEGE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Years Ended August 31, 2017 and 2016

**Operating Expenses by Function and Percentage  
For the Year Ended August 31, 2017**

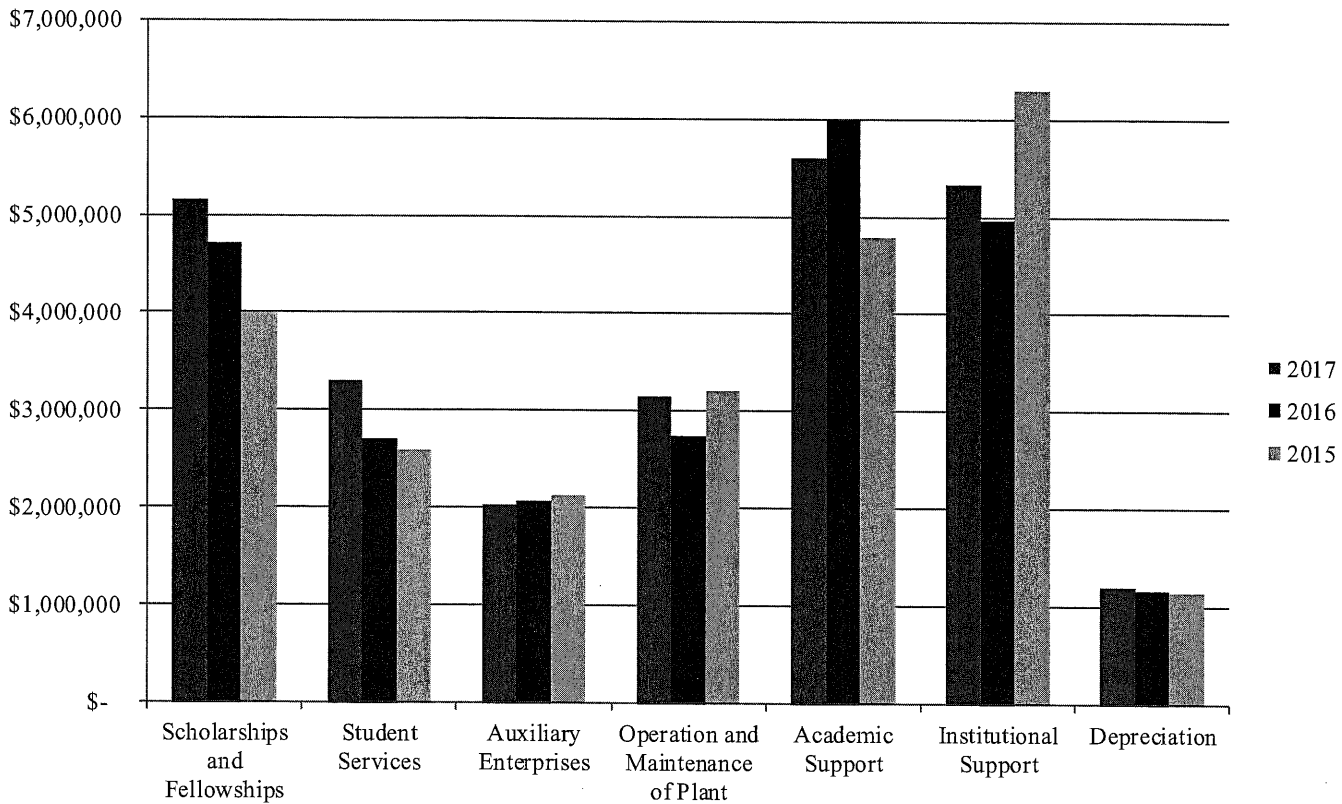


**Operating Expenses by Function and Percentage  
For the Year Ended August 31, 2016**



**ALVIN COMMUNITY COLLEGE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Years Ended August 31, 2017 and 2016

Comparison of Operating Expenses  
Fiscal Years 2017-2015



**Capital Assets**

|                                 | 2017                        | 2016                        | Increase<br>(Decrease)<br>2017-2016 | 2015                        | Increase<br>(Decrease)<br>2016-2015 |
|---------------------------------|-----------------------------|-----------------------------|-------------------------------------|-----------------------------|-------------------------------------|
| Capital assets not depreciated: |                             |                             |                                     |                             |                                     |
| Land                            | \$ 494,128                  | \$ 494,128                  | \$ -                                | \$ 774,128                  | \$ (280,000)                        |
| Construction in process         | 93,964                      | -                           | 93,964                              | 7,280                       | (7,280)                             |
| Total                           | <u>588,092</u>              | <u>494,128</u>              | <u>93,964</u>                       | <u>781,408</u>              | <u>(287,280)</u>                    |
| Other capital assets:           |                             |                             |                                     |                             |                                     |
| Buildings and improvements      | 35,108,334                  | 35,108,334                  | -                                   | 36,215,703                  | (1,107,369)                         |
| Facilities and improvements     | 3,811,252                   | 3,444,045                   | 367,207                             | 3,400,347                   | 43,698                              |
| Telecommunications equipment    | 1,794,402                   | 1,654,555                   | 139,847                             | 1,654,555                   | -                                   |
| Furniture and equipment         | 6,144,779                   | 5,821,898                   | 322,881                             | 5,441,661                   | 380,237                             |
| Library books                   | 336,748                     | 395,694                     | (58,946)                            | 394,068                     | 1,626                               |
| Total                           | <u>47,195,515</u>           | <u>46,424,526</u>           | <u>770,989</u>                      | <u>47,106,334</u>           | <u>(681,808)</u>                    |
| Less accumulated depreciation   | <u>(21,066,780)</u>         | <u>(19,985,456)</u>         | <u>(1,081,324)</u>                  | <u>(19,110,934)</u>         | <u>(874,522)</u>                    |
| <b>Net Capital Assets</b>       | <u><u>\$ 26,716,827</u></u> | <u><u>\$ 26,933,198</u></u> | <u><u>\$ (216,371)</u></u>          | <u><u>\$ 28,776,808</u></u> | <u><u>\$ (1,843,610)</u></u>        |

**ALVIN COMMUNITY COLLEGE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Years Ended August 31, 2017 and 2016

**Fiscal Year 2017 Compared to 2016**

As of August 31, 2017, the College had \$47,783,607 invested in capital assets, \$21,066,780 in accumulated depreciation, and \$26,716,827 in net capital assets. Significant additions during the fiscal year included a project to upgrade the women's softball fieldhouse, the purchase of a sound system for the theater, and the purchase of a new chiller.

**Fiscal Year 2016 Compared to 2015**

As of August 31, 2016, the College had \$46,918,654 invested in capital assets, \$19,985,456 in accumulated depreciation, and \$26,933,198 in net capital assets. Significant additions during the fiscal year included building improvements, ultrasound system equipment, respiratory system equipment, and a new police vehicle. The College recognized the disposal of \$1,239,528 in partially depreciated assets related to an underground storage tank and the sale of the Pearland campus.

As required, detailed capital asset disclosures are presented in note 7 to the basic financial statements.

**Long-Term Debt**

The Board of Regents voted a debt service tax rate for 2015 of \$0.021030. The debt service rate was lowered in 2016 (for the 2016-17 fiscal year) to \$0.018896. The principal balance of the bonds was \$11,125,000 and \$12,255,000 as of August 31, 2017 and 2016, respectively.

On December 19, 2016, Fitch Ratings upgraded the College's limited tax bonds rating to "AA" from "A+". The upgrade is the result of Fitch Rating's revised criteria for local governments and highlights the College's high level of operating flexibility and anticipated financial resilience throughout economic cycles.

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

**Contacting the College's Financial Management**

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

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***BASIC FINANCIAL STATEMENTS***

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# ALVIN COMMUNITY COLLEGE

Exhibit 1

## STATEMENTS OF NET POSITION

August 31, 2017 and 2016

| <u>Assets</u>                                    | 2017          | 2016          |
|--|---------------|---------------|
| <b>Current Assets:</b>                           |               |               |
| Cash and cash equivalents                        | \$ 11,301,765 | \$ 9,662,719  |
| Accounts receivable, net                         | 2,643,039     | 2,228,084     |
| Inventories                                      | 802,427       | 696,421       |
| Prepays  | 489,812       | 908,790       |
| <b>Total Current Assets</b>                      | 15,237,043    | 13,496,014    |
| <b>Noncurrent Assets:</b>                        |               |               |
| Investments                                      | 1,000,000     | 1,000,000     |
| Capital assets, net:                             |               |               |
| Nondepreciable                                   | 588,092       | 494,128       |
| Depreciable                                      | 26,128,735    | 26,439,070    |
| <b>Total Noncurrent Assets</b>                   | 27,716,827    | 27,933,198    |
| <b>Total Assets</b>                              | 42,953,870    | 41,429,212    |
| <b><u>Deferred Outflows of Resources</u></b>     |               |               |
| Deferred charge on refunding                     | 455,691       | 607,587       |
| Deferred outflows - pensions                     | 1,452,579     | 2,459,193     |
| <b>Total Deferred Outflows of Resources</b>      | 1,908,270     | 3,066,780     |
| <b><u>Liabilities</u></b>                        |               |               |
| <b>Current Liabilities:</b>                      |               |               |
| Accounts payable and accrued liabilities         | 1,522,545     | 775,516       |
| Funds held for others                            | 33,116        | 37,018        |
| Unearned revenues                                | 4,414,326     | 4,376,084     |
| Compensated absences                             | 307,696       | 280,693       |
| Exit incentive - current portion                 | 327,043       | 327,043       |
| Bonds payable, net of premiums - current portion | 1,170,000     | 1,130,000     |
| Capital lease payable - current portion          | 11,916        | 11,353        |
| <b>Total Current Liabilities</b>                 | 7,786,642     | 6,937,707     |
| <b>Noncurrent Liabilities:</b>                   |               |               |
| Compensated absences                             | 107,103       | 89,347        |
| Exit incentive                                   | 327,043       | 654,086       |
| Net pension liability                            | 6,596,001     | 6,337,945     |
| Bonds payable, net of premiums                   | 10,886,007    | 12,210,528    |
| Capital lease payable                            | -             | 11,916        |
| <b>Total Noncurrent Liabilities</b>              | 17,916,154    | 19,303,822    |
| <b>Total Liabilities</b>                         | 25,702,796    | 26,241,529    |
| <b><u>Deferred Inflows of Resources</u></b>      |               |               |
| Deferred inflows - pensions                      | 807,559       | 1,945,044     |
| <b>Total Deferred Inflows of Resources</b>       | 807,559       | 1,945,044     |
| <b><u>Net Position</u></b>                       |               |               |
| Net investment in capital assets                 | 15,104,595    | 14,176,988    |
| Restricted for expendable student aid            | 191,345       | 242,903       |
| Unrestricted                                     | 3,055,845     | 1,889,528     |
| <b>Total Net Position (Schedule D)</b>           | \$ 18,351,785 | \$ 16,309,419 |

See accompanying notes to basic financial statements.

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# ALVIN COMMUNITY COLLEGE FOUNDATION

Exhibit 1A

## STATEMENTS OF FINANCIAL POSITION (unaudited)

December 31, 2016 and 2015

| <u>Assets:</u>            | <u>2016</u>         | <u>2015</u>         |
|---------------------------|---------------------|---------------------|
| Cash and cash equivalents | \$ 31,600           | \$ 54,157           |
| Investments               | 2,785,108           | 2,628,296           |
| Other assets              | 20,223              | 20,223              |
| <b>Total Assets</b>       | <b>\$ 2,836,931</b> | <b>\$ 2,702,676</b> |
| <u>Net Assets:</u>        |                     |                     |
| Unrestricted              | \$ 45,159           | \$ 45,159           |
| Temporarily restricted    | 1,810,422           | 1,676,167           |
| Permanently restricted    | 981,350             | 981,350             |
| <b>Total Net Assets</b>   | <b>\$ 2,836,931</b> | <b>\$ 2,702,676</b> |

See accompanying notes to basic financial statements.

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# ALVIN COMMUNITY COLLEGE

Exhibit 2

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

For the Years Ended August 31, 2017 and 2016

|  | 2017                 | 2016                 |
|--|----------------------|----------------------|
| <b>Revenues:</b>   |                      |                      |
| <b>Operating Revenues:</b>   |                      |                      |
| Tuition and fees, net of discounts of \$2,459,642 for 2017 and \$2,312,329 for 2016  | \$ 10,952,376        | \$ 9,966,110         |
| Federal grants and contracts   | 826,880              | 302,411              |
| State grants and contracts   | 1,832,795            | 1,045,304            |
| Nongovernmental grants and contracts   | 33,951               | 61,734               |
| Auxiliary enterprises, net of discounts of \$349,431 for 2017 and \$330,113 for 2016 | 1,610,846            | 1,942,304            |
| <b>Total Operating Revenues (Schedule A)</b>   | <b>15,256,848</b>    | <b>13,317,863</b>    |
| <b>Expenses:</b>   |                      |                      |
| <b>Operating Expenses:</b>   |                      |                      |
| Instruction  | 18,291,105           | 17,067,162           |
| Public service   | 176,748              | 173,075              |
| Academic support   | 5,593,186            | 5,991,413            |
| Student services   | 3,308,937            | 2,703,868            |
| Institutional support  | 5,329,077            | 4,967,462            |
| Operation and maintenance of plant   | 3,154,254            | 2,756,050            |
| Scholarships and fellowships   | 5,156,420            | 4,707,318            |
| Auxiliary enterprises  | 2,039,429            | 2,082,619            |
| Depreciation   | 1,208,860            | 1,170,359            |
| <b>Total Operating Expenses (Schedule B)</b>   | <b>44,258,016</b>    | <b>41,619,326</b>    |
| <b>Operating Loss</b>  | <b>(29,001,168)</b>  | <b>(28,301,463)</b>  |
| <b>Nonoperating Revenues (Expenses):</b>   |                      |                      |
| State appropriations   | 9,319,225            | 9,403,349            |
| Property tax revenue   | 14,677,148           | 14,110,746           |
| Debt service ad valorem taxes  | 1,603,332            | 1,624,404            |
| Federal revenue, nonoperating  | 5,247,032            | 4,841,440            |
| Investment income  | 101,537              | 47,214               |
| Interest on capital-related debt   | (462,501)            | (497,289)            |
| Loss on disposal of capital assets   | (49,332)             | (43,304)             |
| Other nonoperating revenues  | 607,093              | 720,087              |
| <b>Total Nonoperating Revenues, Net (Schedule C)</b>                                 | <b>31,043,534</b>    | <b>30,206,647</b>    |
| <b>Change in Net Position</b>  | <b>2,042,366</b>     | <b>1,905,184</b>     |
| Beginning net position   | 16,309,419           | 14,404,235           |
| <b>Ending Net Position</b>   | <b>\$ 18,351,785</b> | <b>\$ 16,309,419</b> |

See accompanying notes to basic financial statements.

# ALVIN COMMUNITY COLLEGE FOUNDATION

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

For the Years Ended December 31, 2016 and 2015

|   | 2016             |                           |                           | Total               |
|---|------------------|---------------------------|---------------------------|---------------------|
|   | Unrestricted     | Temporarily<br>Restricted | Permanently<br>Restricted |                     |
| <b>Support and Revenue:</b>                 |                  |                           |                           |                     |
| Contributions and grants                    | \$ -             | \$ 60,865                 | \$ -                      | \$ 60,865           |
| ACC Big Band, net                           | (736)            | (736)                     | -                         | (1,472)             |
| Gala income, net                            | 26,826           | 26,827                    | -                         | 53,653              |
| Alvin Live, net                             | 4,235            | 4,234                     | -                         | 8,469               |
| Interest and dividend income                | -                | 51,795                    | -                         | 51,795              |
| Travel/fundraisers                          | 1,658            | 1,658                     | -                         | 3,316               |
| Dolphin athletics, net                      | 12,653           | 12,652                    | -                         | 25,305              |
| ACC Feed the Hungry, net                    | 119              | 118                       | -                         | 237                 |
| Realized gain on investments, net           | -                | 35,693                    | -                         | 35,693              |
| Unrealized appreciation on investments, net | -                | 77,434                    | -                         | 77,434              |
| Net assets released from restrictions       | 136,285          | (136,285)                 | -                         | -                   |
| <b>Total Support and Revenue</b>            | <b>181,040</b>   | <b>134,255</b>            | <b>-</b>                  | <b>315,295</b>      |
| <b>Program and Support Services:</b>        |                  |                           |                           |                     |
| Scholarships                                | 100,358          | -                         | -                         | 100,358             |
| Awards                                      | 56,199           | -                         | -                         | 56,199              |
| Investment management fee                   | 21,992           | -                         | -                         | 21,992              |
| Management and general                      | 2,491            | -                         | -                         | 2,491               |
| <b>Total Expenses</b>                       | <b>181,040</b>   | <b>-</b>                  | <b>-</b>                  | <b>181,040</b>      |
| <b>Change in Net Assets</b>                 | <b>-</b>         | <b>134,255</b>            | <b>-</b>                  | <b>134,255</b>      |
| Beginning net assets                        | 45,159           | 1,676,167                 | 981,350                   | 2,702,676           |
| <b>Ending Net Assets</b>                    | <b>\$ 45,159</b> | <b>\$ 1,810,422</b>       | <b>\$ 981,350</b>         | <b>\$ 2,836,931</b> |

See accompanying notes to basic financial statements.

| 2015             |                           |                           |                     |
|------------------|---------------------------|---------------------------|---------------------|
| Unrestricted     | Temporarily<br>Restricted | Permanently<br>Restricted | Total               |
| \$ -             | \$ 143,964                | \$ -                      | \$ 143,964          |
| -                | -                         | -                         | -                   |
| 20,006           | 20,007                    | -                         | 40,013              |
| 6,250            | 6,251                     | -                         | 12,501              |
| -                | 55,619                    | -                         | 55,619              |
| 127              | 128                       | -                         | 255                 |
| 8,761            | 8,761                     | -                         | 17,522              |
| 131              | 132                       | -                         | 263                 |
| -                | 171,136                   | -                         | 171,136             |
| -                | (145,275)                 | -                         | (145,275)           |
| 219,946          | (219,946)                 | -                         | -                   |
| <u>255,221</u>   | <u>40,777</u>             | <u>-</u>                  | <u>295,998</u>      |
| 103,669          | -                         | -                         | 103,669             |
| 124,915          | -                         | -                         | 124,915             |
| 22,915           | -                         | -                         | 22,915              |
| 3,722            | -                         | -                         | 3,722               |
| <u>255,221</u>   | <u>-</u>                  | <u>-</u>                  | <u>255,221</u>      |
| -                | 40,777                    | -                         | 40,777              |
| 45,159           | 1,635,390                 | 981,350                   | 2,661,899           |
| <u>\$ 45,159</u> | <u>\$ 1,676,167</u>       | <u>\$ 981,350</u>         | <u>\$ 2,702,676</u> |

# ALVIN COMMUNITY COLLEGE

## STATEMENTS OF CASH FLOWS

For the Years Ended August 31, 2017 and 2016

|   | 2017          | 2016          |
|---|---------------|---------------|
| <b>Cash Flows from Operating Activities:</b>                                |               |               |
| Receipts from students and other customers                                  | \$ 12,384,100 | \$ 11,752,916 |
| Receipts of grants and contracts  | 2,457,793     | 1,300,962     |
| Payments to or on behalf of employees                                       | (28,853,176)  | (27,550,501)  |
| Payments to suppliers for goods or services                                 | (8,100,318)   | (8,389,418)   |
| Payments of scholarships  | (5,156,420)   | (4,707,318)   |
| <b>Net Cash (Used) by Operating Activities</b>                              | (27,268,021)  | (27,593,359)  |
| <b>Cash Flows from Noncapital Financing Activities:</b>                     |               |               |
| Receipts of State appropriations  | 9,319,225     | 9,403,349     |
| Receipts of maintenance and operations ad valorem taxes                     | 14,677,148    | 14,110,746    |
| Receipts from nonoperating Federal revenue                                  | 5,247,032     | 4,841,440     |
| Other   | 607,093       | 720,087       |
| <b>Net Cash Provided by Noncapital Financing Activities</b>                 | 29,850,498    | 29,075,622    |
| <b>Cash Flows from Capital and Related Financing Activities:</b>            |               |               |
| Receipts from debt service ad valorem taxes                                 | 1,603,332     | 1,624,404     |
| Purchases of capital assets   | (1,094,930)   | (561,597)     |
| Proceeds from sale of capital assets  | 53,108        | 1,191,544     |
| Payments on principal debt  | (1,141,353)   | (1,105,816)   |
| Interest payments on principal debt   | (465,125)     | (499,913)     |
| <b>Net Cash Provided (Used) by Capital and Related Financing Activities</b> | (1,044,968)   | 648,622       |
| <b>Cash Flows from Investing Activities:</b>                                |               |               |
| Purchases of investments  | (14,250,000)  | (3,350,000)   |
| Receipts from sale of investments   | 14,250,000    | 3,350,000     |
| Receipts from investment income   | 101,537       | 47,214        |
| <b>Net Cash Provided by Investing Activities</b>                            | 101,537       | 47,214        |
| <b>Increase in Cash and Cash Equivalents</b>                                | 1,639,046     | 2,178,099     |
| Beginning cash and cash equivalents   | 9,662,719     | 7,484,620     |
| <b>Ending Cash and Cash Equivalents</b>                                     | \$ 11,301,765 | \$ 9,662,719  |



**ALVIN COMMUNITY COLLEGE**

Exhibit 3

**STATEMENTS OF CASH FLOWS, Continued**

For the Years Ended August 31, 2017 and 2016

|  | <u>2017</u>                   | <u>2016</u>                   |
|--|-------------------------------|-------------------------------|
| <b>Reconciliation of Operating (Loss)</b>  |                               |                               |
| <b>to Net Cash (Used) by Operating Activities:</b>                                       |                               |                               |
| Operating (loss)   | \$ (29,001,168)               | \$ (28,301,463)               |
| Adjustments to reconcile operating (loss) to net cash (used)<br>by operating activities: |                               |                               |
| Depreciation expense   | 1,208,860                     | 1,170,359                     |
| Changes in assets and liabilities:   |                               |                               |
| Receivables, net   | (414,955)                     | (263,985)                     |
| Inventories  | (106,006)                     | 101,699                       |
| Prepays  | 418,978                       | (364,025)                     |
| Deferred outflows  | 1,006,614                     | (1,515,009)                   |
| Deferred inflows   | (1,137,485)                   | 373,931                       |
| Accounts payable and accrued liabilities   | 747,029                       | (54,010)                      |
| Funds held for others  | (3,902)                       | (1,771)                       |
| Deferred revenues  | 38,242                        | 357,365                       |
| Exit incentive   | (327,043)                     | (327,043)                     |
| Net pension liability  | 258,056                       | 1,201,961                     |
| Compensated absences   | 44,759                        | 28,632                        |
| <b>Net Cash (Used) by Operating Activities</b>   | <u><u>\$ (27,268,021)</u></u> | <u><u>\$ (27,593,359)</u></u> |

See accompanying notes to basic financial statements.

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**ALVIN COMMUNITY COLLEGE FOUNDATION**

Exhibit 3A

**STATEMENTS OF CASH FLOWS (unaudited)**

For the Years Ended December 31, 2016 and 2015

|   | <u>2016</u>      | <u>2015</u>      |
|---|------------------|------------------|
| <b>Cash Flows from Operating Activities:</b>  |                  |                  |
| Change in net assets  | \$ 134,255       | \$ 40,777        |
| Adjustments to reconcile changes in net assets<br>to net cash provided by operating activities: |                  |                  |
| Unrealized appreciation (depreciation) on investments   | <u>(77,434)</u>  | <u>145,275</u>   |
| <b>Net Cash Provided by Operating Activities</b>  | <u>56,821</u>    | <u>186,052</u>   |
| <b>Cash Flows from Investing Activities:</b>  |                  |                  |
| Purchases of investment securities  | <u>(79,378)</u>  | <u>(172,052)</u> |
| <b>Net Cash (Used) by Investing Activities</b>  | <u>(79,378)</u>  | <u>(172,052)</u> |
| <b>Increase (Decrease) in Cash and Cash Equivalents</b>   | (22,557)         | 14,000           |
| Beginning cash and cash equivalents   | <u>54,157</u>    | <u>40,157</u>    |
| <b>Ending Cash and Cash Equivalents</b>   | <u>\$ 31,600</u> | <u>\$ 54,157</u> |

See accompanying notes to basic financial statements.

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# ALVIN COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended August 31, 2017 and 2016

### NOTE 1—Reporting Entity

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

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statement No. 14 and No. 34*, modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. GASB Statement No. 61 has been applied as required in the preparation of these basic financial statements and, accordingly, the Alvin Community College Foundation (the “Foundation”) is considered a component unit of the College as of August 31, 2017 and 2016. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further discussed below.

The Foundation is a separate nonprofit organization, with the sole purpose of supporting the educational and other activities of the College. The Foundation reports its financial results under the standards of the Financial Accounting Standards Board (FASB). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation’s financial information in the College’s financial reporting entity for these differences. The College furnished certain services, such as office space, supplies, and staff assistance, to the Foundation during the years ended August 31, 2017 and 2016. The costs of these services were not significant to the College.

### NOTE 2—Summary of Significant Accounting Policies

#### Reporting Guidelines

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

#### Basis of Accounting

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

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Years Ended August 31, 2017 and 2016

**Net Position**

Net position is classified as follows:

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

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

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

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

**Operating and Nonoperating Revenue and Expense Policy**

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

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

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

**Budgetary Data**

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

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Years Ended August 31, 2017 and 2016

**Cash and Cash Equivalents**

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

**Deferred Outflows/Inflows of Resources**

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

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

**Investments**

Investments, except for certain investment pools, commercial paper, money market funds, and investment contracts, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. Money market funds, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations and commercial paper that have a remaining maturity of one year or less upon acquisition, are reported at amortized cost. Investments in nonparticipating interest-earning contracts, such as certificates of deposits, are reported at cost.

**Inventories**

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

**Capital Assets**

Capital assets are recorded at cost at the date of acquisition. Donated capital assets are recorded at acquisition value at the date of donation. The College capitalizes all furniture and equipment with a unit cost equal to or

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Years Ended August 31, 2017 and 2016

greater than \$5,000 and an estimated useful life in excess of one year. Renovations of \$100,000 or greater to buildings and facilities and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are charged to operating expense in the year in which the expense is incurred.

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

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

**Collections**

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

**Unearned Revenues**

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

**Tuition Discounting**

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

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

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

**Bond Premiums and Issuance Costs**

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



**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Years Ended August 31, 2017 and 2016

**Pensions**

The fiduciary net position of the Teacher Retirement System of Texas (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.

**Estimates**

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

**Income Taxes**

The College is exempt from income taxes under Internal Revenue Code Section 115, *Income of States, Municipalities, etc.*, although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511 (a) (2) (8), *Imposition of Tax on Unrelated Business Income of Charitable, etc., Organizations*. The College had no unrelated business income tax liability for the years ended August 31, 2017 and 2016 and, therefore, has not recorded a liability for income taxes.

**Net Position Flow Assumption**

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

**NOTE 3—Authorized Investments**

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

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Years Ended August 31, 2017 and 2016

**NOTE 4—Deposits and Investments**

**Deposits**

Custodial credit risk for deposits with financial institutions is the risk that, in the event of a bank failure, the College's deposits may not be returned to it. The College's investment policy requires pledging of collateral for all bank balances in excess of Federal Deposit Insurance Corporation (FDIC) limits at a minimum of 102 percent of market value. As of August 31, 2017 and 2016, the College's cash and cash equivalents balances were either insured or collateralized, and thus not exposed to custodial credit risk.

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

|  | 2017                 | 2016                |
|--|----------------------|---------------------|
| Cash and cash equivalents:             |                      |                     |
| Bank deposits - demand deposits        | \$ 3,586,122         | \$ 1,648,418        |
| Certificates of deposit                | 7,700,000            | 8,000,000           |
| Petty cash                             | 15,643               | 14,301              |
| <b>Total Cash and Cash Equivalents</b> | <b>\$ 11,301,765</b> | <b>\$ 9,662,719</b> |

**Investments**

As of August 31, 2017, the College had the following investments:

| Investment Type                     | Fair Value          | Weighted Average Maturity (Years) |
|-------------------------------------|---------------------|-----------------------------------|
| Certificates of deposit             | \$ 8,700,000        | 0.20                              |
| <b>Total Fair Value</b>             | <b>\$ 8,700,000</b> |                                   |
| Portfolio weighted average maturity |                     | 0.20                              |

As of August 31, 2017 and 2016, the College held certificates of deposit of \$8,700,000 and \$9,000,000, respectively. For the current fiscal year, \$7,700,000 was classified as cash equivalents due to the certificates of deposit having maturities of less than three months from the date of acquisition and \$1,000,000 was classified as noncurrent investments.

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

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

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Years Ended August 31, 2017 and 2016

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

**NOTE 5—Disaggregation of Accounts Receivable**

Accounts receivable were as follows at August 31:

|                                       | <u>2017</u>                | <u>2016</u>                |
|---------------------------------------|----------------------------|----------------------------|
| Student receivables                   | \$ 1,853,534               | \$ 1,582,083               |
| Taxes receivable                      | 433,649                    | 420,635                    |
| Interest receivable                   | 15,505                     | 4,060                      |
| Federal receivables                   | 177,835                    | 68,615                     |
| State receivables                     | 383,312                    | 256,513                    |
| Sponsor receivables                   | 196,001                    | 264,602                    |
| Total accounts receivable             | <u>3,059,836</u>           | <u>2,596,508</u>           |
| Less allowance for doubtful accounts  | (416,797)                  | (368,424)                  |
| <b>Total Accounts Receivable, Net</b> | <u><u>\$ 2,643,039</u></u> | <u><u>\$ 2,228,084</u></u> |

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

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

|   | <u>2017</u>                | <u>2016</u>              |
|---|----------------------------|--------------------------|
| Accrued payroll                                       | \$ 2,751                   | \$ 3,240                 |
| Vendor payables                                       | 1,474,777                  | 713,857                  |
| Sales tax payable                                     | 45,017                     | 58,419                   |
| <b>Total Accounts Payable and Accrued Liabilities</b> | <u><u>\$ 1,522,545</u></u> | <u><u>\$ 775,516</u></u> |

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

For the Years Ended August 31, 2017 and 2016

**NOTE 7—Capital Assets**

Capital assets activity for the year ended August 31, 2017 was as follows:

|                                       | Balance<br>September 1,<br>2016 | Additions           | Deletions/<br>Adjustments | Balance<br>August 31,<br>2017 |
|---------------------------------------|---------------------------------|---------------------|---------------------------|-------------------------------|
| Not depreciated:                      |                                 |                     |                           |                               |
| Land                                  | \$ 494,128                      | \$ -                | \$ -                      | \$ 494,128                    |
| Construction in process               | -                               | 93,964              | -                         | 93,964                        |
| <b>Subtotal</b>                       | <b>494,128</b>                  | <b>93,964</b>       | <b>-</b>                  | <b>588,092</b>                |
| Other capital assets:                 |                                 |                     |                           |                               |
| Buildings and improvements            | 35,108,334                      | -                   | -                         | 35,108,334                    |
| Facilities and improvements           | 3,444,045                       | 367,207             | -                         | 3,811,252                     |
| Furniture and equipment               | 5,821,898                       | 458,270             | (135,389)                 | 6,144,779                     |
| Telecommunications equipment          | 1,654,555                       | 139,847             | -                         | 1,794,402                     |
| Library books                         | 395,694                         | 35,642              | (94,588)                  | 336,748                       |
| <b>Subtotal</b>                       | <b>46,424,526</b>               | <b>1,000,966</b>    | <b>(229,977)</b>          | <b>47,195,515</b>             |
| Less accumulated depreciation:        |                                 |                     |                           |                               |
| Buildings and improvements            | 12,495,368                      | 631,950             | -                         | 13,127,318                    |
| Facilities and improvements           | 2,188,986                       | 77,965              | -                         | 2,266,951                     |
| Furniture and equipment               | 3,426,661                       | 417,419             | (127,536)                 | 3,716,544                     |
| Telecommunications equipment          | 1,577,829                       | 66,427              | -                         | 1,644,256                     |
| Library books                         | 296,612                         | 15,099              | -                         | 311,711                       |
| <b>Total accumulated depreciation</b> | <b>19,985,456</b>               | <b>1,208,860</b>    | <b>(127,536)</b>          | <b>21,066,780</b>             |
| <b>Net Capital Assets</b>             | <b>\$ 26,933,198</b>            | <b>\$ (113,930)</b> | <b>\$ (102,441)</b>       | <b>\$ 26,716,827</b>          |

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

|                                       | Balance<br>September 1,<br>2015 | Additions           | Deletions/<br>Adjustments | Balance<br>August 31,<br>2016 |
|---------------------------------------|---------------------------------|---------------------|---------------------------|-------------------------------|
| Not depreciated:                      |                                 |                     |                           |                               |
| Land                                  | \$ 774,128                      | \$ -                | \$ (280,000)              | \$ 494,128                    |
| Construction in process               | 7,280                           | -                   | (7,280)                   | -                             |
| <b>Subtotal</b>                       | <b>781,408</b>                  | <b>-</b>            | <b>(287,280)</b>          | <b>494,128</b>                |
| Other capital assets:                 |                                 |                     |                           |                               |
| Buildings and improvements            | 36,215,703                      | 132,159             | (1,239,528)               | 35,108,334                    |
| Facilities and improvements           | 3,400,347                       | 43,698              | -                         | 3,444,045                     |
| Furniture and equipment               | 5,441,661                       | 380,237             | -                         | 5,821,898                     |
| Telecommunications equipment          | 1,654,555                       | -                   | -                         | 1,654,555                     |
| Library books                         | 394,068                         | 5,503               | (3,877)                   | 395,694                       |
| <b>Subtotal</b>                       | <b>47,106,334</b>               | <b>561,597</b>      | <b>(1,243,405)</b>        | <b>46,424,526</b>             |
| Less accumulated depreciation:        |                                 |                     |                           |                               |
| Buildings and improvements            | 12,153,632                      | 637,573             | (295,837)                 | 12,495,368                    |
| Facilities and improvements           | 2,107,573                       | 81,413              | -                         | 2,188,986                     |
| Furniture and equipment               | 3,033,327                       | 393,334             | -                         | 3,426,661                     |
| Telecommunications equipment          | 1,537,456                       | 40,373              | -                         | 1,577,829                     |
| Library books                         | 278,946                         | 17,666              | -                         | 296,612                       |
| <b>Total accumulated depreciation</b> | <b>19,110,934</b>               | <b>1,170,359</b>    | <b>(295,837)</b>          | <b>19,985,456</b>             |
| <b>Net Capital Assets</b>             | <b>\$ 28,776,808</b>            | <b>\$ (608,762)</b> | <b>\$ (1,234,848)</b>     | <b>\$ 26,933,198</b>          |

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Years Ended August 31, 2017 and 2016

**NOTE 8—Long-Term Liabilities**

Long-term liabilities activity for the year ended August 31, 2017 was as follows:

|   | Balance<br>September 1,<br>2016 | Additions         | Payments              | Balance<br>August 31,<br>2017 | Current<br>Portion  |
|---|---------------------------------|-------------------|-----------------------|-------------------------------|---------------------|
| <b>Bonds:</b>                             |                                 |                   |                       |                               |                     |
| General obligation refunding bonds - 2012 | \$ 8,690,000                    | \$ -              | \$ -                  | \$ 8,690,000                  | \$ -                |
| General obligation refunding bonds - 2013 | 3,565,000                       | -                 | (1,130,000)           | 2,435,000                     | 1,170,000           |
| Capital lease                             | 23,269                          | -                 | (11,353)              | 11,916                        | 11,916              |
| <b>Deferred amounts:</b>                  |                                 |                   |                       |                               |                     |
| For premiums                              | 1,085,528                       | -                 | (154,521)             | 931,007                       | -                   |
|   | <u>13,363,797</u>               | <u>-</u>          | <u>(1,295,874)</u>    | <u>12,067,923</u>             | <u>1,181,916</u>    |
| <b>Other liabilities:</b>                 |                                 |                   |                       |                               |                     |
| Net pension liability                     | 6,337,945                       | 258,056           | -                     | 6,596,001                     | -                   |
| Compensated absences                      | 370,040                         | 319,253           | (274,494)             | 414,799                       | 307,696             |
| Exit incentive liability                  | 981,129                         | -                 | (327,043)             | 654,086                       | 327,043             |
| <b>Total Long-Term Liabilities</b>        | <u>\$ 21,052,911</u>            | <u>\$ 577,309</u> | <u>\$ (1,897,411)</u> | <u>\$ 19,732,809</u>          | <u>\$ 1,816,655</u> |

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

|   | Balance<br>September 1,<br>2015 | Additions           | Payments              | Balance<br>August 31,<br>2016 | Current<br>Portion  |
|---|---------------------------------|---------------------|-----------------------|-------------------------------|---------------------|
| <b>Bonds:</b>                             |                                 |                     |                       |                               |                     |
| General obligation refunding bonds - 2012 | \$ 8,690,000                    | \$ -                | \$ -                  | \$ 8,690,000                  | \$ -                |
| General obligation refunding bonds - 2013 | 4,660,000                       | -                   | (1,095,000)           | 3,565,000                     | 1,130,000           |
| Capital lease                             | 34,085                          | -                   | (10,816)              | 23,269                        | 11,353              |
| <b>Deferred amounts:</b>                  |                                 |                     |                       |                               |                     |
| For premiums                              | 1,240,049                       | -                   | (154,521)             | 1,085,528                     | -                   |
|   | <u>14,624,134</u>               | <u>-</u>            | <u>(1,260,337)</u>    | <u>13,363,797</u>             | <u>1,141,353</u>    |
| <b>Other liabilities:</b>                 |                                 |                     |                       |                               |                     |
| Net pension liability                     | 5,135,984                       | 1,201,961           | -                     | 6,337,945                     | -                   |
| Compensated absences                      | 341,408                         | 287,607             | (258,975)             | 370,040                       | 280,693             |
| Exit incentive liability                  | 1,308,172                       | -                   | (327,043)             | 981,129                       | 327,043             |
| <b>Total Long-Term Liabilities</b>        | <u>\$ 21,409,698</u>            | <u>\$ 1,489,568</u> | <u>\$ (1,846,355)</u> | <u>\$ 21,052,911</u>          | <u>\$ 1,749,089</u> |

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Years Ended August 31, 2017 and 2016

**NOTE 9—Bonds Payable**

General information related to bonds payable is summarized as follows:

**Limited Tax Refunding Bonds, Series 2012**

- To advance refund \$8,750,000 of the limited tax, series 2005 bonds and to pay the costs of issuing the bonds.
- Issued April 1, 2012.
- Original amount of issue - \$8,690,000, with all authorized bonds issued.
- Interest rates range from 3.50 percent to five percent.
- Due in semiannual installments each February 15 and August 15, with interest payments beginning August 15, 2012 and principal payments beginning February 15, 2020, and the final installment due February 15, 2025.
- Source of revenue for debt service - annual ad valorem taxes.
- Outstanding bonds payable of \$8,690,000 at August 31, 2017.

**Limited Tax Refunding Bonds, Series 2013**

- To advance refund \$4,685,000 of the limited tax, series 2005 bonds and to pay the costs of issuing the bonds.
- Issued March 15, 2013.
- Original amount of issue - \$4,660,000, with all authorized bonds issued.
- Interest rates range from two percent to four percent.
- Due in semiannual installments each February 15 and August 15, with interest payments beginning August 15, 2013 and principal payments beginning February 15, 2016, and the final installment due February 15, 2020.
- Source of revenue for debt service - annual ad valorem taxes.
- Outstanding bonds payable of \$2,435,000 at August 31, 2017.

**Bond and Lease Debt Service Requirements**

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

| <u>Fiscal Year</u> | <u>Principal</u>     | <u>Interest</u>     | <u>Total</u>         |
|--------------------|----------------------|---------------------|----------------------|
| 2018               | \$ 1,170,000         | \$ 426,288          | \$ 1,596,288         |
| 2019               | 1,210,000            | 381,613             | 1,591,613            |
| 2020               | 1,285,000            | 330,725             | 1,615,725            |
| 2021               | 1,365,000            | 275,031             | 1,640,031            |
| 2022               | 1,430,000            | 210,275             | 1,640,275            |
| 2023-2025          | 4,665,000            | 254,387             | 4,919,387            |
| <b>Total</b>       | <b>\$ 11,125,000</b> | <b>\$ 1,878,319</b> | <b>\$ 13,003,319</b> |

Obligations under the capital lease as of August 31, 2017 are as follows:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|------------------|-----------------|--------------|
| 2018               | \$ 11,916        | \$ 591          | \$ 12,507    |

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For the Years Ended August 31, 2017 and 2016

The College entered into a lease agreement as a lessee for financing the acquisition of equipment at an interest rate of 4.854 percent. The lease qualifies as a capital lease for accounting purposes (title transfers at the end of the lease term) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception. Equipment acquired under current capital lease obligations totaled \$19,112, net of accumulated depreciation of \$37,100.

**Arbitrage Liability**

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

**NOTE 10—Termination Benefits**

During the 2014-2015 fiscal year, the College approved a one-time exit incentive through Public Agency Retirement Systems (PARS). The plan includes 75 percent salary payout over five years for employees with 15 or more years of service. 29 employees accepted the agreement. As of August 31, 2017, the College’s liability was \$654,086.

**NOTE 11—Unrestricted Net Position**

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

|                      | <b>2017</b> | <b>2016</b> |
|----------------------|-------------|-------------|
| Building renovations | \$ 108,324  | \$ 76,100   |
| Other capital items  | 7,396       | -           |
| <b>Total</b>         | \$ 115,720  | \$ 76,100   |

**NOTE 12—Employee Retirement Plans**

The College’s employees may participate in one of three retirement plans. Faculty, administrators, counselors, and librarians may enroll in either the Teacher Retirement System of Texas (TRS) or the Optional Retirement Plan (ORP). Secretarial and clerical employees participate in TRS and part-time employees not enrolled in either TRS or ORP participate in the Alvin Community College Money Purchase Plan (“Money Purchase Plan”). The total payroll for all College employees was \$22,467,736 and \$21,642,560 for the fiscal years ended August 31, 2017 and 2016, respectively.

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
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**Teacher Retirement System**

Plan Description

The College participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan 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 the system.

Pension Plan Fiduciary Net Position

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

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3% (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, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule.

There are no automatic post-employment benefit changes, including automatic cost of living adjustments (COLAs). Ad hoc post-employment benefit changes, including ad hoc COLAs, can be granted by the Texas Legislature as noted in the Plan Description above.

Contributions

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 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 the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be



**ALVIN COMMUNITY COLLEGE**  
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For the Years Ended August 31, 2017 and 2016

increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

| <u>Contribution Rates</u>                          | <u>2016</u> | <u>2017</u> |
|--|-------------|-------------|
| Member   | 7.2%        | 7.7%        |
| Non-Employer Contributing Entity (State)           | 6.8%        | 6.8%        |
| Employers  | 6.8%        | 6.8%        |
| <br>   |             |             |
| 2017 Employer Contributions                        | \$554,591   |             |
| 2017 Member Contributions                          | \$513,819   |             |
| 2017 State of Texas (NECE) On-behalf Contributions | \$341,944   |             |

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

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

- On the portion of the member’s salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member’s first 90 days of employment.
- When any part or all of an employee’s salary is paid by federal funding sources, a privately sponsored source, from noneducational, and general or local funds.
- When the employing District is a public junior college or junior college district, the employer shall contribute to the retirement system 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.

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
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In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to:

- When employing a retiree of TRS, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors, and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees and 100% of the state contribution rate for all other employees.

Actuarial Assumptions

The total pension liability in the August 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

|  |                             |
|--|-----------------------------|
| Valuation date                               | August 31, 2016             |
| Actuarial cost method                        | Individual entry age normal |
| Asset valuation method                       | Market value                |
| Single discount rate                         | 8.0%                        |
| Long-term expected investment rate of return | 8.0%                        |
| Inflation                                    | 2.5%                        |
| Salary increases including inflation         | 3.5% to 9.5%                |
| Payroll growth rate                          | 2.50%                       |
| Benefit changes during the year              | None                        |
| Ad hoc post-employment benefit changes       | None                        |

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

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 nonemployer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. 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.

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Years Ended August 31, 2017 and 2016

Best estimates of geometric real rates of return for each major asset class included in the system's target asset allocation as of August 31, 2016 are summarized below:

|                               | <u>Target<br/>Allocation</u> | <u>Long-Term<br/>Expected<br/>Geometric Real<br/>Rate of Return</u> | <u>Expected<br/>Contribution to<br/>Long-Term<br/>Portfolio<br/>Returns *</u> |
|-------------------------------|------------------------------|---|---|
| <b>Global Equity</b>          |                              |   |   |
| U.S.                          | 18.0%                        | 4.6%  | 1.0%  |
| Non-U.S. Developed            | 13.0%                        | 5.1%  | 0.8%  |
| Emerging Markets              | 9.0%                         | 5.9%  | 0.7%  |
| Directional Hedge Funds       | 4.0%                         | 3.2%  | 0.1%  |
| Private Equity                | 13.0%                        | 7.0%  | 1.1%  |
| <b>Stable Value</b>           |                              |   |   |
| U.S. Treasuries               | 11.0%                        | 0.7%  | 0.1%  |
| Absolute Returns              | 0.0%                         | 1.8%  | 0.0%  |
| Hedge Funds (Stable Value)    | 4.0%                         | 3.0%  | 0.1%  |
| Cash                          | 1.0%                         | -0.2%   | 0.0%  |
| <b>Real Return</b>            |                              |   |   |
| Global Inflation-Linked Bonds | 3.0%                         | 0.9%  | 0.0%  |
| Real Assets                   | 16.0%                        | 5.1%  | 1.1%  |
| Energy & Natural Resources    | 3.0%                         | 6.6%  | 0.2%  |
| Commodities                   | 0.0%                         | 1.2%  | 0.0%  |
| <b>Risk Parity</b>            |                              |   |   |
| Risk Parity                   | 5.0%                         | 6.7%  | 0.3%  |
| Inflation Expectation         | 0.0%                         |   | 2.2%  |
| Alpha                         | 0.0%                         |   | 1.0%  |
| <b>Total</b>                  | <u>100.0%</u>                |   | <u>8.7%</u>   |

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

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net pension liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the net pension liability.

|  | <u>1% Decrease in<br/>Discount Rate<br/>(7%)</u> | <u>Discount Rate<br/>(8%)</u> | <u>1% Increase in<br/>Discount Rate<br/>(9%)</u> |
|--|--|-------------------------------|--|
| College's proportionate share of the net pension liability | \$ 10,208,390                                    | \$ 6,596,001                  | \$ 3,531,968                                     |

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

At August 31, 2017, the College reported a liability of \$6,596,002 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the College. The amount recognized by the College as its proportionate share of the net pension

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**NOTES TO FINANCIAL STATEMENTS (Continued)**  
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liability, the related State support, and the total portion of the net pension liability that was associated with the College were as follows:

|   |           |                   |
|---|-----------|-------------------|
| College's proportionate share of the collective net pension liability | \$        | 6,596,001         |
| State's proportionate share that is associated with the College       |           | 4,058,819         |
| <b>Total</b>  | <b>\$</b> | <b>10,654,820</b> |

The net pension liability was measured as of August 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability 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, 2015 through August 31, 2016.

At August 31, 2016, the College's proportion of the collective net pension liability was 0.0174550%, which was a decrease of 0.0004748% from its proportion measured as of August 31, 2015.

**Changes Since the Prior Actuarial Valuation** – There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

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, 2017, the College recognized pension expense of \$421,209 and revenue of \$421,209 for support provided by the State.

At August 31, 2017, the College reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|--|---|--|
| Difference between expected and actual economic experience   | \$ 103,424                                    | \$ 196,953                                   |
| Changes in actuarial assumptions   | 201,034                                       | 182,832                                      |
| Net difference between projected and actual investment earnings  | 558,536                                       | -  |
| Changes in proportion and difference between the employer's contributions and the proportionate share of contributions | -   | 427,774                                      |
| Contributions paid to TRS subsequent to the measurement date   | 589,585                                       | -  |
| <b>Total</b>   | <b>\$ 1,452,579</b>                           | <b>\$ 807,559</b>                            |

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Years Ended August 31, 2017 and 2016

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

| <u>Year Ended</u><br><u>August 31</u> | <u>Pension</u><br><u>Expense</u> |
|---------------------------------------|----------------------------------|
| 2018                                  | \$ (29,956)                      |
| 2019                                  | (29,956)                         |
| 2020                                  | 326,305                          |
| 2021                                  | (57,321)                         |
| 2022                                  | (136,955)                        |
| Thereafter                            | (16,682)                         |
| <b>Total</b>                          | <b>\$ 55,435</b>                 |

**Optional Retirement Plan**

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

*Funding Policy*-Contribution requirements are not actuarially determined but are established and amended by the Texas State legislature. For fiscal years 2017 and 2016, the percentage of participant salaries contributed by the State and each participant was 6.60 percent and 6.65 percent, respectively, of annual compensation. For employees who were employed as of September 1, 1995, the College contributed 1.9 percent for fiscal years 2017 and 2016 of annual compensation. Benefits are fully vested after one year plus one day of employment. Because these are individual annuity contracts, neither the State nor the College has an additional or unfunded liability for this program. SB 1812, effective September 1, 2013, limits the amount of the State's contribution to 50 percent of eligible employees in the reporting district.

The ORP retirement expense to the State for the College was \$159,475, \$155,837, and \$196,743 for fiscal years 2017, 2016, and 2015, respectively. These amounts represent the portion of expended appropriations made by the State legislature on behalf of the College.

The total payroll for all College employees was \$22,467,736, \$21,642,560, and \$21,549,239 for fiscal years 2017, 2016, and 2015, respectively. The total payroll of employees covered by the ORP was \$4,948,065, \$4,843,231, and \$6,449,503 for fiscal years 2017, 2016, and 2015, respectively.

**Alvin Community College Money Purchase Plan**

The Money Purchase Plan is a defined contribution plan created in accordance with the Internal Revenue Code Section 401(a) and is available to eligible, part-time employees of the College. Under the Money Purchase Plan, employees may contribute 6.2 percent of their total gross earnings and the College contributes 1.3 percent of the participant's total gross earnings. Benefits are immediately vested. The total payroll of employees covered by the Money Purchase Plan was \$2,404,803, \$2,570,362, and \$2,552,646 for the years ended August 31, 2017, 2016, and 2015, respectively. Contributions made by the College during the years ended August 31, 2017, 2016, and 2015 were approximately \$31,263, \$33,415, \$33,184, respectively.

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Years Ended August 31, 2017 and 2016

**NOTE 13—Post Retirement Health Care and Life Insurance Benefits**

*Plan Description*—In addition to providing pension benefits, the State provides certain health care and life insurance benefits for retired employees. Almost all employees may become eligible for those benefits if they reach the normal retirement age while working for the State. The College contributes to the State Retiree Health Plan (SRHP), a cost-sharing multiple-employer, defined benefit post-employment healthcare plan administered by the Employees Retirement System of Texas (ERS). The SRHP provides medical benefits to retired employees of participating universities, community colleges, and State agencies in accordance with Chapter 1551, Texas Insurance Code. Benefit and contribution provisions of the SRHP are authorized by State law and may be amended by the Texas Legislature. The ERS issues a publicly available financial report that includes financial statements and Required Supplementary Information for the SRHP. That report may be obtained from the ERS via their website at <http://www.ers.state.tx.us>.

*Funding Policy*—Section 1551.055 of Chapter 1551, Texas Insurance Code provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS Board of Trustees. Plan members or beneficiaries receiving benefits pay any premium over and above the employer contribution. The employer’s share of the cost of retiree healthcare coverage for the current year is known as the implicit rate subsidy. It is the difference between the claims costs for the retirees and the amounts contributed by the retirees. The ERS Board of Trustees sets the employer contribution rate based on the implicit rate subsidy, which is actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*. The employer contribution rate represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed 30 years. Beginning September 1, 2013, SB 1812 limited the State’s contribution to 50 percent of eligible employees for community colleges.

The State’s contribution per full-time employee was \$615 to \$1,206 per month for fiscal year 2017, \$574 to \$1,126 per month for fiscal year 2016, and \$535 to \$1,049 per month for fiscal year 2015, depending on the coverage elected. The State’s contribution totaled \$1,525,624, \$1,424,145, and \$1,390,672 for the years ended August 31, 2017, 2016, and 2015, respectively.

The cost of retirees and active employees’ health care is as follows:

|  | 2017                | 2016                |
|--|---------------------|---------------------|
| Number of retirees                                   | 156                 | 153                 |
| State portion of health coverage                     | \$ 541,997          | \$ 490,663          |
| College's portion of health coverage                 | 230,409             | 197,635             |
| <b>Total health coverage for retirees</b>            | <b>\$ 772,406</b>   | <b>\$ 688,298</b>   |
| Number of active full-time employees                 | 290                 | 289                 |
| State portion of health coverage                     | \$ 983,627          | \$ 933,482          |
| College's portion of health coverage                 | 461,931             | 420,903             |
| Employee's portion of health coverage                | 548,792             | 519,663             |
| <b>Total health coverage for full-time employees</b> | <b>\$ 1,994,350</b> | <b>\$ 1,874,048</b> |

The College also provides dental benefits for retired employees. The College recognizes the cost of providing these benefits annually on a pay as you go basis. The College’s contributions per retiree was approximately \$27 per month for fiscal year 2017 and were \$24 per month for fiscal years 2016 and 2015. The College’s total contributions for the dental benefits were approximately \$42,563, \$41,215, and \$31,770 for the years ended August 31, 2017, 2016, and 2015, respectively.

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

For the Years Ended August 31, 2017 and 2016

**NOTE 14—Compensated Absences**

Compensated absences represent the liability associated with vacation benefits and compensatory time earned but not yet taken by employees of the College. The expense associated with vacation benefits and compensatory time benefits earned is recognized in the periods in which the associated employee services are rendered. Full-time employees earn annual leave at the rate of eight hours per month (September through May). No employee may accrue more than 192 hours of vacation benefits and, upon termination, an employee is paid for vacation benefits and accrued compensatory time (if compensatory time is applicable). As of August 31, 2017 and 2016, the College had an accrued vacation and compensated time liability of \$414,799 and \$370,040, respectively.

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

**NOTE 15—Contract and Grant Awards**

Contract and grant awards are accounted for in accordance with the requirements of accounting principles generally accepted in the United States of America. Revenues are recognized on Exhibit 2 and Schedule A. Contract and grant awards for which funds are expended, but not collected, are reported as receivables on Exhibit 1. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the basic financial statements. Contract and grant award funds already committed, e.g., multi-year awards, or funds awarded during fiscal years 2017 and 2016 for which monies have not been received nor funds expended totaled \$4,765,396 and \$4,614,947, respectively. Of these amounts, \$4,615,396 and \$3,852,245 were from Federal contract and grant awards and \$150,000 and \$762,702 were from State contract and grant awards for fiscal years 2017 and 2016, respectively.

**NOTE 16—Property Taxes**

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

At August 31:

|   | <u>2017</u>                             | <u>2016</u>             |    |              |
|---|---|-------------------------|----|--------------|
| Assessed valuation of the tax district            | \$ 8,979,798,211                        | \$ 8,146,011,428        |    |              |
| Less exemptions                                   | (545,730,016)                           | (532,165,823)           |    |              |
| <b>Net Assessed Valuation of the Tax District</b> | <u>\$ 8,434,068,195</u>                 | <u>\$ 7,613,845,605</u> |    |              |
|   | <u>Maintenance<br/>&amp; Operations</u> | <u>Debt<br/>Service</u> |    | <u>Total</u> |
| For fiscal year 2017:                             |   |                         |    |              |
| Tax rate per \$100 valuation authorized           | \$ 0.500000                             | \$ 0.500000             | \$ | 1.000000     |
| Tax rate per \$100 valuation assessed             | \$ 0.172848                             | \$ 0.018896             | \$ | 0.191744     |
| For fiscal year 2016:                             |   |                         |    |              |
| Tax rate per \$100 valuation authorized           | \$ 0.500000                             | \$ 0.500000             | \$ | 1.000000     |
| Tax rate per \$100 valuation assessed             | \$ 0.182979                             | \$ 0.021030             | \$ | 0.204009     |

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Years Ended August 31, 2017 and 2016

Taxes levied for the years ended August 31, 2017 and 2016 were \$16,173,391 and \$14,673,584, respectively. Taxes are due upon receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

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

For the year ended August 31, 2017:

|                                  | <b>Maintenance<br/>&amp; Operations</b> | <b>Debt<br/>Service</b> | <b>Total</b>         |
|----------------------------------|---|-------------------------|----------------------|
| Taxes collected:                 |   |                         |                      |
| Current taxes collected          | \$ 14,421,448                           | \$ 1,576,170            | \$ 15,997,618        |
| Delinquent taxes collected       | 142,418                                 | 14,475                  | 156,893              |
| Penalties and interest collected | 113,282                                 | 12,687                  | 125,969              |
| <b>Total Taxes Collected</b>     | <b>\$ 14,677,148</b>                    | <b>\$ 1,603,332</b>     | <b>\$ 16,280,480</b> |

For the year ended August 31, 2016:

|                                  | <b>Maintenance<br/>&amp; Operations</b> | <b>Debt<br/>Service</b> | <b>Total</b>         |
|----------------------------------|---|-------------------------|----------------------|
| Current taxes collected          | \$ 13,648,425                           | \$ 1,567,812            | \$ 15,216,237        |
| Delinquent taxes collected       | 346,956                                 | 43,708                  | 390,664              |
| Penalties and interest collected | 115,365                                 | 12,884                  | 128,249              |
| <b>Total Taxes Collected</b>     | <b>\$ 14,110,746</b>                    | <b>\$ 1,624,404</b>     | <b>\$ 15,735,150</b> |

Tax collections for both years ended August 31, 2017 and 2016 were 99 percent of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to maintenance and operations and debt service.

**NOTE 17—Contingent Liabilities**

**Legal Matters**

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

**State and Federally Assisted Programs**

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



**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Years Ended August 31, 2017 and 2016

**NOTE 18–Risk Management**

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

**NOTE 19–Alvin Community College Foundation**

The Alvin Community College Foundation (the "Foundation") is a separate nonprofit organization, with the sole purpose of supporting the educational and other activities of the College. The Foundation remitted restricted and unrestricted funds \$146,422 and \$120,103 to the College for the years ended August 31, 2017 and 2016, respectively. The College furnished certain services, such as office space, supplies, and staff assistance, to the Foundation during the years ended August 31, 2017 and 2016. The costs of these services were not significant to the College.

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***REQUIRED SUPPLEMENTARY INFORMATION***

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**ALVIN COMMUNITY COLLEGE**  
**SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY**  
**TEACHER RETIREMENT SYSTEM OF TEXAS (TRS)**  
**For the Year Ended August 31, 2017**

|   | Measurement Year*    |                      |                     |
|---|----------------------|----------------------|---------------------|
|   | 2016                 | 2015                 | 2014                |
| College's proportion of the net pension liability (asset)   | 0.0174550%           | 0.0179298%           | 0.0192277%          |
| College's proportionate share of the net pension liability (asset)  | \$ 6,596,001         | \$ 6,337,945         | \$ 5,135,984        |
| State's proportionate share of the net pension liability (asset)<br>associated with the College                       | 4,058,819            | 4,361,258            | 3,574,251           |
| Total   | <u>\$ 10,654,820</u> | <u>\$ 10,699,203</u> | <u>\$ 8,710,235</u> |
| College's covered employee payroll  | \$ 13,103,730        | \$ 13,147,582        | \$ 12,097,591       |
| College's proportionate share of the net pension liability (asset) as a<br>percentage of its covered employee payroll | 50.34%               | 48.21%               | 42.45%              |
| Plan fiduciary net position as a percentage of the total pension liability  | 78.00%               | 78.43%               | 83.25%              |

\* Only three years' worth of information is currently available.

Notes to Required Supplementary Information:

*Changes in Assumptions:* There were no changes in assumptions or other inputs that affected measurement of the total net pension liability since the prior measurement period.

*Changes in Benefits:* There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

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

Last 10 Fiscal Years  
For the Year Ended August 31, 2017

|  | Fiscal Year   |               |               |               |
|--|---------------|---------------|---------------|---------------|
|  | 2017          | 2016          | 2015          | 2014          |
| Contractually required contribution                                      | \$ 589,585    | \$ 554,591    | \$ 530,909    | \$ 487,477    |
| Contributions in relations to the<br>contractually required contribution | 589,585       | 554,591       | 530,909       | 487,477       |
| Contribution deficiency (excess)   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   |
| College's covered employee payroll                                       | \$ 13,845,409 | \$ 13,103,730 | \$ 13,147,582 | \$ 12,097,591 |
| Contributions as a percentage of covered<br>employee payroll             | 4.26%         | 4.23%         | 4.04%         | 4.03%         |

**Fiscal Year**

| <u>2013</u>    | <u>2012</u>    | <u>2011</u>    | <u>2010</u>    | <u>2009</u>    | <u>2008</u>    |
|----------------|----------------|----------------|----------------|----------------|----------------|
| \$ 594,269     | \$ 549,771     | \$ 151,068     | \$ 146,550     | \$ 147,160     | \$ 144,124     |
| <u>594,269</u> | <u>549,771</u> | <u>151,068</u> | <u>146,550</u> | <u>147,160</u> | <u>144,124</u> |
| <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    |
| \$ 9,120,208   | \$ 8,718,199   | \$ 9,119,391   | \$ 8,409,367   | \$ 9,811,627   | \$ 9,057,361   |
| 6.52%          | 6.31%          | 1.66%          | 1.74%          | 1.50%          | 1.59%          |

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***SUPPLEMENTAL SCHEDULES***

# ALVIN COMMUNITY COLLEGE

Schedule A

## SCHEDULE OF OPERATING REVENUES

For the Year Ended August 31, 2017

(With Memorandum Totals For the Year Ended August 31, 2016)

|   | 2017                   |            |              |             |
|---|------------------------|------------|--------------|-------------|
|   | Educational Activities |            |              | Auxiliary   |
|   | Unrestricted           | Restricted | Total        | Enterprises |
| <b>Tuition</b>                                    |                        |            |              |             |
| State funded courses:                             |                        |            |              |             |
| In-district resident tuition                      | \$ 2,210,108           | \$ -       | \$ 2,210,108 | \$ -        |
| Out-of-district resident tuition                  | 4,914,246              | -          | 4,914,246    | -           |
| TPEG - credit (set aside) *                       | 244,045                | -          | 244,045      | -           |
| Nonresident tuition                               | 495,850                | -          | 495,850      | -           |
| State funded continuing education                 | 1,666,677              | -          | 1,666,677    | -           |
| TPEG - noncredit (set aside) *                    | 103,890                | -          | 103,890      | -           |
| Nonstate funded continuing education              | 407,738                | -          | 407,738      | -           |
| <b>Total Tuition</b>                              | 10,042,554             | -          | 10,042,554   | -           |
| <b>Fees</b>                                       |                        |            |              |             |
| General fees                                      | 1,484,553              | -          | 1,484,553    | -           |
| Student service fees                              | -                      | -          | -            | 213,078     |
| Laboratory fees                                   | 302,492                | -          | 302,492      | -           |
| Building use fees                                 | 562,784                | -          | 562,784      | -           |
| Technology fees                                   | 610,923                | -          | 610,923      | -           |
| Security fees                                     | -                      | -          | -            | 194,174     |
| Other fees  | 1,460                  | -          | 1,460        | -           |
| <b>Total Fees</b>                                 | 2,962,212              | -          | 2,962,212    | 407,252     |
| <b>Scholarship Allowances and Discounts</b>       |                        |            |              |             |
| Remissions and exemptions - State                 | (1,142,122)            | -          | (1,142,122)  | -           |
| Remissions and exemptions - local                 | -                      | -          | -            | (5,370)     |
| TPEG allowances                                   | (347,935)              | -          | (347,935)    | -           |
| Federal grants to students                        | (817,128)              | -          | (817,128)    | -           |
| Other   | (147,087)              | -          | (147,087)    | -           |
| <b>Total Scholarship Allowances and Discounts</b> | (2,454,272)            | -          | (2,454,272)  | (5,370)     |
| <b>Total Net Tuition and Fees</b>                 | 10,550,494             | -          | 10,550,494   | 401,882     |

| <u>2017</u>  |  |              |  |
|--------------|--|--------------|--|
| <u>Total</u> |  | <u>2016</u>  |  |
| \$ 2,210,108 |  | \$ 2,107,326 |  |
| 4,914,246    |  | 4,662,881    |  |
| 244,045      |  | 233,525      |  |
| 495,850      |  | 397,739      |  |
| 1,666,677    |  | 1,052,931    |  |
| 103,890      |  | 74,863       |  |
| 407,738      |  | 530,288      |  |
|              |  |              |  |
| 10,042,554   |  | 9,059,553    |  |
|              |  |              |  |
| 1,484,553    |  | 1,395,005    |  |
| 213,078      |  | 206,441      |  |
| 302,492      |  | 303,823      |  |
| 562,784      |  | 495,262      |  |
| 610,923      |  | 600,015      |  |
| 194,174      |  | 187,925      |  |
| 1,460        |  | 30,415       |  |
|              |  |              |  |
| 3,369,464    |  | 3,218,886    |  |
|              |  |              |  |
| (1,142,122)  |  | (993,161)    |  |
| (5,370)      |  | (5,780)      |  |
| (347,935)    |  | (308,388)    |  |
| (817,128)    |  | (839,390)    |  |
| (147,087)    |  | (165,610)    |  |
|              |  |              |  |
| (2,459,642)  |  | (2,312,329)  |  |
|              |  |              |  |
| 10,952,376   |  | 9,966,110    |  |

**ALVIN COMMUNITY COLLEGE**  
**SCHEDULE OF OPERATING REVENUES, Continued**  
For the Year Ended August 31, 2017  
(With Memorandum Totals For the Year Ended August 31, 2016)

Schedule A

|   | 2017                   |                     |                      |                          |
|---|------------------------|---------------------|----------------------|--------------------------|
|   | Educational Activities |                     |                      | Auxiliary<br>Enterprises |
|   | Unrestricted           | Restricted          | Total                |                          |
| <b>Other Operating Revenues</b>             |                        |                     |                      |                          |
| Federal grants and contracts                | \$ -                   | \$ 826,880          | \$ 826,880           | \$ -                     |
| State grants and contracts                  | -                      | 1,832,795           | 1,832,795            | -                        |
| Nongovernmental grants<br>and contracts     | -                      | 33,951              | 33,951               | -                        |
| <b>Total Other Operating Revenues</b>       | -                      | 2,693,626           | 2,693,626            | -                        |
| <b>Auxiliary Enterprises</b>                |                        |                     |                      |                          |
| Bookstore                                   | -                      | -                   | -                    | 1,650,867                |
| Scholarships allowances<br>and discounts    | -                      | -                   | -                    | (349,431)                |
| <b>Net Bookstore</b>                        | -                      | -                   | -                    | 1,301,436                |
| Child care center                           | -                      | -                   | -                    | 259,053                  |
| Food services                               | -                      | -                   | -                    | 11,969                   |
| Fitness center                              | -                      | -                   | -                    | 38,388                   |
| <b>Total Net Auxiliary Enterprises</b>      | -                      | -                   | -                    | 1,610,846                |
| <b>Total Operating Revenues (Exhibit 2)</b> | <b>\$ 10,550,494</b>   | <b>\$ 2,693,626</b> | <b>\$ 13,244,120</b> | <b>\$ 2,012,728</b>      |

\* In accordance with Texas Education Code 56.033, \$347,935 and \$308,388 of tuition was set aside for Texas Public Education Grants (TPEG) during fiscal years 2017 and 2016, respectively.

| <u>2017</u>          |           |                   |
|----------------------|-----------|-------------------|
| <u>Total</u>         |           | <u>2016</u>       |
| \$ 826,880           | \$        | 302,411           |
| 1,832,795            |           | 1,045,304         |
| <u>33,951</u>        |           | <u>61,734</u>     |
| 2,693,626            |           | 1,409,449         |
| 1,650,867            |           | 1,949,089         |
| <u>(349,431)</u>     |           | <u>(330,113)</u>  |
| 1,301,436            |           | 1,618,976         |
| 259,053              |           | 276,440           |
| 11,969               |           | 11,335            |
| <u>38,388</u>        |           | <u>35,553</u>     |
| <u>1,610,846</u>     |           | <u>1,942,304</u>  |
| <u>\$ 15,256,848</u> | <u>\$</u> | <u>13,317,863</u> |

**ALVIN COMMUNITY COLLEGE**  
**SCHEDULE OF OPERATING EXPENSES BY OBJECT**  
For the Year Ended August 31, 2017  
(With Memorandum Totals For the Year Ended August 31, 2016)

Schedule B

|   | 2017                   |                     |                     |                      |
|---|------------------------|---------------------|---------------------|----------------------|
|   | Educational Activities |                     |                     | Other<br>Expenses    |
|   | Salaries<br>and Wages  | Benefits            |                     |                      |
|   | State                  | Local               |                     |                      |
| <b>Unrestricted - Educational Activities</b>                        |                        |                     |                     |                      |
| Instruction   | \$ 12,421,302          | \$ -                | \$ 1,961,791        | \$ 778,362           |
| Public service  | 102,327                | -                   | 16,161              | 46,404               |
| Academic support  | 2,781,824              | -                   | 439,355             | 1,500,536            |
| Student services  | 2,186,508              | -                   | 345,332             | 447,647              |
| Institutional support   | 2,648,058              | -                   | 441,272             | 1,945,901            |
| Operation and maintenance of plant                                  | 1,128,980              | -                   | 364,321             | 1,660,953            |
| <b>Total Unrestricted - Educational Activities</b>                  | 21,268,999             | -                   | 3,568,232           | 6,379,803            |
| <b>Restricted - Educational Activities</b>                          |                        |                     |                     |                      |
| Instruction   | 160,803                | 1,377,501           | 181,983             | 1,409,363            |
| Public service  | -                      | 11,348              | -                   | 508                  |
| Academic support  | 387,874                | 308,499             | 71,510              | 103,588              |
| Student services  | 82,867                 | 242,480             | -                   | 4,103                |
| Institutional support   | -                      | 293,665             | -                   | 181                  |
| Scholarships and fellowships  | -                      | -                   | -                   | 5,156,420            |
| <b>Total Restricted Educational Activities</b>                      | 631,544                | 2,233,493           | 253,493             | 6,674,163            |
| <b>Total Educational Activities</b>                                 | 21,900,543             | 2,233,493           | 3,821,725           | 13,053,966           |
| Auxiliary enterprises   | 567,193                | -                   | 213,365             | 1,258,871            |
| Depreciation expense - buildings and other real estate improvements | -                      | -                   | -                   | 709,915              |
| Depreciation expense - equipment and furniture                      | -                      | -                   | -                   | 498,945              |
| <b>Total Operating Expenses</b>                                     | <b>\$ 22,467,736</b>   | <b>\$ 2,233,493</b> | <b>\$ 4,035,090</b> | <b>\$ 15,521,697</b> |

| <u>2017</u>          |  |                      |  |
|----------------------|--|----------------------|--|
| <u>Total</u>         |  | <u>2016</u>          |  |
| \$ 15,161,455        |  | \$ 14,841,285        |  |
| 164,892              |  | 161,672              |  |
| 4,721,715            |  | 5,205,301            |  |
| 2,979,487            |  | 2,411,724            |  |
| 5,035,231            |  | 4,688,775            |  |
| <u>3,154,254</u>     |  | <u>2,756,050</u>     |  |
| 31,217,034           |  | 30,064,807           |  |
| 3,129,650            |  | 2,225,877            |  |
| 11,856               |  | 11,403               |  |
| 871,471              |  | 786,112              |  |
| 329,450              |  | 292,144              |  |
| 293,846              |  | 278,687              |  |
| <u>5,156,420</u>     |  | <u>4,707,318</u>     |  |
| <u>9,792,693</u>     |  | <u>8,301,541</u>     |  |
| 41,009,727           |  | 38,366,348           |  |
| 2,039,429            |  | 2,082,619            |  |
| 709,915              |  | 718,986              |  |
| <u>498,945</u>       |  | <u>451,373</u>       |  |
| <u>\$ 44,258,016</u> |  | <u>\$ 41,619,326</u> |  |

**ALVIN COMMUNITY COLLEGE**  
**SCHEDULE OF NONOPERATING REVENUES AND EXPENSES**

Schedule C

For the Year Ended August 31, 2017

(With Memorandum Totals For the Year Ended August 31, 2016)

|                                      | 2017          |              |                          |               |
|--------------------------------------|---------------|--------------|--------------------------|---------------|
|                                      | Unrestricted  | Restricted   | Auxiliary<br>Enterprises | Total         |
| <b>Nonoperating Revenues</b>         |               |              |                          |               |
| State appropriations:                |               |              |                          |               |
| Education and general State support  | \$ 7,212,917  | \$ -         | \$ -                     | \$ 7,212,917  |
| State group insurance                | -             | 1,525,624    | -                        | 1,525,624     |
| State retirement matching            | -             | 580,684      | -                        | 580,684       |
|                                      | 7,212,917     | 2,106,308    | -                        | 9,319,225     |
| <b>Total State Appropriations</b>    |               |              |                          |               |
| Taxes for maintenance and operations | 14,677,148    | -            | -                        | 14,677,148    |
| Taxes for debt service               | -             | 1,603,332    | -                        | 1,603,332     |
| Federal revenue, nonoperating        | -             | 5,247,032    | -                        | 5,247,032     |
| Investment income                    | 42,369        | 36,589       | 22,579                   | 101,537       |
| Other nonoperating revenues          | 607,093       | -            | -                        | 607,093       |
|                                      | 22,539,527    | 8,993,261    | 22,579                   | 31,555,367    |
| <b>Total Nonoperating Revenues</b>   |               |              |                          |               |
| <b>Nonoperating Expenses</b>         |               |              |                          |               |
| Interest and fiscal agent fees       | 462,501       | -            | -                        | 462,501       |
| Loss on disposal of capital assets   | 49,332        | -            | -                        | 49,332        |
|                                      | 511,833       | -            | -                        | 511,833       |
| <b>Total Nonoperating Expenses</b>   |               |              |                          |               |
| <b>Nonoperating Revenues, Net</b>    | \$ 22,027,694 | \$ 8,993,261 | \$ 22,579                | \$ 31,043,534 |



**2016**

---

\$ 7,201,958  
1,424,145  

---

777,246

9,403,349

14,110,746  
1,624,404  
4,841,440  
47,214  

---

720,087

30,747,240

497,289  

---

43,304

---

540,593

**\$ 30,206,647**

# ALVIN COMMUNITY COLLEGE

Schedule D

## SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY

For the Year Ended August 31, 2017

(With Memorandum Totals For the Year Ended August 31, 2016)

|  | Detail by Source |             |               |   |
|--|------------------|-------------|---------------|---|
|  | Unrestricted     | Restricted  |               | Capital Assets<br>Net of Depreciation<br>and Related Debt |
|  |                  | Expendable  | Nonexpendable |   |
| <b>Current</b>                                 |                  |             |               |   |
| Unrestricted                                   | \$ 1,240,591     | \$ -        | \$ -          | \$ -  |
| Board designated                               | 115,720          | -           | -             | -   |
| Auxiliary                                      | 1,699,534        | -           | -             | -   |
| Scholarships                                   | -                | 191,345     | -             | -   |
| <b>Plant</b>                                   |                  |             |               |   |
| Investment in plant                            | -                | -           | -             | 15,104,595  |
| <b>Total Net Position, August 31, 2017</b>     | 3,055,845        | 191,345     | -             | 15,104,595  |
| Total net position, August 31, 2016            | 1,889,528        | 242,903     | -             | 14,176,988  |
| <b>Net Increase (Decrease) in Net Position</b> | \$ 1,166,317     | \$ (51,558) | \$ -          | \$ 927,607  |

| <u>Detail by Source</u> | <u>Available for Current Operations</u> |                   |
|-------------------------|---|-------------------|
|                         | <u>Yes</u>                              | <u>No</u>         |
| \$ 1,240,591            | \$ 1,240,591                            | \$ -              |
| 115,720                 | -                                       | 115,720           |
| 1,699,534               | 1,699,534                               | -                 |
| 191,345                 | -                                       | 191,345           |
| <u>15,104,595</u>       | <u>-</u>                                | <u>15,104,595</u> |
| 18,351,785              | 2,940,125                               | 15,411,660        |
| <u>16,309,419</u>       | <u>-</u>                                | <u>14,495,991</u> |
| <u>\$ 2,042,366</u>     | <u>\$ 2,940,125</u>                     | <u>\$ 915,669</u> |

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

December 4, 2017

To the Board of Regents of  
Alvin Community College:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Alvin Community College (the "College"), as of and for the year ended August 31, 2017, 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 4, 2017.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Texas Public Funds Investment Act**

We have performed tests designed to verify the College's compliance with the requirements of the Texas Public Funds Investment Act (the "Act"). During the year ended August 31, 2017, the results of our tests disclosed no instances of noncompliance with the Act. However, providing an opinion on compliance with the Act was not an objective of our audit and, accordingly, we do not express an opinion.

## **Purpose of this Report**

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

**BELT HARRIS PECHACEK, LLLP**

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas



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

December 4, 2017

To the Board of Regents of  
Alvin Community College:

**Report on Compliance for Each Major Federal and State Program**

We have audited Alvin Community College's (the "College") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State of Texas Single Audit Circular* that could have a direct and material effect on each of the College's major federal and State of Texas ("State") programs for the year ended August 31, 2017. The College's major federal and State programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the College's major federal and State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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) and the *State of Texas Single Audit Circular*. Those standards, the Uniform Guidance, and the *State of Texas Single Audit Circular* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and State program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

## **Unmodified Opinion on Each of the Major Federal and State Program**

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and State programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended August 31, 2017.

## **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the *State of Texas Single Audit Circular* and is described in the accompanying schedule of findings and questioned costs as item 2017-001. Our opinion on each major State program is not modified with respect to this matter.

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

## **Report on Internal Control Over Compliance**

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

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

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

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2017-001 to be a significant deficiency.



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

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

*BELT HARRIS PECHACEK, LLLP*

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas

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**ALVIN COMMUNITY COLLEGE**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
For the Year Ended August 31, 2017

**Federal Awards**

None

**State Awards**

**2016.001 – TIME AND EFFORT**

**Criteria**

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

**Condition**

It was noted during payroll testing that multiple time and effort reports showed an employee worked on one grant but another grant was charged or an employee worked on multiple grants but a single grant was charged for the time worked on all the other grants, inconsistent methods of allocation were used between pay periods, or hours reported on time and effort reports did not reconcile to actual hours reported in the payroll system. This finding is a repeat of prior year finding 2015.002.

**Effect**

The College is not in compliance with the time and effort reporting/allocation requirements of the TWC Skills Development Fund grants.

**Context**

A sample of 17 payroll transactions was selected for testing which encompassed 100 percent of the TWC Skills Development Fund payroll population. Five payroll transactions had grant allocations that did not reconcile to the time and effort reports.

**Cause**

The allocations of grant expenses did not reconcile to the time and effort reports.

**Recommendation**

The College should ensure that the allocation of applicable grant expenses reconcile to what is reported on the time and effort reports.

**Status**

Resolved.

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**ALVIN COMMUNITY COLLEGE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended August 31, 2017

**A. SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses a modified opinion on the basic financial statements of Alvin Community College (the "College") as a result of a scope limitation in which no opinion was expressed on the Alvin Community College Foundation's (a discretely presented component unit) financial statements. An unmodified opinion was expressed on the College's respective financial position of the business-type activities, the respective changes in financial position, and its cash flows.
2. No significant deficiencies in internal control were disclosed by the audit of the basic financial statements.
3. No instances of noncompliance material to the basic financial statements were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were disclosed by the audit. A significant deficiency in internal control over major State award programs was disclosed by the audit.
5. The auditors' report on compliance for the major federal and State award programs expresses an unmodified opinion.
6. No audit findings relative to the major federal award programs for the College are reported in Part C of this schedule. An audit finding relative to the major State award programs is reported in Part C of this schedule.
7. Major programs included:

| <u>Name of Federal Program</u>                      | <b>Federal CFDA<br/>Number</b>   |
|---|----------------------------------|
| Student Financial Assistance Cluster:               |                                  |
| Federal Supplemental Educational Opportunity Grants | 84.007                           |
| Federal Work-Study Program                          | 84.033                           |
| Federal Pell Grant Program                          | 84.063                           |
| Federal Direct Student Loans                        | 84.268                           |
|   |                                  |
| <u>Name of State Program</u>                        | <b>State Contract<br/>Number</b> |
| Skills Development Fund Cluster                     | Various                          |

8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The College was classified as a low-risk auditee in the context of the Uniform Guidance. The College did not qualify as a low-risk auditee in the context of the *State of Texas Single Audit Circular*.

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

None

**ALVIN COMMUNITY COLLEGE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
For the Year Ended August 31, 2017

**C. FINDINGS – FEDERAL AND STATE AWARDS**

**Federal Awards**

None

**State Awards**

***Significant Deficiency:***

**2017.001 – TWC SDF GRANTS – MONITORING ATTENDANCE REPORTS**

**Criteria**

The College should have procedures in place to provide reasonable assurance that reports submitted to the Texas Workforce Commission (TWC) include all activity of the reporting period, are supported by underlying records, and are fairly presented in accordance with program requirements.

**Condition/Context**

It was noted during the testing of the Skills Development Fund (SDF) grant training courses that the hours reflected on the attendance/sign-in sheets for 3 out of the 15 courses tested did not meet the minimum hour requirements for those courses as stated in the Program Grant/Cooperative Agreements. The actual (completed) course hours reported on the Monthly Progress Reports (MPR) and the Trainee Information Form (TIF) did not reconcile to what was reflected on the sign-in/attendance sheets. The College also requested full reimbursement for these three courses instead of pro-rating the reimbursement requests based upon the actual hours.

**Effect**

The actual hours reported on the MPR and TIF were overstated, which also caused the deliverables reported to the TWC to be overstated for course hours provided. The College also requested reimbursement from the TWC at an amount greater than what was actually earned at the time by \$5,752. The College subsequently obtained revised sign-in/attendance sheets for one of the courses resulting in a final questioned cost total of \$1,000.

**Cause**

It does not appear that the College is reviewing the sign-in/attendance sheets to verify the actual hours taught for the course.

**Recommendation**

The College should implement procedures to review sign-in/attendance sheets to verify the minimum hour requirements are met and to determine the actual hours for reporting purposes on the various required reports such as the MPR and TIF. The College should not request reimbursement from the TWC until the actual hours for a given course are determined.

**ALVIN COMMUNITY COLLEGE**  
***SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)***  
For the Year Ended August 31, 2017

**Corrective Action Plan**

The College's CEWD will begin to use rosters for grants courses with an added column for "total hours". These rosters are already in use for the College courses and can assist coordinators in eliminating the human error aspect that can occur when reviewing a large number of rosters that are typically associated with SDF training grants. This will also allow the instructor to calculate the total number of hours each day before signing the roster and acknowledging the information on the document is accurate.

**ALVIN COMMUNITY COLLEGE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended August 31, 2017

Schedule E

| Federal Grantor/Pass Through Grantor/<br>Program Title        | Federal<br>CFDA<br>Number | Pass-Through<br>Grantor's<br>Number | Expenditures<br>and<br>Pass-Through<br>Disbursements |
|---|---------------------------|-------------------------------------|--|
| <u>U.S. Department of Education</u>                           |                           |                                     |  |
| Direct Programs:  |                           |                                     |  |
| Student Financial Assistance Cluster:                         |                           |                                     |  |
| Federal Supplemental Educational Opportunity Grants           | 84.007                    | P007A163951                         | \$ 91,145  |
| Federal Work-Study Program                                    | 84.033                    | P033A163951                         | 65,345   |
| Federal Work-Study Program                                    | 84.033                    | P033A173951                         | 11,866   |
| Federal Pell Grant Program                                    | 84.063                    | P063P162256                         | 3,571,935  |
| Federal Direct Student Loans                                  | 84.268                    | P268K172256                         | 1,366,046  |
| Higher Education Institutional Aid (STEM Grant)               | 84.031C                   | P031C160219                         | 398,745  |
| TRIO Cluster:   |                           |                                     |  |
| TRIO Upward Bound   | 84.047                    | P047A120527                         | 286,152  |
| Pass-Through From:  |                           |                                     |  |
| Texas Higher Education Coordinating Board:                    |                           |                                     |  |
| Career & Technical Education - Basic Grants to States         | 84.048                    | 15420206                            | 87,199   |
| Pass-Through From:  |                           |                                     |  |
| Texas Workforce Commission:                                   |                           |                                     |  |
| Site Based Workplace Literacy                                 | 84.002                    | 2816AEL001                          | 36,219   |
| <b>Total U.S. Department of Education</b>                     |                           |                                     | <b>5,914,652</b>                                     |
| <u>U.S. Department of Housing and Urban Development</u>       |                           |                                     |  |
| Pass-Through From:  |                           |                                     |  |
| Brazoria County:  |                           |                                     |  |
| Community Development Block Grants/Entitlement Grants         | 14.218                    | B-16-UC-48-0005                     | 3,750  |
| <b>Total U.S. Department of Housing and Urban Development</b> |                           |                                     | <b>3,750</b>   |
| <u>U.S. Department of Health and Human Services</u>           |                           |                                     |  |
| Pass-Through From:  |                           |                                     |  |
| Texas Commission on Alcohol and Drug Abuse:                   |                           |                                     |  |
| University of Texas at Austin:                                |                           |                                     |  |
| Substance Abuse and Mental Health Services - 16               | 93.243                    | UTA12-001070                        | 2,824  |
| Substance Abuse and Mental Health Services - 17               | 93.243                    | UTA12-001070                        | 24,991   |
| Substance Abuse and Mental Health Services - Pilot Project TI | 93.243                    | UTA12-001070                        | 5,001  |
| <b>Total U.S. Department of Health and Human Services</b>     |                           |                                     | <b>32,816</b>  |
| <u>U.S. Department of Labor</u>                               |                           |                                     |  |
| Pass-Through From:  |                           |                                     |  |
| Texas Workforce Commission:                                   |                           |                                     |  |
| Wagner Peyser   | 17.207                    | 2817WPB001                          | 121,194  |
| <b>Total U.S. Department of Labor</b>                         |                           |                                     | <b>121,194</b>                                       |
| <b>Total Expenditures of Federal Awards</b>                   |                           |                                     | <b>6,072,412</b>                                     |
| Veterans Administration Chapter Benefits                      |                           |                                     | 1,500  |
| <b>Total Federal Revenues</b>                                 |                           |                                     | <b>\$ 6,073,912</b>                                  |

See accompanying notes to schedule of expenditures of federal and State awards.



**ALVIN COMMUNITY COLLEGE**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
For the Year Ended August 31, 2017

Schedule F

| <u>Grantor Agency/Program Title</u>                    | <u>Grant<br/>Contract<br/>Number</u> | <u>Expenditures</u> |
|--|--------------------------------------|---------------------|
| Texas Higher Education Coordinating Board:             |                                      |                     |
| Nursing Shortage Reduction Grant FY2014                | 9122060M                             | \$ 39,036           |
| Nursing Shortage Reduction Grant FY2017                | 9134489M                             | 22,563              |
| Texas College Work Study                               | 9133906M                             | 11,917              |
| TEOG formerly Texas Grant II                           | 9133980M                             | 167,382             |
| College Student Loan                                   | 9701976H                             | 3,705               |
| <b>Total Texas Higher Education Coordinating Board</b> |                                      | <u>244,603</u>      |
| Texas Workforce Commission:                            |                                      |                     |
| Skills Development Fund Cluster:                       |                                      |                     |
| Partnership with INEOS and TEAM Consortium             | 2816SDF002                           | 703,694             |
| Partnership with Ascend Performance Materials, Inc.    | 2816SDF005                           | 120,937             |
| Texas Fast Start Program III                           | 2816GRF000                           | 158,265             |
| Texas Fast Start Program IV                            | 2817GRF000                           | 6,883               |
| Welding/Pipefitting                                    | 2816SSF000                           | 280,872             |
| JET Grant Nursing                                      | 2817JET002                           | 138,899             |
| JET Grant Welding                                      | 2816JET000                           | 178,642             |
| <b>Total Texas Workforce Commission</b>                |                                      | <u>1,588,192</u>    |
| <b>Total Expenditures of State Awards</b>              |                                      | <u>\$ 1,832,795</u> |

See accompanying notes to schedule of expenditures of federal and State awards.

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**ALVIN COMMUNITY COLLEGE**  
**NOTES TO SCHEDULES OF EXPENDITURES**  
**OF FEDERAL AND STATE AWARDS**  
For the Year Ended August 31, 2017

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

The schedules of expenditures of Federal and State awards (the "Schedules") present the activity of Federal and State of Texas financial assistance programs of the College for the year ended August 31, 2017. Federal financial assistance received directly from Federal agencies is included in these Schedules.

Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported previously represent funds which have been expended by the College for the purposes of the award during fiscal year 2017. The expenditures reported previously may not have been reimbursed by the funding agencies as of the end of fiscal year 2017. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the Schedules.

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

**2. FEDERAL ASSISTANCE RECONCILIATION**

|  |                     |
|--|---------------------|
| Federal revenues:                              |                     |
| Federal grants and contracts - per Schedule A  | \$ 826,880          |
| Federal revenue, nonoperating - per Schedule C | 5,247,032           |
| <b>Total Federal Revenues</b>                  | <u>\$ 6,073,912</u> |
|  |                     |
| Direct costs                                   | \$ 6,039,384        |
| Indirect costs                                 | 34,528              |
| <b>Total Federal Revenues</b>                  | <u>\$ 6,073,912</u> |

**3. RELATIONSHIP TO FEDERAL AND STATE REPORTS**

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

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## ***STATISTICAL INFORMATION***

**(Unaudited)**

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

# ALVIN COMMUNITY COLLEGE

SS-1

## NET POSITION BY COMPONENT

Last 10 Years

(Amounts expressed in thousands)

|                                  | For the Years Ended August 31, |                  |                  |                  |
|----------------------------------|--------------------------------|------------------|------------------|------------------|
|                                  | 2017                           | 2016             | 2015             | 2014             |
| Primary government               |                                |                  |                  |                  |
| Net investment in capital assets | \$ 15,105                      | \$ 14,177        | \$ 14,102        | \$ 14,382        |
| Restricted - expendable          | 191                            | 243              | 244              | 325              |
| Unrestricted                     | 3,056                          | 1,890            | 58               | (413)            |
| <b>Total Primary Government</b>  |                                |                  |                  |                  |
| <b>Net Position</b>              | <u>\$ 18,352</u>               | <u>\$ 16,310</u> | <u>\$ 14,404</u> | <u>\$ 14,294</u> |

**For the Years Ended August 31,**

| <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| \$ 14,160   | \$ 14,325   | \$ 13,714   | \$ 14,012   | \$ 13,553   | \$ 13,713   |
| 320         | 320         | 349         | 237         | 356         | 651         |
| 5,122       | 5,934       | 5,339       | 6,550       | 7,491       | 7,120       |
| \$ 19,602   | \$ 20,579   | \$ 19,402   | \$ 20,799   | \$ 21,400   | \$ 21,484   |

# ALVIN COMMUNITY COLLEGE

SS-2

## REVENUES BY SOURCE

Last Ten Fiscal Years

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

|  | 2017             | 2016             | 2015             | 2014             |
|--|------------------|------------------|------------------|------------------|
| <b>Operating Revenues:</b>                       |                  |                  |                  |                  |
| Tuition and fees (net of discounts)              | \$ 10,952        | \$ 9,966         | \$ 10,253        | \$ 10,253        |
| Governmental grants and contracts                |                  |                  |                  |                  |
| Federal grants and contract                      | 827              | 302              | 423              | 423              |
| State grants and contracts                       | 1,833            | 1,045            | 1,861            | 1,861            |
| Nongovernmental grants and contracts             | 34               | 62               | 12               | 12               |
| Sales and services of educational revenues       |                  |                  |                  |                  |
| Auxiliary enterprises                            | 1,611            | 1,942            | 1,919            | 1,919            |
| Other operating revenues                         | -                | -                | -                | -                |
| <b>Total Operating Revenues</b>                  | <b>15,257</b>    | <b>13,317</b>    | <b>14,468</b>    | <b>14,468</b>    |
| <b>Nonoperating Revenues:</b>                    |                  |                  |                  |                  |
| State appropriations                             | 9,319            | 9,403            | 9,208            | 9,208            |
| Ad valorem taxes                                 | 16,280           | 15,735           | 13,109           | 13,109           |
| Federal revenue, nonoperating                    | 5,247            | 4,841            | 4,424            | 4,424            |
| Gifts  | -                | -                | -                | -                |
| Investment income                                | 102              | 47               | 18               | 18               |
| Other nonoperating revenues                      | 607              | 720              | 612              | 612              |
| <b>Total Nonoperating Revenues</b>               | <b>31,555</b>    | <b>30,746</b>    | <b>27,371</b>    | <b>27,371</b>    |
| <b>Total Primary Government Program Revenues</b> | <b>\$ 46,812</b> | <b>\$ 44,063</b> | <b>\$ 41,839</b> | <b>\$ 41,839</b> |

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

|  | 2017           | 2016           | 2015           | 2014           |
|--|----------------|----------------|----------------|----------------|
| <b>Operating Revenues:</b>                       |                |                |                |                |
| Tuition and fees (net of discounts)              | 23.40%         | 22.62%         | 24.51%         | 24.51%         |
| Governmental grants and contracts                |                |                |                |                |
| Federal grants and contract                      | 1.77%          | 0.69%          | 1.01%          | 1.01%          |
| State grants and contracts                       | 3.92%          | 2.37%          | 4.45%          | 4.45%          |
| Local grants and contracts                       | 0.00%          | 0.00%          | 0.00%          | 0.00%          |
| Nongovernmental grants and contracts             | 0.07%          | 0.14%          | 0.03%          | 0.03%          |
| Sales and services of educational revenues       |                |                |                |                |
| Auxiliary enterprises                            | 3.44%          | 4.41%          | 4.59%          | 4.59%          |
| Other operating revenues                         | 0.00%          | 0.00%          | 0.00%          | 0.00%          |
| <b>Total Operating Revenues</b>                  | <b>32.59%</b>  | <b>30.22%</b>  | <b>34.58%</b>  | <b>34.58%</b>  |
| <b>Nonoperating Revenues:</b>                    |                |                |                |                |
| State appropriations                             | 19.91%         | 21.34%         | 22.01%         | 22.01%         |
| Ad valorem taxes                                 | 34.78%         | 35.71%         | 31.33%         | 31.33%         |
| Federal revenue, nonoperating                    | 11.21%         | 10.99%         | 10.57%         | 10.57%         |
| Gifts  | 0.00%          | 0.00%          | 0.00%          | 0.00%          |
| Investment income                                | 0.22%          | 0.11%          | 0.04%          | 0.04%          |
| Other nonoperating revenues                      | 1.30%          | 1.63%          | 1.46%          | 1.46%          |
| <b>Total Nonoperating Revenues</b>               | <b>67.41%</b>  | <b>69.78%</b>  | <b>65.42%</b>  | <b>65.42%</b>  |
| <b>Total Primary Government Program Revenues</b> | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> |



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

| 2013             | 2012             | 2011             | 2010             | 2009             | 2008             |
|------------------|------------------|------------------|------------------|------------------|------------------|
| \$ 9,096         | \$ 9,482         | \$ 8,541         | \$ 7,872         | \$ 6,893         | \$ 5,826         |
| 420              | 399              | 596              | 1,485            | 594              | 473              |
| 266              | 1,690            | 1,190            | 1,007            | 1,569            | 534              |
| 5                | 1                | 4                | 105              | 96               | 141              |
| 1,986            | 1,756            | 1,971            | 1,944            | 2,146            | 2,026            |
| -                | -                | 24               | 25               | 24               | 5                |
| <u>11,773</u>    | <u>13,328</u>    | <u>12,326</u>    | <u>12,438</u>    | <u>11,322</u>    | <u>9,005</u>     |
| 8,360            | 9,128            | 10,323           | 10,323           | 10,996           | 10,904           |
| 12,274           | 11,887           | 11,575           | 11,881           | 11,830           | 11,102           |
| 4,942            | 5,423            | 5,612            | 3,416            | 2,419            | 2,431            |
| -                | -                | -                | 156              | -                | -                |
| 16               | 17               | 19               | 28               | 65               | 351              |
| 677              | 692              | 577              | 785              | 427              | 505              |
| <u>26,269</u>    | <u>27,147</u>    | <u>28,106</u>    | <u>26,589</u>    | <u>25,737</u>    | <u>25,293</u>    |
| <u>\$ 38,042</u> | <u>\$ 40,475</u> | <u>\$ 40,432</u> | <u>\$ 39,027</u> | <u>\$ 37,059</u> | <u>\$ 34,298</u> |

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

| 2013           | 2012           | 2011           | 2010           | 2009           | 2008           |
|----------------|----------------|----------------|----------------|----------------|----------------|
| 23.91%         | 23.43%         | 21.12%         | 20.17%         | 18.60%         | 16.99%         |
| 1.10%          | 0.99%          | 1.47%          | 3.81%          | 1.60%          | 1.38%          |
| 0.70%          | 4.18%          | 2.94%          | 2.58%          | 4.23%          | 1.56%          |
| 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          |
| 0.01%          | 0.00%          | 0.01%          | 0.27%          | 0.26%          | 0.41%          |
| 5.22%          | 4.34%          | 4.87%          | 4.98%          | 5.79%          | 5.91%          |
| 0.00%          | 0.00%          | 0.06%          | 0.06%          | 0.06%          | 0.01%          |
| <u>30.95%</u>  | <u>32.93%</u>  | <u>30.49%</u>  | <u>31.87%</u>  | <u>30.55%</u>  | <u>26.26%</u>  |
| 21.98%         | 22.55%         | 25.53%         | 26.45%         | 29.67%         | 31.79%         |
| 32.26%         | 29.37%         | 28.63%         | 30.44%         | 31.92%         | 32.37%         |
| 12.99%         | 13.40%         | 13.88%         | 8.75%          | 6.53%          | 7.09%          |
| 0.00%          | 0.00%          | 0.00%          | 0.40%          | 0.00%          | 0.00%          |
| 0.04%          | 0.04%          | 0.05%          | 0.07%          | 0.18%          | 1.02%          |
| 1.78%          | 1.71%          | 1.43%          | 2.01%          | 1.15%          | 1.47%          |
| <u>69.05%</u>  | <u>67.07%</u>  | <u>69.51%</u>  | <u>68.13%</u>  | <u>69.45%</u>  | <u>73.74%</u>  |
| <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> |

# ALVIN COMMUNITY COLLEGE

SS-3

## PROGRAM EXPENSES BY FUNCTION

Last Ten Fiscal Years

|                                    | For the Years Ended August 31,<br>(amounts expressed in thousands) |                  |                  |                  |
|------------------------------------|--|------------------|------------------|------------------|
|                                    | 2017   | 2016             | 2015             | 2014             |
|                                    | <u>2017</u>  | <u>2016</u>      | <u>2015</u>      | <u>2014</u>      |
| <b>Operating Expenses:</b>         |  |                  |                  |                  |
| Instruction                        | \$ 18,291  | \$ 17,067        | \$ 17,959        | \$ 17,506        |
| Public service                     | 177  | 173              | 167              | 162              |
| Academic support                   | 5,593  | 5,991            | 4,793            | 4,696            |
| Student services                   | 3,309  | 2,704            | 2,596            | 2,527            |
| Institutional support              | 5,329  | 4,967            | 6,291            | 4,823            |
| Operation and maintenance of plant | 3,154  | 2,756            | 3,204            | 3,110            |
| Scholarships and fellowships       | 5,156  | 4,707            | 4,008            | 4,437            |
| Auxiliary enterprises              | 2,039  | 2,083            | 2,135            | 2,118            |
| Depreciation                       | 1,209  | 1,170            | 1,145            | 1,138            |
| <b>Total Operating Expenses</b>    | <u>44,257</u>  | <u>41,618</u>    | <u>42,298</u>    | <u>40,517</u>    |
| <b>Nonoperating Expenses:</b>      |  |                  |                  |                  |
| Amortization of issuance costs     | -  | -                | -                | -                |
| Interest on capital related debt   | 463  | 497              | 496              | 539              |
| Loss on disposal of capital assets | 49   | 43               | -                | -                |
| <b>Total Nonoperating Expenses</b> | <u>512</u>   | <u>540</u>       | <u>496</u>       | <u>539</u>       |
| <b>Total Expenses</b>              | <u>\$ 44,769</u>   | <u>\$ 42,158</u> | <u>\$ 42,794</u> | <u>\$ 41,056</u> |

|                                    | For the Years Ended August 31,<br>(amounts expressed in percentages) |                |                |                |
|------------------------------------|--|----------------|----------------|----------------|
|                                    | 2017   | 2016           | 2015           | 2014           |
|                                    | <u>2017</u>  | <u>2016</u>    | <u>2015</u>    | <u>2014</u>    |
| <b>Operating Expenses:</b>         |  |                |                |                |
| Instruction                        | 40.86%   | 40.48%         | 41.97%         | 42.64%         |
| Public service                     | 0.40%  | 0.41%          | 0.39%          | 0.39%          |
| Academic support                   | 12.49%   | 14.21%         | 11.20%         | 11.44%         |
| Student services                   | 7.39%  | 6.41%          | 6.07%          | 6.16%          |
| Institutional support              | 11.90%   | 11.78%         | 14.70%         | 11.75%         |
| Operation and maintenance of plant | 7.05%  | 6.54%          | 7.49%          | 7.58%          |
| Scholarships and fellowships       | 11.52%   | 11.17%         | 9.37%          | 10.81%         |
| Auxiliary enterprises              | 4.55%  | 4.94%          | 4.99%          | 5.16%          |
| Depreciation                       | 2.70%  | 2.78%          | 2.68%          | 2.77%          |
| <b>Total Operating Expenses</b>    | <u>98.86%</u>  | <u>98.72%</u>  | <u>98.84%</u>  | <u>98.69%</u>  |
| <b>Nonoperating Expenses:</b>      |  |                |                |                |
| Amortization of issuance costs     | 0.00%  | 0.00%          | 0.00%          | 0.00%          |
| Interest on capital related debt   | 1.03%  | 1.18%          | 1.16%          | 1.31%          |
| Loss on disposal of capital assets | 0.11%  | 0.10%          | 0.00%          | 0.00%          |
| <b>Total Nonoperating Expenses</b> | <u>1.14%</u>   | <u>1.28%</u>   | <u>1.16%</u>   | <u>1.31%</u>   |
| <b>Total Expenses</b>              | <u>100.00%</u>   | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> |

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

| <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| \$ 15,217   | \$ 15,687   | \$ 16,549   | \$ 17,031   | \$ 17,157   | \$ 14,680   |
| 165         | 155         | 144         | 139         | 134         | 147         |
| 4,545       | 3,818       | 3,555       | 3,973       | 3,348       | 3,195       |
| 2,459       | 2,518       | 2,489       | 2,444       | 2,250       | 2,067       |
| 3,849       | 3,763       | 4,171       | 3,764       | 3,610       | 3,639       |
| 3,939       | 4,306       | 4,526       | 4,770       | 4,016       | 4,358       |
| 4,962       | 5,264       | 5,308       | 3,120       | 2,213       | 1,819       |
| 2,117       | 1,977       | 2,240       | 2,569       | 2,510       | 2,172       |
| 1,147       | 1,138       | 1,102       | 1,110       | 1,054       | 985         |
| 38,400      | 38,626      | 40,084      | 38,920      | 36,292      | 33,062      |
| -           | -           | 11          | -           | -           | -           |
| 619         | 670         | 801         | 823         | 851         | 885         |
| -           | -           | -           | -           | -           | -           |
| 619         | 670         | 812         | 823         | 851         | 885         |
| \$ 39,019   | \$ 39,296   | \$ 40,896   | \$ 39,743   | \$ 37,143   | \$ 33,947   |

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

| <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 39.00%      | 39.92%      | 40.47%      | 42.85%      | 46.19%      | 43.24%      |
| 0.42%       | 0.39%       | 0.35%       | 0.35%       | 0.36%       | 0.43%       |
| 11.65%      | 9.72%       | 8.69%       | 10.00%      | 9.01%       | 9.41%       |
| 6.30%       | 6.41%       | 6.09%       | 6.15%       | 6.06%       | 6.09%       |
| 9.86%       | 9.58%       | 10.20%      | 9.47%       | 9.72%       | 10.72%      |
| 10.10%      | 10.96%      | 11.07%      | 12.00%      | 10.81%      | 12.84%      |
| 12.72%      | 13.40%      | 12.98%      | 7.85%       | 5.96%       | 5.36%       |
| 5.43%       | 5.03%       | 5.48%       | 6.46%       | 6.76%       | 6.40%       |
| 2.94%       | 2.90%       | 2.69%       | 2.79%       | 2.84%       | 2.90%       |
| 98.41%      | 98.29%      | 98.01%      | 97.93%      | 97.71%      | 97.39%      |
| 0.00%       | 0.00%       | 0.03%       | 0.00%       | 0.00%       | 0.00%       |
| 1.59%       | 1.71%       | 1.96%       | 2.07%       | 2.29%       | 2.61%       |
| 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       |
| 1.59%       | 1.71%       | 1.99%       | 2.07%       | 2.29%       | 2.61%       |
| 100.00%     | 100.00%     | 100.00%     | 100.00%     | 100.00%     | 100.00%     |

# ALVIN COMMUNITY COLLEGE

## TUITION AND FEES

Last Ten Academic Years

| Academic<br>Year<br>(Fall) | Resident<br>Fees per Semester Credit Hour (SCH) |                                |                           | Resident<br>Fees per Semester        |                   |                            |       |
|----------------------------|---|--------------------------------|---------------------------|--------------------------------------|-------------------|----------------------------|-------|
|                            | In-District<br>Tuition                          | Out-of-<br>District<br>Tuition | General<br>Service<br>Fee | Registration<br>Fee<br>(per Student) | Technology<br>Fee | Student<br>Activity<br>Fee |       |
|                            | 2016  | \$ 45                          | \$ 90                     | \$ 7                                 | \$ 30             | \$ 60                      | \$ 22 |
| 2015                       | \$ 45   | \$ 90                          | \$ 5                      | \$ 30                                | \$ 60             | \$ 22                      |       |
| 2014                       | \$ 44   | \$ 88                          | \$ 5                      | \$ 30                                | \$ 60             | \$ 22                      |       |
| 2013                       | \$ 44   | \$ 88                          | \$ 5                      | \$ 30                                | \$ 60             | \$ 22                      |       |
| 2012                       | \$ 42   | \$ 84                          | \$ 5                      | \$ 30                                | \$ 45             | \$ 22                      |       |
| 2011                       | \$ 42   | \$ 84                          | \$ 5                      | \$ 30                                | \$ 45             | \$ 22                      |       |
| 2010                       | \$ 36   | \$ 72                          | \$ 5                      | \$ 21                                | \$ 45             | \$ 22                      |       |
| 2009                       | \$ 32   | \$ 65                          | \$ 5                      | \$ 21                                | \$ 40             | \$ 22                      |       |
| 2008                       | \$ 30   | \$ 58                          | \$ 5                      | \$ 21                                | \$ 30             | \$ 22                      |       |
| 2007                       | \$ 30   | \$ 58                          | \$ 5                      | \$ 21                                | \$ 30             | \$ 17                      |       |

| Academic<br>Year<br>(Fall) | Resident<br>Fees per Semester Credit Hour (SCH) |  |                           | Resident<br>Fees per Semester        |                   |                            |       |
|----------------------------|---|--|---------------------------|--------------------------------------|-------------------|----------------------------|-------|
|                            | Non-Resident<br>Tuition<br>Out of State         | Non-Resident<br>Tuition<br>International | General<br>Service<br>Fee | Registration<br>Fee<br>(per Student) | Technology<br>Fee | Student<br>Activity<br>Fee |       |
|                            | 2016  | \$ 140                                   | \$ 140                    | \$ 7                                 | \$ 30             | \$ 60                      | \$ 22 |
| 2015                       | \$ 140  | \$ 140                                   | \$ 5                      | \$ 30                                | \$ 60             | \$ 22                      |       |
| 2014                       | \$ 134  | \$ 134                                   | \$ 5                      | \$ 30                                | \$ 60             | \$ 22                      |       |
| 2013                       | \$ 134  | \$ 134                                   | \$ 5                      | \$ 30                                | \$ 60             | \$ 22                      |       |
| 2012                       | \$ 130  | \$ 130                                   | \$ 5                      | \$ 30                                | \$ 45             | \$ 22                      |       |
| 2011                       | \$ 130  | \$ 130                                   | \$ 5                      | \$ 30                                | \$ 45             | \$ 22                      |       |
| 2010                       | \$ 130  | \$ 130                                   | \$ 5                      | \$ 21                                | \$ 45             | \$ 22                      |       |
| 2009                       | \$ 110  | \$ 110                                   | \$ 5                      | \$ 21                                | \$ 40             | \$ 22                      |       |
| 2008                       | \$ 110  | \$ 110                                   | \$ 5                      | \$ 21                                | \$ 30             | \$ 22                      |       |
| 2007                       | \$ 110  | \$ 110                                   | \$ 5                      | \$ 21                                | \$ 30             | \$ 17                      |       |

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

|                                       |
|---------------------------------------|
| <b>Resident<br/>Fees per Semester</b> |
|---------------------------------------|

| <u>Security Fee</u> | <u>LRC Fee</u> | <u>Bursar Fee</u> | <u>Cost for 12 SCH In-District</u> | <u>Cost for 12 SCH Out-of-District</u> | <u>Increase from Prior Year In-District</u> | <u>Increase from Prior Year Out-of-District</u> |
|---------------------|----------------|-------------------|------------------------------------|--|---|---|
| \$ 20               | \$ 15          | \$ 10             | \$ 781                             | \$ 1,321                               | 1.83%                                       | 1.07%   |
| \$ 20               | \$ 15          | \$ 10             | \$ 767                             | \$ 1,307                               | 1.59%                                       | 1.87%   |
| \$ 20               | \$ 15          | \$ 10             | \$ 755                             | \$ 1,283                               | 0.00%                                       | 0.00%   |
| \$ 20               | \$ 15          | \$ 10             | \$ 755                             | \$ 1,283                               | 5.45%                                       | 5.16%   |
| \$ 20               | \$ 15          | \$ 10             | \$ 716                             | \$ 1,220                               | 0.00%                                       | 0.00%   |
| \$ 20               | \$ 15          | \$ 10             | \$ 716                             | \$ 1,220                               | 17.38%                                      | 17.08%  |
| \$ 20               | \$ -           | \$ -              | \$ 610                             | \$ 1,042                               | 11.52%                                      | 9.34%   |
| \$ 20               | \$ -           | \$ -              | \$ 547                             | \$ 953                                 | 8.75%                                       | 13.59%  |
| \$ 10               | \$ -           | \$ -              | \$ 503                             | \$ 839                                 | 1.00%                                       | 0.60%   |
| \$ 10               | \$ -           | \$ -              | \$ 498                             | \$ 834                                 | 105.06%                                     | 106.11%   |

|                                       |
|---------------------------------------|
| <b>Resident<br/>Fees per Semester</b> |
|---------------------------------------|

| <u>Security Fee</u> | <u>LRC Fee</u> | <u>Bursar Fee</u> | <u>Cost for 12 SCH Non-Resident</u> | <u>Cost for 12 SCH International</u> | <u>Increase from Prior Year Non-Resident</u> | <u>Increase from Prior Year International</u> |
|---------------------|----------------|-------------------|-------------------------------------|--------------------------------------|--|---|
| \$ 20               | \$ 15          | \$ 10             | \$ 1,921                            | \$ 1,921                             | 0.73%  | 0.73%   |
| \$ 20               | \$ 15          | \$ 10             | \$ 1,907                            | \$ 1,907                             | 3.92%  | 3.92%   |
| \$ 20               | \$ 15          | \$ 10             | \$ 1,835                            | \$ 1,835                             | 0.00%  | 0.00%   |
| \$ 20               | \$ 15          | \$ 10             | \$ 1,835                            | \$ 1,835                             | 3.56%  | 3.56%   |
| \$ 20               | \$ 15          | \$ 10             | \$ 1,772                            | \$ 1,772                             | 0.00%  | 0.00%   |
| \$ 20               | \$ 15          | \$ 10             | \$ 1,772                            | \$ 1,772                             | 1.96%  | 1.96%   |
| \$ 20               | \$ -           | \$ -              | \$ 1,738                            | \$ 1,738                             | 17.19%                                       | 17.19%  |
| \$ 20               | \$ -           | \$ -              | \$ 1,483                            | \$ 1,483                             | 1.37%  | 1.37%   |
| \$ 10               | \$ -           | \$ -              | \$ 1,463                            | \$ 1,463                             | 0.34%  | 0.34%   |
| \$ 10               | \$ -           | \$ -              | \$ 1,458                            | \$ 1,458                             | 100.00%                                      | 100.00%                                       |

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

(Amounts expressed in thousands)

| <u>Fiscal Year</u> | <u>Assessed<br/>Valuation<br/>of Property</u> | <u>Less<br/>Exemptions</u> | <u>Taxable<br/>Assessed<br/>Value (TAV)</u> | <u>Ratio of Taxable<br/>Assessed Value to<br/>Assessed Value</u> |
|--------------------|---|----------------------------|---|--|
| 2016-17            | \$ 8,979,798                                  | \$ 545,730                 | \$ 8,434,068                                | 93.92%   |
| 2015-16            | \$ 8,146,011                                  | \$ 532,166                 | \$ 7,613,845                                | 93.47%   |
| 2014-15            | \$ 7,776,726                                  | \$ 645,321                 | \$ 7,131,405                                | 91.70%   |
| 2013-14            | \$ 7,072,385                                  | \$ 566,309                 | \$ 6,506,076                                | 91.99%   |
| 2012-13            | \$ 6,657,772                                  | \$ 598,418                 | \$ 6,059,354                                | 91.01%   |
| 2011-12            | \$ 6,526,053                                  | \$ 1,187,556               | \$ 5,338,497                                | 81.80%   |
| 2010-11            | \$ 6,898,889                                  | \$ 1,044,338               | \$ 5,854,551                                | 84.86%   |
| 2009-10            | \$ 6,905,533                                  | \$ 916,132                 | \$ 5,989,401                                | 86.73%   |
| 2008-09            | \$ 6,728,205                                  | \$ 843,423                 | \$ 5,884,782                                | 87.46%   |
| 2007-08            | \$ 6,020,738                                  | \$ 718,678                 | \$ 5,302,060                                | 88.06%   |

Source: Local Appraisal District

Notes: Property is assessed at full market value.

(a) per \$100 Taxable Assessed Valuation

**Direct Rate**

---

| <b>Maintenance &amp;<br/>Operations<br/>(a)</b> | <b>Debt Service<br/>(a)</b> | <b>Total<br/>(a)</b> |
|---|-----------------------------|----------------------|
| \$ 0.172848                                     | \$ 0.018896                 | \$ 0.191744          |
| \$ 0.181907                                     | \$ 0.022102                 | \$ 0.204009          |
| \$ 0.181907                                     | \$ 0.022102                 | \$ 0.204009          |
| \$ 0.176540                                     | \$ 0.023216                 | \$ 0.199756          |
| \$ 0.175119                                     | \$ 0.024637                 | \$ 0.199756          |
| \$ 0.173798                                     | \$ 0.025687                 | \$ 0.199485          |
| \$ 0.174867                                     | \$ 0.024963                 | \$ 0.199830          |
| \$ 0.176312                                     | \$ 0.023518                 | \$ 0.199830          |
| \$ 0.177329                                     | \$ 0.022503                 | \$ 0.199832          |
| \$ 0.186741                                     | \$ 0.023539                 | \$ 0.210280          |

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

| <u>Fiscal Year</u> | <u>State Appropriation</u> | <u>Appropriation per FTSE</u> |                                     | <u>Appropriation per Contact Hour</u> |
|--------------------|----------------------------|-------------------------------|-------------------------------------|---------------------------------------|
|                    |                            | <u>FTSE (a)</u>               | <u>State Appropriation per FTSE</u> | <u>Academic Contact Hours (a)</u>     |
| 2016-17            | \$ 9,319                   | \$ 8,144                      | \$ 1,144                            | 1,477                                 |
| 2015-16            | \$ 9,403                   | \$ 7,767                      | \$ 1,211                            | 1,364                                 |
| 2014-15            | \$ 9,299                   | \$ 7,211                      | \$ 1,290                            | 1,290                                 |
| 2013-14            | \$ 9,208                   | \$ 7,568                      | \$ 1,217                            | 1,368                                 |
| 2012-13            | \$ 8,360                   | \$ 7,400                      | \$ 1,130                            | 1,354                                 |
| 2011-12            | \$ 9,128                   | \$ 7,562                      | \$ 1,207                            | 1,396                                 |
| 2010-11            | \$ 10,323                  | \$ 7,621                      | \$ 1,355                            | 1,503                                 |
| 2009-10            | \$ 10,438                  | \$ 7,790                      | \$ 1,340                            | 1,461                                 |
| 2008-09            | \$ 10,996                  | \$ 6,778                      | \$ 1,622                            | 1,032                                 |
| 2007-08            | \$ 10,904                  | \$ 6,425                      | \$ 1,697                            | 1,140                                 |

## Notes:

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

(a) Source CBM 004



Appropriation per Contact Hour

| <u>Voc/Tech<br/>Contact Hours<br/>(a)</u> | <u>Total Contact<br/>Hours</u> | <u>State<br/>Appropriation per<br/>Contact Hour</u> |
|---|--------------------------------|---|
| 799                                       | 2,276                          | \$ 4.09   |
| 780                                       | 2,144                          | \$ 4.39   |
| 775                                       | 2,065                          | \$ 4.50   |
| 777                                       | 2,253                          | \$ 4.09   |
| 818                                       | 2,408                          | \$ 3.47   |
| 857                                       | 2,472                          | \$ 3.69   |
| 905                                       | 1,978                          | \$ 5.22   |
| 1,011                                     | 2,118                          | \$ 4.93   |
| 978                                       | 2,061                          | \$ 5.34   |
| 978                                       | 2,013                          | \$ 5.42   |

# ALVIN COMMUNITY COLLEGE

SS-7

## PRINCIPAL TAXPAYERS

Last Ten Tax Years

| Taxpayer                               | Type of Business                    | Year                             |                     |                     |
|--|-------------------------------------|----------------------------------|---------------------|---------------------|
|  |                                     | (amounts expressed in thousands) |                     |                     |
|  |                                     | 2017                             | 2016                | 2015                |
| Ineos USA LLC                          | petrochemical                       | \$ 415,081                       | \$ 426,518          | \$ 469,884          |
| Denbury Onshore LLC                    | oil & gas exploration               | 168,085                          | 139,588             | 250,781             |
| Ascend Performance Materials           | manufacturing                       | 95,638                           | 76,124              | 75,566              |
| Solutia, Inc.                          | petrochemical                       | -                                | -                   | -                   |
| Equistar Chemicals LP                  | petrochemical                       | -                                | -                   | -                   |
| Novus International Inc                | agriculture                         | 41,308                           | 46,146              | 49,544              |
| Schlumberger Well Svcs                 | oilfield services                   | 47,116                           | 48,297              | 51,229              |
| Center Point Energy                    | utility                             | 47,427                           | 45,146              | 41,579              |
| Huntsman Petrochemical Corp            | petrochemical                       | -                                | 22,131              | 29,086              |
| Cyanco International                   | manufacturing                       | 53,625                           | 53,625              | 53,625              |
| Amreit SPF Shadow Creek LP             | investment                          | 83,833                           | 68,227              | 48,319              |
| UVN-TIC LLC ETAL                       | real estate                         | 35,450                           | 32,195              | -                   |
| Pearland Investments LTD PRT           | real estate                         | -                                | -                   | -                   |
| Southwestern Bell                      | utility                             | -                                | -                   | -                   |
| Inland American Waterford LTD          | real estate                         | -                                | -                   | -                   |
| Pearland Town Center LP                | investment                          | 89,000                           | 80,701              | 70,769              |
| Team Services Inc.                     | manufacturing                       | 30,878                           | 29,351              | 29,334              |
| Pearland Multifamily DST               | real estate                         | 33,624                           | 30,574              | 39,771              |
| Shadow Creek Apartments LLC            | real estate                         | 35,971                           | 35,219              | 29,900              |
| Dune Operating Company                 | oil & gas                           | -                                | -                   | -                   |
| 12400 Shadow Creek Parkway LLC         | real estate                         | -                                | 35,701              | 29,000              |
| Discovery Shadow Creek Owner           | real estate                         | 37,578                           | 34,401              | 27,934              |
| Shadow Kirby LTD                       | real estate                         | -                                | 33,000              | 28,500              |
| Weatherford US LP                      | oil & gas                           | -                                | 23,680              | 23,805              |
| Energyquest Inc.                       | utility                             | -                                | -                   | -                   |
| BNSF Railway Co.                       | transportation                      | -                                | -                   | -                   |
| Texas New Mexico Power Co.             | utility                             | -                                | 23,092              | -                   |
| Argent Energy                          | utility                             | -                                | -                   | -                   |
| Rice-Tec Inc.                          | agriculture                         | -                                | -                   | -                   |
| Zenergy Inc                            | oil & gas exploration               | -                                | -                   | -                   |
| Shadow Creek Phase II                  | real estate                         | -                                | -                   | -                   |
| MAR Shadow Creek LP                    | real estate                         | 57,481                           | 53,085              | 44,000              |
| MRP Radius Shadow Creek LLC            | real estate                         | -                                | -                   | 24,155              |
| Schlumberger Technology Corp.          | exploration/production              | -                                | -                   | 27,041              |
| DD SCR V LLC                           | investment                          | 46,406                           | -                   | -                   |
| W-F&B 11900 Shadow Creek Owner VIII LP | real estate                         | 38,420                           | -                   | -                   |
| Goodgarden Owner GP                    | investment                          | 38,141                           | -                   | -                   |
| Brazoria-SCR Assoc LLC & SC Assoc      | real estate                         | 36,453                           | -                   | -                   |
| Pearland IL Group LP                   | real estate                         | 25,500                           | -                   | -                   |
|  | <b>Totals</b>                       | <u>\$ 1,457,015</u>              | <u>\$ 1,336,801</u> | <u>\$ 1,443,822</u> |
|  | <b>Total Taxable Assessed Value</b> | <u>\$ 7,613,845</u>              | <u>\$ 7,131,405</u> | <u>\$ 6,506,076</u> |

Year  
(amounts expressed in thousands)

| 2014                | 2013                | 2012                | 2011                | 2010                | 2009                | 2008                |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 401,327          | \$ 401,327          | \$ 371,419          | \$ 419,543          | \$ 442,249          | \$ 418,260          | \$ 428,791          |
| 381,509             | 381,509             | 302,544             | 116,260             | 103,859             | -                   | 112,253             |
| 77,754              | 77,754              | 77,403              | 94,886              | 82,367              | -                   | -                   |
| -                   | -                   | -                   | -                   | -                   | -                   | 198,216             |
| -                   | -                   | 16,484              | -                   | -                   | -                   | 72,131              |
| 46,013              | 46,013              | 49,610              | 54,451              | 55,390              | 53,501              | 53,767              |
| 51,529              | 51,529              | 33,614              | 32,614              | 37,026              | 35,471              | 63,885              |
| 42,514              | 42,514              | 41,357              | 37,008              | 36,014              | -                   | -                   |
| 41,872              | 41,872              | 47,690              | 47,405              | 58,560              | 40,949              | -                   |
| 61,875              | 61,875              | 40,500              | -                   | -                   | -                   | -                   |
| 48,188              | 48,188              | 47,959              | 43,672              | 41,007              | 50,744              | 49,614              |
| -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| -                   | -                   | -                   | 21,155              | 31,697              | 35,554              | 41,742              |
| -                   | -                   | -                   | -                   | -                   | 16,757              | -                   |
| -                   | -                   | -                   | -                   | -                   | 17,125              | -                   |
| 69,086              | 69,086              | 66,757              | 68,763              | 66,933              | 67,661              | 75,533              |
| 22,377              | 22,377              | 50,523              | 20,724              | -                   | 22,348              | -                   |
| 24,206              | 24,206              | -                   | -                   | -                   | -                   | -                   |
| 23,746              | 23,746              | -                   | -                   | -                   | -                   | -                   |
| -                   | -                   | -                   | 29,759              | -                   | -                   | -                   |
| 27,100              | 27,100              | 27,100              | 28,229              | -                   | -                   | -                   |
| 26,780              | 26,780              | 25,330              | 26,392              | -                   | -                   | -                   |
| 25,000              | 25,000              | 25,000              | 25,000              | -                   | -                   | -                   |
| 23,971              | 23,971              | 30,530              | 22,985              | -                   | -                   | -                   |
| -                   | -                   | -                   | 19,883              | -                   | -                   | -                   |
| -                   | -                   | 19,015              | 18,140              | -                   | -                   | -                   |
| 20,910              | 20,910              | 19,196              | 16,493              | -                   | -                   | -                   |
| -                   | -                   | 18,209              | -                   | -                   | -                   | -                   |
| -                   | -                   | 17,033              | 16,434              | -                   | -                   | -                   |
| -                   | -                   | -                   | -                   | -                   | -                   | 36,196              |
| 20,605              | 20,605              | -                   | -                   | -                   | -                   | -                   |
| -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| 21,926              | 21,926              | -                   | -                   | -                   | -                   | -                   |
| -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| <u>\$ 1,458,288</u> | <u>\$ 1,415,757</u> | <u>\$ 1,327,273</u> | <u>\$ 1,159,796</u> | <u>\$ 955,102</u>   | <u>\$ 758,370</u>   | <u>\$ 1,132,128</u> |
| <u>\$ 6,059,354</u> | <u>\$ 5,888,930</u> | <u>\$ 5,711,333</u> | <u>\$ 5,861,195</u> | <u>\$ 5,812,073</u> | <u>\$ 5,177,315</u> | <u>\$ 4,445,811</u> |

# ALVIN COMMUNITY COLLEGE

SS-7

## PRINCIPAL TAXPAYERS (Continued)

Last Ten Tax Years

| Taxpayer                               | Type of Business       | Year   |        |        |
|--|------------------------|--------|--------|--------|
|  |                        | 2017   | 2016   | 2015   |
| Ineos USA LLC                          | petrochemical          | 5.45%  | 5.60%  | 6.59%  |
| Denbury Onshore LLC                    | oil & gas exploration  | 2.21%  | 1.83%  | 3.52%  |
| Ascend Performance Materials           | manufacturing          | 1.26%  | 1.00%  | 1.06%  |
| Solutia, Inc.                          | petrochemical          | 0.00%  | 0.00%  | 0.00%  |
| Equistar Chemicals LP                  | petrochemical          | 0.00%  | 0.00%  | 0.00%  |
| Novus International Inc                | agriculture            | 0.54%  | 0.61%  | 0.69%  |
| Schlumberger Well Svcs                 | oilfield services      | 0.62%  | 0.63%  | 0.72%  |
| Center Point Energy                    | utility                | 0.62%  | 0.59%  | 0.58%  |
| Huntsman Petrochemical Corp            | petrochemical          | 0.00%  | 0.29%  | 0.41%  |
| Cyanco International                   | manufacturing          | 0.70%  | 0.70%  | 0.75%  |
| Amreit SPF Shadow Creek LP             | investment             | 1.10%  | 0.90%  | 0.68%  |
| UVN-TIC LLC ETAL                       | real estate            | 0.47%  | 0.42%  | 0.00%  |
| Pearland Investments LTD PRT           | real estate            | 0.00%  | 0.00%  | 0.00%  |
| Southwestern Bell                      | utility                | 0.00%  | 0.00%  | 0.00%  |
| Inland American Waterford LTD          | real estate            | 0.00%  | 0.00%  | 0.00%  |
| Pearland Town Center LP                | investment             | 1.17%  | 1.06%  | 0.99%  |
| Team Services Inc.                     | manufacturing          | 0.41%  | 0.39%  | 0.41%  |
| Pearland Multifamily DST               | real estate            | 0.44%  | 0.40%  | 0.56%  |
| Shadow Creek Apartments LLC            | real estate            | 0.47%  | 0.46%  | 0.42%  |
| Dune Operating Company                 | oil & gas              | 0.00%  | 0.00%  | 0.00%  |
| 12400 Shadow Creek Parkway LLC         | real estate            | 0.00%  | 0.47%  | 0.41%  |
| Discovery Shadow Creek Owner           | real estate            | 0.49%  | 0.45%  | 0.39%  |
| Shadow Kirby LTD                       | real estate            | 0.00%  | 0.43%  | 0.40%  |
| Weatherford US LP                      | oil & gas              | 0.00%  | 0.31%  | 0.33%  |
| Energyquest Inc.                       | utility                | 0.00%  | 0.00%  | 0.00%  |
| BNSF Railway Co.                       | transportation         | 0.00%  | 0.00%  | 0.00%  |
| Texas New Mexico Power Co.             | utility                | 0.00%  | 0.30%  | 0.00%  |
| Argent Energy                          | utility                | 0.00%  | 0.00%  | 0.00%  |
| Rice-Tec Inc.                          | agriculture            | 0.00%  | 0.00%  | 0.00%  |
| Zenergy Inc                            | oil & gas exploration  | 0.00%  | 0.00%  | 0.00%  |
| Shadow Creek Phase II                  | real estate            | 0.00%  | 0.00%  | 0.00%  |
| MAR Shadow Creek LP                    | real estate            | 0.75%  | 0.70%  | 0.62%  |
| MRP Radius Shadow Creek LLC            | real estate            | 0.00%  | 0.00%  | 0.34%  |
| Schlumberger Technology Corp.          | exploration/production | 0.00%  | 0.00%  | 0.38%  |
| DD SCR V LLC                           | investment             | 0.61%  | 0.00%  | 0.00%  |
| W-F&B 11900 Shadow Creek Owner VIII LP | real estate            | 0.50%  | 0.00%  | 0.00%  |
| Goodgarden Owner GP                    | investment             | 0.50%  | 0.00%  | 0.00%  |
| Brazoria-SCR Assoc LLC & SC Assoc      | real estate            | 0.48%  | 0.00%  | 0.00%  |
| Pearland IL Group LP                   | real estate            | 0.33%  | 0.00%  | 0.00%  |
|  |                        | 19.14% | 17.54% | 20.25% |



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# ALVIN COMMUNITY COLLEGE

SS-8

## PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years  
(amounts expressed in thousands)

| <b>Fiscal Year<br/>Ended<br/>August 31</b> | <b>Total Tax<br/>Levy<br/>(a)</b> | <b>Collections<br/>Current Levy<br/>(b)</b> | <b>Percentage</b> | <b>Current<br/>Collections of<br/>Prior Levies<br/>(b)</b> | <b>Total<br/>Collections</b> | <b>Percentage of<br/>Current Levy</b> |
|--|-----------------------------------|---|-------------------|--|------------------------------|---------------------------------------|
| 2017                                       | \$ 16,173                         | \$ 15,994                                   | 98.89%            | \$ -   | \$ 15,994                    | 98.89%                                |
| 2016                                       | \$ 15,537                         | \$ 15,377                                   | 98.97%            | \$ 102   | \$ 15,479                    | 99.63%                                |
| 2015                                       | \$ 14,516                         | \$ 14,341                                   | 98.79%            | \$ 139   | \$ 14,480                    | 99.75%                                |
| 2014                                       | \$ 12,986                         | \$ 12,832                                   | 98.81%            | \$ 126   | \$ 12,958                    | 99.78%                                |
| 2013                                       | \$ 12,119                         | \$ 12,040                                   | 99.35%            | \$ 54  | \$ 12,094                    | 99.79%                                |
| 2012                                       | \$ 11,764                         | \$ 11,710                                   | 99.54%            | \$ 40  | \$ 11,750                    | 99.88%                                |
| 2011                                       | \$ 11,435                         | \$ 11,392                                   | 99.62%            | \$ 31  | \$ 11,423                    | 99.90%                                |
| 2010                                       | \$ 11,722                         | \$ 11,697                                   | 99.79%            | \$ 10  | \$ 11,707                    | 99.87%                                |
| 2009                                       | \$ 11,650                         | \$ 11,632                                   | 99.85%            | \$ 5   | \$ 11,637                    | 99.89%                                |
| 2008                                       | \$ 10,892                         | \$ 10,875                                   | 99.84%            | \$ 10  | \$ 10,885                    | 99.94%                                |

Source: Local Tax Assessor/Collector and District records

(a) As of August 31

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

# ALVIN COMMUNITY COLLEGE

SS-9

## RATIOS OF OUTSTANDING DEBT

Last Ten Fiscal Years

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

|   | <u>2017</u>     | <u>2016</u>      | <u>2015</u>      | <u>2014</u>      |
|---|-----------------|------------------|------------------|------------------|
| General Bonded Debt:                    |                 |                  |                  |                  |
| General obligation bonds                | \$ 11,125       | \$ 12,255        | \$ 13,350        | \$ 14,380        |
| Less: Funds restricted for debt service | <u>(1,603)</u>  | <u>(1,624)</u>   | <u>(1,585)</u>   | <u>(1,523)</u>   |
| Net general bonded debt                 | <u>9,522</u>    | <u>10,631</u>    | <u>11,765</u>    | <u>12,857</u>    |
| Revenue bonds                           | -               | -                | -                | -                |
| Notes                                   | -               | -                | -                | -                |
| Capital leases                          | 12              | 23               | 34               | 44               |
| <b>Total Outstanding Debt</b>           | <u>\$ 9,534</u> | <u>\$ 10,654</u> | <u>\$ 11,799</u> | <u>\$ 12,901</u> |

## General Bonded Debt Ratios:

|   |       |       |       |       |
|---|-------|-------|-------|-------|
| As a percentage of Taxable Assessed Value | 0.11% | 0.14% | 0.16% | 0.20% |
|---|-------|-------|-------|-------|

## Total Outstanding Debt Ratios:

|   |          |          |          |          |
|---|----------|----------|----------|----------|
| Per capita                                | \$ 27    | \$ 31    | \$ 35    | \$ 39    |
| Per student                               | \$ 1,362 | \$ 1,372 | \$ 1,636 | \$ 1,705 |
| As a percentage of Taxable Assessed Value | 0.11%    | 0.14%    | 0.17%    | 0.20%    |

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



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

| <u>2013</u>      | <u>2012</u>      | <u>2011</u>      | <u>2010</u>      | <u>2009</u>      | <u>2008</u>      |
|------------------|------------------|------------------|------------------|------------------|------------------|
| \$ 15,305        | \$ 16,160        | \$ 16,960        | \$ 17,615        | \$ 18,194        | \$ 18,675        |
| (1,513)          | (1,528)          | (1,444)          | (1,399)          | (1,325)          | (1,236)          |
| <u>13,792</u>    | <u>14,632</u>    | <u>15,516</u>    | <u>16,216</u>    | <u>16,869</u>    | <u>17,439</u>    |
| -                | -                | -                | -                | -                | 302              |
| -                | -                | -                | -                | -                | -                |
| -                | -                | -                | -                | -                | -                |
| <u>\$ 13,792</u> | <u>\$ 14,632</u> | <u>\$ 15,516</u> | <u>\$ 16,216</u> | <u>\$ 16,869</u> | <u>\$ 17,741</u> |

0.23%                      0.25%                      0.27%                      0.28%                      0.29%                      0.34%

|          |          |          |          |          |          |
|----------|----------|----------|----------|----------|----------|
| \$ 42    | \$ 46    | \$ 50    | \$ 52    | \$ 56    | \$ 60    |
| \$ 1,864 | \$ 1,935 | \$ 2,036 | \$ 2,082 | \$ 2,489 | \$ 2,761 |
| 0.23%    | 0.25%    | 0.27%    | 0.28%    | 0.29%    | 0.34%    |

# ALVIN COMMUNITY COLLEGE

SS-10

## LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

|   | For the Years Ended August 31,<br>(amounts expressed in thousands) |                  |                  |                  |
|---|--|------------------|------------------|------------------|
|   | 2017   | 2016             | 2015             | 2014             |
| Taxable Assessed Value  | \$ 8,434,068   | \$ 7,615,957     | \$ 7,131,405     | \$ 6,506,076     |
| General Obligation Bonds:   |  |                  |                  |                  |
| Statutory tax levy limit for debt service                               | 42,170   | 38,080           | 35,657           | 32,530           |
| Less: Funds restricted for repayment of<br>general obligation bonds     | (1,603)  | (1,624)          | (1,585)          | (1,523)          |
| <b>Total Net General Obligation Debt</b>                                | <u>40,567</u>  | <u>36,456</u>    | <u>34,072</u>    | <u>31,007</u>    |
| Current Year Debt Service Requirements                                  | <u>1,595</u>   | <u>1,595</u>     | <u>1,567</u>     | <u>1,501</u>     |
| Excess of Statutory Limit for Debt Service<br>over Current Requirements | <u>\$ 38,972</u>   | <u>\$ 34,861</u> | <u>\$ 32,505</u> | <u>\$ 29,506</u> |
| Net Current Requirements as a % of<br>Statutory Limit                   | 0.04%  | 0.04%            | 0.04%            | 0.05%            |

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

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

| <u>2013</u>         | <u>2012</u>         | <u>2011</u>         | <u>2010</u>         | <u>2009</u>         | <u>2008</u>         |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <u>\$ 6,059,354</u> | <u>\$ 5,888,930</u> | <u>\$ 5,711,333</u> | <u>\$ 5,861,195</u> | <u>\$ 5,812,073</u> | <u>\$ 5,177,315</u> |
| 30,297              | 29,445              | 28,557              | 29,306              | 29,060              | 25,887              |
| <u>(1,513)</u>      | <u>(1,528)</u>      | <u>(1,444)</u>      | <u>(1,399)</u>      | <u>(1,325)</u>      | <u>(1,236)</u>      |
| <u>28,784</u>       | <u>27,917</u>       | <u>27,113</u>       | <u>27,907</u>       | <u>27,735</u>       | <u>24,651</u>       |
| <u>1,443</u>        | <u>1,405</u>        | <u>1,456</u>        | <u>1,403</u>        | <u>1,321</u>        | <u>1,247</u>        |
| <u>\$ 27,341</u>    | <u>\$ 26,512</u>    | <u>\$ 25,657</u>    | <u>\$ 26,504</u>    | <u>\$ 26,414</u>    | <u>\$ 23,404</u>    |
| 0.05%               | 0.05%               | 0.05%               | 0.05%               | 0.05%               | 0.05%               |

# ALVIN COMMUNITY COLLEGE

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## PLEGDED REVENUE COVERAGE

Last Ten Fiscal Years

| Revenue Bonds |                |                      |            | Debt Service Requirement<br>(in thousands) |
|---------------|----------------|----------------------|------------|--|
| Year          | Technology Fee | General Services Fee | Total      | Principal                                  |
| 2017          | \$ -           | \$ -                 | \$ -       | \$ -                                       |
| 2016          | \$ -           | \$ -                 | \$ -       | \$ -                                       |
| 2015          | \$ -           | \$ -                 | \$ -       | \$ -                                       |
| 2014          | \$ -           | \$ -                 | \$ -       | \$ -                                       |
| 2013          | \$ -           | \$ -                 | \$ -       | \$ -                                       |
| 2012          | \$ -           | \$ -                 | \$ -       | \$ -                                       |
| 2011          | \$ -           | \$ -                 | \$ -       | \$ -                                       |
| 2010          | \$ -           | \$ -                 | \$ -       | \$ -                                       |
| 2009          | \$ 238,467     | \$ 387,715           | \$ 626,182 | \$ 302,000                                 |
| 2008          | \$ 230,855     | \$ 380,244           | \$ 611,099 | \$ 282,000                                 |

**Debt Service Requirements (in thousands)**

| <b>Interest</b> | <b>Total</b> | <b>Coverage<br/>Ratio</b> |
|-----------------|--------------|---------------------------|
| \$ -            | \$ -         | -                         |
| \$ -            | \$ -         | -                         |
| \$ -            | \$ -         | -                         |
| \$ -            | \$ -         | -                         |
| \$ -            | \$ -         | -                         |
| \$ -            | \$ -         | -                         |
| \$ -            | \$ -         | -                         |
| \$ -            | \$ -         | -                         |
| \$ 9,815        | \$ 311,815   | 2.01                      |
| \$ 28,654       | \$ 310,654   | 1.97                      |

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

| <u>Year</u> | <u>District<br/>Population</u> | <u>District<br/>Personal<br/>Income (a)<br/>(in Thousands)</u> | <u>District<br/>Personal<br/>Income<br/>Per Capita</u> | <u>District<br/>Unemployment<br/>Rate</u> |
|-------------|--------------------------------|--|--|---|
| 2016        | 354,195                        | \$ (a)   | \$ (a)   | 5.2%                                      |
| 2015        | 346,312                        | \$ 15,537,867  | \$ 44,867  | 5.0% *                                    |
| 2014        | 338,124                        | \$ 13,504,267  | \$ 42,519  | 6.1%                                      |
| 2013        | 330,242                        | \$ 13,788,051  | \$ 41,751  | 7.1%                                      |
| 2012        | 324,769                        | \$ 13,104,592  | \$ 40,351  | 7.1%                                      |
| 2011        | 319,973                        | \$ 12,550,313  | \$ 39,315  | 8.7%                                      |
| 2010        | 313,166                        | \$ 11,610,075  | \$ 37,344  | 9.0%                                      |
| 2009        | 309,208                        | \$ 11,275,252  | \$ 36,462  | 8.1%                                      |
| 2008        | 301,044                        | \$ 11,455,625  | \$ 38,030  | 5.2%                                      |
| 2007        | 294,233                        | \$ 10,120,236  | \$ 34,529  | 4.4%                                      |

## Sources:

Population from U.S. Bureau of the Census

Personal income from U.S. Bureau of Economic Analysis

Unemployment rate from Texas Workforce Commission (Annual when possible)

## Notes:

(a) Not yet available

\* Updated from last year

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# ALVIN COMMUNITY COLLEGE

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## PRINCIPAL EMPLOYERS

Current Fiscal Year

| <u>Employer</u>                   | <u>Employees (1)</u>  | <u>Employment (2)</u> |
|-----------------------------------|-----------------------|-----------------------|
| Ascend Performance Materials      | 500-999               | 0.87%                 |
| Dish Network Customer Call Center | 500-999               | 0.87%                 |
| Wal-Mart Supercenter              | 500-999               | 0.87%                 |
| Brazoria Tax Assessor             | 500-999               | 0.87%                 |
| Alvin Community College           | 100-499               | 0.35%                 |
| Alvin High School                 | 100-499               | 0.35%                 |
| Alvin Independent School District | 100-499               | 0.35%                 |
| Alvin Police Department           | 100-499               | 0.35%                 |
| City of Alvin                     | 100-499               | 0.35%                 |
| Diversified Ceramics              | 100-499               | 0.35%                 |
| Food Service Department           | 100-499               | 0.35%                 |
| Home Depot                        | 100-499               | 0.35%                 |
| House Calls Home Health           | 100-499               | 0.35%                 |
| Kroger                            | 100-499               | 0.35%                 |
| Olive Garden Restaurant           | 100-499               | 0.35%                 |
| Ron Carter Autoland               | 100-499               | 0.35%                 |
| Solutia Inc.                      | 100-499               | 0.35%                 |
| T & L Lease Svc                   | 100-499               | 0.35%                 |
| Team Engineering                  | 100-499               | 0.35%                 |
|                                   | <u>3,500 - 11,481</u> | <u>8.73%</u>          |

Source:

(1) Texas Workforce Commission - SOCRATES, Employer Search

(2) US Census - Brazoria County Private nonfarm employment

Note:

Percentages are calculated using the midpoints of the ranges.

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

SS-14

|                                 | <u>2017</u>       | <u>2016</u>       | <u>2015</u>       | <u>2014</u>       |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|
| Faculty                         |                   |                   |                   |                   |
| Full-Time                       | 113               | 107               | 103               | 111               |
| Part-Time                       | 203               | 183               | 194               | 170               |
| <b>Total</b>                    | <u><u>316</u></u> | <u><u>290</u></u> | <u><u>297</u></u> | <u><u>281</u></u> |
| Faculty                         |                   |                   |                   |                   |
| Full-Time                       | 35.8%             | 36.9%             | 34.7%             | 39.5%             |
| Part-Time                       | 64.2%             | 63.1%             | 65.3%             | 60.5%             |
| Staff and Administrators        |                   |                   |                   |                   |
| Full-Time                       | 177               | 178               | 168               | 166               |
| Part-Time                       | 58                | 60                | 56                | 55                |
| <b>Total</b>                    | <u><u>235</u></u> | <u><u>238</u></u> | <u><u>224</u></u> | <u><u>221</u></u> |
| Staff and Administrators        |                   |                   |                   |                   |
| Full-Time                       | 75.3%             | 74.8%             | 75.0%             | 75.1%             |
| Part-Time                       | 24.7%             | 25.2%             | 25.0%             | 24.9%             |
| FTSE per Full-time Faculty      | 72.0              | 72.6              | 70.0              | 68.2              |
| FTSE per Full-Time Staff Member | 46.0              | 43.6              | 37.2              | 45.6              |
| Average Annual Faculty Salary   | \$ 68,100         | \$ \$ 63,608      | \$ \$ 56,291      | \$ 55,309         |

| <u>2013</u>       | <u>2012</u>       | <u>2011</u>       | <u>2010</u>       | <u>2009</u>       |
|-------------------|-------------------|-------------------|-------------------|-------------------|
| 110               | 108               | 109               | 108               | 108               |
| <u>170</u>        | <u>180</u>        | <u>180</u>        | <u>199</u>        | <u>171</u>        |
| <u><u>280</u></u> | <u><u>288</u></u> | <u><u>289</u></u> | <u><u>307</u></u> | <u><u>279</u></u> |
| 39.3%             | 37.5%             | 37.7%             | 35.2%             | 38.7%             |
| 60.7%             | 62.5%             | 62.3%             | 64.8%             | 61.3%             |
| 170               | 168               | 163               | 169               | 162               |
| <u>50</u>         | <u>50</u>         | <u>54</u>         | <u>47</u>         | <u>46</u>         |
| <u><u>220</u></u> | <u><u>218</u></u> | <u><u>217</u></u> | <u><u>216</u></u> | <u><u>208</u></u> |
| 77.3%             | 77.1%             | 75.1%             | 78.2%             | 77.9%             |
| 22.7%             | 22.9%             | 24.9%             | 21.8%             | 22.1%             |
| 67.2              | 70.0              | 69.9              | 72.1              | 62.8              |
| 43.5              | 45.0              | 46.8              | 46.1              | 41.8              |
| \$ 54,308         | \$ 59,598         | \$ 57,416         | \$ 54,458         | \$ 54,064         |

# ALVIN COMMUNITY COLLEGE

SS-15

## ENROLLMENT DETAILS

Last Five Fall Semesters

| <b>Student Classification</b> | <b>Fall 2016</b> |                   | <b>Fall 2015</b> |                   |
|-------------------------------|------------------|-------------------|------------------|-------------------|
|                               | <b>Number</b>    | <b>Percentage</b> | <b>Number</b>    | <b>Percentage</b> |
| 0-30 hours                    | 3,731            | 65.94%            | 3,256            | 63.64%            |
| 31-60 hours                   | 1,108            | 19.58%            | 1,079            | 21.09%            |
| > 60 hours                    | 819              | 14.48%            | 781              | 15.27%            |
| <b>Total</b>                  | <b>5,658</b>     | <b>100.00%</b>    | <b>5,116</b>     | <b>100.00%</b>    |

| <b>Semester Hour Load</b> | <b>Fall 2016</b> |                   | <b>Fall 2015</b> |                   |
|---------------------------|------------------|-------------------|------------------|-------------------|
|                           | <b>Number</b>    | <b>Percentage</b> | <b>Number</b>    | <b>Percentage</b> |
| Less than 3               | 231              | 4.08%             | 207              | 4.04%             |
| 3-5 semester hours        | 1,546            | 27.32%            | 1,348            | 26.35%            |
| 6-8 semester hours        | 1,579            | 27.91%            | 1,463            | 28.60%            |
| 9-11 semester hours       | 1,262            | 22.30%            | 1,134            | 22.16%            |
| 12-14 semester hours      | 844              | 14.92%            | 758              | 14.82%            |
| 15-17 semester hours      | 159              | 2.81%             | 155              | 3.03%             |
| 18 & over                 | 37               | 0.65%             | 51               | 1.00%             |
| <b>Total</b>              | <b>5,658</b>     | <b>100.00%</b>    | <b>5,116</b>     | <b>100.00%</b>    |

| <b>Tuition Status</b>            | <b>Fall 2016</b> |                   | <b>Fall 2015</b> |                   |
|----------------------------------|------------------|-------------------|------------------|-------------------|
|                                  | <b>Number</b>    | <b>Percentage</b> | <b>Number</b>    | <b>Percentage</b> |
| Texas Resident (in-District)     | 2,445            | 43.21%            | 2,257            | 44.12%            |
| Texas Resident (out-of-District) | 3,001            | 53.04%            | 2,681            | 52.40%            |
| Nonresident Tuition              | 141              | 2.49%             | 106              | 2.07%             |
| Tuition Exemption - TX Resident  | 71               | 1.25%             | 72               | 1.41%             |
| <b>Total</b>                     | <b>5,658</b>     | <b>100.00%</b>    | <b>5,116</b>     | <b>100.00%</b>    |

| Fall 2014 |            | Fall 2013 |            | Fall 2012 |            |
|-----------|------------|-----------|------------|-----------|------------|
| Number    | Percentage | Number    | Percentage | Number    | Percentage |
| 3,166     | 64.43%     | 3,400     | 65.50%     | 3,364     | 64.82%     |
| 937       | 19.07%     | 947       | 18.24%     | 991       | 19.09%     |
| 811       | 16.50%     | 844       | 16.26%     | 835       | 16.09%     |
| 4,914     | 100.00%    | 5,191     | 100.00%    | 5,190     | 100.00%    |

| Fall 2014 |            | Fall 2013 |            | Fall 2012 |            |
|-----------|------------|-----------|------------|-----------|------------|
| Number    | Percentage | Number    | Percentage | Number    | Percentage |
| 254       | 5.16%      | 266       | 5.13%      | 119       | 2.30%      |
| 1,292     | 26.29%     | 1,330     | 25.62%     | 1,645     | 31.70%     |
| 1,333     | 27.13%     | 1,502     | 28.93%     | 1,306     | 25.16%     |
| 1,031     | 20.98%     | 1,055     | 20.32%     | 993       | 19.13%     |
| 762       | 15.51%     | 780       | 15.03%     | 871       | 16.78%     |
| 191       | 3.89%      | 202       | 3.89%      | 193       | 3.72%      |
| 51        | 1.04%      | 56        | 1.08%      | 63        | 1.21%      |
| 4,914     | 100.00%    | 5,191     | 100.00%    | 5,190     | 100.00%    |

| Fall 2014 |            | Fall 2013 |            | Fall 2012 |            |
|-----------|------------|-----------|------------|-----------|------------|
| Number    | Percentage | Number    | Percentage | Number    | Percentage |
| 2,216     | 45.10%     | 2,305     | 44.40%     | 2,385     | 45.95%     |
| 2,525     | 51.38%     | 2,695     | 51.92%     | 2,640     | 50.87%     |
| 105       | 2.14%      | 104       | 2.00%      | 75        | 1.45%      |
| 68        | 1.38%      | 87        | 1.68%      | 90        | 1.73%      |
| 4,914     | 100.00%    | 5,191     | 100.00%    | 5,190     | 100.00%    |

# ALVIN COMMUNITY COLLEGE

SS-16

## STUDENT PROFILE

Last Five Fall Semesters

| Student Classification | Fall 2016 |            | Fall 2015 |            |
|------------------------|-----------|------------|-----------|------------|
|                        | Number    | Percentage | Number    | Percentage |
| Female                 | 3,205     | 56.65%     | 2,842     | 55.55%     |
| Male                   | 2,453     | 43.35%     | 2,274     | 44.45%     |
| <b>Total</b>           | 5,658     | 100.00%    | 5,116     | 100.00%    |

| Semester Hour Load                | Fall 2016 |            | Fall 2015 |            |
|-----------------------------------|-----------|------------|-----------|------------|
|                                   | Number    | Percentage | Number    | Percentage |
| White                             | 3,996     | 56.07%     | 3,761     | 57.48%     |
| Hispanic**                        | 1,753     | 24.60%     | 1,621     | 24.77%     |
| African American                  | 750       | 10.52%     | 626       | 9.57%      |
| Asian                             | 356       | 5.00%      | 267       | 4.08%      |
| Foreign                           | -         | 0.00%      | 49        | 0.75%      |
| Native American                   | 164       | 2.30%      | 145       | 2.22%      |
| Native Hawaiian/ Pacific Islander | 22        | 0.31%      | 22        | 0.34%      |
| Unknown                           | 86        | 1.21%      | 52        | 0.79%      |
| <b>Total</b>                      | 7,127     | 100.00%    | 6,543     | 100.00%    |

| Tuition Status | Fall 2016 |            | Fall 2015 |            |
|----------------|-----------|------------|-----------|------------|
|                | Number    | Percentage | Number    | Percentage |
| Under 18       | 1,741     | 30.77%     | 1,377     | 26.92%     |
| 18 -21         | 1,864     | 32.94%     | 1,776     | 34.71%     |
| 22 - 24        | 537       | 9.49%      | 517       | 10.11%     |
| 25 - 35        | 890       | 15.73%     | 884       | 17.28%     |
| 36 - 50        | 503       | 8.89%      | 465       | 9.09%      |
| 51 & over      | 123       | 2.17%      | 97        | 1.90%      |
| <b>Total</b>   | 5,658     | 100.00%    | 5,116     | 100.00%    |

|             |      |      |
|-------------|------|------|
| Average Age | 23.2 | 23.2 |
|-------------|------|------|

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

| Fall 2014 |            | Fall 2013 |            | Fall 2012 |            |
|-----------|------------|-----------|------------|-----------|------------|
| Number    | Percentage | Number    | Percentage | Number    | Percentage |
| 2,763     | 56.23%     | 3,007     | 57.93%     | 3,009     | 57.98%     |
| 2,151     | 43.77%     | 2,184     | 42.07%     | 2,181     | 42.02%     |
| 4,914     | 100.00%    | 5,191     | 100.00%    | 5,190     | 100.00%    |

| Fall 2014 |            | Fall 2013 |            | Fall 2012 |            |
|-----------|------------|-----------|------------|-----------|------------|
| Number    | Percentage | Number    | Percentage | Number    | Percentage |
| 3,742     | 59.72%     | 3,847     | 59.46%     | 3,978     | 62.18%     |
| 1,505     | 24.02%     | 1,533     | 23.69%     | 1,435     | 22.43%     |
| 532       | 8.49%      | 561       | 8.67%      | 532       | 8.32%      |
| 254       | 4.05%      | 259       | 4.00%      | 234       | 3.66%      |
| 51        | 0.81%      | 45        | 0.70%      | 30        | 0.47%      |
| 128       | 2.04%      | 121       | 1.87%      | 108       | 1.69%      |
| 22        | 0.35%      | 22        | 0.34%      | 17        | 0.27%      |
| 32        | 0.51%      | 82        | 1.27%      | 63        | 0.98%      |
| 6,266     | 100.00%    | 6,470     | 100.00%    | 6,397     | 100.00%    |

| Fall 2014 |            | Fall 2013 |            | Fall 2012 |            |
|-----------|------------|-----------|------------|-----------|------------|
| Number    | Percentage | Number    | Percentage | Number    | Percentage |
| 1,200     | 24.42%     | 1,351     | 26.03%     | 1,215     | 23.41%     |
| 1,772     | 36.06%     | 1,811     | 34.89%     | 1,790     | 34.49%     |
| 526       | 10.70%     | 566       | 10.90%     | 565       | 10.89%     |
| 874       | 17.79%     | 878       | 16.91%     | 966       | 18.61%     |
| 430       | 8.75%      | 459       | 8.84%      | 530       | 10.21%     |
| 112       | 2.28%      | 126       | 2.43%      | 124       | 2.39%      |
| 4,914     | 100.00%    | 5,191     | 100.00%    | 5,190     | 100.00%    |

23.4

23.3

24

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# ALVIN COMMUNITY COLLEGE

SS-17

## *TRANSFERS TO SENIOR INSTITUTIONS*

968 Fall Students as of Fall 2016

(Included only Public Senior Colleges in Texas)

|  | <u>Transfer<br/>Student<br/>Count<br/>Academic</u> | <u>Transfer<br/>Student<br/>Count<br/>Technical</u> | <u>Transfer<br/>Student<br/>Count<br/>Tech-Prep</u> | <u>Total of<br/>All Sample<br/>Transfer<br/>Students</u> | <u>% of<br/>All Sample<br/>Transfer<br/>Students</u> |
|--|--|---|---|--|--|
| 1 Lamar University   | 11   | 2   | 1   | 14   | 1.41%  |
| 2 Midwestern State University                                      | 4  | -   | -   | 4  | 0.40%  |
| 3 Prairie View A&M University                                      | 15   | -   | -   | 15   | 1.51%  |
| 4 Sam Houston State University                                     | 79   | 4   | -   | 83   | 8.34%  |
| 5 Stephen F. Austin State University                               | 32   | -   | -   | 32   | 3.22%  |
| 6 Sul Ross State University  | 1  | -   | -   | 1  | 0.10%  |
| 7 Tarleton State University  | 7  | -   | -   | 7  | 0.70%  |
| 8 Texas A&M University   | 103  | -   | -   | 103  | 10.35%   |
| 9 Texas A&M University - Corpus Christi                            | 11   | -   | -   | 11   | 1.11%  |
| 10 Texas A&M University - Kingsville                               | 6  | -   | -   | 6  | 0.60%  |
| 11 Texas A&M University - San Antonio                              | 1  | -   | -   | 1  | 0.10%  |
| 12 Texas A&M University at Galveston                               | 32   | 1   | -   | 33   | 3.32%  |
| 13 Texas Southern University                                       | 14   | 1   | 1   | 16   | 1.61%  |
| 14 Texas State University  | 72   | 2   | -   | 74   | 7.44%  |
| 15 Texas Tech University   | 28   | -   | 1   | 29   | 2.91%  |
| 16 Texas Tech University Health Science Center                     | 1  | -   | 1   | 2  | 0.20%  |
| 17 Texas Tech University Health Science Center - El Paso           | 1  | -   | -   | 1  | 0.10%  |
| 18 Texas Woman's University  | 14   | -   | -   | 14   | 1.41%  |
| 19 The University of Texas at Arlington                            | 12   | 12  | -   | 24   | 2.41%  |
| 20 The University of Texas at Austin                               | 42   | 1   | -   | 43   | 4.32%  |
| 21 The University of Texas at Dallas                               | 8  | -   | -   | 8  | 0.80%  |
| 22 The University of Texas at San Antonio                          | 40   | -   | 1   | 41   | 4.12%  |
| 23 The University of Texas at Tyler                                | 4  | -   | -   | 4  | 0.40%  |
| 24 The University of Texas Health Science<br>Center at Houston     | 4  | -   | -   | 4  | 0.40%  |
| 25 The University of Texas Health Science<br>Center at San Antonio | 1  | -   | -   | 1  | 0.10%  |
| 26 The University of Texas M.D. Anderson<br>Cancer Center          | 2  | -   | -   | 2  | 0.20%  |
| 27 The University of Texas Health Medical<br>Branch at Galveston   | 22   | 6   | -   | 28   | 2.81%  |
| 28 The University of Texas at Permian Basin                        | 3  | -   | -   | 3  | 0.30%  |
| 29 University of Houston   | 175  | 2   | 1   | 178  | 17.89%   |
| 30 University of Houston at Clear Lake                             | 156  | 7   | 2   | 165  | 16.58%   |
| 31 University of Houston - Downtown                                | 22   | 1   | -   | 23   | 2.31%  |
| 32 University of Houston at Victoria                               | 9  | -   | -   | 9  | 0.90%  |
| 33 University of North Texas                                       | 12   | 1   | 1   | 14   | 1.41%  |
| 34 University of North Texas Health Science Center                 | 1  | -   | -   | 1  | 0.10%  |
| 35 West Texas A&M University                                       | -  | -   | 1   | 1  | 0.10%  |
| <b>Total</b>   | <u>945</u>   | <u>40</u>   | <u>10</u>   | <u>995</u>   | <u>100.00%</u>                                       |

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# ALVIN COMMUNITY COLLEGE

SS-18

## CAPITAL ASSET INFORMATION

Fiscal Years 2013 to 2017

|                                      | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Academic buildings                   | 12          | 12          | 12          | 12          | 12          |
| Square footage (in thousands)        | 365         | 365         | 311         | 311         | 311         |
| Libraries                            | 1           | 1           | 1           | 1           | 1           |
| Square footage (in thousands)        | 12          | 12          | 12          | 12          | 12          |
| Number of volumes (in thousands)     | 12          | 12          | 12          | 12          | 12          |
| Administrative and support buildings | 3           | 3           | 3           | 3           | 3           |
| Square footage (in thousands)        | 25          | 25          | 13          | 13          | 13          |
| Dormitories                          | -           | -           | -           | -           | -           |
| Square footage (in thousands)        | -           | -           | -           | -           | -           |
| Number of beds                       | -           | -           | -           | -           | -           |
| Apartments                           | -           | -           | -           | -           | -           |
| Square footage (in thousands)        | -           | -           | -           | -           | -           |
| Number of beds                       | -           | -           | -           | -           | -           |
| Dining Facilities                    | 1           | 1           | 1           | 1           | 1           |
| Square footage (in thousands)        | 5           | 5           | 5           | 5           | 5           |
| Average daily customers              | 150         | 150         | 150         | 150         | 150         |
| Athletic Facilities                  | 8           | 8           | 8           | 8           | 8           |
| Square footage (in thousands)        | 28          | 28          | 22          | 22          | 22          |
| Stadiums                             | -           | -           | -           | -           | -           |
| Gymnasiums                           | 1           | 1           | 1           | 1           | 1           |
| Fitness centers                      | 1           | 1           | 1           | 1           | 1           |
| Tennis courts                        | 6           | 6           | 6           | 6           | 6           |
| Plant facilities                     | 1           | 1           | 1           | 1           | 1           |
| Square footage (in thousands)        | 20          | 20          | 18          | 18          | 18          |
| Transportation                       |             |             |             |             |             |
| Cars                                 | 5           | 6           | 6           | 6           | 7           |
| Light trucks/vans/ambulance          | 11          | 11          | 11          | 11          | 9           |
| Buses                                | 2           | 2           | 2           | 2           | 2           |
| Heavy trucks                         | 3           | 3           | 3           | 3           | 1           |

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