

*ANNUAL FINANCIAL REPORT*

of

**ALVIN COMMUNITY COLLEGE**

**For the Fiscal Years Ended  
August 31, 2019 and 2018**

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# ALVIN COMMUNITY COLLEGE

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# ALVIN COMMUNITY COLLEGE

## ORGANIZATIONAL DATA

For the Year Ended August 31, 2019

### Board of Regents

<u>Officers</u>	<u>Location</u>	<u>Term Expires</u>
Mike Pyburn, Chairman	Alvin, Texas	2020
Bel Sanchez, Vice-Chair	Alvin, Texas	2024
Jody Droege, Secretary	Alvin, Texas	2020

<u>Members</u>	<u>Term Expires</u>
Jim Crumm	2024
Kam Marvel	2024
Cheryl Knape	2020
Patty Hertenberger	2022
Andy Tacquard	2022
Roger Stuksa	2022

### Principal Administrative Officers

Dr. Christal M. Albrecht	President
Mr. Jeffrey Parks	Dean of Professional, Technical, and Human Performance
Dr. Stacy Ebert	Dean of Legal and Health Sciences
Ms. Wendy Del Bello	Assistant to President/Executive Director of Development
Dr. Jade Borne	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. John Matula	Dean of Arts and Sciences
Mr. James Simpson	Dean/Executive Director 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 and the discretely presented component unit of Alvin Community College (the "College"), as of and for the years ended August 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

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

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

### **Auditors' Responsibility**

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

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

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

## 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 and the discretely presented component unit of the College as of August 31, 2019 and 2018, 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, schedules of the College's proportionate share of the net pension and other postemployment benefit liability, and the schedules of 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), and the statistical information are presented for purposes of additional analysis and are not required parts of the basic financial statements. The Schedule of Expenditures of Federal Awards (Schedule E) and Schedule of Expenditures of State Awards (Schedule 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 Texas Higher Education Coordinating Board 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 3, 2019 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's 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 3, 2019

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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, 2019 and 2018

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, 2019 and 2018, 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 2019 and 2018**

The following factors had a significant effect on the College's financial status for fiscal years 2019 and 2018:

- There was a decrease in headcount of 1.5% in fiscal year 2019 compared to the previous year's headcount. There was also a decrease in contact hours of 1.9% which led to a decrease in tuition of \$519,075.
- The College Board of Regents passed a combined tax rate of \$0.187775 which was the rollback rate. The Maintenance and Operations tax rate increased from \$0.163608 to \$0.171802 or 5.01 percent. The Debt Service tax rate decreased from \$0.017142 to \$0.015973 or 6.82 percent. Overall tax collections increased by \$2,013,209 from \$16,892,471 in fiscal year 2017-2018 to \$18,905,680 in fiscal year 2018-2019.
- There was a salary schedule adjustment in fiscal year 2018-2019 of 1 percent. Compared to the prior fiscal year, salary and wage expenses increased by approximately \$345,182 in fiscal year 2018-2019.
- The 2018-2019 Maintenance and Operations budget was \$32,922,206 which was an increase of \$1,786,251 over the 2017-2018 budget.

**Overview of Financial Statements**

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

Under GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of 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 2019 and 2018 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, 2019 and 2018

**Statements of Net Position**

The Statements of Net Position presents the assets, liabilities, deferred outflows/inflows of resources, and net position of the College as of August 31, 2019 and 2018. 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, 2019 and 2018. It presents end-of-year data for current and noncurrent assets, deferred outflows, current and noncurrent liabilities, deferred inflows, 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.

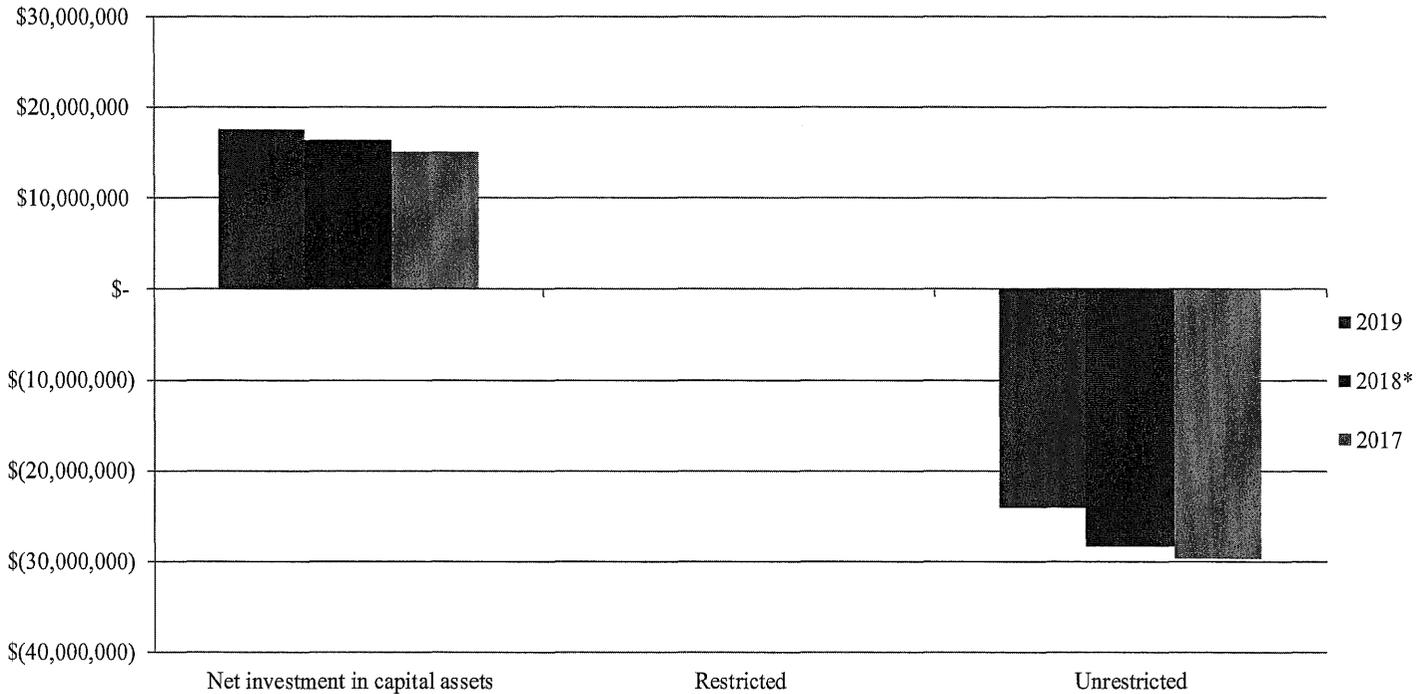
**CONDENSED STATEMENTS OF NET POSITION**  
**As of August 31, 2019-2017**

	<u>2019</u>	<u>2018*</u>	<u>Increase (Decrease) 2019-2018</u>	<u>2017</u>	<u>Increase (Decrease) 2018-2017</u>
Current assets	\$ 30,237,612	\$ 31,938,678	\$ (1,701,066)	\$ 15,237,043	\$ 16,701,635
Noncurrent assets:					
Investments	12,450,000	8,750,000	3,700,000	1,000,000	7,750,000
Capital assets, net of accumulated depreciation	<u>26,464,717</u>	<u>27,157,972</u>	<u>(693,255)</u>	<u>26,716,827</u>	<u>441,145</u>
<b>Total Assets</b>	<u>69,152,329</u>	<u>67,846,650</u>	<u>1,305,679</u>	<u>42,953,870</u>	<u>24,892,780</u>
<b>Deferred Outflows of Resources</b>	<u>7,667,549</u>	<u>3,729,686</u>	<u>3,937,863</u>	<u>2,680,114</u>	<u>1,049,572</u>
Current liabilities	7,822,446	7,930,560	(108,114)	7,786,642	143,918
Noncurrent liabilities	<u>65,188,341</u>	<u>68,056,475</u>	<u>(2,868,134)</u>	<u>51,456,786</u>	<u>16,599,689</u>
<b>Total Liabilities</b>	<u>73,010,787</u>	<u>75,987,035</u>	<u>(2,976,248)</u>	<u>59,243,428</u>	<u>16,743,607</u>
<b>Deferred Inflows of Resources</b>	<u>10,166,776</u>	<u>7,433,860</u>	<u>2,732,916</u>	<u>807,559</u>	<u>6,626,301</u>
Net position:					
Net investment in capital assets	17,657,132	16,433,182	1,223,950	15,104,595	1,328,587
Restricted					
Expendable student aid	109,879	73,378	36,501	191,345	(117,967)
Unrestricted	<u>(24,124,696)</u>	<u>(28,351,119)</u>	<u>4,226,423</u>	<u>(29,712,943)</u>	<u>1,361,824</u>
<b>Total Net Position</b>	<u>\$ (6,357,685)</u>	<u>\$ (11,844,559)</u>	<u>\$ 5,486,874</u>	<u>\$ (14,417,003)</u>	<u>\$ 2,572,444</u>

\*Restated. See Note 19.

**ALVIN COMMUNITY COLLEGE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Years Ended August 31, 2019 and 2018**

Net Position  
 Fiscal Years 2019- 2017



\*Restated. See Note 19.

**Fiscal Year 2019 Compared to 2018**

Current assets decreased \$1,701,066 primarily due to decreases in current cash and cash equivalents as a result of the use of proceeds from the Series 2018 Tax Notes (the “Tax Notes”), as well as inventory holdings at year end. This was partially offset by a increase in accounts receivable primarily related to an increase in student tuition receivables compared to the prior year. Noncurrent assets increased \$3,006,745 due primarily to the College investing in long-term certificates of deposit.

Current liabilities decreased \$108,114 primarily due to a decrease in accounts payable as a result of a decrease in goods and services received but not paid for at year end. Noncurrent liabilities decreased \$2,868,134 due mainly to reductions in the net other postemployment benefits (OPEB) liability, as well as outstanding bonds payable.

**Fiscal Year 2018 Compared to 2017**

Current assets increased \$16,701,635 primarily due to the issuance of the Tax Notes. This increase was partially offset by a decrease in inventory compared to the prior year. Noncurrent assets increased \$8,191,145 primarily due to the College investing in long-term certificates of deposit and the purchase and completion of various assets and projects.

Current liabilities increased \$143,918 primarily due to an increase in the current portion of bonds payable related to the issuance of the Tax Notes. This increase was partially offset due to a decrease in accounts payable related to a decrease in goods and services received but not paid for at year end. Noncurrent liabilities increased \$16,599,689 due mainly to the issuance of the Tax Notes. This increase was offset partially by a decrease in the net OPEB liability.

**ALVIN COMMUNITY COLLEGE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Years Ended August 31, 2019 and 2018

**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, 2019-2017

	<u>2019</u>	<u>2018*</u>	<u>Increase (Decrease) 2019-2018</u>	<u>2017</u>	<u>Increase (Decrease) 2018-2017</u>
<b>Operating Revenues:</b>					
Tuition and fees, net of discounts	\$ 8,857,943	\$ 9,377,018	\$ (519,075)	\$ 10,952,376	\$ (1,575,358)
Auxiliary enterprises, net of discounts	1,581,929	1,737,364	(155,435)	1,610,846	126,518
Nongovernmental grants and contracts	18,064	15,351	2,713	33,951	(18,600)
State grants and contracts	617,808	296,448	321,360	1,832,795	(1,536,347)
Federal grants and contracts	1,722,095	1,414,292	307,803	826,880	587,412
<b>Total Operating Revenues</b>	<u>12,797,839</u>	<u>12,840,473</u>	<u>(42,634)</u>	<u>15,256,848</u>	<u>(2,416,375)</u>
<b>Less Operating Expenses</b>	<u>43,404,802</u>	<u>44,971,847</u>	<u>(1,567,045)</u>	<u>44,258,016</u>	<u>713,831</u>
<b>Operating (Loss)</b>	<u>(30,606,963)</u>	<u>(32,131,374)</u>	<u>1,524,411</u>	<u>(29,001,168)</u>	<u>(3,130,206)</u>
<b>Nonoperating Revenues (Expenses):</b>					
State appropriations	11,637,388	11,121,032	516,356	9,319,225	1,801,807
Property tax revenue	18,905,680	16,892,471	2,013,209	16,280,480	611,991
Federal revenue, nonoperating	5,248,502	4,942,344	306,158	5,247,032	(304,688)
Investment income	918,389	222,288	696,101	101,537	120,751
Interest and fiscal agent fees	(1,274,737)	(729,324)	(545,413)	(462,501)	(266,823)
Gain (loss) on sale of capital assets	(10,095)	39,974	(50,069)	(49,332)	89,306
Other nonoperating revenues	668,710	676,092	(7,382)	607,093	68,999
<b>Total Nonoperating Revenues, Net</b>	<u>36,093,837</u>	<u>33,164,877</u>	<u>2,928,960</u>	<u>31,043,534</u>	<u>2,121,343</u>
<b>Change in Net Position</b>	<u>5,486,874</u>	<u>1,033,503</u>	<u>4,453,371</u>	<u>2,042,366</u>	<u>(1,008,863)</u>
Beginning net position	<u>(11,844,559)</u>	<u>(12,878,062)</u>	<u>1,033,503</u>	<u>(16,459,369)</u>	<u>3,581,307</u>
<b>Ending Net Position</b>	<u>\$ (6,357,685)</u>	<u>\$ (11,844,559)</u>	<u>\$ 5,486,874</u>	<u>\$ (14,417,003)</u>	<u>\$ 2,572,444</u>

\*Restated. See Note 19.

**Fiscal Year 2019 Compared to 2018**

Total revenues (operating and nonoperating) for the fiscal year 2019 were \$50,166,413. Operating revenues decreased by \$42,634 largely due to a decrease in tuition and fees primarily related to decreases in out-of-district tuition payments. Nonoperating revenues increased \$3,474,373 primarily due to an increase in property tax revenues as the result of an increase in the assessed values of properties and increases in returns on the College's investments.

**ALVIN COMMUNITY COLLEGE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Years Ended August 31, 2019 and 2018**

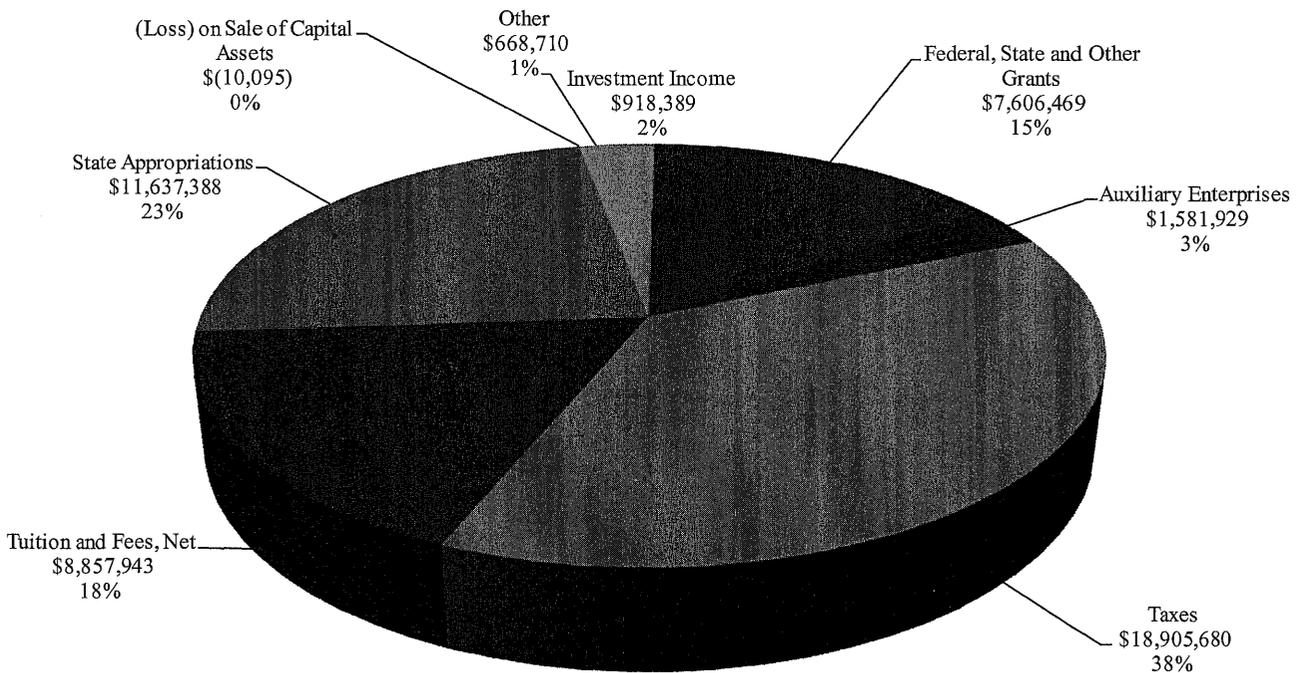
Total expenses (operating and nonoperating) decreased \$2,112,458, or 2.24 percent, compared to the prior year. This decrease was primarily related to decreases in the College's on-behalf contributions from the state for its retirement plan.

**Fiscal Year 2018 Compared to 2017**

Total revenues (operating and nonoperating) for the year 2018 were \$46,734,674. Operating revenues decreased \$2,416,375 largely due to a decrease in state grants and contracts, as well as in tuition and fees based on a decrease to enrollment immediately after Hurricane Harvey. Nonoperating revenues increased \$2,388,166 primarily due to an increase in property tax revenues as the result of an increase in the assessed values of properties, and an increase appropriated funding from the state.

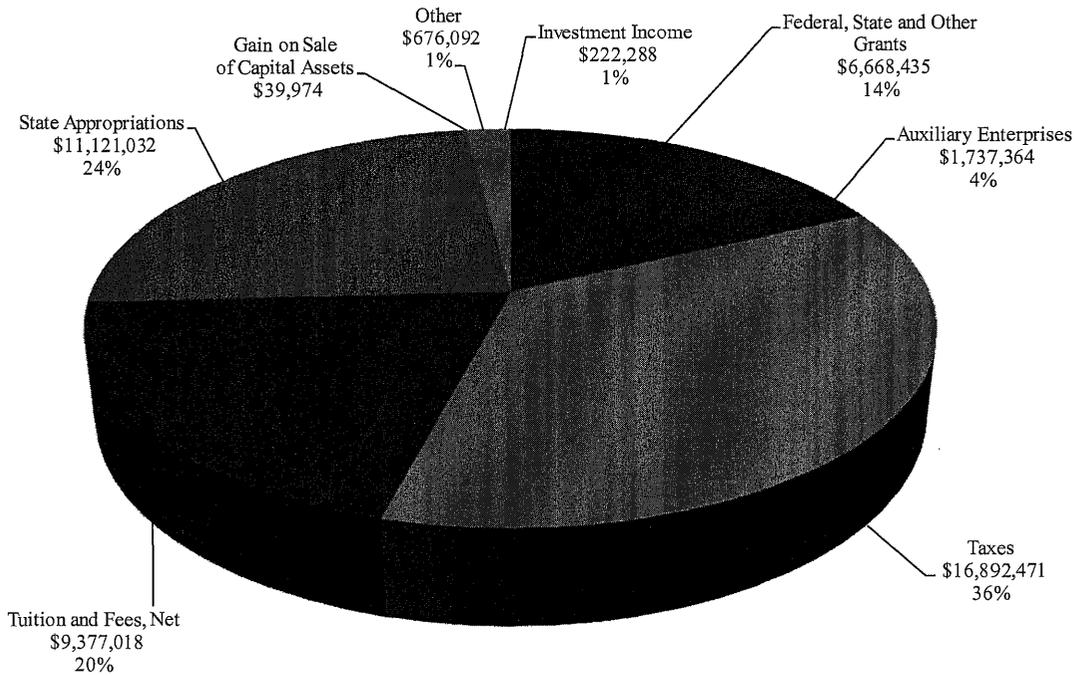
Total expenses (operating and nonoperating) increased \$980,654, or 2.19 percent, compared to the prior year. This increase was due to increases in academic support costs along with institutional support and auxiliary enterprise expenses.

**Revenues by Source and Percentage  
For the Year Ended August 31, 2019**



**ALVIN COMMUNITY COLLEGE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Years Ended August 31, 2019 and 2018

**Revenues by Source and Percentage  
For the Year Ended August 31, 2018**



**OPERATING EXPENSES  
Years Ended August 31, 2019-2017**

	2019	2018	Increase (Decrease) 2019-2018	2017	Increase (Decrease) 2018-2017
<b>Operating Expenses:</b>					
Instruction	\$ 16,850,990	\$ 17,668,639	\$ (817,649)	\$ 18,241,117	\$ (572,478)
Institutional support	5,516,568	5,674,592	(158,024)	5,347,906	326,686
Academic support	6,286,310	6,523,402	(237,092)	5,531,139	992,263
Operation and maintenance of plant	3,500,201	2,972,355	527,846	3,154,254	(181,899)
Auxiliary enterprises	1,996,449	2,297,158	(300,709)	2,040,122	257,036
Student services	3,839,196	3,916,217	(77,021)	3,389,924	526,293
Scholarships and fellowships	3,969,815	4,540,643	(570,828)	5,156,420	(615,777)
Depreciation	1,274,510	1,205,908	68,602	1,208,860	(2,952)
Public service	170,763	172,933	(2,170)	188,274	(15,341)
<b>Total</b>	<b>\$ 43,404,802</b>	<b>\$ 44,971,847</b>	<b>\$ (1,567,045)</b>	<b>\$ 44,258,016</b>	<b>\$ 713,831</b>

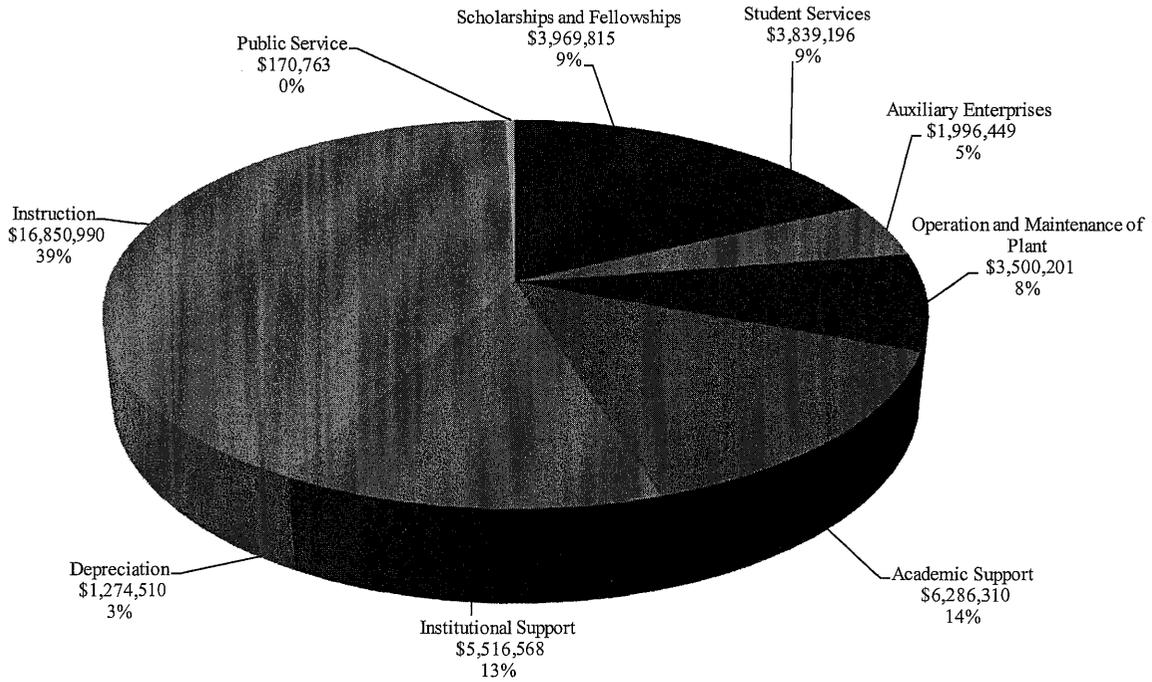
Operating expenses are primarily presented by functional categories, which represent the types of programs and services provided. Nonoperating expenses consist of interest and fiscal agent fees from capital-related debt service of \$1,274,737 and \$729,324 for the years ended August 31, 2019 and 2018, respectively. The following are graphic illustrations of operating expenses by functional category and percentage of total operating expenses for the years ended August 31, 2019 and 2018.

# ALVIN COMMUNITY COLLEGE

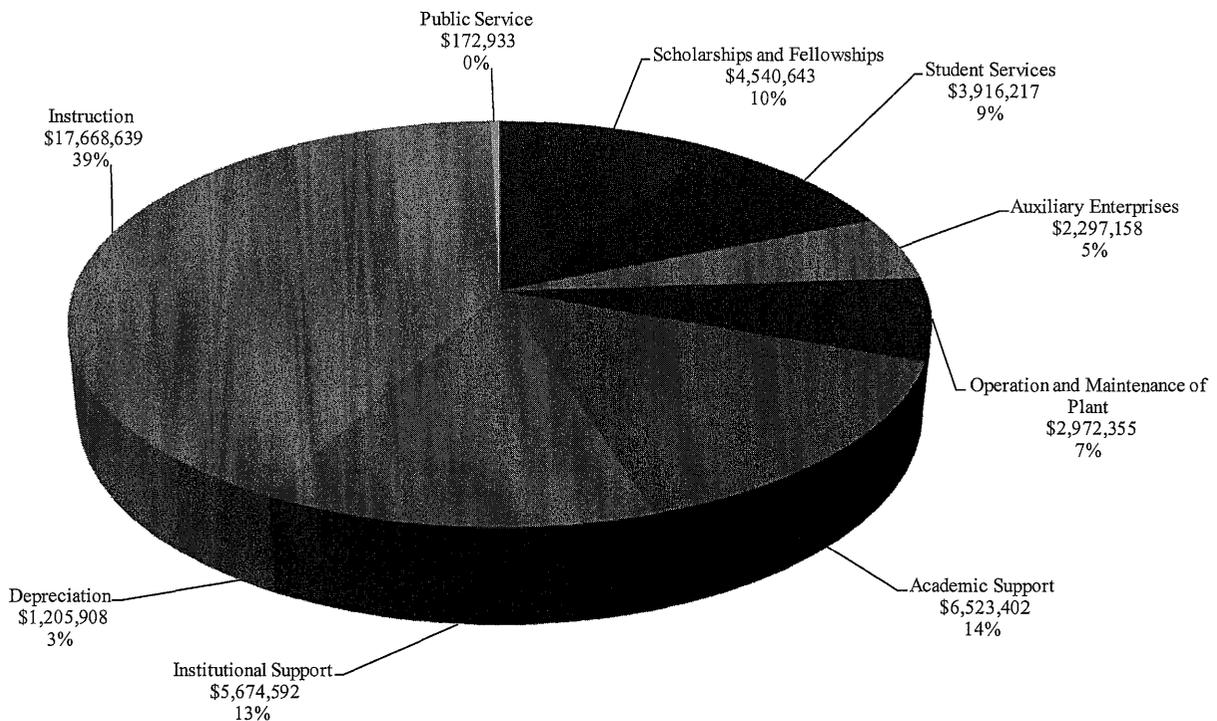
## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Years Ended August 31, 2019 and 2018

**Operating Expenses by Function and Percentage  
For the Year Ended August 31, 2019**

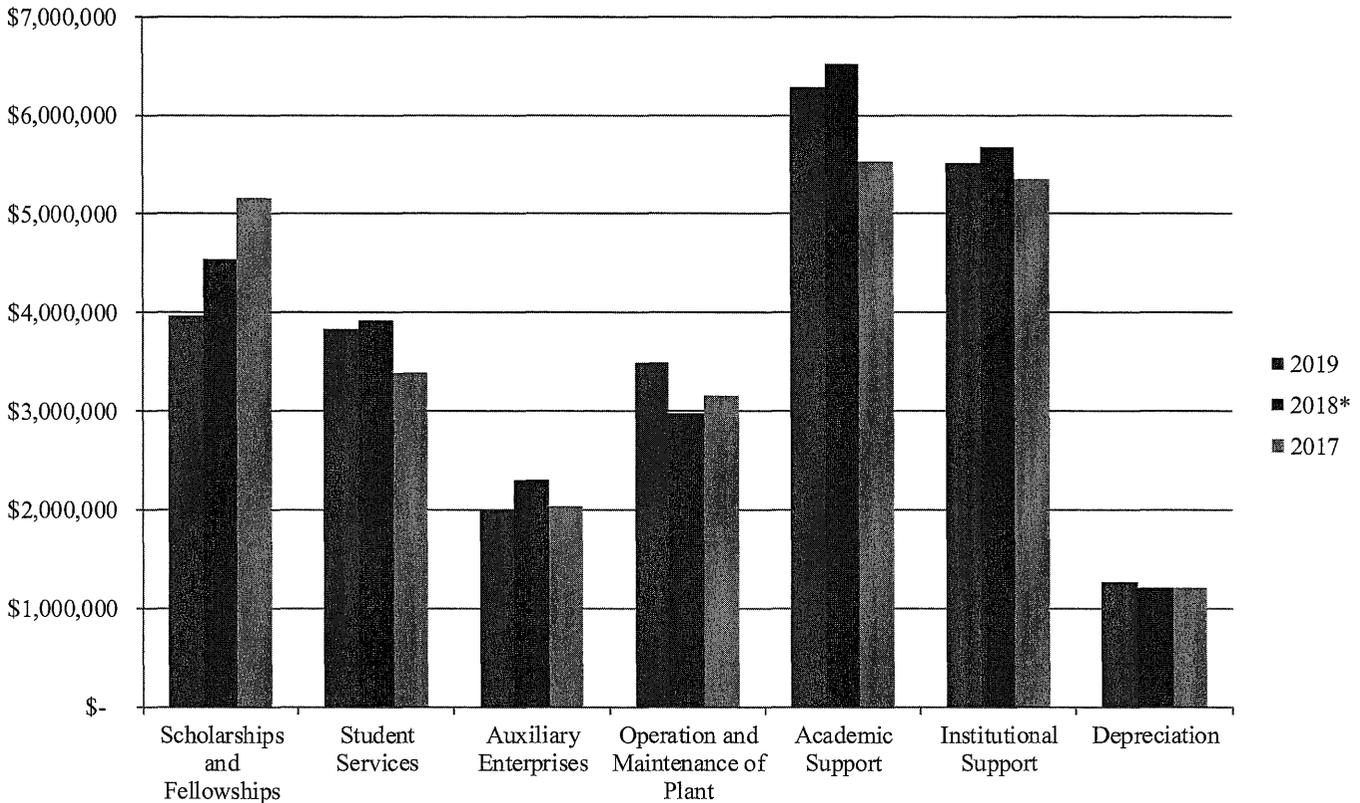


**Operating Expenses by Function and Percentage  
For the Year Ended August 31, 2018**



**ALVIN COMMUNITY COLLEGE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Years Ended August 31, 2019 and 2018

**Comparison of Operating Expenses**  
**Fiscal Years 2019-2017**



\*Restatement per GASB 75

**Capital Assets**

**CAPITAL ASSETS ACTIVITY**  
**Years Ended August 31, 2019-2017**

	2019	2018	Increase (Decrease) 2019-2018	2017	Increase (Decrease) 2018-2017
Capital assets not depreciated:					
Land	\$ 494,128	\$ 494,128	\$ -	\$ 494,128	\$ -
Construction in process	17,263	-	17,263	93,964	(93,964)
Total	<u>511,391</u>	<u>494,128</u>	<u>17,263</u>	<u>588,092</u>	<u>(93,964)</u>
Other capital assets:					
Buildings and improvements	35,794,384	35,786,314	8,070	35,108,334	677,980
Facilities and improvements	4,674,820	4,627,585	47,235	3,811,252	816,333
Telecommunications equipment	1,947,483	1,823,415	124,068	1,794,402	29,013
Furniture and equipment	6,489,410	6,248,659	240,751	6,144,779	103,880
Library books	345,298	331,130	14,168	336,748	(5,618)
Total	<u>49,251,395</u>	<u>48,817,103</u>	<u>434,292</u>	<u>47,195,515</u>	<u>1,621,588</u>
Less accumulated depreciation	<u>(23,298,069)</u>	<u>(22,153,259)</u>	<u>(1,144,810)</u>	<u>(21,066,780)</u>	<u>(1,086,479)</u>
<b>Net Capital Assets</b>	<u>\$ 26,464,717</u>	<u>\$ 27,157,972</u>	<u>\$ (693,255)</u>	<u>\$ 26,716,827</u>	<u>\$ 441,145</u>

**ALVIN COMMUNITY COLLEGE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Years Ended August 31, 2019 and 2018**

**Fiscal Year 2019 Compared to 2018**

As of August 31, 2019, the College had \$49,762,786 invested in capital assets, \$23,298,069 in accumulated depreciation, and \$26,464,717 in net capital assets. Significant additions during the fiscal year included new telecommunication equipment for several buildings, as well as additional equipment for the nursing school.

**Fiscal Year 2018 Compared to 2017**

As of August 31, 2018, the College had \$49,311,231 invested in capital assets, \$22,153,259 in accumulated depreciation, and \$27,157,972 in net capital assets. Significant additions during the fiscal year included finishing the project of building the women's softball field house and purchasing two new boilers, as well as six custom indoor air handlers.

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

**Long-Term Debt**

The principal balance of the bonds was \$30,615,000 and \$32,520,000 as of August 31, 2019 and 2018, respectively.

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, 2019 and 2018

<u>Assets</u>	<u>2019</u>	<u>2018</u>
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 1,903,212	\$ 4,424,046
Restricted cash and cash equivalents	24,875,507	25,002,664
Accounts receivable, net	2,477,963	1,417,240
Due from component unit	-	7,814
Inventories	294,116	508,959
Prepays	686,814	577,955
<b>Total Current Assets</b>	<b>30,237,612</b>	<b>31,938,678</b>
<b>Noncurrent Assets:</b>		
Investments	12,450,000	8,750,000
Capital assets, net:		
Nondepreciable	511,391	494,128
Depreciable	25,953,326	26,663,844
<b>Total Noncurrent Assets</b>	<b>38,914,717</b>	<b>35,907,972</b>
<b>Total Assets</b>	<b>69,152,329</b>	<b>67,846,650</b>
<b>Deferred Outflows of Resources</b>		
Deferred outflows - pensions	4,274,255	1,093,212
Deferred outflows - OPEB	3,241,397	2,332,680
Deferred charge on refunding	151,897	303,794
<b>Total Deferred Outflows of Resources</b>	<b>7,667,549</b>	<b>3,729,686</b>
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued liabilities	1,025,903	971,538
Funds held for others	37,164	36,381
Unearned revenues	4,431,519	4,358,048
Compensated absences	337,860	332,550
Exit incentive - current portion	-	327,043
Bonds payable, net of premiums - current portion	1,990,000	1,905,000
<b>Total Current Liabilities</b>	<b>7,822,446</b>	<b>7,930,560</b>
<b>Noncurrent Liabilities:</b>		
Compensated absences	76,859	95,966
Net pension liability	9,552,204	5,761,792
Net OPEB liability	23,714,289	28,072,469
Bonds payable, net of premiums	31,844,989	34,126,248
<b>Total Noncurrent Liabilities</b>	<b>65,188,341</b>	<b>68,056,475</b>
<b>Total Liabilities</b>	<b>73,010,787</b>	<b>75,987,035</b>
<b>Deferred Inflows of Resources</b>		
Deferred inflows - pensions	987,826	1,226,902
Deferred inflows - OPEB	9,178,950	6,206,958
<b>Total Deferred Inflows of Resources</b>	<b>10,166,776</b>	<b>7,433,860</b>
<b>Net Position</b>		
Net investment in capital assets	17,657,132	16,433,182
Restricted for expendable student aid	109,879	73,378
Unrestricted	(24,124,696)	(28,351,119)
<b>Total Net Position (Schedule D)</b>	<b>\$ (6,357,685)</b>	<b>\$ (11,844,559)</b>

See accompanying notes to basic financial statements.

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# ALVIN COMMUNITY COLLEGE FOUNDATION

Exhibit 1A

## STATEMENTS OF FINANCIAL POSITION

August 31, 2019 and 2018

<u>Assets:</u>	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 174,081	\$ 387,153
Investments	3,203,348	2,860,154
Accounts receivable	450	3,050
Inventory	5,251	5,251
<b>Total Assets</b>	<u>\$ 3,383,130</u>	<u>\$ 3,255,608</u>
<u>Liabilities:</u>		
Accounts payable	\$ 45,736	\$ 22,207
<b>Total Liabilities</b>	<u>\$ 45,736</u>	<u>\$ 22,207</u>
<u>Net Assets:</u>		
Without donor restrictions	\$ 184,583	\$ 166,826
With donor restrictions		
Purpose restrictions	1,841,337	1,755,101
Perpetual in nature	1,311,474	1,311,474
<b>Total Net Assets</b>	<u>\$ 3,337,394</u>	<u>\$ 3,233,401</u>

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, 2019 and 2018

	2019	2018
<b>Revenues:</b>		
<b>Operating Revenues:</b>		
Tuition and fees, net of discounts of \$3,432,128 for 2019 and \$2,696,706 for 2018	\$ 8,857,943	\$ 9,377,018
Federal grants and contracts	1,722,095	1,414,292
State grants and contracts	617,808	296,448
Nongovernmental grants and contracts	18,064	15,351
Auxiliary enterprises, net of discounts of \$284,720 for 2019 and \$307,730 for 2018	1,581,929	1,737,364
<b>Total Operating Revenues (Schedule A)</b>	<b>12,797,839</b>	<b>12,840,473</b>
<b>Expenses:</b>		
<b>Operating Expenses:</b>		
Instruction	16,850,990	17,668,639
Public service	170,763	172,933
Academic support	6,286,310	6,523,402
Student services	3,839,196	3,916,217
Institutional support	5,516,568	5,674,592
Operation and maintenance of plant	3,500,201	2,972,355
Scholarships and fellowships	3,969,815	4,540,643
Auxiliary enterprises	1,996,449	2,297,158
Depreciation	1,274,510	1,205,908
<b>Total Operating Expenses (Schedule B)</b>	<b>43,404,802</b>	<b>44,971,847</b>
<b>Operating (Loss)</b>	<b>(30,606,963)</b>	<b>(32,131,374)</b>
<b>Nonoperating Revenues (Expenses):</b>		
State appropriations	11,637,388	11,121,032
Property tax revenue	17,296,711	15,289,318
Debt service ad valorem taxes	1,608,969	1,603,153
Federal revenue, nonoperating	5,248,502	4,942,344
Investment income	918,389	222,288
Interest on capital-related debt	(1,274,737)	(729,324)
Gain/(loss) on disposal of capital assets	(10,095)	39,974
Other nonoperating revenues	668,710	676,092
<b>Total Nonoperating Revenues, Net (Schedule C)</b>	<b>36,093,837</b>	<b>33,164,877</b>
<b>Change in Net Position</b>	5,486,874	1,033,503
Beginning net position	(11,844,559)	(12,878,062)
<b>Ending Net Position</b>	<b>\$ (6,357,685)</b>	<b>\$ (11,844,559)</b>

See accompanying notes to basic financial statements.

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# ALVIN COMMUNITY COLLEGE FOUNDATION

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

For the Years Ended August 31, 2019 and 2018

	Without Donor	With Donor	Total	
	Restrictions	Restrictions	2019	2018
<b>Revenues</b>				
<b>Support and Revenue:</b>				
Contributions and grants	\$ -	\$ 97,658	\$ 97,658	\$ 161,204
Gala income, net	86,891	-	86,891	70,500
Alvin Live, net	-	2,307	2,307	12,559
Interest and dividend income	-	71,114	71,114	70,661
Travel/fundraisers	-	18,785	18,785	29,408
Dolphin athletics, net	-	3,350	3,350	4,200
ACC Feed the Hungry, net	-	498	498	3,814
Investment gains	-	93,628	93,628	141,978
Unrestricted Income	4,195	-	4,195	150,984
<b>Total Local Support</b>	<b>91,086</b>	<b>287,340</b>	<b>378,426</b>	<b>645,308</b>
Net assets released from restrictions:				
Restrictions satisfied by payments	201,104	(201,104)	-	-
<b>Total Support and Revenues</b>	<b>292,190</b>	<b>86,236</b>	<b>378,426</b>	<b>645,308</b>
<b>Expenses</b>				
<b>Program services:</b>				
Scholarships	74,757	-	74,757	112,358
Awards	124,095	-	124,095	111,325
<b>Total Program Services</b>	<b>198,852</b>	<b>-</b>	<b>198,852</b>	<b>223,683</b>
<b>Support services:</b>				
Fundraising:				
Gala expenses	33,050	-	33,050	20,840
Alvin Live expenses	637	-	637	3,328
Dolphin Athletics expenses	1,615	-	1,615	5,200
ACC Feed the Hungry expenses	2,139	-	2,139	2,689
<b>Total Fundraising</b>	<b>37,441</b>	<b>-</b>	<b>37,441</b>	<b>32,057</b>
Management and general:				
Professional services	26,965	-	26,965	25,430
Operating expenses and supplies	9,274	-	9,274	10,640
Other	1,901	-	1,901	60,730
<b>Total Management and General</b>	<b>38,140</b>	<b>-</b>	<b>38,140</b>	<b>96,800</b>
<b>Total Expenses</b>	<b>274,433</b>	<b>-</b>	<b>274,433</b>	<b>352,540</b>
<b>Change in Net Assets</b>	<b>17,757</b>	<b>86,236</b>	<b>103,993</b>	<b>292,768</b>
Beginning net assets	166,826	3,066,575	3,233,401	2,940,633
<b>Ending Net Assets</b>	<b>\$ 184,583</b>	<b>\$ 3,152,811</b>	<b>\$ 3,337,394</b>	<b>\$ 3,233,401</b>

See accompanying notes to basic financial statements.

# ALVIN COMMUNITY COLLEGE

## STATEMENTS OF CASH FLOWS

For the Years Ended August 31, 2019 and 2018

	2019	2018
<b>Cash Flows from Operating Activities:</b>		
Receipts from students and other customers	\$ 9,588,206	\$ 11,867,747
Receipts of grants and contracts	2,156,724	2,190,711
Payments to or on behalf of employees	(30,960,859)	(30,297,539)
Payments to suppliers for goods or services	(9,078,570)	(8,978,377)
Payments of scholarships	(3,969,815)	(4,540,643)
<b>Net Cash (Used) by Operating Activities</b>	<b>(32,264,314)</b>	<b>(29,758,101)</b>
<b>Cash Flows from Noncapital Financing Activities:</b>		
Receipts of State appropriations	11,637,388	11,121,032
Receipts of maintenance and operations ad valorem taxes	17,296,711	15,289,318
Receipts from nonoperating Federal revenue	5,248,502	4,942,344
Other	668,710	676,092
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>34,851,311</b>	<b>32,028,786</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Receipts from debt service ad valorem taxes	1,608,969	1,603,153
Purchases of capital assets	(607,589)	(1,636,828)
Proceeds from sale of capital assets	16,239	29,749
Proceeds from debt	-	25,000,000
Payments on principal debt	(1,905,000)	(1,181,916)
Interest payments on principal debt	(1,565,996)	(432,186)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(2,453,377)</b>	<b>23,381,972</b>
<b>Cash Flows from Investing Activities:</b>		
Purchases of investments	(21,382,000)	(24,350,000)
Receipts from sale of investments	17,682,000	16,600,000
Receipts from investment income	918,389	222,288
<b>Net Cash (Used) by Investing Activities</b>	<b>(2,781,611)</b>	<b>(7,527,712)</b>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(2,647,991)</b>	<b>18,124,945</b>
Beginning cash and cash equivalents	29,426,710	11,301,765
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 26,778,719</b>	<b>\$ 29,426,710</b>
<b>Ending Cash and Cash Equivalents:</b>		
Cash and cash equivalents	\$ 1,903,212	\$ 4,424,046
Restricted cash and cash equivalents	24,875,507	25,002,664
<b>Total Cash and Cash Equivalents</b>	<b>\$ 26,778,719</b>	<b>\$ 29,426,710</b>

**ALVIN COMMUNITY COLLEGE**

Exhibit 3

**STATEMENTS OF CASH FLOWS, Continued**

For the Years Ended August 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Reconciliation of Operating (Loss)</b>		
<b>to Net Cash (Used) by Operating Activities:</b>		
Operating (loss)	\$ (30,606,963)	\$ (32,131,374)
Adjustments to reconcile operating (loss) to net cash (used)		
by operating activities:		
Depreciation expense	1,274,510	1,205,908
Changes in assets and liabilities:		
Receivables, net	(1,052,909)	1,217,985
Inventories	214,843	293,468
Prepays	(108,859)	(88,143)
Deferred outflows	(3,937,863)	337,472
Deferred inflows	2,732,916	6,626,301
Accounts payable and accrued liabilities	54,365	(551,007)
Funds held for others	783	3,265
Deferred revenues	73,471	(56,278)
Exit incentive	(327,043)	(327,043)
Net pension liability	3,790,412	(834,209)
Net OPEB liability	(4,358,180)	(5,468,163)
Compensated absences	(13,797)	13,717
<b>Net Cash (Used) by Operating Activities</b>	<u>\$ (32,264,314)</u>	<u>\$ (29,758,101)</u>

See accompanying notes to basic financial statements.

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**ALVIN COMMUNITY COLLEGE FOUNDATION**

Exhibit 3A

**STATEMENTS OF CASH FLOWS**  
For the Years Ended August 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ 103,993	\$ 292,768
<b>Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:</b>		
Investment (gains)/losses	(93,628)	(141,978)
Interest (earnings)	(71,114)	(70,661)
(Increase) decrease in current assets:		
Accounts receivable	2,600	(1,690)
Increase (decreas) in current liabilities		
Accounts payable	23,529	(18,535)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(34,620)</u>	<u>59,904</u>
 <b>Cash Flows from Investing Activities:</b>		
Purchase of investments	(200,940)	(91,106)
Proceeds from sale of investments	22,488	210,355
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>(178,452)</u>	<u>119,249</u>
 <b>Increase (Decrease) in Cash and Cash Equivalents</b>	(213,072)	179,153
Beginning cash and cash equivalents	387,153	208,000
<b>Ending Cash and Cash Equivalents</b>	<u>\$ 174,081</u>	<u>\$ 387,153</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, 2019 and 2018

### NOTE 1—Reporting Entity

Alvin Community College (the “College”) was established in 1948, in accordance with the laws of the State of Texas, (the “State”) 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, 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, 2019 and 2018. 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. 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, 2019 and 2018. 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, 2019 and 2018

**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 (the "Board") 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, 2019 and 2018

**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 statement 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. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension/other postemployment benefits (OPEB) activities are amortized over the average of the expected service lives of pension/OPEB plan members, except for the net differences between the projected and actual investment earnings on the pension/OPEB plan assets, which are amortized over a period of five years.
- For employer pension/OPEB plan contributions that were made subsequent to the measurement date through the end of the College's fiscal year, the amount is deferred and recognized as a reduction to the net pension/OPEB liability during the measurement period in which the contributions were made.
- 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.

At the fund level, the College has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

**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 deposit, 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.

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Years Ended August 31, 2019 and 2018

**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 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, 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.

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Years Ended August 31, 2019 and 2018

**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.

**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.

**Other Postemployment Benefits**

The fiduciary net position of the Texas Employees Group Benefits Program (GBP) plan ("the Plan") 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 other post-employment benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, and information about assets, liabilities, and additions to/deductions from the GBP fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

**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, 2019 and 2018 and, therefore, has not recorded a liability for income taxes.

**Reclassifications**

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

**Net Position Flow Assumption**

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

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Years Ended August 31, 2019 and 2018

**NOTE 3—Authorized Investments**

The Board of the College has adopted a written investment policy regarding the investments of its funds as defined in the Public Funds Investment Act (the “Act”) (Chapter 2256.001 Texas Government Code). The investments of the College are in compliance with the Board investment policy and the 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 deposit, and (5) other instruments and obligations authorized by statute.

**NOTE 4—Deposits and Investments**

**Deposits**

Custodial credit risk for deposits with financial institutions is the risk that, in the event of a bank failure, the College’s deposits may not be returned to it. The College’s investment policy requires pledging of collateral for all bank balances in excess of Federal Deposit Insurance Corporation (FDIC) limits at a minimum of 102 percent of market value. As of August 31, 2019 and 2018, 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:

	2019	2018
Cash and cash equivalents:		
Bank deposits - demand deposits	\$ 1,886,257	\$ 1,158,159
Certificates of deposit	-	3,250,000
Petty cash	16,955	15,887
<b>Total Cash and Cash Equivalents</b>	<b>\$ 1,903,212</b>	<b>\$ 4,424,046</b>

**Investments**

As of August 31, 2019, the College had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
Certificates of deposit	\$ 12,450,000	0.52
TexSTAR	24,875,507	0.06
<b>Total Fair Value</b>	<b>\$ 37,325,507</b>	
Portfolio weighted average maturity		0.21

As of August 31, 2019 and 2018, the College held certificates of deposit of \$12,450,000 and \$12,000,000 respectively. For the current fiscal year, all \$12,450,000 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

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Years Ended August 31, 2019 and 2018**

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.

*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.

**TexSTAR**

The Texas Short-Term Asset Reserve Fund (TexSTAR) is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. TexSTAR was created in April 2002 by contract among its participating governmental units and is governed by a board of directors. JPMorgan Fleming Asset Management (USA), Inc. and First Southwest Asset Management, Inc. act as co-administrators, providing investment management services, participant services, and marketing. JPMorgan Chase Bank and/or its subsidiary, J.P. Morgan Investor Services, Inc., provide custodial, transfer agency, fund accounting, and depository services.

TexSTAR is measured at amortized cost. TexSTAR's strategy is to seek preservation of principal, liquidity, and current income through investment in a diversified portfolio of short-term marketable securities. The College has no unfunded commitments related to TexSTAR. TexSTAR has a redemption notice period of one day and may redeem daily. TexSTAR's authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or national or state emergency that affects TexSTAR's liquidity.

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Years Ended August 31, 2019 and 2018

**NOTE 5—Disaggregation of Accounts Receivable**

Accounts receivable were as follows at August 31:

	<u>2019</u>	<u>2018</u>
Student receivable	\$ 1,664,509	\$ 944,884
Taxes receivable	473,737	498,282
Interest receivable	53,084	35,801
Federal receivable	208,168	56,260
State receivable	168,329	125,763
Sponsor receivable	257,571	232,369
ACC Foundation	45,736	7,814
Total accounts receivable	2,871,134	1,901,173
Less allowance for doubtful accounts	(393,171)	(483,933)
<b>Total Accounts Receivable, Net</b>	<u>\$ 2,477,963</u>	<u>\$ 1,417,240</u>

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

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

	<u>2019</u>	<u>2018</u>
Accrued payroll	\$ 15,077	\$ 3,904
Vendors payable	978,785	923,105
Sales tax payable	32,041	44,529
<b>Total Accounts Payable and Accrued Liabilities</b>	<u>\$ 1,025,903</u>	<u>\$ 971,538</u>

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Years Ended August 31, 2019 and 2018

**NOTE 7—Capital Assets**

Capital asset activity for the year ended August 31, 2019 was as follows:

	<b>Balance September 1, 2018</b>	<b>Additions</b>	<b>Deletions/ Adjustments</b>	<b>Balance August 31, 2019</b>
<b>Nondepreciable:</b>				
Land	\$ 494,128	\$ -	\$ -	\$ 494,128
Construction in process	-	17,263	-	17,263
<b>Subtotal</b>	<b>494,128</b>	<b>17,263</b>	<b>-</b>	<b>511,391</b>
<b>Other capital assets:</b>				
Buildings and improvements	35,786,314	8,070	-	35,794,384
Facilities and improvements	4,627,585	47,235	-	4,674,820
Furniture and equipment	6,248,659	396,785	(156,034)	6,489,410
Telecommunications equipment	1,823,415	124,068	-	1,947,483
Library books	331,130	14,168	-	345,298
<b>Subtotal</b>	<b>48,817,103</b>	<b>590,326</b>	<b>(156,034)</b>	<b>49,251,395</b>
<b>Less accumulated depreciation:</b>				
Buildings and improvements	13,748,339	639,879	-	14,388,218
Facilities and improvements	2,374,748	137,878	-	2,512,626
Furniture and equipment	4,062,836	417,340	(129,700)	4,350,476
Telecommunications equipment	1,699,946	74,936	-	1,774,882
Library books	267,390	4,477	-	271,867
<b>Total accumulated depreciation</b>	<b>22,153,259</b>	<b>1,274,510</b>	<b>(129,700)</b>	<b>23,298,069</b>
<b>Net Capital Assets</b>	<b>\$ 27,157,972</b>	<b>\$ (666,921)</b>	<b>\$ (26,334)</b>	<b>\$ 26,464,717</b>

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Years Ended August 31, 2019 and 2018

Capital asset activity for the year ended August 31, 2018 was as follows:

	<b>Balance September 1, 2017</b>	<b>Additions</b>	<b>Deletions/ Adjustments</b>	<b>Balance August 31, 2018</b>
Nondepreciable:				
Land	\$ 494,128	\$ -	\$ -	\$ 494,128
Construction in process	93,964	537,862	(631,826)	-
<b>Subtotal</b>	<u>588,092</u>	<u>537,862</u>	<u>(631,826)</u>	<u>494,128</u>
Other capital assets:				
Buildings and improvements	35,108,334	677,980	-	35,786,314
Facilities and improvements	3,811,252	816,333	-	4,627,585
Furniture and equipment	6,144,779	207,466	(103,586)	6,248,659
Telecommunications equipment	1,794,402	29,013	-	1,823,415
Library books	336,748	-	(5,618)	331,130
<b>Subtotal</b>	<u>47,195,515</u>	<u>1,730,792</u>	<u>(109,204)</u>	<u>48,817,103</u>
Less accumulated depreciation:				
Buildings and improvements	13,127,318	621,021	-	13,748,339
Facilities and improvements	2,266,951	107,797	-	2,374,748
Furniture and equipment	3,716,544	406,775	(60,483)	4,062,836
Telecommunications equipment	1,644,256	55,690	-	1,699,946
Library books	311,711	14,625	(58,946)	267,390
<b>Total accumulated depreciation</b>	<u>21,066,780</u>	<u>1,205,908</u>	<u>(119,429)</u>	<u>22,153,259</u>
<b>Net Capital Assets</b>	<u>\$ 26,716,827</u>	<u>\$ 1,062,746</u>	<u>\$ (621,601)</u>	<u>\$ 27,157,972</u>

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Years Ended August 31, 2019 and 2018

**NOTE 8—Long-Term Liabilities**

Long-term liabilities activity for the year ended August 31, 2019 was as follows:

	<u>Balance September 1, 2018</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance August 31, 2019</u>	<u>Current Portion</u>
Bonds and Notes:					
General obligation refunding bonds - 2012	\$ 8,690,000	\$ -	\$ -	\$ 8,690,000	\$ 1,230,000
General obligation refunding bonds - 2013	1,265,000	-	(1,210,000)	55,000	55,000
Tax notes - 2018	22,565,000	-	(695,000)	21,870,000	705,000
For premiums	3,511,248	-	(291,259)	3,219,989	-
	<u>36,031,248</u>	<u>-</u>	<u>(2,196,259)</u>	<u>33,834,989</u>	<u>1,990,000</u>
Other liabilities:					
Net pension liability	5,761,792	3,790,412	-	9,552,204	-
Net OPEB liability	28,072,469	-	(4,358,180)	23,714,289	-
Compensated absences	428,516	335,303	(349,100)	414,719	337,860
Exit incentive liability	327,043	-	(327,043)	-	-
<b>Total Long-Term Liabilities</b>	<u>\$ 70,621,068</u>	<u>\$ 4,125,715</u>	<u>\$ (7,230,582)</u>	<u>\$ 67,516,201</u>	<u>\$ 2,327,860</u>

Long-term liabilities activity for the year ended August 31, 2018 was as follows:

	<u>Balance September 1, 2017</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance August 31, 2018</u>	<u>Current Portion</u>
Bonds:					
General obligation refunding bonds - 2012	\$ 8,690,000	\$ -	\$ -	\$ 8,690,000	\$ -
General obligation refunding bonds - 2013	2,435,000	-	(1,170,000)	1,265,000	1,210,000
Tax notes - 2018	-	22,565,000	-	22,565,000	695,000
Capital lease	11,916	-	(11,916)	-	-
Deferred amounts:					
For premiums	931,007	2,734,762	(154,521)	3,511,248	-
	<u>12,067,923</u>	<u>25,299,762</u>	<u>(1,336,437)</u>	<u>36,031,248</u>	<u>1,905,000</u>
Other liabilities:					
Net pension liability	6,596,001	-	(834,209)	5,761,792	-
Net OPEB Liability	33,540,632	-	(5,468,163)	28,072,469	-
Compensated absences	414,799	335,622	(321,905)	428,516	332,550
Exit incentive liability	654,086	-	(327,043)	327,043	327,043
<b>Total Long-Term Liabilities</b>	<u>\$ 53,273,441</u>	<u>\$ 25,635,384</u>	<u>\$ (8,287,757)</u>	<u>\$ 70,621,068</u>	<u>\$ 2,564,593</u>

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Years Ended August 31, 2019 and 2018**

**NOTE 9—Bonds and Notes 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, 2019.

**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 \$55,000 at August 31, 2019.

**Tax Notes, Series 2018**

- To provide capital for additional construction and improvements around the campus.
- Issued August 15, 2018.
- Interest rates range from three percent to five percent.
- Due in semiannual installments each February 15 and August 15, with the first principal and interest payment being due February 15, 2019.
- Source of revenue for debt service – annual ad valorem taxes.
- Outstanding bonds payable of \$21,870,000 at August 31, 2019.

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Years Ended August 31, 2019 and 2018

**Bond and Note Debt Service Requirements**

The bond and note 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>
2020	\$ 1,990,000	\$ 1,406,600	\$ 3,396,600
2021	2,110,000	1,314,656	3,424,656
2022	2,210,000	1,211,775	3,421,775
2023	2,320,000	1,104,150	3,424,150
2024	2,420,000	1,002,937	3,422,937
2025-2029	6,640,000	3,913,675	10,553,675
2030-2034	6,460,000	2,456,250	8,916,250
2035-2038	6,465,000	666,875	7,131,875
<b>Total</b>	<b>\$ 30,615,000</b>	<b>\$ 13,076,918</b>	<b>\$ 43,691,918</b>

**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 (the “Agreement”) through Public Agency Retirement Systems. The Agreement includes 75 percent salary payout over five years for employees with 15 or more years of service. 29 employees accepted the agreement. The College made the fifth and final payment during the fiscal year.

**NOTE 11—Employee Retirement Plans**

The College’s employees may participate in one of three retirement plans. Faculty, administrators, counselors, and librarians may enroll in either 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 (the “Money Purchase Plan”). The total payroll for all College employees was \$23,118,852 and \$22,650,134 for the fiscal years ended August 31, 2019 and 2018, respectively.

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Years Ended August 31, 2019 and 2018**

**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 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 TRS.

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 postemployment benefit changes, including automatic cost-of-living adjustments (COLAs). Ad hoc postemployment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan Description above.

Contributions

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of TRS during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 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 85th Texas Legislature, General

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Years Ended August 31, 2019 and 2018**

Appropriations Act (GAA) affirmed that the employer contribution rates for fiscal years 2018 and 2019 would remain the same.

<u>Contribution Rates</u>	<u>2018</u>	<u>2019</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (NECE)	6.8%	6.8%
Employers	6.8%	6.8%

	<u>Measurement</u>	<u>Fiscal</u>
	<u>Year (2018)</u>	<u>Year (2019)</u>
Employer contributions	\$ 584,621	\$ 633,412
Member contributions	\$ 1,131,362	\$ 1,222,702
NECE on-behalf contributions	\$ 406,040	\$ 1,007,717

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

As the NECE for public education and junior colleges, the State contributes to TRS an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of TRS 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 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 TRS an amount equal to 50% of the state contribution rate for certain instructional or administrative employees and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, there are two additional surcharges to which an employer is subject:

- 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.

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Years Ended August 31, 2019 and 2018

Actuarial Assumptions

The total pension liability (TPL) in the August 31, 2017 actuarial valuation rolled forward to August 31, 2018 was determined using the following actuarial assumptions:

Valuation date	August 31, 2017 rolled forward to August 31, 2018
Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Single discount rate	6.907%
Long-term expected investment rate of return	7.25%
Municipal bond rate	3.69%. Source for the rate is the Fixed Income Market Data/Yeild Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Last year ending August 31 in projection	2116
Inflation	2.3%
Salary increases including inflation	3.05% to 9.05%
Payroll growth rate	2.50%
Benefit changes during the year	None
Ad hoc postemployment benefit changes	None

The actuarial methods and assumptions are based primarily on a study of actual experience for the three-year period ending August 31, 2017 and adopted in July 2018.

Discount Rate

The single discount rate used to measure the TPL was 6.907%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.69%. The projection of cash flows used to determine the discount rate assumed that contributions from TRS members and those of the contributing employers and the NECE are made at the statutorily required rates. Based on those assumptions, TRS's fiduciary net position was sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. 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, 2019 and 2018

Best estimates of arithmetic real rates of return for each major asset class included in TRS's target asset allocation as of August 31, 2018 are summarized below:

**Teacher Retirement System of Texas**  
**Asset Allocation and Long-Term Expected Real Rate of Return**  
As of August 31, 2018

	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>	<u>Expected Contribution to Long-Term Portfolio Returns *</u>
<b>Global Equity</b>			
U.S.	18.0%	5.7%	1.0%
Non-U.S. Developed	13.0%	6.9%	0.9%
Emerging Markets	9.0%	8.9%	0.8%
Directional Hedge Funds	4.0%	3.5%	0.1%
Private Equity	13.0%	10.2%	1.3%
<b>Stable Value</b>			
U.S. Treasuries	11.0%	1.1%	0.1%
Absolute Returns	0.0%	0.0%	0.0%
Hedge Funds (Stable Value)	4.0%	3.1%	0.1%
Cash	1.0%	-0.3%	0.0%
<b>Real Return</b>			
Global Inflation-Linked Bonds	3.0%	0.7%	0.0%
Real Assets	14.0%	5.2%	0.7%
Energy & Natural Resources	5.0%	7.5%	0.4%
Commodities	0.0%	0.0%	0.0%
<b>Risk Parity</b>			
Risk Parity	5.0%	3.7%	0.3%
Inflation Expectation	0.0%		2.2%
Alpha	0.0%		-0.8%
<b>Total</b>	<u>100.0%</u>		<u>7.1%</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 (NPL) if the discount rate used was 1% less than and 1% greater than the discount rate that was used (6.907%) in measuring the NPL:

	<u>1% Decrease in Discount Rate (5.907%)</u>	<u>Discount Rate (6.907%)</u>	<u>1% Increase in Discount Rate (7.907%)</u>
College's proportionate share of the net pension liability	<u>\$ 14,416,566</u>	<u>\$ 9,552,204</u>	<u>\$ 5,614,214</u>

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Years Ended August 31, 2019 and 2018**

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

At August 31, 2019, the College reported a liability of \$9,552,204 for its proportionate share of the TRS's NPL. 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 NPL, the related State support, and the total portion of the NPL that was associated with the College were as follows:

College's proportionate share of the collective net pension liability	\$	9,552,204
State's proportionate share that is associated with the College		6,638,482
<b>Total</b>	<b>\$</b>	<b>16,190,686</b>

The NPL was measured as of August 31, 2017 and rolled forward to August 31, 2018 and the TPL used to calculate the NPL was determined by an actuarial valuation as of August 31, 2017 rolled forward to August 31, 2018. The College's proportion of the NPL was based on the College's contributions to TRS relative to the contributions of all employers to TRS for the period September 1, 2017 through August 31, 2018.

At August 31, 2018, the College's proportion of the collective NPL was 0.0173543%, which was a decrease of 0.0006656% from its proportion measured as of August 31, 2017.

Changes Since the Prior Actuarial Valuation – The following were changes to the actuarial assumptions or other inputs that affected measurement of the TPL since the prior measurement period.

- The TPL as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions, including rates of salary increase for individual participants, were updated based on the same experience study.
- The discount rate changed from 8.000% as of August 31, 2017 to 6.907% as of August 31, 2018.
- The long-term assumed rate of return changed from 8.00% to 7.25%.
- The change in the long-term assumed rate of return, combined with the change in the single discount rate, were the primary reasons for the increase in the NPL.

There were no changes of benefit terms that affected measurement of the TPL during the measurement period.

For the year ended August 31, 2019, the College recognized pension expense of \$657,033 and revenue of \$657,033 for support provided by the State.

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Years Ended August 31, 2019 and 2018

At August 31, 2019, 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 Outflows Of Resources</b>	<b>Deferred Inflows Of Resources</b>
Difference between expected and actual economic experience	\$ 59,541	\$ 234,373
Changes in actuarial assumptions	3,444,030	107,626
Net difference between projected and actual investment earnings	-	181,246
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	137,271	464,581
Contributions paid to TRS subsequent to the measurement date	633,413	-
<b>Total</b>	<b>\$ 4,274,255</b>	<b>\$ 987,826</b>

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:

<b>Year Ended August 31</b>	<b>Pension Expense</b>
2020	\$ 674,419
2021	293,008
2022	213,863
2023	559,635
2024	557,499
Thereafter	354,592
<b>Total</b>	<b>\$ 2,653,016</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 2019 and 2018, the percentage of participant salaries contributed by the State and each participant was 6.60 percent of annual compensation. For employees who were employed as of September 1, 1995, the College contributed 1.9 percent for fiscal years 2019 and 2018 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 \$142,362, \$165,008, and \$159,475 for fiscal years 2019, 2018, and 2017, respectively. These amounts represent the portion of expended appropriations made by the State legislature on behalf of the College.

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Years Ended August 31, 2019 and 2018**

The total payroll for all College employees was \$23,118,852, \$22,650,134, and \$22,467,736 for fiscal years 2019, 2018, and 2017, respectively. The total payroll of employees covered by the ORP was \$4,328,967, \$5,016,362, and \$4,948,065 for fiscal years 2019, 2018, and 2017, 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 \$4,003,256, \$2,373,347, and \$2,404,803 for the years ended August 31, 2019, 2018, and 2017, respectively. Contributions made by the College during the years ended August 31, 2019, 2018, and 2017 were approximately \$52,042, \$30,854, \$31,263, respectively.

**NOTE 12—Postemployment Health Care and Life Insurance Benefits**

**Plan Description**

The College participates in a cost-sharing, multiple-employer, OPEB plan with a special funding situation. The Texas Employees Group Benefits Program (GBP) is administered by the Employees Retirement System of Texas (ERS). The GBP provides certain postemployment health care, life, and dental insurance benefits to retired employees of participating universities, community colleges, and State agencies in accordance with Chapter 1551, Texas Insurance Code. Almost all employees may become eligible for those benefits if they reach normal retirement age while working for the State and retire with at least 10 years of service to eligible entities. Surviving spouses and dependents of these retirees are also covered. Benefit and contribution provisions of the GBP are authorized by State law and may be amended by the Texas Legislature.

**OPEB Plan Fiduciary Net Position**

Detailed information about the GBP's fiduciary net position is available in the separately issued ERS Comprehensive Annual Financial Report that includes financial statements, notes to the financial statements and required supplementary information. That report may be obtained on the Internet at [https://ers.texas.gov/About-ERS/Reports-and-Studies/ Reports - on - Overall - ERS - Operations - and -Financial - Management](https://ers.texas.gov/About-ERS/Reports-and-Studies/Reports-on-Overall-ERS-Operations-and-Financial-Management); by writing to ERS at 200 East 18th Street, Austin, TX 78701; or by calling (877) 275-4377. The fiduciary net position of GBP has been determined using the same basis used by the OPEB plan.

**Benefits Provided**

Retiree health benefits offered through the GBP are available to most State retirees and their eligible dependents. Participants need at least ten years of service credit with an agency or institution that participates in the GBP to be eligible for GBP retiree insurance. The GBP provides self-funded group health (medical and prescription drug) benefits for eligible retirees under HealthSelect. The GBP also provides a fully insured medical benefit option for Medicare-primary participants under the HealthSelect Medicare Advantage Plan and life insurance benefits to eligible retirees via a minimum premium funding arrangement. The authority under which the obligations of the GBP members and employers are established and/or may be amended is Chapter 1551, Texas Insurance Code.

**Contributions**

Section 1551.055 of Chapter 1551, Texas Insurance Code, provides that contribution requirements of GBP members and the participating employers are established and may be amended by the ERS Board of Trustees (the

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Years Ended August 31, 2019 and 2018

“Board”). The employer and member contribution rates are determined annually by the ERS Board based on the recommendations of ERS staff and its consulting actuary. The contribution rates are determined based on (i) the benefit and administrative costs expected to be incurred, (ii) the funds appropriated, and (iii) the funding policy established by the Texas Legislature in connection with benefits provided through the GBP. The Board revises benefits when necessary to match expected benefit and administrative costs with the revenue expected to be generated by the appropriated funds.

The following table summarizes the maximum monthly employer contribution toward eligible retirees’ health and basic life premium. Retirees pay any premium over and above the employer contribution. The employer does not contribute toward dental or optional life insurance. Surviving spouses and their dependents do not receive any employer contribution. As NECE, the State pays part of the premiums for the junior and community colleges.

	<b>Maximum Monthly Employer Contribution Fiscal Year 2019</b>	
Retiree Only	\$	622
Retiree and Spouse	\$	1,335
Retiree and Children	\$	1,099
Retiree and Family	\$	1,812

Contributions of premiums to the GBP for the current and prior fiscal year by source is summarized in the following table:

Premium Contributions by Source			
Group Benefits Program Plan			
For the Years Ended August 31, 2018 and 2017			
		<b>2018</b>	<b>2017</b>
Employer contributions	\$	307,028,461	\$ 890,735,173
Member contributions		203,123,120	195,806,162
NECE on-behalf contributions		16,585,270	44,433,743
<b>Total</b>	<b>\$</b>	<b>526,736,851</b>	<b>\$ 1,130,975,078</b>

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Years Ended August 31, 2019 and 2018

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of August 31, 2018 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	August 31, 2018
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay, open
Remaining amortization period	30 years
Asset valuation method	Marked to Market. Future gains and losses each recognized over closed five-year period, with allowance of direct offsetting of deferrals by subsequent gains or losses.
Actuarial discount rate assumption	3.96%
Salary increases including inflation	2.50% to 9.5%
Aggregate payroll growth	3.00%
Inflation assumption rate	2.5%
Ad hoc post-employment benefit changes	None
Healthcare cost trend rates:	
HealthSelect	7.30% for FY20, 7.40% for FY21, 7.00% for FY22, decreasing 0.50% per year to an ultimate rate of 4.50% for FY27 and later years.
HealthSelect Medicare Advantage	11.80% for FY20, 13.40% for FY21, 7.00% for FY22, decreasing 0.50% per year to an ultimate rate of 4.50% for FY27 and later years.

Many of the actuarial assumptions used in this valuation were based on the results of actuarial experience studies performed by the ERS and TRS retirement plan actuaries for the period September 1, 2016, through August 31, 2017 for higher education members.

Investment Policy

GBP is a pay-as-you-go plan and does not accumulate funds in advance of retirement. The Board adopted the amendment to the investment policy in August 2017 to require that all funds in the plan be invested in short-term fixed income securities and specify that the expected rate of return on these investments is 2.4 percent.

Discount Rate

Because the GBP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bonds rate. The discount rate used to determine the total OPEB liability as of the beginning of the measurement year was 3.51 percent. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 3.96 percent, which amounted to an increase of 0.45 percent. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's AA rating. Projected cash flows into the GBP are equal to projected

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Years Ended August 31, 2019 and 2018

benefit payments out of the GBP. Because the GBP operates on a pay-as-you-go basis and is not intended to accumulate assets, there is no long-term expected rate of return on GBP assets and, therefore, the years of projected benefit payments to which the long-term expected rate of return is applicable is zero years.

Discount Rate Sensitivity Analysis

The following schedule shows the impact on the College's proportionate share of the collective net OPEB liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used in measuring the net OPEB Liability.

	<b>1% Decrease in Discount Rate (2.96%)</b>	<b>Discount Rate (3.96%)</b>	<b>1% Increase in Discount Rate (4.96%)</b>
College's proportionate share of the net OPEB liability	\$ 28,154,379	\$ 23,714,289	\$ 20,353,641

Healthcare Trend Rate Sensitivity Analysis

The initial healthcare trend rate is 7.3 percent and the ultimate rate is 4.5 percent. The following schedule shows the impact on the College's proportionate share of the collective net OPEB liability if the healthcare cost trend rate used was 1 percent less than and 1 percent greater than the healthcare cost trend rate that was used in measuring the net OPEB Liability.

	<b>1% Decrease in Healthcare Cost Trend Rate</b>	<b>Current Healthcare Cost Trend Rate</b>	<b>1% Increase in Healthcare Cost Trend Rate</b>
College's proportionate share of the net OPEB liability	\$ 20,082,936	\$ 23,714,289	\$ 28,398,742

OPEB Liabilities

*OPEB Expense, and Deferred Outflows/Deferred Inflows of Resources Related to OPEB-* At August 31, 2019, the College reported a liability of \$23,714,289 for its proportionate share of the GBP's net OPEB liability. This liability reflects a reduction for State support provided to the College for OPEB. The amount recognized by the College as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the College were as follows:

College's proportionate share of the collective net pension liability	\$ 23,714,289
State's proportionate share that is associated with the College	17,463,813
<b>Total</b>	<b>\$ 41,178,102</b>

The net OPEB liability was measured as of August 31, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The College's proportion of the net OPEB liability was based on the College's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2016, through August 31, 2017.

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Years Ended August 31, 2019 and 2018**

At the measurement date of August 31, 2018, the College's proportion of the collective net OPEB liability was 0.0800138 percent, which was a decrease of 0.0023754 percent compared to the proportion measured as of August 31, 2017.

For the fiscal year ended August 31, 2019, the College recognized OPEB expense of \$1,121,742 and revenue of \$1,121,742 for support provided by the State.

Changes Since the Prior Actuarial Valuation – Changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period were as follows:

- Demographic assumptions (including rates of retirement, disability, termination, mortality, and assumed salary increases) for higher education members have been updated to reflect assumptions recently adopted by the trustees from the Teachers Retirement System of Texas.
- Assumed expenses, assumed per capita health benefit costs, and assumed health benefit cost, retiree contribution, and expense trends have been updated to reflect recent experience and its effects on our short-term expectations.
- The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence
- The percentage of future retirees assumed to be married and electing coverage for their spouse have been updated to reflect recent plan experience and expected trends.
- The discount rate assumption was increased from 3.51% to 3.96% to utilize the updated yield or index rate for 20-year, tax-exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

Changes of Benefit Terms Since Prior Measurement Date – The following benefit revisions have been adopted since the prior valuation:

- An increase in the out-of-pocket maximum for both HealthSelect and Consumer Directed HealthSelect for those HealthSelect retirees and dependents for whom Medicare is not primary.

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Years Ended August 31, 2019 and 2018

At August 31, 2019, the College reported its proportionate share of the GBP's collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows Of Resources</b>
Net difference between projected and actual investment earnings	\$ 11,230	\$ -
Changes in assumptions	-	8,310,135
Difference between expected and actual experience	-	868,815
Effect of change in proportion and contributions difference	884,981	-
Contributions paid to GBP subsequent to the measurement date	2,345,186	-
<b>Total</b>	<b>\$ 3,241,397</b>	<b>\$ 9,178,950</b>

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

<b>Year Ended August 31</b>	<b>OPEB Expense</b>
2020	\$ (2,142,091)
2021	(2,142,091)
2022	(2,142,091)
2023	(1,383,820)
2024	(472,646)
Thereafter	-
<b>Total</b>	<b>\$ (8,282,739)</b>

**NOTE 13—Compensated Absences**

Compensated absences represent the liability associated with vacation benefits and compensatory time earned but not yet taken by employees of the College. The expense associated with vacation benefits and 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, 2019 and 2018, the College had an accrued vacation and compensated time liability of \$414,719 and \$428,516, 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 14—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-

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Years Ended August 31, 2019 and 2018

year awards, or funds awarded during fiscal years 2019 and 2018 for which monies have not been received nor funds expended totaled \$8,864,928 and \$4,314,776, respectively. Of these amounts, \$7,532,878 and \$4,071,220 were from Federal contract and grant awards and \$1,332,050 and \$243,556 were from State contract and grant awards for fiscal years 2019 and 2018, respectively.

**NOTE 15—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:

	<b>2019</b>	<b>2018</b>	
Assessed valuation of the tax district	\$ 11,170,889,617	\$ 10,011,248,191	
Less exemptions	(1,170,941,962)	(736,327,209)	
<b>Net Assessed Valuation of the Tax District</b>	<b>\$ 9,999,947,655</b>	<b>\$ 9,274,920,982</b>	
	<b>Maintenance &amp; Operations</b>	<b>Debt Service</b>	<b>Total</b>
For fiscal year 2019:			
Tax rate per \$100 valuation authorized	\$ 0.500000	\$ 0.500000	\$ 1.000000
Tax rate per \$100 valuation assessed	\$ 0.171802	\$ 0.015973	\$ 0.187775
For fiscal year 2018:			
Tax rate per \$100 valuation authorized	\$ 0.500000	\$ 0.500000	\$ 1.000000
Tax rate per \$100 valuation assessed	\$ 0.163608	\$ 0.017142	\$ 0.180750

Taxes levied for the years ended August 31, 2019 and 2018 were \$18,777,402 and \$16,767,843, 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.

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Years Ended August 31, 2019 and 2018

For the year ended August 31, 2019:

	<u>Maintenance &amp; Operations</u>	<u>Debt Service</u>	<u>Total</u>
Taxes collected:			
Current taxes collected	\$ 16,926,366	\$ 1,573,770	\$ 18,500,136
Delinquent taxes collected	265,124	24,934	290,058
Penalties and interest collected	105,221	10,265	115,486
<b>Total Taxes Collected</b>	<u>\$ 17,296,711</u>	<u>\$ 1,608,969</u>	<u>\$ 18,905,680</u>

For the year ended August 31, 2018:

	<u>Maintenance &amp; Operations</u>	<u>Debt Service</u>	<u>Total</u>
Current taxes collected	\$ 14,934,403	\$ 1,564,277	\$ 16,498,680
Delinquent taxes collected	256,827	28,482	285,309
Penalties and interest collected	98,088	10,394	108,482
<b>Total Taxes Collected</b>	<u>\$ 15,289,318</u>	<u>\$ 1,603,153</u>	<u>\$ 16,892,471</u>

Tax collections for both years ended August 31, 2019 and 2018 were 99 percent and 98 percent, respectively, of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to maintenance and operations and debt service.

**NOTE 16—Contingent Liabilities**

**Legal Matters**

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

**State and Federally Assisted Programs**

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

**NOTE 17—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.

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Years Ended August 31, 2019 and 2018

**NOTE 18—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 of \$182,396 and \$271,932 to the College for the years ended August 31, 2019 and 2018, respectively. The College furnished certain services, such as office space, supplies, and staff assistance, to the Foundation during the years ended August 31, 2019 and 2018. The costs of these services were not significant to the College.

**NOTE 19—Restatement of Net Position**

Fiscal year 2018 beginning net position for the College was restated for changes in deferred outflows related to the College’s OPEB plan under GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

Beginning net position as reported, fiscal year 2018	\$ (14,417,003)
Deferred outflows - contributions after measurement date	<u>1,538,941</u>
<b>Restated beginning net position as reported, fiscal year 2018</b>	<b><u>\$ (12,878,062)</u></b>

***REQUIRED SUPPLEMENTARY INFORMATION***

**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, 2019**

	Measurement Year*			
	2018	2017	2016	2015
College's proportion of the net pension liability	0.0173543%	0.0180199%	0.0174550%	0.0179298%
College's proportionate share of the net pension liability	\$ 9,552,204	\$ 5,761,792	\$ 6,596,001	\$ 6,337,945
State's proportionate share of the net pension liability associated with the College	6,638,482	3,445,635	4,058,819	4,361,258
Total	\$ 16,190,686	\$ 9,207,427	\$ 10,654,820	\$ 10,699,203
College's covered payroll	\$ 14,693,013	\$ 13,845,409	\$ 13,103,730	\$ 13,147,582
College's proportionate share of the net pension liability as a percentage of its covered payroll	65.01%	41.62%	50.34%	48.21%
Plan fiduciary net position as a percentage of the total pension liability	73.74%	82.17%	78.00%	78.43%

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

Notes to Required Supplementary Information:

*Changes in Assumptions:* There were changes in assumptions that affected measurement of the total pension liability (TPL) during the measurement period.

The TPL as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.

Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.

Economic assumptions including rates of salary increase for individual participants were updated based on the same experience study.

The discount rate changed from 8.000 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.

The long-term assumed rate of return changed from 8.00 percent to 7.25 percent.

The change in the long-term assumed rate of return, combined with the change in the single discount rate, were the primary reasons for the increase in the net pension liability.

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

2014  
0.0192277%

\$ 5,135,984

3,574,251  
\$ 8,710,235

\$ 12,097,591

42.45%

83.25%

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**ALVIN COMMUNITY COLLEGE**  
**SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE**  
**OF THE NET OPEB LIABILITY**  
**EMPLOYEES RETIREMENT SYSTEM OF TEXAS, (ERS)**  
**For the Year Ended August 31, 2019**

	Measurement Year	
	2018	2017
College's proportion of the net OPEB liability (asset)	0.0800138%	0.0823892%
College's proportionate share of the net OPEB liability (asset)	\$ 23,714,289	\$ 28,072,469
State's proportionate share of the net OPEB liability (asset) associated with the College	17,463,813	19,717,014
Total	<u>\$ 41,178,102</u>	<u>\$ 47,789,483</u>
College's covered payroll	\$ 17,378,476	\$ 15,866,657
College's proportionate share of the net OPEB liability as a percentage of its covered payroll	136%	177%
Plan fiduciary net position as a percentage of the total OPEB liability	1.27%	2.04%

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

**Notes to Required Supplementary Information**

Changes in assumptions for measurement year ended August 31, 2018 include (a) demographic assumptions (including rates of retirement, disability, termination, and mortality, and assumed salary increases) for Higher Education members, (b) discount rate increased from 3.51% to 3.96%, (c) percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence, (d) percentage of members assumed to be married and electing coverage for their spouse, and (e) assumptions for Expenses, Assumed Per Capita Health Benefit Costs and Health Benefit Cost Retiree Contribution, and Expense trends.

Changes in benefits terms since prior measurement year ended August, 31 2018 include (a) An increase in the out-of-pocket maximum for both HealthSelect and Consumer Directed HealthSelect for those HealthSelect retirees and dependents for whom Medicare is not primary.

Benefit payments include expenses directly related to the payment of benefits and are net of member contributions and Federal Revenues.

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

Last 10 Fiscal Years  
For the Year Ended August 31, 2019

	Fiscal Year			
	2019	2018	2017	2016
Contractually required contribution	\$ 633,412	\$ 580,282	\$ 589,585	\$ 554,591
Contributions in relations to the contractually required contribution	<u>633,412</u>	<u>580,282</u>	<u>589,585</u>	<u>554,591</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll	\$ 15,879,248	\$ 14,693,013	\$ 13,845,409	\$ 13,103,730
Contributions as a percentage of covered payroll	3.99%	3.95%	4.26%	4.23%

<b>Fiscal Year</b>					
<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
\$ 530,909	\$ 487,477	\$ 594,269	\$ 549,771	\$ 151,068	\$ 146,550
<u>530,909</u>	<u>487,477</u>	<u>594,269</u>	<u>549,771</u>	<u>151,068</u>	<u>146,550</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 13,147,582	\$ 12,097,591	\$ 9,120,208	\$ 8,718,199	\$ 9,119,391	\$ 8,409,367
4.04%	4.03%	6.52%	6.31%	1.66%	1.74%

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**ALVIN COMMUNITY COLLEGE**  
**SCHEDULE OF COLLEGE CONTRIBUTIONS**  
**EMPLOYEES RETIREMENT SYSTEM OF TEXAS, (ERS)**  
**For the Year Ended August 31, 2019**

	Fiscal Year*		
	2019	2018	2017
Statutorily or contractually required College contributions	\$ 2,345,186	\$ 2,324,369	\$ 771,844
Contributions recognized by OPEB in relation to statutorily or contractually required contributions	2,345,186	2,324,369	771,844
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll	\$ 17,769,223	\$ 17,378,476	\$ 15,866,657
Contributions as a percentage of covered payroll	13.20%	13.37%	4.86%

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

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***SUPPLEMENTAL SCHEDULES***

# ALVIN COMMUNITY COLLEGE

Schedule A

## SCHEDULE OF OPERATING REVENUES

For the Year Ended August 31, 2019

(With Memorandum Totals For the Year Ended August 31, 2018)

	2019			
	Educational Activities			Auxiliary
	Unrestricted	Restricted	Total	Enterprises
<b>Tuition</b>				
State funded courses:				
In-district resident tuition	\$ 2,290,526	\$ -	\$ 2,290,526	\$ -
Out-of-district resident tuition	4,699,558	-	4,699,558	-
TPEG - credit (set aside) *	229,602	-	229,602	-
Nonresident tuition	408,627	-	408,627	-
State funded continuing education	828,356	-	828,356	-
TPEG - noncredit (set aside) *	49,062	-	49,062	-
Nonstate funded continuing education	98,189	-	98,189	-
<b>Total Tuition</b>	8,603,920	-	8,603,920	-
<b>Fees</b>				
General fees	1,461,364	-	1,461,364	-
Student service fees	-	-	-	271,905
Laboratory fees	262,063	-	262,063	-
Building use fees	521,088	-	521,088	-
Technology fees	890,120	-	890,120	-
Security fees	-	-	-	277,829
Other fees	1,782	-	1,782	-
<b>Total Fees</b>	3,136,417	-	3,136,417	549,734
<b>Scholarship Allowances and Discounts</b>				
Remissions and exemptions - State	(1,260,871)	-	(1,260,871)	-
Remissions and exemptions - local	-	-	-	(7,422)
TPEG allowances	(278,664)	-	(278,664)	-
Federal grants to students	(1,746,996)	-	(1,746,996)	-
Other	(138,175)	-	(138,175)	-
<b>Total Scholarship Allowances and Discounts</b>	(3,424,706)	-	(3,424,706)	(7,422)
<b>Total Net Tuition and Fees</b>	8,315,631	-	8,315,631	542,312

<u>2019</u>			
<u>Total</u>		<u>2018</u>	
\$ 2,290,526		\$ 2,248,758	
4,699,558		4,846,431	
229,602		231,026	
408,627		386,632	
828,356		763,037	
49,062		44,702	
98,189		111,698	
<u>8,603,920</u>		<u>8,632,284</u>	
1,461,364		1,510,495	
271,905		253,606	
262,063		264,473	
521,088		534,376	
890,120		617,170	
277,829		260,555	
1,782		765	
<u>3,686,151</u>		<u>3,441,440</u>	
(1,260,871)		(1,253,545)	
(7,422)		(7,884)	
(278,664)		(275,728)	
(1,746,996)		(1,045,584)	
<u>(138,175)</u>		<u>(113,965)</u>	
<u>(3,432,128)</u>		<u>(2,696,706)</u>	
<u>8,857,943</u>		<u>9,377,018</u>	

**ALVIN COMMUNITY COLLEGE**  
**SCHEDULE OF OPERATING REVENUES, Continued**  
For the Year Ended August 31, 2019  
(With Memorandum Totals For the Year Ended August 31, 2018)

Schedule A

	2019			
	Educational Activities			Auxiliary Enterprises
	Unrestricted	Restricted	Total	
<b>Other Operating Revenues</b>				
Federal grants and contracts	\$ -	\$ 1,722,095	\$ 1,722,095	\$ -
State grants and contracts	-	617,808	617,808	-
Nongovernmental grants and contracts	-	18,064	18,064	-
<b>Total Other Operating Revenues</b>	-	2,357,967	2,357,967	-
<b>Auxiliary Enterprises</b>				
Bookstore	-	-	-	1,517,588
Scholarships allowances and discounts	-	-	-	(284,720)
<b>Net Bookstore</b>	-	-	-	1,232,868
Child care center	-	-	-	311,323
Food services	-	-	-	8,059
Fitness center	-	-	-	29,679
<b>Total Net Auxiliary Enterprises</b>	-	-	-	1,581,929
<b>Total Operating Revenues (Exhibit 2)</b>	<b>\$ 8,315,631</b>	<b>\$ 2,357,967</b>	<b>\$ 10,673,598</b>	<b>\$ 2,124,241</b>

\* In accordance with Texas Education Code 56.033, \$278,664 and \$275,728 of tuition was set aside for Texas Public Education Grants (TPEG) during fiscal years 2019 and 2018, respectively.

<u>2019</u>			
<u>Total</u>		<u>2018</u>	
\$ 1,722,095		\$ 1,414,292	
617,808		296,448	
18,064		15,351	
<u>2,357,967</u>		<u>1,726,091</u>	
1,517,588		1,729,180	
<u>(284,720)</u>		<u>(307,730)</u>	
1,232,868		1,421,450	
311,323		266,493	
8,059		8,986	
<u>29,679</u>		<u>40,435</u>	
<u>1,581,929</u>		<u>1,737,364</u>	
<u>\$ 12,797,839</u>		<u>\$ 12,840,473</u>	

**ALVIN COMMUNITY COLLEGE**  
**SCHEDULE OF OPERATING EXPENSES BY OBJECT**

Schedule B

For the Year Ended August 31, 2019

(With Memorandum Totals For the Year Ended August 31, 2018)

	2019			
	Educational Activities			Other Expenses
	Salaries and Wages	Benefits		
	State	Local		
<b>Unrestricted - Educational Activities</b>				
Instruction	\$ 11,811,694	\$ -	\$ 1,883,476	\$ 771,263
Public service	99,133	-	17,383	45,580
Academic support	2,962,642	-	472,308	2,053,446
Student services	2,533,933	-	403,973	611,262
Institutional support	2,947,083	-	493,872	1,812,737
Operation and maintenance of plant	1,142,586	-	348,762	2,008,853
<b>Total Unrestricted - Educational Activities</b>	21,497,071	-	3,619,774	7,303,141
<b>Restricted - Educational Activities</b>				
Instruction	626,855	1,032,666	139,393	585,643
Public service	-	8,667	-	-
Academic support	307,485	259,016	73,012	158,401
Student services	60,774	221,535	-	7,719
Institutional support	-	259,419	-	3,457
Scholarships and fellowships	-	-	-	3,969,815
<b>Total Restricted Educational Activities</b>	995,114	1,781,303	212,405	4,725,035
<b>Total Educational Activities</b>	22,492,185	1,781,303	3,832,179	12,028,176
Auxiliary enterprises	626,667	-	188,441	1,181,341
Depreciation expense - buildings and other real estate improvements	-	-	-	777,757
Depreciation expense - equipment and furniture	-	-	-	496,753
<b>Total Operating Expenses</b>	<b>\$ 23,118,852</b>	<b>\$ 1,781,303</b>	<b>\$ 4,020,620</b>	<b>\$ 14,484,027</b>

<u>2019</u>			
<u>Total</u>		<u>2018</u>	
\$ 14,466,433		\$ 14,553,341	
162,096		154,336	
5,488,396		5,444,643	
3,549,168		3,254,501	
5,253,692		5,156,698	
3,500,201		2,972,355	
<u>32,419,986</u>		<u>31,535,874</u>	
2,384,557		3,115,298	
8,667		18,597	
797,914		1,078,759	
290,028		661,716	
262,876		517,894	
3,969,815		4,540,643	
<u>7,713,857</u>		<u>9,932,907</u>	
40,133,843		41,468,781	
1,996,449		2,297,158	
777,757		728,818	
496,753		477,090	
<u>\$ 43,404,802</u>		<u>\$ 44,971,847</u>	

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

Schedule C

For the Year Ended August 31, 2019

(With Memorandum Totals For the Year Ended August 31, 2018)

	2019			
	Unrestricted	Restricted	Auxiliary Enterprises	Total
<b>Nonoperating Revenues</b>				
State appropriations:				
Education and general State support	\$ 7,933,237	\$ -	\$ -	\$ 7,933,237
State group insurance	-	1,781,880	-	1,781,880
State retirement matching	-	1,922,271	-	1,922,271
<b>Total State Appropriations</b>	7,933,237	3,704,151	-	11,637,388
Taxes for maintenance and operations	17,296,711	-	-	17,296,711
Taxes for debt service	-	1,608,969	-	1,608,969
Federal revenue, nonoperating	-	5,248,502	-	5,248,502
Investment income	151,191	722,765	44,433	918,389
Gain on disposal of capital assets	-	-	-	-
Other nonoperating revenues	668,710	-	-	668,710
<b>Total Nonoperating Revenues</b>	26,049,849	11,284,387	44,433	37,378,669
<b>Nonoperating Expenses</b>				
Interest and fiscal agent fees	1,274,737	-	-	1,274,737
Loss on disposal of capital assets	10,095	-	-	10,095
<b>Total Nonoperating Expenses</b>	1,284,832	-	-	1,284,832
<b>Nonoperating Revenues, Net</b>	<b>\$ 24,765,017</b>	<b>\$ 11,284,387</b>	<b>\$ 44,433</b>	<b>\$ 36,093,837</b>

**2018**

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\$	7,933,393
	1,704,633
	<u>1,483,006</u>
	11,121,032
	15,289,318
	1,603,153
	4,942,344
	222,288
	39,974
	<u>676,092</u>
	33,894,201
	729,324
	<u>-</u>
	<u>729,324</u>
\$	<u><u>33,164,877</u></u>

**ALVIN COMMUNITY COLLEGE**  
**SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY**  
For the Year Ended August 31, 2019

	Detail by Source			
	Unrestricted	Restricted		Capital Assets Net of Depreciation and Related Debt
		Expendable	Nonexpendable	
<b>Current</b>				
Unrestricted	\$ (25,942,818)	\$ -	\$ -	\$ -
Auxiliary	1,818,122	109,879	-	-
<b>Plant</b>				
Investment in plant	-	-	-	17,657,132
<b>Total Net Position, August 31, 2019</b>	(24,124,696)	109,879	-	17,657,132
Total net position, August 31, 2018	(28,351,119)	73,378	-	16,433,182
<b>Net Increase (Decrease) in Net Position</b>	<u>\$ 4,226,423</u>	<u>\$ 36,501</u>	<u>\$ -</u>	<u>\$ 1,223,950</u>

<u>Detail by Source</u>	<u>Available for Current Operations</u>	
<u>Total</u>	<u>Yes</u>	<u>No</u>
\$ (25,942,818)	\$ (25,942,818)	\$ -
1,928,001	1,928,001	-
<u>17,657,132</u>	<u>-</u>	<u>17,657,132</u>
(6,357,685)	(24,014,817)	17,657,132
<u>(11,844,559)</u>	<u>-</u>	<u>14,495,991</u>
<u>\$ 5,486,874</u>	<u>\$ (24,014,817)</u>	<u>\$ 3,161,141</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 3, 2019

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 and the discretely presented component unit of Alvin Community College (the "College"), as of and for the year ended August 31, 2019, 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 3, 2019.

**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.

## **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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2019.001.

## **College's Response to Findings**

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

## **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, 2019, 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

December 3, 2019

To the Board of Regents of  
Alvin Community College:

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

We have audited Alvin Community College's (the "College") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended August 31, 2019. The College's major federal 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 programs.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2019.

## **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2019.001. Our opinion on each major federal 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 District'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 program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2019.001, that we consider to be a significant deficiency.

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

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

*BELT HARRIS PECHACEK, LLLP*

Belt Harris Pechacek, LLLP  
Certified Public Accountants  
Houston, Texas

**ALVIN COMMUNITY COLLEGE**  
***SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS***  
**For the Year Ended August 31, 2019**

**None Noted.**

**ALVIN COMMUNITY COLLEGE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended August 31, 2019

**A. SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses an unmodified opinion on the basic financial statements of the College.
2. No significant deficiencies in internal control were disclosed by the audit of the basic financial statements.
3. No instances of noncompliance material to the basic financial statements were disclosed during the audit.
4. A significant deficiency in internal control over major federal award programs was disclosed by the audit.
5. The auditors' report on compliance for the major federal award programs expresses an unmodified opinion.

6. Major programs included:

<u>Name of Federal Program</u>	<u>Federal CFDA Number</u>
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

7. 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.

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

None

**C. FINDINGS – FEDERAL AWARDS**

**Significant Deficiency:**

**2019.001 – RETURN OF TITLE IV FUNDS**

**Federal Program:** Student Financial Assistance Cluster

**Federal Agency:** Department of Education

**CFDA:** 84.007, 84.063, 84.268

**Compliance requirements:** Special tests and Provisions

**Type of Finding:** Significant deficiency in internal control over compliance and noncompliance.

Criteria: When a recipient of Title IV grant or loan assistance withdraws from the College during a payment period/period of enrollment, the College must determine the amount of Title IV aid earned by the student as of the student's withdrawal date. If the total amount of the Title IV assistance earned by the student is less than the amount that was disbursed to the student as of the date of the College's determination that the student withdrew, the difference must be returned to the Title IV programs as outlined by the U.S. Department of Education. The College is responsible for accurately calculating returns of Title IV funds and the timely return of the applicable amounts determined in the calculations.

**ALVIN COMMUNITY COLLEGE**  
***SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)***  
**For the Year Ended August 31, 2019**

Condition: It was noted during the testing of Return of Title IV Funds that 7 out of the 40 samples tested appeared to have incorrect calculations or questionable amounts.

Effect: The College's was not in compliance with the calculation requirements for 7 of the 40 samples tested which resulted in an underpayment of \$1,748.36 of Return to Title IV funds. This is considered immaterial to the Student Financial Assistance Cluster and the basic financial statements of the College.

Cause: The calculation variances were either due to the incorrect withdraw date being used, lack of support for the withdraw date that was used, or the inconsistent application of institutional charges.

Question costs: \$1,748.36 of costs are questioned as a result of the finding.

Context: A test of 40 calculations from a population of 261 was performed. 7 out of the 40 calculations, or 17.50 percent, had incorrect calculations or questionable amounts. The total disbursements related to the Return to Title IV population was \$458,153 for the reporting period. Our sample was a statistically valid sample.

Recommendation: The College should implement procedures that require the second review of both the withdraw date and the related calculations of Return to Title IV funds. In addition, the College should create documented procedures that outline the specific charges, for each situation (i.e. on-line courses, traditional courses, etc.), that will be included in the amount of institutional charges used in the calculations.

Views of responsible officials and planned corrective action: see corrective action plan.



## Corrective Action Plan

December 3, 2019

### Finding

2019-001. Return of Title IV Funds

### Response

A new Vice President for Student Services and Director of Financial Aid were hired in late spring and summer of 2019. As part of a new review of all processes and procedures related to the financial aid program, it was discovered that calculations for Return of Title IV funds was problematic. Consequently, the following new processes were immediately put in place for new recalculations:

1. The manual recalculation of aid process formerly in place was automated in the Student Information System (Datatel/Colleague).
2. The financial aid staff member charged with the R2T4 recalculations received additional training and instructions to serve as a back-up auditor for the newly automated process to ensure recalculations are correct.
3. A recalculation process chart will be created to aid staff members in determining the appropriate recalculation based on the different types of enrollment terms (i.e. 16 weeks, mini-sessions, summer etc.).

The Director of Financial Aid and the Vice President for Student Services will continue to monitor the recalculation of aid process to ensure immediate correction of recalculation errors should they occur again in the future.

### Anticipated Completion Date

December 4, 2019

### Contact Person

Gabriela Leon, Director of Financial Aid.

**ALVIN COMMUNITY COLLEGE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended August 31, 2019

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass-Through Disbursements
<u>National Science Foundation</u>			
Pass-Through From:			
University of Houston:			
IUSE: HER: From Discovery to Market	47.076	R-18-0008	\$ 27,736
<b>Total National Science Foundation</b>			<u>27,736</u>
<u>U.S. Department of Education</u>			
Direct Programs:			
Student Financial Assistance Cluster:			
Federal Supplemental Educational Opportunity Grants	84.007	P007A183951	183,904
Federal Work-Study Program	84.033	P033A183951	55,347
Federal Pell Grant Program	84.063	P063P182256	3,939,562
Federal Direct Student Loans	84.268	P268K192256	952,593
Higher Education Institutional Aid (STEM Grant)	84.031C	P031C160219	825,516
TRIO Cluster:			
TRIO Upward Bound	84.047	P047A170605	337,737
Pass-Through From:			
Texas Higher Education Coordinating Board:			
Career & Technical Education - Basic Grants to States	84.048	67120001	128,946
<b>Total U.S. Department of Education</b>			<u>6,423,605</u>
<u>U.S. Department of Housing and Urban Development</u>			
Pass-Through From:			
Brazoria County:			
Community Development Block Grants/Entitlement Grants	14.218	B-18-UC-48-0005	3,500
<b>Total U.S. Department of Housing and Urban Development</b>			<u>3,500</u>
<u>U.S. Department of Homeland Security</u>			
Pass-Through From:			
Texas Department of Public Safety			
Public Assistance Grant - Hurricane Harvey	97.036	FEMA-5332-DR-TX	114,396
<b>Total U.S. Department of Homeland Security</b>			<u>114,396</u>
<u>U.S. Department of Labor</u>			
Pass-Through From:			
Texas Workforce Commission:			
Wagner Peyser	17.207	2818WPB002	328,810
Building Construction Trades Training Demonstration Project	17.258	2817WOS004	66,376
National Dislocated Worker Disaster Grant Project	17.277	2818NDW002	330
Workforce Solutions			
Careers in Texas Industries	93.558	WFSETC120680	3,146
<b>Total U.S. Department of Labor</b>			<u>398,662</u>
<b>Total Expenditures of Federal Awards</b>			6,967,899
Veterans Administration Chapter Benefits			2,698
<b>Total Federal Revenues</b>			<u>\$ 6,970,597</u>

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, 2019

Schedule F

<u>Grantor Agency/Program Title</u>	<u>Grant Contract Number</u>	<u>Expenditures</u>
Texas Higher Education Coordinating Board:		
Educational Aide	9138045M	\$ 9,521
Mentorship Program	9141690M	5,520
Nursing Shortage Reduction Grant FY2017	9116664M	45,543
Nursing Shortage Reduction Grant FY2019	9142111M	14,077
Texas College Work Study	9141628M	2,052
TEOG formerly Texas Grant II	9141712M	185,360
<b>Total Texas Higher Education Coordinating Board</b>		<u>262,073</u>
Texas Workforce Commission:		
Texas Fast Start Program IV	2817GRF000	130,916
Skills Development Fund Cluster:		
Partnership with Ascend Performance Materials, Inc.	2816SDF005	(1,635)
JET Grant Nursing	2817JET002	226,454
<b>Total Texas Workforce Commission</b>		<u>355,735</u>
<b>Total Expenditures of State Awards</b>		<u>\$ 617,808</u>

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

**ALVIN COMMUNITY COLLEGE**  
**NOTES TO SCHEDULES OF EXPENDITURES**  
**OF FEDERAL AND STATE AWARDS**  
**For the Year Ended August 31, 2019**

**1. FEDERAL ASSISTANCE RECONCILIATION**

Federal revenues:

Federal grants and contracts - per Schedule A	\$ 1,722,095
Federal revenue, nonoperating - per Schedule C	<u>5,248,502</u>
<b>Total Federal Revenues</b>	<b><u>\$ 6,970,597</u></b>

**2. 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 financial assistance programs of the College for the year ended August 31, 2019. 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 2019. The expenditures reported previously may not have been reimbursed by the funding agencies as of the end of fiscal year 2019. 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.

**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 Fiscal Years Ended August 31,			
	2019	2018	2017	2016
Primary government				
Net investment in capital assets	\$ 17,657	\$ 16,433	\$ 15,105	\$ 14,177
Restricted - expendable	110	73	191	243
Unrestricted	(24,125)	(28,351)	(29,713)	1,890
<b>Total Primary Government</b>				
<b>Net Position</b>	<u>\$ (6,358)</u>	<u>\$ (11,845)</u>	<u>\$ (14,417)</u>	<u>\$ 16,310</u>

**For the Fiscal Years Ended August 31,**

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 14,102	\$ 14,382	\$ 14,160	\$ 14,325	\$ 13,714	\$ 14,102
244	325	320	320	349	237
58	(413)	5,122	5,934	5,339	6,550
\$ 14,404	\$ 14,294	\$ 19,602	\$ 20,579	\$ 19,402	\$ 20,889

# ALVIN COMMUNITY COLLEGE

SS-2

## REVENUES BY SOURCE

Last Ten Fiscal Years

For the Fiscal Years Ended August 31, (amounts expressed in thousands)				
	2019	2018	2017	2016
<b>Operating Revenues:</b>				
Tuition and fees (net of discounts)	\$ 8,858	\$ 9,377	\$ 10,952	\$ 9,966
Governmental grants and contracts				
Federal grants and contract	1,593	1,414	827	302
State grants and contracts	618	296	1,833	1,045
Nongovernmental grants and contracts	18	15	34	62
Sales and services of educational revenues				
Auxiliary enterprises	1,582	1,737	1,611	1,942
Other operating revenues	-	-	-	-
<b>Total Operating Revenues</b>	12,669	12,839	15,257	13,317
<b>Nonoperating Revenues:</b>				
State appropriations	11,637	11,121	9,319	9,403
Ad valorem taxes	18,906	16,892	16,280	15,735
Federal revenue, nonoperating	5,377	4,942	5,247	4,841
Gifts	-	-	-	-
Investment income	918	222	102	47
Other nonoperating revenues	668	676	607	720
<b>Total Nonoperating Revenues</b>	37,506	33,853	31,555	30,746
<b>Total Primary Government Program Revenues</b>	\$ 50,175	\$ 46,692	\$ 46,812	\$ 44,063

For the Fiscal Years Ended August 31, (amounts expressed in percentages)				
	2019	2018	2017	2016
<b>Operating Revenues:</b>				
Tuition and fees (net of discounts)	17.65%	20.08%	23.40%	22.62%
Governmental grants and contracts				
Federal grants and contract	3.17%	3.03%	1.77%	0.69%
State grants and contracts	1.23%	0.63%	3.92%	2.37%
Local grants and contracts	0.00%	0.00%	0.00%	0.00%
Non-governmental grants and contracts	0.04%	0.03%	0.07%	0.14%
Sales and services of educational revenues				
Auxiliary enterprises	3.15%	3.72%	3.44%	4.41%
Other operating revenues	0.00%	0.00%	0.00%	0.00%
<b>Total Operating Revenues</b>	25.25%	27.50%	32.59%	30.22%
<b>Nonoperating Revenues:</b>				
State appropriations	23.19%	23.82%	19.91%	21.34%
Ad valorem taxes	37.68%	36.18%	34.78%	35.71%
Federal revenue, nonoperating	10.72%	10.58%	11.21%	10.99%
Gifts	0.00%	0.00%	0.00%	0.00%
Investment income	1.83%	0.48%	0.22%	0.11%
Other nonoperating revenues	1.33%	1.45%	1.30%	1.63%
<b>Total Nonoperating Revenues</b>	74.75%	72.50%	67.41%	69.78%
<b>Total Primary Government Program Revenues</b>	100.00%	100.00%	100.00%	100.00%

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

2015	2014	2013	2012	2011	2010
\$ 10,107	\$ 10,253	\$ 9,096	\$ 9,482	\$ 8,541	\$ 7,872
297	423	420	399	596	1,485
1,678	1,861	266	1,690	1,190	1,007
34	12	5	1	4	105
1,901	1,919	1,986	1,756	1,971	1,944
-	-	-	-	24	25
<u>14,017</u>	<u>14,468</u>	<u>11,773</u>	<u>13,328</u>	<u>12,326</u>	<u>12,438</u>
9,299	9,208	8,360	9,128	10,323	10,323
14,644	13,109	12,274	11,887	11,575	11,881
4,230	4,424	4,942	5,423	5,612	3,416
-	-	-	-	-	156
23	18	16	17	19	28
699	612	677	692	577	785
<u>28,895</u>	<u>27,371</u>	<u>26,269</u>	<u>27,147</u>	<u>28,106</u>	<u>26,589</u>
<u>\$ 42,912</u>	<u>\$ 41,839</u>	<u>\$ 38,042</u>	<u>\$ 40,475</u>	<u>\$ 40,432</u>	<u>\$ 39,027</u>

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

2015	2014	2013	2012	2011	2010
23.55%	24.51%	23.91%	23.43%	21.12%	20.17%
0.69%	1.01%	1.10%	0.99%	1.47%	3.81%
3.91%	4.45%	0.70%	4.18%	2.94%	2.58%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.08%	0.03%	0.01%	0.00%	0.01%	0.27%
4.43%	4.59%	5.22%	4.34%	4.87%	4.98%
0.00%	0.00%	0.00%	0.00%	0.06%	0.06%
<u>32.66%</u>	<u>34.58%</u>	<u>30.95%</u>	<u>32.93%</u>	<u>30.49%</u>	<u>31.87%</u>
21.67%	22.01%	21.98%	22.55%	25.53%	26.45%
34.13%	31.33%	32.26%	29.37%	28.63%	30.44%
9.86%	10.57%	12.99%	13.40%	13.88%	8.75%
0.00%	0.00%	0.00%	0.00%	0.00%	0.40%
0.05%	0.04%	0.04%	0.04%	0.05%	0.07%
1.63%	1.46%	1.78%	1.71%	1.43%	2.01%
<u>67.34%</u>	<u>65.42%</u>	<u>69.05%</u>	<u>67.07%</u>	<u>69.51%</u>	<u>68.13%</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 Fiscal Years Ended August 31, (amounts expressed in thousands)				
	2019	2018	2017	2016
<b>Operating Expenses:</b>				
Instruction	\$ 16,667	\$ 17,669	\$ 18,241	\$ 17,067
Public service	171	173	188	173
Academic support	6,280	6,523	5,531	5,991
Student services	4,035	3,916	3,390	2,704
Institutional support	5,511	5,675	5,348	4,967
Operation and maintenance of plant	3,499	2,972	3,154	2,756
Scholarships and fellowships	3,970	4,541	5,156	4,707
Auxiliary enterprises	1,996	2,297	2,040	2,083
Depreciation	1,275	1,206	1,209	1,170
<b>Total Operating Expenses</b>	43,404	44,972	44,257	41,618
<b>Nonoperating Expenses:</b>				
Amortization of issuance costs	-	-	-	-
Interest on capital related debt	1,275	729	463	497
Loss on disposal of capital assets	10	(40)	49	43
<b>Total Nonoperating Expenses</b>	1,275	689	512	540
<b>Total Expenses</b>	\$ 44,679	\$ 45,661	\$ 44,769	\$ 42,158

For the Fiscal Years Ended August 31, (amounts expressed in percentages)				
	2019	2018	2017	2016
<b>Operating Expenses:</b>				
Instruction	37.30%	38.70%	40.74%	40.48%
Public service	0.38%	0.38%	0.42%	0.41%
Academic support	14.06%	14.29%	12.35%	14.21%
Student services	9.03%	8.58%	7.57%	6.41%
Institutional support	12.33%	12.43%	11.95%	11.78%
Operation and maintenance of plant	7.83%	6.51%	7.05%	6.54%
Scholarships and fellowships	8.89%	9.95%	11.52%	11.17%
Auxiliary enterprises	4.47%	5.03%	4.56%	4.94%
Depreciation	2.85%	2.64%	2.70%	2.78%
<b>Total Operating Expenses</b>	97.15%	98.49%	98.86%	98.72%
<b>Nonoperating Expenses:</b>				
Amortization of issuance costs	0.00%	0.00%	0.00%	0.00%
Interest on capital related debt	2.85%	1.60%	1.03%	1.18%
Loss on disposal of capital assets		-0.09%	0.11%	0.00%
<b>Total Nonoperating Expenses</b>	2.85%	1.51%	1.14%	1.18%
<b>Total Expenses</b>	100.00%	100.00%	100.00%	99.90%

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

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 17,959	\$ 17,506	\$ 15,217	\$ 15,687	\$ 16,549	\$ 17,031
167	162	165	155	144	139
4,793	4,696	4,545	3,818	3,555	3,973
2,596	2,527	2,459	2,518	2,489	2,444
6,291	4,823	3,849	3,763	4,171	3,764
3,204	3,110	3,939	4,306	4,526	4,770
4,008	4,437	4,962	5,264	5,308	3,120
2,135	2,118	2,117	1,977	2,240	2,569
1,145	1,138	1,147	1,138	1,102	1,110
42,298	40,517	38,400	38,626	40,084	38,920
-	-	-	-	11	-
496	539	619	670	801	823
-	-	-	-	-	-
496	539	619	670	812	823
\$ 42,794	\$ 41,056	\$ 39,019	\$ 39,296	\$ 40,896	\$ 39,743

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

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
41.97%	42.64%	39.00%	39.92%	40.47%	42.85%
0.39%	0.39%	0.42%	0.39%	0.35%	0.35%
11.20%	11.44%	11.65%	9.72%	8.69%	10.00%
6.07%	6.16%	6.30%	6.41%	6.09%	6.15%
14.70%	11.75%	9.86%	9.58%	10.20%	9.47%
7.49%	7.58%	10.10%	10.96%	11.07%	12.00%
9.37%	10.81%	12.72%	13.40%	12.98%	7.85%
4.99%	5.16%	5.43%	5.03%	5.48%	6.46%
2.68%	2.77%	2.94%	2.90%	2.69%	2.79%
98.84%	98.69%	98.41%	98.29%	98.01%	97.93%
0.00%	0.00%	0.00%	0.00%	0.03%	0.00%
1.16%	1.31%	1.59%	1.71%	1.96%	2.07%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.16%	1.31%	1.59%	1.71%	1.99%	2.07%
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

# ALVIN COMMUNITY COLLEGE

## TUITION AND FEES

Last Ten Academic Years

Academic Year (Fall)	Resident Fees per Semester Credit Hour (SCH)			Resident Fees per Semester		
	In-District Tuition	Out-of- District Tuition	General Service Fee	Registration Fee (per Student)	Technology Fee	Student Activity Fee
2018	\$ 46	\$ 92	\$ 7	\$ 30	\$ 89	\$ 30
2017	\$ 46	\$ 92	\$ 7	\$ 30	\$ 60	\$ 30
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

Academic Year (Fall)	Resident Fees per Semester Credit Hour (SCH)			Resident Fees per Semester		
	Non-Resident Tuition Out of State	Non-Resident Tuition International	General Service Fee	Registration Fee (per Student)	Technology Fee	Student Activity Fee
2018	\$ 140	\$ 140	\$ 7	\$ 30	\$ 89	\$ 30
2017	\$ 140	\$ 140	\$ 7	\$ 30	\$ 60	\$ 30
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

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

<b>Resident 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>
\$ 30	\$ 15	\$ 10	\$ 840	\$ 1,392	3.58%	2.13%
\$ 30	\$ 15	\$ 10	\$ 811	\$ 1,363	3.84%	3.18%
\$ 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	108.75%	113.59%

<b>Resident 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>
\$ 30	\$ 15	\$ 10	\$ 1,968	\$ 1,968	1.50%	1.50%
\$ 30	\$ 15	\$ 10	\$ 1,939	\$ 1,939	0.94%	0.94%
\$ 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	101.37%	101.37%

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

(Amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Assessed Valuation of Property</u>	<u>Less Exemptions</u>	<u>Taxable Assessed Value (TAV)</u>	<u>Ratio of Taxable Assessed Value to Assessed Value</u>
2018-19	\$ 11,170,890	\$ 1,170,942	\$ 9,999,948	89.52%
2017-18	\$ 10,011,248	\$ 736,327	\$ 9,274,921	92.65%
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%

Source: Local Appraisal District

Notes: Property is assessed at full market value.

(a) per \$100 Taxable Assessed Valuation

**Direct Rate**

---

<b>Maintenance &amp; Operations (a)</b>	<b>Debt Service (a)</b>	<b>Total (a)</b>
\$ 0.171802	\$ 0.015973	\$ 0.187775
\$ 0.163608	\$ 0.017142	\$ 0.180750
\$ 0.172848	\$ 0.018896	\$ 0.191744
\$ 0.182979	\$ 0.021030	\$ 0.204009
\$ 0.173798	\$ 0.025687	\$ 0.199485
\$ 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

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

<b>Fiscal Year</b>	<b>Appropriation per FTSE</b>			<b>Appropriation per Contact Hour</b>
	<b>State Appropriation</b>	<b>FTSE (a)</b>	<b>State Appropriation per FTSE</b>	<b>Academic Contact Hours (a)</b>
2018-19	\$ 11,637	\$ 7,209	\$ 1,614	1,446
2017-18	\$ 11,121	\$ 7,859	\$ 1,415	1,431
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

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 Contact Hours (a)</u>	<u>Total Contact Hours</u>	<u>State Appropriation per Contact Hour</u>
699	2,145	\$ 5.43
734	2,165	5.14
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

# ALVIN COMMUNITY COLLEGE

## PRINCIPAL TAXPAYERS

Last Ten Tax Years

Taxpayer	Type of Business	Year (amounts expressed in thousands)		
		2019	2018	2017
Ineos USA LLC	petrochemical	\$ 374,362	\$ 46,257	\$ 415,081
Ineos Olefins & Polymers	petrochemical	520,187	479,619	-
Denbury Onshore LLC	oil & gas	235,113	179,570	168,085
Ascend Performance Materials	manufacturing	97,119	91,141	95,638
Equistar Chemicals LP	petrochemical	-	-	-
Novus International Inc	agriculture	-	40,002	41,308
Schlumberger Well Svcs	oilfield services	41,730	46,117	47,116
Center Point Energy	utility	57,560	51,952	47,427
Huntsman Petrochemical Corp	petrochemical	-	-	-
Cyanco International	manufacturing	50,977	52,284	53,625
Amreit SPF Shadow Creek LP	investment	86,133	66,511	83,833
UVN-TIC LLC ETAL	real estate	-	-	35,450
Pearland Investments LTD PRT	real estate	-	-	-
Pearland Town Center LP	investment	95,033	92,489	89,000
Team Services Inc.	manufacturing	-	37,162	30,878
Pearland Multifamily DST	real estate	-	30,000	33,624
Shadow Creek Apartments LLC	real estate	35,989	32,500	35,971
Dune Operating Company	oil & gas	-	-	-
12400 Shadow Creek Parkway LLC	real estate	-	-	-
Discovery Shadow Creek Owner	real estate	-	35,126	37,578
Shadow Kirby LTD	real estate	-	-	-
Weatherford US LP	oil & gas	-	-	-
Energyquest Inc.	utility	-	-	-
BNSF Railway Co.	transportation	-	-	-
Texas New Mexico Power Co.	utility	-	-	-
Argent Energy	utility	-	-	-
Rice-Tec Inc.	agriculture	-	-	-
Shadow Creek Phase II	real estate	-	-	-
MAR Shadow Creek LP	real estate	58,900	57,306	57,481
MRP Radius Shadow Creek LLC	real estate	-	-	-
Schlumberger Technology Corp.	production	-	-	-
DD SCR V LLC	investment	33,419	37,000	46,406
DD SCR VI LLC	investment	47,557	-	-
W-F&B 11900 Shadow Creek Owner VIII LP	real estate	36,247	35,250	38,420
Goodgarden Owner GP	investment	39,850	38,500	38,141
Brazoria-SCR Assoc LLC & SC Assoc	real estate	36,070	35,843	36,453
Southfork Lake LLC	real estate	35,900	34,245	-
Pearland IL Group LP	real estate	-	-	25,500
Seaway Crude Pipeline Company LLC	production	51,111	-	-
SPUS8 Shadow Creek	real estate	35,903	-	-
Team Industrial Services Inc	manufacturing	35,579	-	-
<b>Totals</b>		<u>\$ 2,004,739</u>	<u>\$ 1,518,874</u>	<u>\$ 1,457,015</u>
<b>Total Taxable Assessed Value</b>		<u>\$ 9,999,948</u>	<u>\$ 9,274,921</u>	<u>\$ 8,434,068</u>

**Year**  
**(amounts expressed in thousands)**

<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
\$ 426,518	\$ 469,884	\$ 401,327	\$ 401,327	\$ 371,419	\$ 419,543	\$ 442,249
-	-	-	-	-	-	-
139,588	250,781	381,509	381,509	302,544	116,260	103,859
76,124	75,566	77,754	77,754	77,403	94,886	82,367
-	-	-	-	16,484	-	-
46,146	49,544	46,013	46,013	49,610	54,451	55,390
48,297	51,229	51,529	51,529	33,614	32,614	37,026
45,146	41,579	42,514	42,514	41,357	37,008	36,014
22,131	29,086	41,872	41,872	47,690	47,405	58,560
53,625	53,625	61,875	61,875	40,500	-	-
68,227	48,319	48,188	48,188	47,959	43,672	41,007
32,195	-	-	-	-	-	-
-	-	-	-	-	21,155	31,697
80,701	70,769	69,086	69,086	66,757	68,763	66,933
29,351	29,334	22,377	22,377	50,523	20,724	-
30,574	39,771	24,206	24,206	-	-	-
35,219	29,900	23,746	23,746	-	-	-
-	-	-	-	-	29,759	-
35,701	29,000	27,100	27,100	27,100	28,229	-
34,401	27,934	26,780	26,780	25,330	26,392	-
33,000	28,500	25,000	25,000	25,000	25,000	-
23,680	23,805	23,971	23,971	30,530	22,985	-
-	-	-	-	-	19,883	-
-	-	-	-	19,015	18,140	-
23,092	-	20,910	20,910	19,196	16,493	-
-	-	-	-	18,209	-	-
-	-	-	-	17,033	16,434	-
-	-	20,605	20,605	-	-	-
53,085	44,000	-	-	-	-	-
-	24,155	-	-	-	-	-
-	27,041	21,926	21,926	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 1,336,801</u>	<u>\$ 1,443,822</u>	<u>\$ 1,458,288</u>	<u>\$ 1,458,288</u>	<u>\$ 1,327,273</u>	<u>\$ 1,159,796</u>	<u>\$ 955,102</u>
<u>\$ 7,613,845</u>	<u>\$ 7,131,405</u>	<u>\$ 6,506,076</u>	<u>\$ 6,059,354</u>	<u>\$ 5,338,497</u>	<u>\$ 5,854,551</u>	<u>\$ 5,989,401</u>

# ALVIN COMMUNITY COLLEGE

SS-7

## PRINCIPAL TAXPAYERS

Last Ten Tax Years

Taxpayer	Type of Business	Year		
		2019	2018	2017
Ineos USA LLC	petrochemical	3.74%	0.50%	4.92%
Ineos Olefins & Polymers	petrochemical	5.22%	5.17%	0.00%
Denbury Onshore LLC	oil & gas exploration	2.35%	1.94%	1.99%
Ascend Performance Materials	manufacturing	0.97%	0.98%	1.13%
Equistar Chemicals LP	petrochemical	0.00%	0.00%	0.00%
Novus International Inc	agriculture	0.00%	0.43%	0.49%
Schlumberger Well Svcs	oilfield services	0.42%	0.50%	0.56%
Center Point Energy	utility	0.58%	0.56%	0.56%
Huntsman Petrochemical Corp	petrochemical	0.00%	0.00%	0.00%
Cyanco International	manufacturing	0.51%	0.56%	0.64%
Amreit SPF Shadow Creek LP	investment	0.86%	0.72%	0.99%
UVN-TIC LLC ETAL	real estate	0.00%	0.00%	0.42%
Pearland Investments LTD PRT	real estate	0.00%	0.00%	0.00%
Pearland Town Center LP	investment	0.95%	1.00%	1.06%
Team Services Inc.	manufacturing	0.00%	0.40%	0.37%
Pearland Multifamily DST	real estate	0.00%	0.32%	0.40%
Shadow Creek Apartments LLC	real estate	0.36%	0.35%	0.43%
Dune Operating Company	oil & gas	0.00%	0.00%	0.00%
12400 Shadow Creek Parkway LLC	real estate	0.00%	0.00%	0.00%
Discovery Shadow Creek Owner	real estate	0.00%	0.38%	0.45%
Shadow Kirby LTD	real estate	0.00%	0.00%	0.00%
Weatherford US LP	oil & gas	0.00%	0.00%	0.00%
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%	0.00%	0.00%
Argent Energy	utility	0.00%	0.00%	0.00%
Rice-Tec Inc.	agriculture	0.00%	0.00%	0.00%
Shadow Creek Phase II	real estate	0.00%	0.00%	0.00%
MAR Shadow Creek LP	real estate	0.59%	0.62%	0.68%
MRP Radius Shadow Creek LLC	real estate	0.00%	0.00%	0.00%
Schlumberger Technology Corp.	exploration/production	0.00%	0.00%	0.00%
DD SCR V LLC	investment	0.33%	0.40%	0.55%
DD SCR VI LLC	investment	0.48%	0.00%	0.00%
W-F&B 11900 Shadow Creek Owner VIII LP	real estate	0.36%	0.38%	0.46%
Goodgarden Owner GP	investment	0.40%	0.42%	0.45%
Brazoria-SCR Assoc LLC & SC Assoc	real estate	0.36%	0.39%	0.43%
Southfork Lake LLC	real estate	0.36%	0.37%	0.00%
Pearland IL Group LP	real estate	0.00%	0.00%	0.30%
Seaway Crude Pipeline Company LLC	exploration/production	0.51%	0.00%	0.00%
SPUS8 Shadow Creek	real estate	0.36%	0.00%	0.00%
Team Industrial Services Inc	manufacturing	0.36%	0.00%	0.00%
		18.84%	16.38%	17.28%



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# ALVIN COMMUNITY COLLEGE

## PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years  
(amounts expressed in thousands)

<u>Fiscal Year Ended August 31</u>	<u>Total Tax Levy (a)</u>	<u>Collections Current Levy (b)</u>	<u>Percentage</u>	<u>Current Collections of Prior Levies (b)</u>	<u>Total Collections (c)</u>	<u>Percentage of Current Levy</u>
2019	\$ 18,777	\$ 18,579	98.95%	\$ -	\$ 18,579	98.95%
2018	\$ 16,768	\$ 16,586	98.91%	\$ 107	\$ 16,693	99.55%
2017	\$ 16,173	\$ 15,994	98.89%	\$ 42	\$ 16,036	99.15%
2016	\$ 15,537	\$ 15,377	98.97%	\$ 17	\$ 15,394	99.08%
2015	\$ 14,516	\$ 14,341	98.79%	\$ 15	\$ 14,356	98.90%
2014	\$ 12,986	\$ 12,832	98.81%	\$ 4	\$ 12,836	98.84%
2013	\$ 12,119	\$ 12,040	99.35%	\$ (2)	\$ 12,038	99.33%
2012	\$ 11,764	\$ 11,710	99.54%	\$ 1	\$ 11,711	99.55%
2011	\$ 11,435	\$ 11,392	99.62%	\$ 1	\$ 11,393	99.63%
2010	\$ 11,722	\$ 11,697	99.79%	\$ 4	\$ 11,701	99.82%

Source: Local Tax Assessor/Collector and District records

(a) As of August 31

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

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

# ALVIN COMMUNITY COLLEGE

SS-9

## RATIOS OF OUTSTANDING DEBT

Last Ten Fiscal Years

	For the Years Ended August 31, (amounts expressed in thousands)			
	2019	2018	2017	2016
General Bonded Debt:				
General obligation bonds	\$ 8,745	\$ 9,955	\$ 11,125	\$ 12,255
Less: Funds restricted for debt service	(1,609)	(1,603)	(1,603)	(1,624)
Net general bonded debt	7,136	8,352	9,522	10,631
Notes	21,870	22,565	-	-
Capital leases	-	-	12	23
<b>Total Outstanding Debt</b>	<b>\$ 29,006</b>	<b>\$ 30,917</b>	<b>\$ 9,534</b>	<b>\$ 10,654</b>
General Bonded Debt Ratios:				
As a percentage of Taxable Assessed Value	0.07%	0.09%	0.11%	0.14%
Total Outstanding Debt Ratios:				
Per capita	\$ 967	\$ 1,031	\$ 27	\$ 31
Per student	\$ 4,144	\$ 4,417	\$ 1,362	\$ 1,372
As a percentage of Taxable Assessed Value	290.06%	0.33%	0.11%	0.14%

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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 13,350	\$ 14,380	\$ 15,305	\$ 16,160	\$ 16,960	\$ 17,615
(1,585)	(1,523)	(1,513)	(1,528)	(1,444)	(1,399)
<u>11,765</u>	<u>12,857</u>	<u>13,792</u>	<u>14,632</u>	<u>15,516</u>	<u>16,216</u>
-	-	-	-	-	-
34	44	-	-	-	-
<u>\$ 11,799</u>	<u>\$ 12,901</u>	<u>\$ 13,792</u>	<u>\$ 14,632</u>	<u>\$ 15,516</u>	<u>\$ 16,216</u>

0.16%	0.20%	0.23%	0.25%	0.27%	0.28%
-------	-------	-------	-------	-------	-------

\$ 35	\$ 39	\$ 42	\$ 46	\$ 50	\$ 52
\$ 1,636	\$ 1,705	\$ 1,864	\$ 1,935	\$ 2,036	\$ 2,082
0.17%	0.20%	0.23%	0.25%	0.27%	0.28%

# ALVIN COMMUNITY COLLEGE

SS-10

## LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

	For the Years Ended August 31, (amounts expressed in thousands)			
	2019	2018	2017	2016
Taxable Assessed Value	\$ 9,999,948	\$ 9,274,921	\$ 8,434,068	\$ 7,615,957
General Obligation Bonds:				
Statutory tax levy limit for debt service	50,000	46,375	42,170	38,080
Less: Funds restricted for repayment of general obligation bonds	(1,609)	(1,603)	(1,603)	(1,624)
<b>Total Net General Obligation Debt</b>	<u>48,391</u>	<u>44,772</u>	<u>40,567</u>	<u>36,456</u>
Current Year Debt Service Requirements	1905	1596	1595	1595
Excess of Statutory Limit for Debt Service over Current Requirements	<u>\$ 46,486</u>	<u>\$ 43,176</u>	<u>\$ 38,972</u>	<u>\$ 34,861</u>
Net Current Requirements as a % of Statutory Limit	0.04%	0.03%	0.04%	0.04%

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

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

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 7,131,405	\$ 6,506,076	\$ 6,059,354	\$ 5,888,930	\$ 5,711,333	\$ 5,861,195
35,657	32,530	30,297	29,445	28,557	29,306
<u>(1,585)</u>	<u>(1,523)</u>	<u>(1,513)</u>	<u>(1,528)</u>	<u>(1,444)</u>	<u>(1,399)</u>
<u>34,072</u>	<u>31,007</u>	<u>28,784</u>	<u>27,917</u>	<u>27,113</u>	<u>27,907</u>
<u>1567</u>	<u>1501</u>	<u>1443</u>	<u>1405</u>	<u>1456</u>	<u>1403</u>
<u>\$ 32,505</u>	<u>\$ 29,506</u>	<u>\$ 27,341</u>	<u>\$ 26,512</u>	<u>\$ 25,657</u>	<u>\$ 26,504</u>
0.04%	0.05%	0.05%	0.05%	0.05%	0.05%

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

SS-11

Year	District Population	District Personal Income (a) (in Thousands)	District Personal Income Per Capita	District Unemployment Rate
2018	370,200	\$ (a)	\$ (a)	4.5%
2017	362,457	\$ 16,645,867	\$ 45,925	5.3% *
2016	354,195	\$ 15,528,652	\$ 43,842	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%

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

SS-12

## PRINCIPAL EMPLOYERS

Current Fiscal Year

<u>Employer</u>	<u>Employees (1)</u>	<u>Employment (2)</u>
Alvin Independent School District	2,520	2.88%
Empereon Constar	700	0.80%
Alvin Community College	545	0.62%
Wal-Mart Associates	520	0.59%
Ascend Performance Materials	470	0.54%
INEOS Olefins & Polymers USA	440	0.50%
Ron Carter Automotive	320	0.37%
Rice-Tec	300	0.34%
Team	257	0.29%
City of Alvin	247	0.28%
BeAed	200	0.23%
Diversified Ceramics	91	0.10%
	<u>6,610</u>	<u>7.56%</u>

Source:

(1) Alvin Economic Development

(2) US Census - Brazoria County Total Employment

Note:

Percentages are calculated using the midpoints of the ranges.

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

SS-13

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Faculty				
Full-Time	114	111	113	107
Part-Time	401	345	203	183
<b>Total</b>	<u>515</u>	<u>456</u>	<u>316</u>	<u>290</u>
Faculty				
Full-Time	22.1%	24.3%	35.8%	36.9%
Part-Time	77.9%	75.7%	64.2%	63.1%
Staff and Administrators				
Full-Time	185	180	177	178
Part-Time	85	102	58	60
<b>Total</b>	<u>270</u>	<u>282</u>	<u>235</u>	<u>238</u>
Staff and Administrators				
Full-Time	68.5%	63.8%	75.3%	74.8%
Part-Time	31.5%	36.2%	24.7%	25.2%
FTSE per Full-time Faculty	71.3	70.8	72.0	72.6
FTSE per Full-Time Staff Member	44.2	43.7	46.0	43.6
Average Annual Faculty Salary	\$ 61,421	60,770	\$ 68,100	\$ 63,608

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
103	111	110	108	109	108
194	170	170	180	180	199
<u>297</u>	<u>281</u>	<u>280</u>	<u>288</u>	<u>289</u>	<u>307</u>
34.7%	39.5%	39.3%	37.5%	37.7%	35.2%
65.3%	60.5%	60.7%	62.5%	62.3%	64.8%
168	166	170	168	163	169
56	55	50	50	54	47
<u>224</u>	<u>221</u>	<u>220</u>	<u>218</u>	<u>217</u>	<u>216</u>
75.0%	75.1%	77.3%	77.1%	75.1%	78.2%
25.0%	24.9%	22.7%	22.9%	24.9%	21.8%
70.0	68.2	67.2	70.0	69.9	72.1
37.2	45.6	43.5	45.0	46.8	46.1
\$ 56,291	\$ 55,309	\$ 54,308	\$ 59,598	\$ 57,416	\$ 54,458

# ALVIN COMMUNITY COLLEGE

SS-14

## ENROLLMENT DETAILS

Last Five Fall Semesters

Student Classification	Fall 2018		Fall 2017	
	Number	Percentage	Number	Percentage
0-30 hours	3,814	67.56%	3,859	67.60%
31-60 hours	1,065	18.87%	1,030	18.04%
> 60 hours	766	13.57%	820	14.36%
<b>Total</b>	<b>5,645</b>	<b>100.00%</b>	<b>5,709</b>	<b>100.00%</b>

Semester Hour Load	Fall 2018		Fall 2017	
	Number	Percentage	Number	Percentage
Less than 3	238	4.22%	283	4.96%
3-5 semester hours	1,640	29.05%	1,722	30.16%
6-8 Semester hours	1,582	28.02%	1,596	27.96%
9-11 semester hours	1,087	19.26%	1,200	21.02%
12-14 semester hours	883	15.64%	708	12.40%
15-17 semester hours	188	3.33%	180	3.15%
18 & over	27	0.48%	20	0.35%
<b>Total</b>	<b>5,645</b>	<b>100.00%</b>	<b>5,709</b>	<b>100.00%</b>

Tuition Status	Fall 2018		Fall 2017	
	Number	Percentage	Number	Percentage
Texas Resident (in-District)	2,542	45.03%	2,606	45.65%
Texas Resident (out-of-District)	2,912	51.59%	2,908	50.94%
Non-Resident Tuition	130	2.30%	122	2.14%
Tuition Exemption - TX Resident	61	1.08%	73	1.28%
<b>Total</b>	<b>5,645</b>	<b>100.00%</b>	<b>5,709</b>	<b>100.00%</b>

Fall 2016		Fall 2015	
Number	Percentage	Number	Percentage
3,731	65.94%	3,256	63.64%
1,108	19.58%	1,079	21.09%
819	14.48%	781	15.27%
5,658	100.00%	5,116	100.00%

Fall 2016		Fall 2015	
Number	Percentage	Number	Percentage
231	4.08%	207	4.04%
1,546	27.32%	1,348	26.35%
1,579	27.91%	1,463	28.60%
1,262	22.30%	1,134	22.16%
844	14.92%	758	14.82%
159	2.81%	155	3.03%
37	0.65%	51	1.00%
5,658	100.00%	5,116	100.00%

Fall 2016		Fall 2015	
Number	Percentage	Number	Percentage
2,445	43.21%	2,257	44.12%
3,001	53.04%	2,681	52.40%
141	2.49%	106	2.07%
71	1.25%	72	1.41%
5,658	100.00%	5,116	100.00%



Fall 2016		Fall 2015	
Number	Percentage	Number	Percentage
3,205	56.65%	2,842	55.55%
2,453	43.35%	2,274	44.45%
5,658	100.00%	5,116	100.00%

Fall 2016		Fall 2015	
Number	Percentage	Number	Percentage
3,996	56.07%	3,761	57.48%
1,753	24.60%	1,621	24.77%
750	10.52%	626	9.57%
356	5.00%	267	4.08%
-	0.00%	49	0.75%
164	2.30%	145	2.22%
22	0.31%	22	0.34%
86	1.21%	52	0.79%
7,127	100.00%	6,543	100.00%

Fall 2016		Fall 2015	
Number	Percentage	Number	Percentage
1,741	30.77%	1,377	26.92%
1,864	32.94%	1,776	34.71%
537	9.49%	517	10.11%
890	15.73%	884	17.28%
503	8.89%	465	9.09%
123	2.17%	97	1.90%
5,658	100.00%	5,116	100.00%

23.2

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# ALVIN COMMUNITY COLLEGE

SS-16

## TRANSFERS TO SENIOR INSTITUTIONS

972 Fall Students as of Fall 2019

(Included only Public Senior Colleges in Texas)

	Transfer Student Count <u>Academic</u>	Transfer Student Count <u>Technical</u>	Transfer Student Count <u>Tech-Prep</u>	Total of All Sample Transfer Students	% of All Sample Transfer Students
1 Angelo State University	2	-	-	2	0.21%
2 Lamar University	15	1	-	16	1.65%
3 Midwestern State University	-	1	-	1	0.10%
4 Prairie View A&M University	26	1	-	27	2.78%
5 Sam Houston State University	71	1	1	73	7.51%
6 Stephen F. Austin State University	34	1	1	36	3.70%
7 Tarleton State University	4	-	-	4	0.41%
9 Texas A&M University - Corpus Christi	12	-	-	12	1.23%
10 Texas A&M University - Kingsville	2	-	-	2	0.21%
11 Texas A&M University - Texarkana	1	-	-	1	0.10%
12 Texas A&M University at Galveston	17	-	-	17	1.75%
13 Texas Southern University	17	-	-	17	1.75%
14 Texas State University	47	2	-	49	5.04%
15 Texas Tech University	35	1	-	36	3.70%
16 Texas Tech University Health Sciences Center	2	2	-	4	0.41%
17 Texas Woman's University	14	-	-	14	1.44%
18 The University of Texas - Rio Grande Valley	2	-	-	2	0.21%
19 The University of Texas at Arlington	10	8	1	19	1.95%
20 The University of Texas at Austin	31	1	-	32	3.29%
21 The University of Texas at Dallas	13	-	-	13	1.34%
22 The University of Texas at El Paso	1	2	-	3	0.31%
23 The University of Texas at San Antonio	33	1	1	35	3.60%
24 The University of Texas at Tyler	3	1	-	4	0.41%
25 The University of Texas Health Science Center-Houston	5	7	-	12	1.23%
26 The University of Texas M.D. Anderson Cancer Center	5	-	-	5	0.51%
27 The University of Texas Medical Branch at Galveston	15	8	-	23	2.37%
28 The University of Texas of the Permian Basin	3	1	-	4	0.41%
29 University of Houston	186	3	3	192	19.75%
30 University of Houston - Clear Lake	177	7	1	185	19.03%
31 University of Houston - Downtown	16	-	1	17	1.75%
32 University of Houston - Victoria	3	-	-	3	0.31%
33 University of North Texas	20	-	-	20	2.06%
34 West Texas A&M University	1	1	-	2	0.21%
<b>Total</b>	<u>913</u>	<u>50</u>	<u>9</u>	<u>972</u>	<u>100%</u>

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# ALVIN COMMUNITY COLLEGE

SS-17

## CAPITAL ASSET INFORMATION

Fiscal Years 2015 to 2019

	Fiscal Year				
	2019	2018	2017	2016	2015
Academic buildings	12	12	12	12	12
Square footage (in thousands)	365	365	365	365	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	25	25	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	28	28	22
Stadiums	0	0	0	0	0
Gymnasiums	1	1	1	1	1
Fitness Centers	1	1	1	1	1
Tennis Courts	6	6	6	6	6
Plant facilities	1	1	1	1	1
Square footage (in thousands)	20	20	20	20	18
Transportation:					
Cars	5	5	5	6	6
Light Trucks/Vans/Ambulance	7	11	11	11	11
Buses	2	2	2	2	2
Heavy Trucks	2	3	3	3	3

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